



Advanced Braking Technology Ltd

MEDIA/ASX RELEASE

8th February 2010

STRONG FIRST HALF FOR ABT WITH RECORD SALES AND IMPROVED TRADING RESULTS

***Brake Manufacturer Posts All-time High First Half Revenue of \$2.3M
New Garbage Truck Brake Development Nearing "Proof of Concept" Completion***

Vehicle braking systems manufacturer Advanced Braking Technology Ltd (ASX: **ABV**) has posted **stronger sales and operating results** for the first half, reflecting a continuing recovery in its core mining services market from the impact of the Global Financial Crisis.

The Perth-based Company said today (**Monday**) that sales of its revolutionary braking products had returned to surpass pre-GFC levels, with total revenue **increasing by 14% to \$2.32 million** for the six months to 31 December 2009 (Dec 2008: \$2.040 million) – representing its best-ever first half performance.

This combined with solid progress on the Company's new garbage truck development project points to further progress in both its short- and long-term prospects for increasing shareholder value.

With only a modest increase in operating expenses of \$2.472 million (Dec 2008: \$2.333 million), the Company posted an after-tax loss of **\$0.447 million**, compared with a loss of \$0.572 million for the previous corresponding 6 month period.

This improved performance also contributed to only a modest reduction in Company cash reserves of \$368,000, with a cash balance at 31 December of **\$1.515 million**.

Revenue levels were bolstered by a strong recovery in the Australian mining sector, particularly with ABT's existing customer base that have benefited from improved commodity prices, reversing the trend of the previous year where higher export sales and development income offset weaker Australian sales. Revenue was split approximately equally across three main areas: brake sets, spare parts and development income.

Based on an improving inquiry rate and outstanding quotations, indications are that this sales growth will continue, particularly as overseas sales benefit from the global economic recovery, however it is still premature to provide any indications of the Company's full-year prospects.

"We are pleased with this very creditable first half financial performance, which reflects a relatively rapid and strong recovery from the impact of the GFC in our core markets," said ABT's Managing Director, Mr Ken Johnsen.

"This trading result demonstrates that the Company is well positioned for further growth and underlines the importance of a diversified product range and geographic reach to insulate the Company from sectorial fluctuations," said ABT's Managing Director, Ken Johnsen.

"The recovery in Australian mining sector has had the greatest impact on the results but events of the recent 12 months have reinforced the importance for the Company of breaking into a mainstream market with our Garbage Truck brake, which is currently nearing the end of its development phase."

Mr Johnsen said the Garbage Truck Project was on track to achieve a "Proof of Concept" sign-off on 31 March 2010, representing the next critical milestone in its commercial development.

A prototype brake system has been in service with a local authority over the past 3 months, gathering important information that is being fed into the brake design destined for commercial sale. The Company's engineering team has commenced planning for the next phase of the program which will involve the build-up of a fleet of trucks under a pilot production program as the next step towards the commercial release of this breakthrough technology.

"The successful development of the Garbage Truck brake will herald a new phase in the Company's growth as we transition from a supplier to niche and specialty markets into mainstream global markets," Mr Johnsen said. "It also points to other opportunities in the heavy vehicle sector such as city busses and other frequently stopping vehicles."

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.

Mr Johnsen noted that an important element in the recovery of sales within the Australian mining industry was increasing customer up-take of a fail-safe SIBS driveline brake for larger trucks such as concrete agitators.

"Mine safety inspectors, particularly in Queensland and Western Australia, are paying much more attention to road going heavy rigid trucks used in underground mines. ABT's new "Agi Brake" is providing operators of such equipment a means to significantly improve the safety of these with the provision of an auxiliary and autonomous emergency brake," he added.

ENDS

Released by:
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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 2009**

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

2. Results for announcement to the market

				\$A'000
Revenue	up	14.5%	to	2,317
(Loss) after tax attributable to members	up	21.8%	to	(447)
Net (loss) for the period attributable to members	up	21.8%	to	(447)

	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>0.34</u>	<u>0.51</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	Franked amount per security at 30% tax	Amount per security of foreign source dividend
	cents	cents	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	Previous corresponding period
	\$'000	\$'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 :

N/A

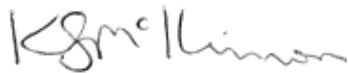
9. Auditor's review report

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:

- | | | | |
|--------------------------|--|-------------------------------------|--|
| <input type="checkbox"/> | The accounts have been Audited | <input checked="" type="checkbox"/> | The accounts have been subject to review |
| <input type="checkbox"/> | The accounts are in the process being audited or subject to review | <input type="checkbox"/> | The accounts have not yet been audited or reviewed |



Sign here: Company secretary

Date: 8 February 2010

Print name: Kenneth McKinnon



Advanced Braking Technology Ltd

**ADVANCED BRAKING TECHNOLOGY LTD
AND CONTROLLED ENTITIES**

ABN 66 099 107 623

HALF-YEAR REPORT

31 DECEMBER 2009

Interim Financial Report

DIRECTORS' REPORT

Your directors submit the financial report of the consolidated group for the half-year ended 31 December 2009.

Directors

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

David Humann
Malcolm Richmond

David Slack
Ken Johnsen

Review of Operations

Business Overview

Advanced Braking Technology Ltd (ABT) is in the business designing, developing, manufacturing and selling a range of products incorporating its internationally patented single rotor enclosed wet brake technology.

The Company's traditional market is the sale of its Sealed Integrated Braking System (SIBS[®]) to mining customers across the globe. Its customers include some of the world's largest miners including BHP Billiton, Xstrata, Rio Tinto and others.

SIBS[®] offers customers:

- Improved vehicle brake maintenance costs
- Reduced vehicle downtime.
- Much reduced brake temperatures
- More reliable and consistent braking
- Fail to safe functionality
- The elimination of airborne particle emissions

SIBS[®] technology is also now being developed for mainstream applications outside the mining industry where frequency of operation causes high wear, there is a fail to safe requirement, where braking temperatures may be an issue or where brake particle emissions are of concern. The key focus of current development is a new brake design for Garbage Trucks.

Detailed Activities

The global financial crisis had the greatest impact on the Company during the last quarter of the last financial year. The Company is pleased to now report that Company's performance has now returned to be surpassing pre GFC levels. Notwithstanding this recovery, the trading conditions over the past 12 months demonstrate the importance of broadening the Companies product range to include markets outside the mining sector. Hence underling the importance of the Garbage Truck development program nearing the end of its first phase of development.

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

DIRECTORS' REPORT

The new financial year commencing July 1st 2009 saw increasing levels of sales over the 6 month period to contributing to the best performing first half sales and trading results in the Company's history. The total revenue being \$2.32 million (Dec 2008 \$2.040 million) and trading result being a loss of \$447,000 (Dec 2008 \$572,000) These improved results also contributing to only a modest reduction in Company cash reserves of \$368,000

The Garbage Truck development program continued to meet its technical objectives towards achieve the completion of the "design validation" phase scheduled for March 31st 2010 and a go ahead for the commencement of the "production validation" phase of the program under which a fleet of trucks will be tested in real world garbage collection duties.

Sales to the mining sector in Australia has seen the strongest recovery with still depressed sales in North America and South Africa. As these offshore markets recover from the impacts of the GFC this should contribute further to growing sales in the mining sector.

An important contribution to sales was the made by the excellent take up by industry of the driveline fail safe brake designed for concrete agitators used in underground mines. Pleasingly sales of this product are now going beyond concrete agitators to other "heavy rigid" vehicles used in mining. The take up of this product has been accelerated by the increasing attention being paid to the vehicle safety by Australian State mining authorities.

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 3 for the half-year ended 31 December 2009.

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



Director: David Humann, Chairman

Dated this 8th day February 2010

The accompanying notes form part of this financial report.

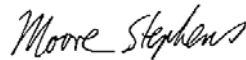
**AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION
307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS
OF ADVANCED BRAKING TECHNOLOGY LIMITED**

I declare that, to the best of my knowledge and belief, during the half year ended 31 December 2009, 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
PARTNER**



**MOORE STEPHENS
CHARTERED ACCOUNTANTS**

Signed at Perth this 8th day of February 2010.

Advance Braking Technology Limited and Controlled Entities
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Interim Financial Report

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED
31 DECEMBER 2009

	Note	Consolidated Group	
		31.12.2009	31.12.2008
		\$	\$
Revenue			
Revenue from trading activities		2,203	1,941
Revenue from other activities		114	99
Total revenue		2,317	2,040
Cost of sale		(566)	(578)
Amortisation of IP		(99)	(99)
Bad and doubtful debts		(2)	(14)
Borrowing costs		(15)	(14)
Computer related expenses		(37)	(32)
Consulting fees		(324)	(107)
Consumables and minor equipment		(226)	(10)
Depreciation expense		(61)	(55)
Directors Fees		(67)	(75)
Employee expenses		(1,129)	(1,235)
Insurance		(31)	(63)
Legal fees		(10)	(2)
Motor Vehicle Expenses		(28)	(42)
Patents		(39)	(54)
Rental expenses		(168)	(147)
Share Option Cost		(27)	(35)
Travel and accommodation		(90)	(87)
Telephone and other communication expenses		(20)	(26)
Other expenses		(120)	(236)
Profit (loss) before income tax		(742)	(871)
Income tax benefit (R&D tax rebate)		295	299
Profit (loss) from continuing operations		(447)	(572)
Other comprehensive income			
Foreign exchange translation		(195)	223
Total comprehensive income for the period		(642)	(349)
Earnings per share			
From continuing operations:			
Basic earnings per share (cents)		(0.06)	(0.1)
Diluted earnings per share (cents)		(0.06)	(0.1)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2009

	Consolidated Group	
	31.12.2009	30.06.2009
	\$	\$
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	1,515	1,989
Trade and other receivables	515	589
Inventories	1,101	1,418
Other assets	96	33
TOTAL CURRENT ASSETS	3,227	4,029
NON-CURRENT ASSETS		
Trade and other receivables	32	57
Plant and equipment	354	398
Intangible assets	2,288	2,387
TOTAL NON-CURRENT ASSETS	2,674	2,842
TOTAL ASSETS	5,901	6,871
CURRENT LIABILITIES		
Trade and other payables	411	431
Interest bearing liabilities	118	107
Provisions	93	112
Deferred income	235	585
TOTAL CURRENT LIABILITIES	857	1,235
NON-CURRENT LIABILITIES		
Trade and other payables		-
Interest bearing liabilities	162	194
TOTAL NON-CURRENT LIABILITIES	162	194
TOTAL LIABILITIES	1,019	1,429
NET ASSETS	4,882	5,442
EQUITY		
Issued capital	40,079	40,024
Foreign currency reserves	(234)	(40)
Other reserves	642	616
Accumulated losses	(35,605)	(35,158)
TOTAL EQUITY	4,882	5,442

The accompanying notes form part of this financial report.

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2009

Note	Issued Capital Ordinary \$'000	Accumulated losses \$'000	Other reserves \$'000	Total \$'000
Balance at 1.7.2008	38,123	(33,212)	431	5,342
Total net loss for the period	-	(572)	-	(572)
Subtotal	-	(572)	-	4,770
Foreign currency translation	-	-	223	223
Cost of share based payments	-	-	35	35
Cost of share issue	(13)	-	-	(13)
Issue of ordinary shares	126	-	-	126
Balance at 31.12.2008	38,236	(33,784)	689	5,141
Balance at 1.7.2009	40,024	(35,158)	576	5,442
Total net loss for the period	-	(447)	-	(447)
Subtotal	-	(447)	-	4,995
Foreign currency translation	-	-	(195)	(195)
Cost of share based payments	-	-	27	27
Issue of ordinary shares	55	-	-	55
Balance at 31.12.2009	40,079	(35,605)	408	4,882

The accompanying notes form part of this financial report.

Advance Braking Technology Limited and Controlled Entities
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Interim Financial Report

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED
31 DECEMBER 2009

	Consolidated Group	
	31.12.2009	31.12.2008
	\$000	\$000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	1,953	2,378
Payments to suppliers and employees	(2,588)	(3,121)
Interest received	25	35
Finance costs	(15)	(14)
R&D tax offset received	295	338
Net cash (used in)/provided by operating activities	(330)	(384)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of non-current assets	(17)	(164)
Net cash used in investing activities	(17)	(164)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares		71
Proceeds from borrowings	68	231
Repayment of borrowings	(89)	(101)
Capital raising costs	-	(13)
Net cash used in/(provided by) financing activities	(21)	188
Net decrease in cash held	(368)	(360)
Cash and cash equivalents at beginning of period	1,989	1,437
Net foreign exchange difference	(106)	(43)
Cash and cash equivalents at end of period	1,515	1,034

The accompanying notes form part of this financial report.

Advance Braking Technology Limited and Controlled Entities
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Interim Financial Report

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

NOTE 1: BASIS OF PREPARATION

These general purpose financial statements for the interim half-year reporting period ended 31 December 2009 have been prepared in accordance with requirements of the *Corporations Act 2001* and Australian Accounting Standards including AASB 134: Interim Financial Reporting. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Advanced Braking Technology Ltd and its controlled entities (the 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 2009, together with any public announcements made during the half-year.

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 for the adoption of the following new and revised Accounting Standards.

Accounting Standards not Previously Applied

The Group has adopted the following new and revised Australian Accounting Standards issued by the AASB which are mandatory to apply to the current interim period. Disclosures required by these Standards that are deemed material have been included in this financial report on the basis that they represent a significant change in information from that previously made available.

Presentation of Financial Statements

AASB 101 prescribes the contents and structure of the financial statements. Changes reflected in this financial report include:

- the replacement of Income Statement with Statement of Comprehensive Income. Items of income and expense not recognised in profit or loss are now disclosed as components of 'other comprehensive income'. In this regard, such items are no longer reflected as equity movements in the Statement of Changes in Equity;
- the adoption of the separate income statement/single statement approach to the presentation of the Statement of Comprehensive Income;
- other financial statements are renamed in accordance with the Standard; and

Operating Segments

From 1 January 2009, operating segments are identified and segment information disclosed on the basis of internal reports that are regularly provided to, or reviewed by, the group's chief operating decision maker which, for the Group, is the board of directors.

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

Note 1: Basis of Preparation (continued)

The following standards and Interpretations and all consequential amendments, which became applicable on 1 January 2009, have also been adopted by the Group, but have had no impact on the financial position or performance of the Group, or on presentation or disclosure in its financial statements.

- AASB 123 Borrowing Costs
- AASB 2008-1 Amendments to Australian Accounting Standards - Share-Based Payments: Vesting Conditions and Cancellations
- AASB 2008-2 Amendments to Australian Accounting Standards - Puttable Financial Instruments and Obligations arising on Liquidation
- AASB 2008-51 Amendments to Australian Accounting Standards arising from the Annual AASB 2008-6 Improvements Project
- AASB 2008-7 Amendments to Australian Accounting Standards - Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
- AASB 2009-2 Amendments to Australian Accounting Standards - Improving Disclosures about Financial Instruments
- AASB 2009-3 Amendments to Australian Accounting Standards - Embedded Derivatives > Interpretation 16 Hedges of Net Investments in Foreign Operations

NOTE 2: DIVIDENDS

No dividends were provided for or paid during the half year to 31 December 2009 and no dividends were provided for or paid during the preceding half year to 31 December 2008.

ECONOMIC ENTITY	
31 December 2009 \$'000	30 June 2009 \$'000

NOTE 3: RECEIVABLES

Current

Trade debtors	601	426
Less provision for doubtful debts	(86)	(89)
	515	337
Other receivables	-	252
Total	515	589

Non-current

Other receivables	32	57
Total	32	57

Advance Braking Technology Limited and Controlled Entities
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Interim Financial Report

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

	ECONOMIC ENTITY	
	31 December	30 June
	2009	2009
	\$'000	\$'000
NOTE 4: PAYABLES		
Trade creditors	329	219
Accrued expenses	15	157
Amounts due to directors	67	55
	411	431

Amounts due to Directors as 31 December 2009 consists of Directors fees \$67,000 (30 June 2009 \$55,000) payable through the issue of shares in the Company, in accordance with a resolution of shareholders dated 9 November 2009 and an ASX waiver from listing rule 10.13.3 dated 12 October 2009 and one month due to another Director paid in January 2009.

NOTE 5: DEFERRED INCOME

Current deferred income	235	585
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There is \$235,000 (\$585,000 as 30 June 2009) in deferred income for the Refuse Truck Agreement ("Agreement") executed on 2 April 2009. In accordance with the Agreement, quarterly milestones must be met in the brake development and instalment amounts are drawn down quarterly in advance in anticipation of meeting these milestones.

NOTE 6: ISSUED CAPITAL

767,009,947 (June 2009: 763,084,509) ordinary shares, fully paid	40,079	40,024
Ordinary shares		
At the beginning of the financial period / year	40,024	38,123
3,925,437 shares issued on 24 July 2009 to Professor Richmond and David Humann at 1.4 cents per share for directors' fees	55	-
Shares issued 6 July 2008 to Professor Richmond and Mr Humann for Directors Fees	-	55
Shares issued for cash on 15 August 2008	-	56
Shares issued for cash on 19 September 2008	-	15
Shares issued 7 January 2009 to Professor Richmond and Mr Humann for Directors Fees	-	55
Shares issued for cash on 22 April 2009 - Share Purchase Plan	-	194
Shares issued for cash on 18 May 2009	-	659
Shares issued for cash on 25 June 2009	-	1,006
Shares issued on 25th June 2009 as payment of corporate advisory fees	-	40
	40,079	40,203
Transaction costs relating to share issues	-	(179)
Balance at end of financial year	40,079	40,024

Advance Braking Technology Limited and Controlled Entities
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NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

ECONOMIC ENTITY	
31 December	30 June
2009	2009
\$'000	\$'000

NOTE 7: RESERVES

Option premium reserve	642	616
Foreign currency translation reserve	(234)	(40)
	408	576

On 5th November 2009, following shareholders approval on 2nd November 2009, the Company issued 4,500,000 share options to Mr Kenneth Johnsen.

In addition to the above share options granted to Mr Johnsen, various share options have been granted to a number of holders over preceding years. These share options have been valued using the theoretical Black-Scholes option model and that value is expensed to the income statement equally over the life of those options. An amount of \$26,641 was expensed to the income statement and credited to the option premium reserve for the six month period to 31 December 2009.

NOTE 8: ACCUMULATED LOSSES

Accumulated losses at the beginning of the financial period / year	(35,158)	(33,212)
Net loss attributable to members of the parent entity	(447)	(572)
Accumulated losses at the end of the financial period / year	(35,605)	(33,784)

NOTE 9: OPERATING SEGMENT

Segment Information

Identification of reportable segments

The group has identified its operating segments based on the internal reports that are reviewed and used by the board of directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

The Group is managed primarily on the basis of functions within the Group, since the diversification of the Group's operations inherently have notably different risk profiles and performance assessment criteria. Operating segments are therefore determined on the same basis.

Reportable segments disclosed are based on aggregating operating segments where the segments are considered to have similar economic characteristics and are also similar with respect to the following:

- the products sold and/or services provided by the segment;
- the manufacturing process;
- the type or class of customer for the products or service;
- the distribution method; and
- external regulatory requirements.

Advance Braking Technology Limited and Controlled Entities
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NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

NOTE 9: OPERATING SEGMENT (continued)

Types of products and services by segment

(i) *Manufacturing of Wet Brakes and Spare Parts*

The manufacturing segment manufactures SIB wet brakes and associated spare parts. All products produced are aggregated as one reportable segment as the products are similar in nature, they are manufactured and distributed within the Group and they are subject to a similar regulatory environment.

The manufacturing segment is also provides ongoing support and maintenance for its products. Support is provided to existing customers for maintenance required under warranty.

The distribution segment also receives products from this segment and is invoiced accordingly.

(ii) *Sales and Distribution*

The sales and distribution segment distributes the Group's manufactured stock items both domestically and internationally.

The sales and distribution segment is also involved in the installation of the Group's products sold domestically. Inventory of SIBs wet brakes and associated spare parts form a significant part to the operating assets in this segment.

Engineering services are offered by the sales and distribution segment. The engineering services are offered to tailor existing products to customers requirements or to develop new products based on the existing intellectual property.

Basis of accounting for purposes of reporting by operating segments

Accounting policies adopted

Unless stated otherwise, all amounts reported to the Board of Directors as the chief decision maker with respect to operating segments are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

Inter-segment transactions

An internally determined transfer price is set for all inter-entity sales. This price is re-set as required and is based on commercial terms. All such transactions are eliminated on consolidation for the Groups financial statements.

Corporate charges are allocated to reporting segments based on the segments' overall proportion of revenue generation within the Group. The Board of Directors believes this is representative of likely consumption of head office expenditure that should be used in assessing segment performance and cost recoveries.

Inter-segment loans payable and receivable are initially recognised at the consideration received net of transaction costs. If inter-segment loans receivable and payable are not on commercial terms, these are not adjusted to fair value based on market interest rates.

Segment assets

Where an asset is used across multiple segments, the asset is allocated to the segment that receives the majority of economic value from the asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location.

Unless indicated otherwise in the segment assets note, investments in financial assets and intangible assets have not been allocated to operating segments.

Advance Braking Technology Limited and Controlled Entities
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NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

NOTE 9: OPERATING SEGMENT (continued)

Segment liabilities

Liabilities are allocated to segments where there is direct nexus between the incurrence of the liability and the operations of the segment. Borrowings and tax liabilities are generally considered to relate to the Group as a whole and are not allocated. Segment liabilities include trade and other payables and certain direct borrowings.

Unallocated items

Unless indicated otherwise the following items of revenue, expense, assets and liabilities are not allocated to operating segments as they are not considered part of the core operations of any segment:

- net gains on disposal of available-for-sale investments;
- impairment of assets and other non-recurring items of revenue or expense;
- income tax expense;
- deferred tax assets and liabilities;
- intangible assets; and
- discontinuing operations.

Comparative information

This is the first reporting period in which AASB 8: Operating Segments has been adopted. Comparative information has been stated to conform to the requirements of the Standard.

	Manufacturing	Sale and Distribution	Total
	\$'000	\$'000	\$'000
<hr/>			
Six months ended			
31.12.2008			
Revenue			
External sales	-	1,941	1,941
Inter-segment sales	782	-	782
Total segment revenue	<hr/> 782	<hr/> 1,941	<hr/> 2,723
Other revenue			99
Less inter-segment sales			<hr/> (782)
Total revenue			<hr/> <hr/> 2,040
Result			
Pre-tax segment result	<hr/> 5	<hr/> (917)	<hr/> (912)
<i>Reconciliation of segment revenue to group revenue</i>			
Elimination of intercompany transactions			42
Income tax benefit – R&D tax rebate			<hr/> 298
Net loss before tax			<hr/> <hr/> (572)

Advance Braking Technology Limited and Controlled Entities
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NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

NOTE 9: OPERATING SEGMENT (continued)

	Manufacturing	Sale and Distribution	Total
	\$'000	\$'000	\$'000
Six months ended			
31.12.2009			
Revenue			
External sales	-	2,203	2,203
Inter-segment sales	544	-	544
Total segment revenue	<u>544</u>	<u>2,203</u>	<u>2,747</u>
Other revenue			26
Less inter-segment sales			<u>(544)</u>
Total revenue			<u><u>2,229</u></u>
<i>Result</i>			
Pre-tax segment result	<u>(88)</u>	<u>(663)</u>	<u>(751)</u>
<i>Reconciliation of segment revenue to group revenue</i>			
Elimination of intercompany transactions			9
Income tax benefit – R&D tax rebate			<u>295</u>
Net loss before tax			<u>(447)</u>
31.12.2009			
Segment assets			
<i>Reconciliation of segment assets to group assets</i>	<u>1,015</u>	<u>15,022</u>	<u>16,037</u>
Inter-segment eliminations			(12,424)
Unallocated assets:			
• Intangibles			<u>2,288</u>
Total group assets from continuing operations			<u><u>5,901</u></u>
30.6.2009			
Segment assets			
<i>Reconciliation of segment assets to group assets</i>	1,216	14,962	16,187
Inter-segment eliminations			(11,694)
Unallocated assets:			
• Intangibles			2,387
Total group assets from continuing operations			6,871

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NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

NOTE 9: OPERATING SEGMENTS (CONT'D)

	Manufacturing \$'000	Sale and Distribution \$'000	Total \$'000
31.12.2009			
Segment liabilities			
<i>Reconciliation of segment liabilities to group liabilities</i>	99	31,623	31,722
Inter-segment eliminations			(30,703)
Total liabilities from continuing operations			<u>1,019</u>
30.6.2009			
Segment liabilities			
<i>Reconciliation of segment liabilities to group liabilities</i>	118	31,375	31,493
Inter-segment eliminations			(30,064)
Total liabilities from continuing operations			<u>1,429</u>

(v) Revenue by geographical region

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

	For the six months ended 31.12.2009 \$'000	For the six months ended 31.12.2008 \$'000
Thailand	-	-
Australia	2,203	1,941
Total revenue from trading activities	<u>2,203</u>	<u>1,941</u>

(vi) Assets by geographical region

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

	Balance as at 31.12.2009 \$'000	Balance as at 30.6.2009 \$'000
Thailand	1,015	1,216
Australia	15,022	14,962
	16,037	16,178
Less intersegment eliminations	(12,424)	(11,694)
Add unallocated assets - intangibles	2,288	2,387
Total Assets	<u>5,901</u>	<u>6,871</u>

Advance Braking Technology Limited and Controlled Entities
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NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

NOTE 10: CONTINGENT LIABILITIES

There has been no change in contingent liabilities since the last annual reporting date.

NOTE 11: EVENTS SUBSEQUENT TO REPORTING DATE

On 29th January, the economic entity issued 2,444,517 ordinary fully paid shares at 2.9 cent each as payment of directors' fees for the six months to 31 December 2009.

Advance Braking Technology Limited and Controlled Entities
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DIRECTORS' DECLARATION

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 4 to 16 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 2009 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.



Director

David Humann

Dated this 8th day of February 2010

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 (the consolidated entity) which comprises the consolidated statement of financial position as at 31 December 2009, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the half-year ended on that date, the accounting policies and other selected explanatory notes and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of Advanced Braking Technology Limited (the company) 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 establishing 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 consolidated entity's financial position as at 31 December 2009 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 the half-year financial report consists of making enquiries, primarily of persons responsible for the financial and accounting matters, and applying analytical and 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.

Matters Relating to the Electronic Presentation of the Reviewed Financial Report

This review report relates to the financial report of the consolidated entity for the half-year ended 31 December 2009 included on the website for Advanced Braking Technology Limited. The directors of the company are responsible for the integrity of the website and we have not been engaged to report on its integrity. This review report refers only to the half-year financial report identified above and it does not provide an opinion on any other information which may have been hyperlinked to or from the financial report. If users of this report are concerned with the inherent risks arising from electronic data communications, they are advised to refer to the hard copy of the reviewed financial report to confirm the information included in the reviewed financial report presented on the company's website.

Independence

In conducting our review, we complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act, provided to the directors of Advanced Braking Technology Limited and controlled entities on February 2010, would be in the same terms if provided to the directors as at the date of this auditor's review report.

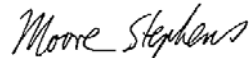
Conclusion

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 and controlled entities is not in accordance with the Corporations Act 2001 including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and of its performance for the half-year ended on that date; and
- (b) complying with AASB 134: "Interim Financial Reporting" and the Corporations Regulations 2001.



NEIL PACE
PARTNER



MOORE STEPHENS
CHARTERED ACCOUNTANTS

Signed at Perth this 8th day of February 2010.