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16 February 2008

AUSTRALIAN STOCK EXCHANGE LIMITED

Electronic Lodgement

Dear Sir or Madam,

Advanced Braking Technology Ltd Half Year Results for the period ending 31 December 2008

In accordance with the Listing Rules, I enclose the following for immediate release:

1. Media Release.
2. Appendix 4D – Half Year Report to 31 December 2008.
3. Half Year Report for the period ending 31 December 2008.

Yours faithfully,

Ross Blakey
Company Secretary

MEDIA / ASX RELEASE **16 February 2009**

ABT MAINTAINS STEADY FIRST HALF SALES DESPITE MINING INDUSTRY SLOWDOWN

Perth-based advanced braking systems manufacturer Advanced Braking Technology Ltd (ASX: ABT) has delivered another solid first half sales performance despite the impact of the global economic downturn on the Australian and world mining sector.

ABT posted total sales revenue of **$2.04 million** for the six months to 31 December 2008, 4% lower than the previous corresponding half ($2.12 million), and an after tax loss for the period of **$572,307** (2008: $501,531).

The Perth-based Company said today (**Monday**) that its customer base in the Australian market – particularly nickel and zinc mines – had experienced the most significant impact, with a number of mines placed on care and maintenance and several expansion projects and new capital investment proposals put on hold in the last Quarter of 2008.

“Given the severity of the downturn in the second half of 2008 we are pleased to have maintained sales revenue at similar levels,” said ABT’s Managing Director, Ken Johnsen. “This demonstrates the resilience of the Company and its products even under very difficult economic conditions.”

Partially offsetting the slowdown in mining in Australia was increased sales activity for the Company’s patented Sealed Integrated Braking System (SIBS) in the last Quarter of 2008 to Canada and South Africa, as well as fee-for-service engineering revenue.

“Near-term sales prospects in South Africa look promising, as do some sectors of the Australian and North American markets,” Mr Johnsen continued. “We are continuing our push into the mining sector, as well as our previously announced diversification strategy in other markets.”

“Despite the challenging environment, we see opportunities for continued sales growth in the resource sector as our mining customers seek higher levels of operational cost saving and improved safety in tight economic times,” Mr Johnsen added. “For example, both Anglo American and BHP Billiton have recently introduced upgraded safety standards placing greater emphasis on mobile equipment safety with mandatory use of fail-safe brakes in underground operations.”

During the first half, ABT completed the development of several new products including a concrete agitator brake, a Nissan Patrol brake and a Hino truck brake. It also completed a successful $1.22 million rights issue which enabled the Company to begin expanding its representation in regional areas with the establishment of a sales office and warehouse in Mount Isa.

Outside of the mining sector, ABT has also secured a significant opportunity to expand into a mainstream high-volume market through the development of a specialised refuse truck brake, which is being externally funded on a fee-for-service basis under the first phase of a $4 million development contract.

Mr Johnsen said concept design for the refuse truck brake was finalised in December with prototype manufacture now underway. “The first batch of truck brakes is currently being manufactured and these will used to begin a comprehensive functional, reliability and durability test program commencing in April 2009,” he said. “The successful completion of this project will put us in a strong position to enter a lucrative new market using the well proven SIBS enclosed wet brake technology.”

The Company’s patented technology is expected to provide significant operational cost savings in the demanding waste collection industry where a typical domestic collection vehicle has over 5 million brake stops in a 10-year service life. The technology also offers advantages including elimination of noise and particle emission pollution from vehicles typically used in built up areas.

In addition there is solid interest in the Company’s new products, particularly the concrete agitator brake, where safety is of paramount importance.

ABT remains in a sound financial position to continue to pursue its growth and diversification strategies and focus on becoming profitable. Cash as at 31 December 2008 stood at $1.034 million. The Company has deferred income of $1 million from the refuse truck contract, which will be released in the current calendar year to 31 December 2008. In addition, the Company has an unused line of debtor finance amounting to $800,000.

ENDS

Released by:
Nicholas Read / Kate Bell
Read Corporate
Telephone: (+61-8) 9388-1474

On behalf of:
Mr Ken Johnsen
Chief Executive
Advanced Braking Technology Ltd
Telephone: (+61-8) 9273-4800

Background Information – Advanced Braking Technology Ltd (ASX: ABV)

Perth-based Advanced Braking Technology Ltd (ASX: ABV) is dedicated to innovative braking systems. The Company’s key asset is the Sealed Integrated Braking System (SIBS™), a comprehensively patented Australian invention.

SIBS™ 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 minimize wear at the braking interface. 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™ brakes deliver unparalleled safety, improved productivity and lower operating costs, and are engineered to survive the world’s harshest conditions.

The proven technology is also environmentally friendly, eliminating brake dust emissions and noise and squealing, and provides a wide-range of benefits for on-road, off-road and industrial applications in terms of safety, reliability, performance and adaptability.

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

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 2008**
Previous corresponding period: **Half-year ended 31 December 2007**

2. **Results for announcement to the market**

				$A'000
Revenue	down	4.0%	to	2,040
(Loss) after tax attributable to members	up	14.2%	to	(572)
Net (loss) for the period attributable to members	up	14.2%	to	(572)

	Amount per share cents	Franked Amount per share cents
Dividends		
Final	Nil	N/A
Interim	Nil	N/A

Record date for determining entitlement to dividends N/A

3. Net tangible assets

	Current period cents	Previous corresponding period cents
Net tangible assets backing per ordinary share	0.51	0.46

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

		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	-	-
	-	-

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	Percentage of ownership interest held at end of period: Previous corresponding period
	N/A	N/A

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

	Current period $'000	Previous corresponding period $'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 :

N/A

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:

☐	The accounts have been Audited	✓	The accounts have been subject to review
☐	The accounts are in the process being audited or subject to review	☐	The accounts have not yet been audited or reviewed

Sign here: Company secretary Date: 16 February 2009

Print name: Ross Blakey

ADVANCED BRAKING TECHNOLOGY LTD AND CONTROLLED ENTITIES

ABN 66 099 107 623

HALF-YEAR REPORT

31 DECEMBER 2008

ADVANCED BRAKING TECHNOLOGY LTD
AND CONTROLLED ENTITIES
ABN 66 099 107 623

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ADVANCED BRAKING TECHNOLOGY LTD
AND CONTROLLED ENTITIES
ABN 66 099 107 623

DIRECTORS' REPORT

The Directors of Advanced Braking Technology Limited submit herewith the financial report for the half-year ended 31 December 2008. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

DIRECTORS

The Directors of the Company at any time during or since the end of the half-year are:

Name

David Humann – *Chairman*

Malcolm Richmond – *Non-executive Director*

Christopher Coudounaris - *Non-executive Director*

Ken Johnsen – *CEO and Executive Director*

Ross Blakey – *CFO and Executive Director*

Unless indicated otherwise, all Directors held their position as a Director throughout the entire financial half-year and up to the date of this report.

REVIEW OF OPERATIONS

RESULTS

While continuing to successfully market to the mining industry both in Australia and overseas, management has started to examine new applications for SIBS technology. This follows the successful implementation of wet brakes on concrete agitators, Hino medium duty trucks and the ongoing fee for service income from developing an enclosed wet brake for refuse trucks. The mining industry has shown a slow down in the second quarter of the half year however every effort is being made to ensure there is continued growth in the second half with a greater emphasis on overseas market and expanded applications. Total revenue for the half-year to 31 December 2008 was $2,040,253 a decrease of 4% over the previous half year's revenue of $2,123,976

The result of the consolidated entity for the half-year was a loss of $572,307 (2007 half year loss: $501,531) including a Research and Development income tax rebate of $298,429 (2007: $304,399).

PRINCIPAL ACTIVITIES

The principal activity of the Company during the half-year was the sale of SIBS fail-safe wet brake products for retrofit to Toyota Landcruiser and Hilux, Isuzu and Fusu Canter vehicles as well as selling engineering services for the development of new brake products for various applications. The Company continues with the development of a refuse truck brake on a fee for service basis and has met all the contract milestones to date. The Company continues to market and sell its products in Australia, New Zealand, Papua New Guinea, Canada, United States of America and South Africa.

The Company's assembly plant in Thailand is now certified for quality ISO 9001:2000 and continues to meet sales demand through local manufacture and assembly.

DIRECTORS' REPORT (Continued)

SUMMARY OF SIGNIFICANT EVENTS

1. On 3 July 2008 the Company announced it had completed the development of a driveline brake for use on 30-tonne concrete agitator vehicles. The brake is currently nearing the completion of in field testing and will significantly increase safety of this vehicle's use in mines.

2. On 3 July 2008 the Company announced that an outstanding and protracted legal matter associated with the previous Company management had been resolved. The action related to a claim by the Company against previous Directors and related parties amounting $1.3 million and a counter claim against the Company by the previous Director and related parties amounting to $999,750, eliminating a contingent liability for this amount.

3. On 9 July 2008, 1,786,440 shares and 1,091,700 shares were issued to Mr David Humann and Professor Malcolm Richmond respectively at 1.832 cents per share, as payment for their Directors' Fees for the 6 months to 30 June 2008.

4. On the 15 August 2008, the Company issued 2,765,180 shares at 2 cents per share in respect of a prospectus shortfall offer under a Prospectus dated 16 May 2008.

5. On the 19 September 2008, the Company issued 770,000 shares at 2 cents per share in respect of a prospectus shortfall offer under a Prospectus dated 16 May 2008.

6. On the 22 September 2008, the Company closed the shortfall offer under the Prospectus dated 16 May 2008. The gross proceeds raised under the Prospectus were $1,221,137 including amounts raised to 30 June 2008.

7. On 27 November 2008 3,500,000 share options granted in November 2005 expired without being exercised.

EVENTS SUBSEQUENT TO BALANCE DATE

Mr Chris Coudounaris resigned as non executive director of Advanced Braking Technology Ltd and its subsidiary Advanced Braking Pty Ltd, effective from 19 January 2009. The Company has no immediate plans to fill Mr Coudounaris' vacancy on the Board.

ADVANCED BRAKING TECHNOLOGY LTD
AND CONTROLLED ENTITIES
ABN 66 099 107 623

DIRECTORS' REPORT (Continued)

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

The auditor's independence declaration is included after this Director's Report and forms part of the Directors' Report for the half-year ended 31 December 2008.

Signed in accordance with a resolution of Directors.

Dated at Perth, Western Australia this 12 February 2009

D HUMANN
Director

MOORE STEPHENS

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

I declare that, to the best of my knowledge and belief, during the half year ended 31 December 2008, there have been:

(a) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review, and

(b) no contraventions of any applicable code of professional conduct in relation to the review.

Neil Pace

NEIL PACE
PARTNER

Moore Stephens

MOORE STEPHENS
CHARTERED ACCOUNTANTS

Signed at Perth this 12th day of February 2009.

ADVANCED BRAKING TECHNOLOGY LTD
AND CONTROLLED ENTITIES
ABN 66 099 107 623

CONSOLIDATED INCOME STATEMENT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

	Economic Entity	
	31 December 2008 $'000	31 December 2007 $'000
Revenue	1,941	2,091
Other income	99	33
Total revenue	2,040	2,124
Cost of sales	(578)	(747)
Gross Margin	1,462	1,377
Amortisation of IP	(99)	(99)
Bad and doubtful debts	(14)	(18)
Borrowing costs	(14)	(6)
Computer related expenses	(32)	(26)
Consulting fees	(107)	(145)
Consumables and minor equipment	(10)	(13)
Depreciation expense	(55)	(43)
Directors Fees	(75)	(75)
Employee expenses	(1,235)	(1,022)
Insurance	(63)	(31)
Legal fees	(2)	(16)
Motor Vehicle Expenses	(42)	(53)
Patents	(54)	(97)
Rental expenses	(147)	(116)
Share Option Cost	(35)	(58)
Travel and accommodation	(87)	(108)
Telephone and other communication expenses	(26)	(26)
Other expenses	(236)	(231)
Total expenses	(2,333)	(2,183)
Loss before related income tax benefit	(871)	(806)
Income tax benefit/R&D rebate	299	304
Loss for the period	(572)	(502)
Earnings per share		
Cents per share (loss)	(0.1)	(0.1)

Diluted earnings per share have not been shown, as it would dilute the actual loss per share attributable to existing shareholders.

The accompanying notes form part of these financial statements.

ADVANCED BRAKING TECHNOLOGY LTD
AND CONTROLLED ENTITIES
ABN 66 099 107 623

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2008

		Economic Entity	
	Notes	31 December 2008 $'000	30 June 2008 $'000
CURRENT ASSETS			
Cash and cash equivalents		1,034	1,437
Trade and other receivables	2	1,133	870
Inventories		1,711	1,198
Other		62	36
TOTAL CURRENT ASSETS		3,940	3,541
NON-CURRENT ASSETS			
Trade and other receivables	2	79	1,310
Property, plant and equipment		334	205
Intangibles		2,487	2,586
TOTAL NON-CURRENT ASSETS		2,900	4,101
TOTAL ASSETS		6,840	7,642
CURRENT LIABILITIES			
Trade and other payables	3	366	575
Interest-bearing liabilities		76	56
Provisions		98	107
Deferred Income	4	1,000	1,000
TOTAL CURRENT LIABILITIES		1,540	1,738
NON-CURRENT LIABILITIES			
Interest-bearing liabilities		159	62
Deferred Income	4	-	500
TOTAL NON-CURRENT LIABILITIES		159	562
TOTAL LIABILITIES		1,699	2,300
NET ASSETS		5,141	5,342
EQUITY			
Issued capital	5	38,236	38,123
Foreign Currency Reserve	6	102	(120)
Other Reserves	6	587	551
Accumulated losses	7	(33,784)	(33,212)
TOTAL EQUITY		5,141	5,342

The accompanying notes form part of these financial statements.

ADVANCED BRAKING TECHNOLOGY LTD
AND CONTROLLED ENTITIES
ABN 66 099 107 623

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

	Attributable to equity holders of the parent			Total
	Issued capital $'000	Accumulated losses $'000	Other reserves $'000	$'000
CONSOLIDATED				
At 1 July 2008	38,123	(33,212)	431	5,342
Foreign currency translation	-	-	223	223
Total income and expense for the period recognised directly in equity				
Profit/(loss) for the period	-	(572)	-	(572)
Total income/(expense) for the period	-	(572)	223	(349)
Cost of Share Issue	(13)			(13)
Cost of share-based payment	-	-	35	35
Issue of ordinary shares	126	-	-	126
At 31 December 2008	**38,236**	**(33,784)**	**689**	**5,141**
CONSOLIDATED				
At 1 July 2007	37,027	(32,183)	452	5,296
Foreign currency translation	-	-	(61)	(61)
Total income and expense for the period recognised directly in equity				
Profit/(loss) for the period	-	(502)	-	(502)
Total income/(expense) for the period	-	(502)	(61)	(563)
Cost of share-based payment	-	-	58	58
Issue of ordinary shares	20	-	-	20
At 31 December 2007	**37,047**	**(32,685)**	**449**	**4,811**

The accompanying notes form part of these financial statements.

ADVANCED BRAKING TECHNOLOGY LTD
AND CONTROLLED ENTITIES
ABN 66 099 107 623

CONSOLIDATED CASH FLOW STATEMENT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

	Economic Entity	
	31 December 2008 $'000	**31 December 2007 $'000**
Cash flows from operating activities		
Receipts from customers	2,378	2,235
Payments to suppliers and employees	(3,121)	(2,871)
Borrowing costs	(14)	(6)
Interest received	35	22
Other - R&D Tax offset and EMDG	338	304
Net cash (used in) operating activities	(384)	(316)
Cash flows from investing activities		
Purchase of property, plant and equipment	(164)	(47)
Net cash (used in) investing activities	(164)	(47)
Cash flows from financing activities		
Proceeds from borrowings	231	81
Proceeds from issue of shares	71	-
Repayment of interest-bearing liabilities	(101)	(73)
Capital Raising Fees	(13)	-
Net cash (repaid)/provided by financing activities	188	8
Net (decrease)/increase in cash and cash equivalents	(360)	(355)
Cash and cash equivalents at the beginning of the half-year	1,437	1,053
Net foreign exchange difference	(43)	(1)
Cash and cash equivalents at the end of the half-year	1,034	697

The accompanying notes form part of these financial statements.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The half-year consolidated financial statements are general purpose financial reports that have been prepared in accordance with Australian Accounting Standard AASB 134: Interim Financial Reporting, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

The financial report covers the economic entity of Advanced Braking Technology Ltd and controlled entities. Advanced Braking Technology Ltd is a listed public company, incorporated and domiciled in Australia. It is recommended that this financial report be read in conjunction with the annual financial report for the year ending 30 June 2008 and any public announcements made by Advanced Braking Technology Ltd and its controlled entities during the 6 months to 31 December 2008, in accordance with continuous disclosure requirements arising under the *Corporations Act 200.1*

The financial report of Advanced Braking Technology Ltd and controlled entities, comply with all Australian equivalents to International Financial Reporting Standards (IFRS) in their entirety.

The following is a summary of the material accounting policies adopted by the economic entity in the preparation of the half year consolidated financial statements. The accounting policies have been consistently applied, unless otherwise stated. The half year report does not include full disclosures of the type normally included in an annual financial report

Reporting Basis and Conventions

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, and financial assets and financial liabilities for which the fair value basis of accounting has been applied.

Accounting policies

The following significant accounting policies have been adopted in the preparation and presentation of the half-year financial report:

(a) Joint venture

The Economic Entity's joint venture with Safe Effect Technologies International Ltd "SETI" was effectively terminated when the Economic Entity acquired SETI on 1 March 2006. All the previous entries in respect of SETI's beneficial interest in the Wet Brake Technology and 49% interest in the Company's assets have been reversed in the financial statements to 30 June 2006.

SETI's 49% beneficial interest in the Company's Wet Brake Technology was assigned on 27 June 2006 and has been brought to account in the Company's financial statements as an intangible asset. SETI was put into administration on 29 June 2006 and under a Deed of Company Arrangement on 15 August 2006 a final dividend was paid to SETI creditors on

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

17 October 2006 leaving SETI with no assets or liabilities. SETI was finally deregistered on 8 February 2008.

(b) Principles of consolidation

The consolidated financial statements have been prepared by combining the financial statements of all the entities that comprise the consolidated entity, being the Company (the parent entity) and its subsidiaries as defined in Accounting Standard AASB 127 "Consolidated and Separate Financial Statements". Consistent accounting policies have been employed in the preparation and presentation of the consolidated financial statements.

On acquisition, the assets, liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. If, after reassessment, the fair values of the identifiable net assets acquired exceed the cost of acquisition, the deficiency is credited to profit and loss in the period of acquisition.

The consolidated financial statements include the information and results of each controlled entity from the date on which the Company obtains control and until such time as the Company ceases to control such entity.

In preparing the consolidated financial statements, all intercompany balances and transactions, and unrealised profits arising within the consolidated entity are eliminated in full.

(c) Changes in accounting policies

New/revised standards and interpretations applicable for the years commencing 1 July 2008 have been reviewed and it was determined that changes were not required to the existing accounting policies adopted by the Company. Certain Australian Accounting Standards have recently been issued or amended but are not yet effective and have not been adopted by the Group for the interim accounting period. The Directors have not yet assessed the impact of these new or amended standards (to the extent relevant to the Group) and interpretations.

(d) Foreign currency

Functional and presentation currency
The consolidated financial statements are presented in Australian dollars, which is the functional and presentation currency of the Company and its Australian subsidiaries. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Transactions

All foreign currency transactions during the financial year are initially brought to account using the exchange rate in effect at the date of the transaction. Foreign currency monetary items at reporting date are translated at the exchange rate existing at that date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined.

Exchange differences relating to amounts payable and receivable in foreign currencies are brought to account as exchange gains or losses in the income statement in the financial year in which the exchange rates change.

Foreign operations

On consolidation, the assets and liabilities of the consolidated entity's overseas operations are translated at the exchange rates prevailing at the reporting date. Income and expense items are translated at the average exchange rates for the period unless exchange rates fluctuate significantly. Exchange differences arising, if any, are recognised in the foreign currency translation reserve, and recognised in profit or loss on disposal of the foreign operation.

(d) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash in banks and investments in money market instruments, net of any outstanding bank overdrafts.

(e) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Tax Office ("ATO"). In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(f) Impairment of assets

At each reporting date, the consolidated entity reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Where the asset does not generate cash flows that are independent from other assets, the consolidated entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The cost of technology assets are amortised over the average life of the patents granted for each technology asset. The average life of a patent varies between 10 and 20 years and technology assets in the Intellectual Property purchased from Safe Effect Technology International Ltd is amortised over 15 years.

Goodwill, intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually and whenever there is an indication that the asset may be impaired. An impairment of goodwill is not subsequently reversed.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

(g) Taxation

Current tax
Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax
Deferred tax is accounted for using the comprehensive balance sheet method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, branches, associates and joint ventures except where the consolidated entity is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets arising from deductible temporary differences associated with these investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the consolidated entity expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the company/consolidated entity intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period
Current and deferred tax is recognised as an expense or income in the income statement, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

(h) Receivables

Trade and other receivables are recorded at the fair value of the amounts due less any allowance for doubtful debts.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Payables

Trade and other payables are recognised when the consolidated entity becomes obliged to make future payments resulting from the purchase of goods and services, whether or not billed.

(j) Financial assets

Investments are recognised and derecognised on trade date where purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs. Other financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Financial assets at fair value through profit or loss
The consolidated entity has classified certain shares and options as financial assets at fair value through profit or loss. Financial assets held for trading purposes are classified as current assets and are stated at fair value, with any resultant gain or loss recognised in profit or loss.

Loans and receivables
Trade receivables, loans, and other receivables are recorded at amortised cost less impairment.

(k) Provisions

Provisions are recognised when the consolidated entity has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be measured reliably.

An onerous contract is considered to exist where the consolidated entity has a contract under which the unavoidable cost of meeting the contractual obligations exceed the economic benefits estimated to be received. Present obligations arising under onerous contracts are recognised as a provision to the extent that the present obligation exceeds the economic benefits estimated to be received.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Earnings per share

Basic earnings per share ("EPS") is calculated by dividing the net profit attributable to members of the parent entity for the reporting period, after excluding any costs of servicing equity (other than ordinary shares and converting preference shares classified as ordinary shares for EPS calculation purposes), by the weighted average number of ordinary shares of the Company, adjusted for any bonus issue.

Diluted EPS is calculated by dividing the basic EPS earnings, adjusted by the after tax effect of financing costs associated with dilutive potential ordinary shares and the effect on revenues and expenses of conversion to ordinary shares associated with dilutive potential ordinary shares, by the weighted average number of ordinary shares and dilutive potential ordinary shares adjusted for any bonus issue.

(m) Revenue recognition

Revenue from the sale of goods is recognised when the consolidated entity has transferred to the buyer the significant risks and rewards of ownership of the goods.

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customer.

(n) Intangible assets

Patents
Patents are recorded at cost less accumulated amortisation and impairment. Amortisation is charged on a straight line basis over their estimated useful lives. The estimated useful life and amortisation method is reviewed at the end of each annual reporting period.

Research and development costs
Expenditure on research activities is recognised as an expense in the period in which it is incurred. Where no internally-generated intangible asset can be recognised, development expenditure is recognised as an expense in the period as incurred. An intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following are demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- how intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attribute to the intangible asset during its development.

Capitalised development costs are amortised over their expected useful life of 5 years.

Intangible assets acquired in a business combination
All potential intangible assets acquired in a business combination are identified and recognised separately from goodwill where they satisfy the definition of an intangible asset and their fair value can be measured reliably.

(o) Inventories

Inventories are valued at the lower of cost and net realisable value. Costs, including an appropriate portion of fixed and variable overhead expenses, are assigned to inventory on hand by the method most appropriate to each particular class of inventory, with the majority being valued on a first in first out basis. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

(p) Leased assets

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Consolidated entity as lessor
Amounts due from lessees under finance leases are recorded as receivables. Finance lease receivables are initially recognised at amounts equal to the present value of the minimum lease payments receivable plus the present value of any unguaranteed residual value expected to accrue at the end of the lease term. Finance lease payments are allocated between interest revenue and reduction of the receivable over the term of the lease in order to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease.

Consolidated entity as lessee
Assets held under finance leases are initially recognised at their fair value or, if lower, at amounts equal to the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the consolidated entity's general policy on borrowing costs.

Finance leased assets are amortised on a straight line basis over the estimated useful life of the asset.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

(q) Property, plant and equipment

Plant and equipment, leasehold improvements and equipment under finance lease are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Depreciation is provided on property, plant and equipment. Depreciation is calculated on a straight line basis so as to write off the net cost or other revalued amount of each asset over its expected useful life to its estimated residual value. Leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is the shorter, using the straight line method. The estimated useful lives, residual values and depreciation method is reviewed at the end of each annual reporting period.

The following estimated useful lives are used in the calculation of depreciation:

Plant and equipment	5 - 10 years
Motor vehicles	3 – 10 years
Office equipment and furniture	5 – 10 years
Intellectual Property	15 years

(r) Share Based Payment transactions/Employee Share Plans

The Company provides benefits to employees including Directors in the form of share based transactions whereby employees receive share options as an incentive for meeting predetermined targets or in recognition of exceptional service. Share options are valued at fair value using the theoretical Black-Scholes option model and expensed in the Income Statement. In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of SETL ('market conditions').

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date').

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of awards that, in the opinion of the directors of the Group, will ultimately vest. This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition. Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

(s) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(u) Rounding of amounts

The parent entity has applied the relief available to it under ASIC Class Order 98/100 and accordingly, amounts in the financial report and Directors' report have been rounded off to the nearest $1,000.

		Notes	Economic Entity 31 December 2008 $'000	Economic Entity 30 June 2008 $'000
2.	**RECEIVABLES**			
	Current			
	Trade debtors		461	934
	Less: provision for doubtful debts		(78)	(64)
			383	870
	Other debtors	(a)	994	994
	Less: provision for doubtful debts		(994)	(994)
	Refuse Truck Development	(b)	750	-
			750	-
	Total		1,133	870

(a) Other debtors represent amounts outstanding for shares issued pursuant to the Prospectuses dated February 2003 and February 2002 amounting to $994,000. Action to recover these funds was lodged in federal court on 6 March 2006 and settled on 3 July 2008

(b) The parent Entity holds $650,000 ($1,200,000 30 June 2008) on trust in a Company bank account in respect of amounts due to the Company under the Refuse Truck Agreement ("Agreement") for the development of a Refuse Truck brake. Amounts are drawn down quarterly in $250,000 instalments in accordance with the Agreement executed on 2 April 2008

Non-current

	Notes	31 December 2008 $'000	30 June 2008 $'000
Refuse Truck Development	(b)	-	1,250
Other receivables		79	60
Total		79	1,310

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

3. PAYABLES

		Economic Entity	
		31 December 2008	**30 June 2008**
$'000	$'000		
Current			
Trade creditors		245	354
Accrued expenses		63	163
Amounts due to Directors	(a)	58	58
		366	575

Amounts due to Directors as 31 December 2008 consists of Directors fees $55,000 payable through the issue of shares in the Company, in accordance with a resolution of shareholders dated 9 November 2007 and an ASX waiver from listing rule 10.13.3 dated 12 October 2008 and one month due to another Director paid in January 2009.

4. DEFERRED INCOME

Current Deferred Income	1,000	1,000
Non Current Deferred Income	-	500

There is $1,000,000 ($1,000,000 as 30 June 2008) in deferred income for the Refuse Truck Agreement ("Agreement") executed on 2 April 2008. The Parent Entity holds $650,000 ($1,200,000 as 30 June 2008) on trust (Note 2) in respect of amounts due to be paid to the Company under the Agreement. In accordance with the Agreement, quarterly milestones must be met in the brake development and $250,000 instalment amounts are drawn down quarterly in advance in anticipation of meeting these milestones. As a consequence of the quarterly lag between drawdown and execution of work, $1,000,000 of the deferred income will be earned during the next 12 months.

	Economic Entity 31 December 2008	Economic Entity 30 June 2008
5. ISSUED CAPITAL		
524,813,304 (June 2008: 518,399,983) ordinary shares, fully paid	38,236	38,123
Ordinary shares		
At the beginning of the financial period / year	38,123	37,027
Issue of 59,114,885 ordinary shares	-	1,225
2,878,140 Shares issued on 22 July 2008 to Professor Richmond and David Humann at 1.832 cents per share for Directors Fees	58	-
3,535,180 shares issued on 15 August 2008 and 22 September 2008 under a shortfall offer pursuant to a Prospectus for a Renounceable Rights Issue at 2 cents per share.	55	
	38,236	38,252
Transaction costs relating to share issues	-	(129)
Balance at end of financial period / year	38,236	38,123

	Economic Entity 31 December 2008 $'000	30 June 2008 $'000
6. RESERVES		
Option premium reserve	162	162
Foreign currency translation reserve	102	(120)
Employee equity – settled benefits reserve (i)	425	389
	689	431

(i) On 17 November 2005 and 10 July 2006 following shareholders approval on 1 November 2005, the Company issued share options to Directors and employees. On 6 July 2007, 750,000 options were forfeited and on 25 October 2007 following shareholder approval on 18 October 2007, 4,000,000 share options were issued to Directors.

Using the theoretical Black-Scholes option model, $35,309 was expensed to the income statement and credited to the employee equity-settled benefits reserve to 31 December 2008.

7. ACCUMULATED LOSSES

	31 December 2008 $'000	30 June 2008 $'000
Accumulated losses at the beginning of the financial period / year	(33,212)	(32,183)
Net loss attributable to members of the parent entity	(572)	(1,029)
Accumulated losses at the end of the financial period / year	(33,784)	(33,212)

8. SEGMENT INFORMATION

The Economic Entity operates only in the brake manufacturing industry in Australia and Thailand.

Segment revenues

	External sales 31 Dec 2008 $'000	External sales 31 Dec 2007 $'000	Inter-segment 31 Dec 2008 $'000	Inter-segment 31 Dec 2007 $'000	Other 31 Dec 2008 $'000	Other 31 Dec 2007 $'000	Total 31 Dec 2008 $'000	Total 31 Dec 2007 $'000
Australia	1,941	2,092	-	-	83	43	2,024	2,135
Thailand	-	-	782	776	-	-	782	776
Total of all segments							2,806	2,911
Eliminations							(782)	(776)
Unallocated							16	(11)
Consolidated							2,040	2,124

8. SEGMENT INFORMATION (continued)

Segment results

Profit/(losses)	31 Dec 2008 $'000	31 Dec 2007 $'000
Australia	(917)	(626)
Thailand	5	(121)
Total of all segments	(912)	(747)
Eliminations	42	(59)
Unallocated	-	-
Loss from ordinary activities before income tax benefit	(870)	(806)
Income tax benefit/R&D rebate	298	304
Loss for the period	(572)	(502)

9. CONTINGENT LIABILITIES

An amount of $999,750, previously accrued and written back in 2006 and which may have been liable to previous Company Directors and related parties and a Claim previously lodged in the Federal Court against the previous Company Directors and related parties amounting to $1,310,017, was settled on 3 July 2008.

In the opinion of the Directors, there are no contingent liabilities as at 31 December 2008 or have arisen in the interval between 31 December 2008 and the date of this report.

DIRECTORS' DECLARATION

The Directors declare that:

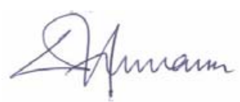
(a) in the Directors' opinion, there are reasonable grounds to believe that the disclosing entity will be able to pay its debts as and when they become due and payable; and

(b) in the Directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity.

Signed in accordance with a resolution of the Directors made pursuant to s. 303(5) of the Corporations Act 2001.

On behalf of the Directors

Dated at Perth Western Australia this 12 February 2009



D HUMANN
Director

MOORE STEPHENS

INDEPENDENT REVIEW REPORT
TO THE MEMBERS OF ADVANCED BRAKING TECHNOLOGY LIMITED

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Advanced Braking Technology Limited and controlled entities, which comprises the balance sheet as at 31 December 2008, the income statement, statement of changes in equity and the cash flow statement for the half-year ended on that date, a summary of significant accounting policies, selected explanatory notes and the directors' declaration .

Directors' Responsibility for the Half-Year Financial Report

The company's and controlled entities' directors are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that it is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 an Interim 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 Corporation Act 2001 including: giving a true and fair view of the controlled entities' financial position as at 31 December 2007 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 financial report.

A review of the half-year financial report consists of making enquiries, primarily of persons responsible for the 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 followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

We declare to the best of our knowledge and belief that the auditor's independence declaration set out on page 5 of the financial report has not changed as at the date of providing our 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:

(a) the Corporations Act 2001, including:

(i) giving a true and fair view of the controlled entity's financial position as at 31 December 2008 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; and

(b) other mandatory professional reporting requirements in Australia.

Neil Pace

NEIL PACE
PARTNER

Moore Stephens

MOORE STEPHENS
CHARTERED ACCOUNTANTS

Signed at Perth this 12th day of February 2008.