Advanced Braking Technology Ltd

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ABT Provides Earning Guidance and Commentary on Quarterly Cash Flow Statement

Advanced Braking Technology "ABT" (ASX: ABV) today provided guidance on the expected half year's earnings based on its preliminary unaudited half year accounts.

Following a Board review, ABT is pleased to announce a significantly improved preliminary result for the first half, sales of $4.1 million up 81% on prior corresponding period and profit after tax (excluding adjustments for prior periods) will be in the range of $0.38 million to $0.48 million.

When a prior period inventory adjustment of $0.15 million to $0.18 million is included, this after tax profit is expected to be in the range $0.53 million to $0.66 million. The after tax result includes a $0.31 million R&D tax credit.

The after tax result for the prior corresponding period (31st December 2009) was a loss of $0.45 million and included a $0.30 million R&D tax credit.

Included in the revenue was approximately $0.8 million for the sale and delivery of 96 brake sets to Xstrata Zinc that as announced to the ASX on 20th October 2010. Also included was $0.5 million of revenue in accordance with the agreement with Brake Developments Pty Ltd to fund the Production Validation Phase of the Garbage Truck development project.

This half year's performance provides a solid foundation for much improved annual result compared to prior years. It is difficult to provide any solid forecast for the annual result as the nature of the business is that monthly orders fluctuate and are influenced by many external factors. The current sales pipeline indicates a continued growth in sales and the Company's sales staff are working with a range of customers with programs in place to evaluate the wider use of the Company's products and/or to renew their SIBS equipped vehicle fleets with replacement vehicles similarly equipped.

Commentary on Cash Flow Statement

The Cash Flow Statement (Appendix 4C) lodged today indicates an increase in cash at bank of $98k in the period 1st October 2010 to 31st December 2010 with cash at bank at December 31st being $2.73 million. Cash flow from operations show a net inflow for the period of $51k. There was a large call on working capital to build the increased quantity of brakes delivered in November and December and receivables, excluding the ATO receivable below, are currently sitting at $2.12 million. Excluded from the cash at bank at 31st December 2010 was an amount of $307k being an ATO R&D tax rebate cheque received last week but was credited to Company's ATO account prior to 31st December 2010. In prior periods this ATO rebate cheque is normally received in the first half.

In summary the Company believes it remains in a solid net cash position with interest bearing liabilities amounting to just $305k.

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.

ENDS

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