

ASX Release

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ADVANCED BRAKING'S FIRST HALF CULMINATES WITH MANUFACTURE OF FIRST COMMERCIAL TRUCK BRAKES

Highlights

- Total revenues of \$3.4m – solid contribution from mining sales (\$2.5m) and R&D Tax Incentive and grant income (\$0.9m)
- Export sales 40% up on prior corresponding period.
- Significant investment in SIBS® Truck Brake ahead of commercialisation
- Successful first production and delivery of SIBS® Truck Brakes to Perth facility
- Low wear and reliability of SIBS® Truck Brake reinforced through ongoing in-service testing
- SIBS® Truck Brake achieves in January 2013 full compliance with Australian Design Rule standards
- Commitments received from major waste operators for SIBS® Truck Brakes

Advanced Braking Technology Limited (ASX: ABV) today announced its interim result for the six month period ending 31 December 2012.

Total revenue for the period was \$3.4 million, a reduction of 15% on the prior corresponding period. The year-on-year decline in sales revenue is due to lower spending in the resource sector which is now showing signs of firming for the full year result.

Mining sales contributed \$2.5 million to total revenues, with the remaining revenue contribution from continued grant funding and R&D Tax Incentives.

During the period, the Company continued to invest in development activities including the final stages of preparing the SIBS® Truck Brake for commercial sale. These investments, combined with the lower mining sales, have resulted in an overall net loss for the half-year period of \$0.8m.

SIBS® Truck Brake

In the six months to 31 December 2012, the Company achieved a number of major milestones for its company-making product, the SIBS® Truck Brake.

The transition from the development phase to first production of saleable brake sets during the December quarter was a significant achievement for the Company. In January 2013, the Company commenced the first phase of its commercial roll-out for the SIBS® Truck Brake product.

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.

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. Furthermore, it sets the stage for what is expected to be a strong demand for this company-making product.

The Company is confident that over the coming months waste operators will experience the benefits of the product and begin to commit to its wider 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 and expected ramp-up in production.

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 trouble free in-service operation have elapsed on these two trucks, with only minor servicing. 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.

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.

Mining sales activity

Mining sales totalled \$2.5 million in the six-month period ending 31 December 2012, representing 74% of total revenues for the reported period.

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 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 for January and February 2013 has been stronger, indicating an improvement in sales levels for the second half of FY2013.

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

The upgrade of the SIBS® II braking system to suit the new ABS equipped Toyota Landcruiser model was completed in December 2012, 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.

Export sales have increased by 40% over the prior corresponding period with \$0.7 million representing 28% of sales for the six-month period. Export sales were strong in established North American and South African markets and offset softer than expected sales in the Hunter Valley and the Bowen Basin. However, current sales orders indicate a rebound in domestic sales and further growth in export markets.

ABT's Chief Executive Officer, Ken Johnsen commented:

"The half year results have been encouraging, despite difficult market conditions experienced during the earlier months of FY 2013. Since then, we have seen an increase in sales activity in the mining sector as a result of improved market conditions and a lifting of customer spending restrictions.

"Recent sales activity in January and February indicates that mining sales are expected to continue to improve and return back to FY2012 levels and beyond in the second half.

"We have reached an important and exciting phase for the SIBS® Truck Brake. As we continue to invest in this new product, we are confident it will bring significant growth and create a profitable business segment for the Company."

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Contact:

Ken Johnsen
Chief Executive Officer
08 92734800

About Advanced Braking Technology Ltd

Advanced Braking Technology Ltd (ASX: ABV) develops innovative braking systems. The Company's main product is the Sealed Integrated Braking System (SIBS®), a comprehensively patented Australian invention that is used widely in light commercial vehicles in the mining industry. Following the Company's success in the mining sector, ABV has branched into the waste disposal sector, developing the SIBS® technology into a revolutionary garbage truck braking system.

SIBS® is a fully enclosed, single rotor, high speed wet brake. The brakes are virtually wear and maintenance-free, unlike conventional drum and disc brakes. SIBS® brakes aim to deliver significant "triple bottom line" benefits to fleet operators, including substantially reduced servicing costs, more consistent and reliable braking performance, and the elimination of noise and dust emissions.