

ASX/MEDIA RELEASE

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## March 2013 Quarter Business Update

Advanced Braking Technology Ltd (ASX: ABV) is pleased to provide the following business update for the March quarter FY2013.

### Highlights

- **Total mining sales for quarter at \$1.67 million exceed FY12 quarterly average**
- **Australian component of mining sales for March quarter up 60% on the average of the previous two quarters**
- **Roll out of production SIBS<sup>®</sup> Truck Brakes to major waste operators continues**
- **Positive feedback from waste operators on performance of SIBS<sup>®</sup> Truck Brakes**
- **SIBS<sup>®</sup> Truck Brake used for 6 months by City of Swan has 'wear rate' longer than 5 years**
- **Active marketing of commercialised SIBS<sup>®</sup> Truck Brake commenced**

### SIBS<sup>®</sup> Truck Brake Production Program

The Company is working to install on trucks all 10 of the first batch of production **SIBS<sup>®</sup>** Truck Brake sets. These are being used to seed the market and promote long term supply orders with the major waste companies. The roll out so far has been successful with positive feedback received from customers on brake feel and low maintenance levels. Installations have taken place in Western Australia and Queensland, with further installations scheduled in the coming weeks. There are currently five trucks, including those owned by ABT, equipped with **SIBS<sup>®</sup>** Truck Brakes, on the road. Discussions are ongoing with other major waste companies to install the remaining 'seed' sets. Some delays have been experienced due to the need to fit into waste contractor schedules for the availability of trucks.

The City of Swan has been a development partner with ABT during the extensive testing phase and was the first waste operator to commit to taking supply of a production **SIBS<sup>®</sup>** Truck Brake set. A test brake set removed from a City of Swan truck after 6 months operation, underwent a full inspection to ascertain any faults and to determine the wear rate. This brake set achieved 1,164 hours of operation with no intervention or adjustment other than a scheduled oil change at 500 hours. The wear level was 0.2mm of a total wear limit of 6mm. If this 'wear rate' continues, the brake pads will last well in excess of 5 years of standard use. This compares to standard brakes needing replacement at least twice a year.

The Company is working with its major suppliers to ensure the likely demand for **SIBS<sup>®</sup>** Truck Brake sets can be met. Discussions are ongoing regarding establishing long term supply agreements and ramping up supply to meet anticipated demand.

The application of the **SIBS<sup>®</sup>** Truck Brakes for use on multi-axle trailers is currently being explored with a trailer manufacturer. The Company is working towards achieving a trial installation for evaluation by an end user in the coming quarter.

Now that the **SIBS<sup>®</sup>** Truck Brake has reached commercial production, the Company will appoint a senior business development executive to drive the marketing of the product. An appointment is due to be made during May 2013.

## **Mining Sales Activity**

The expected lift in March quarter sales was realised, with the Australian component of sales up 60% on the average for Australian sales in the first two quarters of FY2013. Total mining sales for the March quarter at \$1.67 million on an annualised basis would exceed the FY2012 mining sales.

Contributing to the pick up in the Australian market was a sale of 30 vehicle sets to Xstrata Copper in Mount Isa. It is hoped this initial sale could lead to a wider implementation at the site, mirroring the widespread use of **SIBS**<sup>®</sup> at the Xstrata Zinc mine in Mount Isa, where it is a requirement that all vehicles on site use **SIBS**<sup>®</sup>.

The upgrade of the ABS version **SIBS**<sup>®</sup> II braking system to suit the Toyota Landcruiser has accounted for almost half of the Australian sales during the quarter, fully justifying the investment made earlier in the year to develop this upgraded design.

Export sales are lower than previous quarters, primarily due to several large orders received in the March quarter being shipped in April. Export sales in April and beyond look stronger including a large order into a mine in Ghana.

## **Cash Flow/Cash Position**

The cash position at the end of March was \$1.435 million. Net operating cash outflows were less than \$100k per month.

During the quarter, the Company put in place debt financing arrangements to assist with working capital management. A \$300k loan was secured at 6.9% interest and an attractive invoice finance arrangement, with an upper limit of \$1.5 million, was put in place. As at 31 March 2013, the invoice financing facility had \$726k of available funds, none of which had been drawn down.

## **ABT's Chief Executive Officer, Ken Johnsen commented:**

"Sales in the Australian mining sector improved significantly this quarter and developing the ABS version **SIBS**<sup>®</sup> II braking system for use in the Toyota Landcruiser has proven to be a lucrative investment with high demand for the product. The current quarter has seen falls in commodity prices and the subsequent return to cutbacks in the mining sector, so there may be an impact on future sales.

As we expected, the **SIBS**<sup>®</sup> Truck Brake is being very well received by waste operators and active marketing of the product has commenced. All necessary steps are being taken to ensure the Company can meet the expected demand as waste operators see the tangible benefits of reduced operating costs, improved safety and lower pollution of this world class product."

**- ENDS -**

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## About Advanced Braking Technology Ltd

Advanced Braking Technology Ltd (ASX: ABV) develops innovative braking systems, with its main product being the Sealed Integrated Braking System (SIBS<sup>®</sup>), a comprehensively patented Australian invention, now used widely in light commercial vehicles in the mining industry.

SIBS<sup>®</sup> is a fully enclosed, single rotor, high speed wet brake. The brake rotor runs in a bath of oil that serves to cool the brake and minimise wear. An innovative fail safe feature is incorporated into the rear axle brake. As a result, the brakes are virtually wear and maintenance-free and may outlast the vehicles they are fitted to, unlike conventional drum and disc brakes. SIBS<sup>®</sup> brakes deliver better safety, improved productivity and lower operating costs, and are engineered to survive the harshest conditions. The proven technology is environmentally friendly, eliminating brake dust emissions and noise and squealing, and provides benefits for on-road, off-road and industrial applications in terms of safety, reliability, performance and adaptability.

Following the success of the product in the mining sector, the Company has branched into the waste disposal sector, developing the SIBS<sup>®</sup> technology into an innovative garbage truck braking system.

Based in Perth, Western Australia, Advanced Braking has a manufacturing plant in Thailand, worldwide patents on its technology and an extensive reseller network.