Advanced Braking Technology Ltd

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29th July 2011

Letter to Shareholders
Explanatory Note - Appendix 4C - Cash Flow Statement

Dear Shareholder

I wish to provide a commentary relating to the Cash Flow Statement for the quarter ending 30th June 2011 which also details the cash flows for the 12 months ending 30th June 2011.

Attached statement details;

- Receipts from customers of $6.71 million up 70 % on prior 12 month period of $3.95 million.
- Other cash receipts (grants, etc) of $0.76 million up 157% on prior 12 month period of $0.29 million.
- A net operating cash outflows of $0.16 million 85% lower than the prior 12 month period of $1.08 million outflow.
- The proceeds from a $3 million capital raising completed in October 2010 remain largely preserved with a cash balance at 30th June 2011 of $2.74 million.
- Total operating and investing cash outflow of $0.5 million 60% lower than prior 12 month period of $1.32 million and include:
    - Increased inventory to support increasing sales turnover and development activity.
    - Investment in specialised testing equipment ($0.26 million).

A complete report of the Company's activities will be provided as part of the annual accounts following audit and Board approval.

Yours sincerely

Ken Johnsen
CEO