



ADVANCED BRAKING TECHNOLOGY LTD AND CONTROLLED ENTITIES

ABN 66 099 107 623

HALF-YEAR REPORT AND APPENDIX 4D

31 DECEMBER 2015

Advanced Braking Technology Limited and Controlled Entities
ABN 66 099 107 623
Interim Financial Report

DIRECTORS' REPORT

Your directors submit the financial report of the consolidated group for the half-year ended 31 December 2015.

Directors

The names of directors who held office during or since the end of the half-year and until the date of this report are:

Bruce Grey	David Slack
Adam Levine	Graeme Sumner

REVIEW OF OPERATIONS

Business Overview

Advanced Braking Technology Ltd (ABT) is an Australian company focusing on the distribution, development and manufacturing of industrial products to the automotive, transport and mining industry incorporating the internationally patented single rotor enclosed wet brake technology, known as Sealed Integrated Braking System or SIBS®

Highlights

The highlights for the half year to date and subsequent period to this report include:

- A half year loss from continuing operations of 0.91m compared with \$0.67m loss in the first half of 2014.
- Substantial orders received in December and January resulting in \$1.1m or orders on hand. The company was particularly pleased to see some progress in the development of its international business, which now accounts for 40% of sales.
- The decision by the South African Government to mandate the use of failsafe brakes in mines. This has no doubt assisted our sales efforts in that market.
- Polymer Brake development is on track for commercial release in Q4.
- The signing of a MOU with Harrop Engineering for Polymer brake distribution.

Financial Performance

In the 6 months ending 31 December 2015 the Company recorded a \$0.910 million after-tax loss on revenues of \$2.218 million. While revenue from trading activities was down 31%, ABT noted a significant increase in demand which should be reflected in improved second half results. The significant restructuring of ABT's cost base during 2014 and into 2015 has seen a further reduction in recurring expenses for the period of 7% on top of the 39% reduction achieved in 2014/15.

In October / November 2015 ABT raised a net \$1.737 million by way of a rights issue.

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Conclusion

ABT is looking forward to an improved second half and a further strengthening of its position in 2016/17.

Rounding of Amounts

The consolidated group has applied the relief available to it in ASIC Class Order 98/100 and accordingly certain amounts in the financial report and the directors' report have been rounded off to the nearest \$1,000.

Auditor's Declaration

The lead auditor's independence declaration under s 307C of the Corporations Act 2001 is set out on page 7 for the half year ended 31 December 2015.

This report is signed in accordance with a resolution of the Board of Directors.

A handwritten signature in black ink, appearing to read 'B. Grey', enclosed within a large, loopy oval shape.

Director: Bruce Grey, Chairman
Dated this 19 February 2016

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 2015**

Previous corresponding period: **Half-year ended 31 December 2014**

2. Results for announcement to the market

				\$A'000
Revenue	down	31%	to	2,218
Loss from ordinary activities after tax attributable to members	down	63%	to	(910)
Net loss for the period attributable to members	down	63%	to	(910)

	Amount per share cents	Franked amount per share cents
<i>Dividends</i>		
Final	Nil	n/a
Interim	Nil	n/a
Record date for determining entitlements to dividends	n/a	

3. Net tangible assets

	Current period cents	Previous corresponding period cents
Net tangible asset backing per ordinary share	<u>0.08</u>	<u>0.03</u>

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 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	-	-
	<u>-</u>	<u>-</u>

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	Previous corresponding period
N/A	N/A	N/A

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

	Current period	Previous corresponding period
	\$'000	\$'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:

AIFRS

9. Auditor's review report

For all entities, if the accounts are subject to audit dispute or qualification, include 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: 19 February 2016

Print name: Neville Walker

Level 15, Exchange Tower
2 The Esplanade, Perth, WA 6000
PO Box 5785, St Georges Terrace WA 6831
T +61 (0)8 9225 5355
F +61 (0)8 9225 6181
www.moorestephenswa.com.au

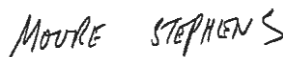
**AUDITOR'S INDEPENDENCE DECLARATION UNDER
S307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF ADVANCED BRAKING TECHNOLOGY LIMITED**

As lead auditor for the review of Advanced Braking Technology Limited for the half-year ended 31 December 2015, I declare that, to the best of my knowledge and belief, there have been:

- no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the review.



Neil Pace
Partner



Moore Stephens
Chartered Accountants

Signed at Perth this 19th day of February 2016.

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

	Notes	Consolidated Group 31.12.2015 \$'000	31.12.2014 \$'000
Revenue			
Revenue from trading activities	8	1,764	2,835
Revenue from other activities			
R&D Tax Incentive		378	200
Other		76	192
Total revenue		2,218	3,227
Cost of sales		(746)	(1,349)
Amortisation of IP		(99)	(99)
Bad and doubtful debts		(8)	(33)
Borrowing costs		(177)	(252)
Computer related expenses		(21)	(13)
Consulting fees		(71)	(30)
Consumables and minor equipment		(22)	(18)
Depreciation expense		(48)	(133)
Employee expenses		(1,204)	(1,255)
Insurance		(83)	(72)
Legal fees		(3)	(22)
Marketing and advertising		(10)	(50)
Patents		(21)	(21)
Property expenses		(145)	(166)
Telephone and other communication		(18)	(16)
Travel and accommodation		(156)	(190)
Other expenses		(296)	(178)
Loss from continuing operations		(910)	(670)
Significant Expenses	9	-	(1,758)
Loss before income tax		(910)	(2,428)
Income tax		-	-
Loss after income tax		(910)	(2,428)
Other comprehensive income			
Items that may be reclassified to profit or loss			
Foreign Exchange translation		-	-
Total comprehensive loss for the period		(910)	(2,428)
Earnings per share			
From continuing operations:		cents	cents
Basic earnings / (loss) per share (cents)		(0.05)	(0.16)

A diluted earnings / (loss) per share has not been shown as it would dilute the actual loss per share attributable to existing shareholders.

The accompanying notes form part of this financial report

Advanced Braking Technology Limited and Controlled Entities
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CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2015

	Notes	Consolidated Group	
		31.12.2015	30.06.2015
		\$'000	\$'000
CURRENT ASSETS			
Cash and cash equivalents		1,794	1,509
Trade and other receivables	3	1,120	1,162
Inventories		1,176	712
Other assets		465	835
Total current assets		4,555	4,218
NON-CURRENT ASSETS			
Trade and other receivables	3	-	-
Property, plant and equipment		266	279
Intangible assets		1,094	1,194
Total non-current assets		1,360	1,473
TOTAL ASSETS	8	5,915	5,691
CURRENT LIABILITIES			
Trade and other payables	4	986	1,669
Interest bearing liabilities		2,222	202
Provisions		244	183
Total current liabilities		3,452	2,054
NON-CURRENT LIABILITIES			
Interest bearing liabilities		4	2,270
Provisions		6	29
Total non-current liabilities		10	2,299
TOTAL LIABILITIES		3,462	4,353
NET ASSETS		2,453	1,338
EQUITY			
Issued capital	5	49,837	47,812
Foreign currency reserves	6	-	-
Other reserves	6	-	-
Accumulated losses	7	(47,384)	(46,474)
TOTAL EQUITY		2,453	1,338

The accompanying notes form part of this financial report

Advanced Braking Technology Limited and Controlled Entities
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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2015

	Issued Capital	Accumulated losses	Reserves	Total
	\$'000	\$'000	\$'000	\$'000
Balance at 1.7.2015	47,812	(46,474)	-	1,338
Total net loss for the period		(910)		(910)
Subtotal	47,812	(47,384)	-	428
Issue of ordinary shares	2,168			2,168
Cost of share issue	(143)			(143)
Option premium reserve	-	-	-	-
Foreign currency translation	-	-	-	-
Balance at 31.12.2015	49,837	(47,384)	-	2,453
Balance at 1.7.2014	47,331	(44,460)	571	3,442
Total net loss for the period		(2,428)		(2,428)
Subtotal	47,331	(46,888)	571	1,014
Issue of ordinary shares	539			539
Cost of share issue	(58)			(58)
Option premium reserve	-	744	(744)	-
Foreign currency translation	-	-	173	173
Balance at 31.12.2014	47,812	(46,145)	-	1,667

The accompanying notes form part of this financial report

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CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED
31 DECEMBER 2015

	Consolidated Group	
	31.12.2015	31.12.2014
	\$'000	\$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	2,617	4,258
Payments to suppliers and employees	(3,854)	(3,791)
Interest received	6	17
Finance costs	(187)	(184)
Net cash used in operating activities	(1,418)	300
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of non-current assets	31	40
Purchase of property, plant and equipment	(66)	(59)
Net cash used in investing activities	(35)	(19)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	-	-
Repayment of borrowings	-	(811)
Proceeds from issue of shares	1,738	481
Net cash provided by financing activities	1,738	(330)
Net decrease in cash held	285	(49)
Cash and cash equivalents at beginning of period	1,509	1,989
Net foreign exchange difference	-	-
Cash and cash equivalents at end of period	1,794	1,940

The accompanying notes form part of this financial report

**NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED
31 DECEMBER 2015**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Preparation

These general purpose interim financial statements for half-year reporting period ended 31 December 2015 have been prepared in accordance with requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134: *Interim Financial Reporting*. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards

This interim financial report is intended to provide users with an update on the latest annual financial statements of Advanced Braking technology Limited and its controlled entities (referred to as the "consolidated group" of "group"). As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2015, together with any public announcements made during the following half-year.

b. Accounting Policies

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements, except in relation to some of the matters discussed at Note 1(c) below.

c. New and revised accounting requirements applicable to the current interim period

The consolidated entity has adopted all of the new, revised or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB") that are mandatory for the current reporting period. Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

d. Principles of Consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent Advanced Braking Technology Limited and all of the subsidiaries (including any structured entities). Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between Group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as "non-controlling interests". The Group initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary's net assets on liquidation at either fair value or at the non-controlling interests' proportionate share of the subsidiary's net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income. Non-controlling interests are shown separately within the equity section of the statement of financial position and statement of comprehensive income.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED
31 DECEMBER 2015**

e. Fair Value of Assets and Liabilities

The Group measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the Group would receive to sell an asset or would have to pay to transfer a liability in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

Valuation techniques

In the absence of an active market for an identical asset or liability, the Group selects and uses one or more valuation techniques to measure the fair value of the asset or liability. The Group selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Group are consistent with one or more of the following valuation approaches:

- *Market approach*: valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.
- *Income approach*: valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.
- *Cost approach*: valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Group gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2015

Fair value hierarchy

AASB 13 requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1	Level 2	Level 3
Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.	Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.	Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

The Group would change the categorisation within the fair value hierarchy only in the following circumstances:

- (i) if a market that was previously considered active (Level 1) became inactive (Level 2 or Level 3) or vice versa; or
- (ii) if significant inputs that were previously unobservable (Level 3) became observable (Level 2) or vice versa.

When a change in the categorisation occurs, the Group recognises transfers between levels of the fair value hierarchy (i.e. transfers into and out of each level of the fair value hierarchy) on the date the event or change in circumstances occurred.

f. Critical Accounting Estimates and Significant Judgments Used in Applying Accounting Policies

The critical estimates and judgments are consistent with those applied and disclosed in the June 2015 annual report.

g. Going Concern

The financial statements of the Group have been prepared on a going concern basis of accounting which assumes that the Group will be able to meet its commitments, realise its assets and discharge its liabilities in the ordinary course of business. During the half year ended 31 December 2015, the Group reported a net loss after tax of \$0.910 million, net operating cash outflow of \$1.418 million and closing cash/bank balance of \$1.794 million.

The Directors believe that the going concern basis is appropriate, primarily based on current working capital available combined with budgeted cash flows expected to be generated from trading operations over the next 12 months. The Directors are also confident of enhanced cash flows due to the current order book and improving forward orders.

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The Directors have also considered the following factors as part of their assessment;

- The ability to raise capital from shareholders or, if required, loans from external parties
- The ability to restructure existing debt
- The ability to further manage discretionary expenditure, if required
- The ability to draw down on existing and new finance facilities. The Group currently has a debtor finance arrangement with the National Australia Bank with the ability to draw down up to \$0.5 million.

The Directors believe that as at the date of signing the financial statements there are reasonable grounds to believe that, having regards to the matters set out above, the Group will be able to continue to operate as a going concern and to meet its obligations as and when they fall due, for at least the next 12 months.

NOTE 2: DIVIDENDS

No dividends were provided for or paid during the half year to 31 December 2015 and no dividends were provided for or paid during the preceding half year to 31 December 2014.

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED
31 DECEMBER 2015**

	CONSOLIDATED GROUP	
	31.12.2015	30.6.2015
	\$'000	\$'000
NOTE 3: RECEIVABLES		
Current		
Trade debtors	1,127	1,192
Less provision for doubtful debts	(7)	(30)
Total	<u>1,120</u>	<u>1,162</u>
Non-current		
Other receivables	-	-
Total	<u>-</u>	<u>-</u>
NOTE 4: PAYABLES		
Trade creditors	755	1,272
Accrued expenses	231	397
	<u>986</u>	<u>1,669</u>
NOTE 5: ISSUED CAPITAL		
1,782,911,762 (June 2015: 1,476,074,530) ordinary shares, fully paid	49,837	47,812
Ordinary shares		
At the beginning of the financial period / year	47,812	47,331
77,000,000 Ordinary Shares issued to Cashel House		539
41,051 Ordinary Shares issued as a result of Options exercised August 14		-
47,257 Exercise of options Oct 2015	1	-
22,857,512 shares issued under an Key Management Incentive Scheme Nov 2015	137	-
268,626,340 shares issued under a Rights Issue Oct / Nov 2015	1,880	-
15,306,123 convertible notes converted Nov 2015	150	-
	<u>49,980</u>	<u>47,870</u>
Transaction costs relating to share issues	(143)	(58)
Balance at end of financial period / year	<u>49,837</u>	<u>47,812</u>

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	CONSOLIDATED GROUP	
	31.12.2015	30.6.2015
	\$'000	\$'000
NOTE 6: RESERVES		
Option premium reserve	-	-
Foreign currency translation reserve	-	-
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>
NOTE 7: ACCUMULATED LOSSES		
Accumulated losses at the beginning of the financial period / year	(46,474)	(44,460)
Transfer from option premium reserve	-	744
Net loss attributable to members of the parent entity	(910)	(2,758)
Accumulated losses at the end of the financial period / year	<u>(47,384)</u>	<u>(46,474)</u>

NOTE 8: SEGMENT REPORTING

The Group has identified its operating segment based on the management reports that are reviewed and used by the executive management team (chief operating decisions makers) in assessing performance and in determining the allocation of resources.

Management has identified a single operating segment, which is the design, manufacture and distribution of improved vehicle braking systems based on the patented Sealed Integrated Braking System (SIBS) technology to customers worldwide.

The performance of the operating segment is evaluated based on profit before tax and net finance costs (profit before tax and interest) and is measured in accordance with the Group's accounting policies.

The Group's financing requirements, finance income, finance costs and taxes are managed on a group basis.

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Revenue attributable to external customers is disclosed below, based on the location of the external customer.

	For the six months ended 31.12.2015 \$'000	For the six months ended 31.12.2014 \$'000
Australia	1,062	2,416
Poland	333	19
South Africa	153	174
Canada	68	73
Turkey	68	47
New Guinea	53	-
Indonesia	11	-
New Zealand	5	17
USA	5	29
Germany	4	-
Netherlands	2	19
Singapore	-	41
Total revenue from trading activities	1,764	2,835

NOTE 8: SEGMENT REPORTING

Assets by geographical region

The location of assets is disclosed below by geographical location of the assets:

	Balance as at 31.12.2015 \$'000	Balance as at 30.6.2015 \$'000
Australia	5,915	5,691
Other	-	-
Total Assets	5,915	5,691

Intangible assets are treated as located in Australia.

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31 DECEMBER 2015**

NOTE 9: SIGNIFICANT EXPENSES

The following significant expense items are relevant in explaining the financial performance;

	For the six months ended 31.12.2015 \$'000	For the six months ended 31.12.2014 \$'000
Write down of inventory	-	1,150
Impairment of property, plant and equipment	-	217
Costs associated with closing down operations in Thailand	-	301
Property relocation	-	90
Total significant expenses	-	1,758

NOTE 10: EVENTS OCCURRING AFTER THE REPORTING PERIOD

The Directors are not aware of any significant events since the end of the reporting period.

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DIRECTORS' DECLARATION

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 8 to 19 are in accordance with the *Corporations Act 2001*, including:
 - a. complying with Accounting Standard AASB 134: Interim Financial Reporting; and
 - b. giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

A handwritten signature in black ink, appearing to read 'Bruce Grey', enclosed within a large, loopy oval stroke.

Director

Bruce Grey

Dated this 19th day of February 2016

Level 15, Exchange Tower
2 The Esplanade, Perth, WA 6000

PO Box 5785, St Georges Terrace, WA 6831

T +61 (0)8 9225 5355

F +61 (0)8 9225 6181

www.moorestephenswa.com.au

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF ADVANCED BRAKING TECHNOLOGY LIMITED AND ITS CONTROLLED ENTITIES

Report on the Half-year Financial Report

We have reviewed the accompanying half-year financial report of Advanced Braking Technology Limited which comprises the consolidated condensed statement of financial position as at 31 December 2015, the consolidated condensed statement of profit or loss and other comprehensive income, consolidated condensed statement of changes in equity, the consolidated condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of Advanced Braking Technology Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

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 a 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 half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of Advanced Braking Technology Limited's financial position as at 31 December 2015 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 annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for 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 complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the Corporations Act, which has been given to the directors of Advanced Braking Technology Limited, would be in the same terms if provided to the directors as at the time of this auditor's review report.

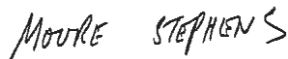
Conclusion

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 is not in accordance with the *Corporations Act 2001* including:

- (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 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.



Neil Pace
Partner



Moore Stephens
Chartered Accountants

Signed at Perth this 19th day of February 2016