ADVANCED BRAKING TECHNOLOGY LTD

AND CONTROLLED ENTITIES

ABN 66 099 107 623

ANNUAL REPORT
2018

ADVANCED BRAKING TECHNOLOGY LTD
AND CONTROLLED ENTITIES
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CORPORATE DIRECTORY

Directors
Dagmar Parsons
David Slack
Adam Levine
Mark Lindh

Chief Financial Officer
John Annand

Company Secretary
Kaitlin Smith

Registered Office
19 Creative Street
Wangara, WA 6065
Telephone: + 61 8 9302 1922

Bankers
National Australia Bank Ltd
12 / 100 St Georges Terrace
Perth, WA, 6000

Manufacturing Partners
Harrop Engineering
Preston, Vic.
Connect Source
Midvale, WA
FMP Group
Ballarat, Vic.
Parker Hannifin
Dandenong South, Vic.
Hofmann Engineering
Bassendean, WA
Sneddon & Kingston Plastics, Preston, Vic

Share Registry
Computershare Investor Services Pty Ltd
Level 11, 172 St Georges Terrace
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Auditors
Moore Stephens
Level 15, Exchange Tower
2 The Esplanade
Perth, WA, 6000

ASX Home Branch
Australian Securities Exchange (ASX)
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Perth, WA, 6000

Country of Incorporation
Australia

ASX Code
ABV – Ordinary shares and options

Legal form of entity
Listed public company

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Chairman's Review

Dear Shareholder,

It is a privilege to write this letter as the new Chairman of Advanced Braking Technology. To begin with, I want to acknowledge the contribution of my predecessor, Bruce Grey, who has led the Board for the past six years. I thank Bruce for his service to the Board during his tenure.

As incoming Chairman, I plan to engage with shareholders and other stakeholders on a regular basis in order to better understand their perspectives.

Since I joined the Board in April this year, I have visited our operations in Wangara to gain a better understanding of Advanced Braking Technology from the front line, and to get to know our staff and products. This has been an insightful experience and has strengthened my view of Advanced Braking Technology's potential to create long-term value for our shareholders. I acknowledge that the company has yet to unlock its inherent potential and considerable steps have been taken during the last year towards this.

Over the last financial year, the Board has continued to focus on investing in organisational capability, particularly in the areas of applications engineering, business development and supply chain management.

The Board and management team have been working together to improve internal processes in all areas of business, including Advanced Braking Technology's corporate governance framework. This work is ongoing.

Recently the Company sought out to draw a bold five-year Strategic Plan. Going forward, this plan assertively will drive growth both within the Australian Mining Market as well as globally.

The focused approach over the 2019 Financial Year, which will capitalise on the successful launch of Terra Dura® in January 2018 and the proven track record of Failsafe will set the foundations for the substantial growth we are anticipating over the next five years. Advanced Braking Technology's growth journey will establish the Company's diversified products and services range across an international mining market and - where it makes sense – into new markets. I am looking forward to sharing the Strategic Plan with you in more detail at the upcoming Annual General Meeting.

We acknowledge the efforts of our employees and thank them for their dedication to the Company. The Board and I are looking forward to supporting our team, led by Peter Hildebrand in our pursuit of long-term value creation for all our shareholders.

Thank you for your continued support of Advanced Braking Technology.

Dagmar Parsons
Chairman

CHIEF EXECUTIVE OFFICER OPERATING AND FINANCIAL REVIEW

Chief Executive Officer's Operational Review.

Financial Summary

ABT is pleased to announce that for FY18, the Company achieved record revenues of $7.87m, which represents approximately a 2.4% increase on the prior year. During FY18, ABT increased investments totalling almost $1m in the areas of sales, business development and supply chain management structures, application engineering as well as in measures to establish a robust and scalable supply chain for the ground-breaking Terra Dura® braking system. Impacted from those investments is the full-year result of ($1.656m). The Company expects that these investments will result in fiscal benefits from FY19 onward as the roll-out of Terra Dura® gathers pace across the Australian and Canadian mining markets and new product variants allow the capture of global opportunities, particularly in Europe.

Operating Revenue

The operating revenue in FY18 was achieved as a result of continued strong demand for ABT's Failsafe braking systems and delivery of the first 50 sets of Terra Dura®. Of the latter, 20 sets were delivered to global customers, chiefly among them distributors in Canada. The Company is pleased with the initial market acceptance of Terra Dura®, which has resulted in sales to a variety of blue-chip mining customers (Glencore, South 32, Westgold Resources, Grange Resources, Barminco, Byrnecut, Yancoal, and Newcrest Mining). These customers have purchased 1-3 sets each for the purposes of undertaking field trials before committing to a larger roll-out.

Expenses

ABT's commitment to the continued investment in organisational capabilities, supply chain and product application and engineering resulted in the following specific expenditures:

- ABT invested in additional tooling that was commissioned for second component manufacturers in both China and Australia. The domestic supply chain is now fully operational and supports the current production and supply of Terra Dura®. An additional source, located in China, has been successfully commissioned at the end of the financial year. This additional capacity represents a critical pillar in managing a scalable and reliable supply chain. As this overseas source is being readied for volume production, the Company expects a margin improvement over the second half of FY19.
- ABT also deployed resources and measures to improve the supply chain of its established Failsafe brake portfolio. The focus has been on improving its cost position through negotiations and on evaluation of rationalisation and re-design opportunities as well as on risk mitigation strategies for the most critical components. The results of those activities are expected to be realised over FY19.
- Following the volume launch of the Landcruiser 70 Terra Dura® in January, investments in the next wave of product releases continued. As a result, the Company is working toward the following launches: Terra Dura® Isuzu D-MAX (October 2018), Terra Dura® Toyota HiLux (November 2018), first Terra Dura® front wheel application (March 2019), and Terra Dura® Mitsubishi Triton (June 2019). These new product launches will greatly broaden the Company's product line and set the foundation for significantly increased sales potential.
- ABT strengthened its sales and product management structures to ensure a focused and effective deployment of business development resources. As a result, the company secured a range of Terra Dura® fully paid trial orders from domestic blue-chip customers and delivered approximately half of its Terra Dura® shipments to critical global expansion markets in Canada and Europe.

Product Development and Global Opportunities

One of the focus areas of the past year has been the deployment of a New Product Introduction process. Through establishing a structured, criteria-based evaluation of market opportunities and verification of the value ABT provides to solving customer problems, we ensure that we select and then pursue business opportunities that offer the best return of our investment. This strategic approach to product management, always starting from market needs, addresses lessons learned from past efforts to launch new products.

Our investments in market-leading technology and the next wave of products, in particular additions to the Terra Dura® range of brakes, drives the targeted pursuit of both high potential domestic and global opportunities. The Toyota LandCruiser 70 application allows ABT to tap in to the vast Australian open cut mining market, thus representing a substantial growth opportunity compared to the underground mines that have traditionally been receivers of ABT's Failsafe brakes. The Isuzu D-MAX variant is potentially a game changer for our efforts to boost sales in Europe. Significant opportunities for mining applications will be available via a distribution arrangement that initially focuses on northern European markets. Whereas the potential for the Toyota HiLux Terra Dura® is found across a variety of established markets, the Mitsubishi Triton variant represents an exciting opportunity into the very significant Chilean mining market. We have taken great encouragement from the fact that we encountered opportunities also for Failsafe brakes while promoting Terra Dura® to distributors and customers in Chile. As such, we expect to be represented across a range of international markets with our complete product range in a combination of off-road and on-road applications.

Outlook

ABT has developed a robust growth strategy, founded on systematic product and vehicle application development and a targeted regional expansion via strategic partners. Taking a medium-term outlook, we would expect two thirds of our revenue to be generated in global markets, with Terra Dura® sales representing a similar share of our overall revenue. The historic dependency on a few products will be alleviated by the launch of a range of a new applications and the introduction of multiple product lines targeting primarily Light Duty Vehicle opportunities. We are moving from a concentrated customer and market portfolio toward a balanced portfolio of products, customers, geographies, and applications.

Our transformation, however, does not stop here. ABT aspires to be a global leader in our respective applications and to provide innovative braking products and services for our customers. We firmly believe we can deliver this by maintaining and creating intellectual property that provides first mover advantage into new markets and applications and by successfully addressing technology developments in braking and automotive. An essential enabler to achieving this is a competent and capable engineering and research and development function. After having addressed critical aspects across our supply chain and the definition of both target markets and corresponding go-to-market approaches over the course of FY18, this will continue to be a focus for the management team over the first half of FY19.

We acknowledge the operating loss achieved in FY18. It has come about as a result of continued investments in product application and engineering, in supply chain and in market-facing organisational structures. We have confidence that those investments will lead to an earnings improvement in FY19 and set us on our way to achieving desired business outcomes which in turn will form the basis of our transformation into a global leader in selected markets.

Acknowledgements

I would like to thank the board for their tremendous guidance and support as we charter our path forward by investing in carefully selected domestic and global opportunities. Further, I commend all ABT staff for their continued support and dedication and look forward to living and demonstrating the set of values we have recently documented.

Peter Hildebrandt
Chief Executive Officer

ADVANCED BRAKING TECHNOLOGY

CORPORATE GOVERNANCE STATEMENT

The Board of Directors of Advanced Braking Technology Ltd has adopted the following set of principles for the corporate governance of the Company. These principles establish the framework of how the Board carries out its duties and obligations on behalf of the Shareholders.

ASX BEST PRACTICE RECOMMENDATIONS
The ASX Listing Rules require listed companies to include in their annual report a statement disclosing the extent to which they have complied with the ASX Best Practice Recommendations in the reporting period. These recommendations are guidelines designed to produce an efficiency, quality or integrity outcome. The recommendations are not prescriptive so that if a company considers that a recommendation is inappropriate having regard to its particular circumstances, the company has the flexibility not to follow it. Where a company has not followed all the recommendations, the annual report must identify which recommendations have not been followed and give reasons for not following them.

Details have been included at the end of this statement setting out the ASX Best Practice Recommendations with which the Company has and has not complied in the reporting period.

Details of the Company's corporate governance practices in the relevant reporting period are set out below.

THE BOARD OF DIRECTORS

Role of the Board
The primary responsibilities of the Board are set out in a written policy and include:

- the establishment of the long-term goals of the Company and strategic plans to achieve those goals;
- monitoring the achievement of these goals;
- the review of management accounts and reports to monitor the progress of the Company;
- the review and adoption of budgets for the financial performance of the Company and monitoring the results on a regular basis to assess performance;
- the review and approval of the annual and half-year financial reports;
- nominating and monitoring the external auditor;
- approving all significant business transactions;
- appointing and monitoring senior management;
- all remuneration, development and succession issues; and
- ensuring that the Company has implemented adequate systems of risk management and internal control together with appropriate monitoring of compliance activities.

The Board evaluates this policy on an ongoing basis.

Board composition
The Directors' report contains details of the Directors' skill, experience and education. The Board seeks to establish a Board that consists of Directors with an appropriate range of experience, skill, knowledge and vision to enable it to operate the Company's business with excellence. In particular, the Board seeks a cross section of experience in commerce, technology and in related industry sectors as well as experience on Boards of other public listed companies. To maintain the balance of skills and experience, the Company's policy is that non-executive Directors should serve at least 3 years. At the completion of the first 3 years, the position of the Director is reviewed to ascertain if circumstances warrant a further term.

The Board requires that the Chairperson should be an independent director and that the role of Chairperson and Chief Executive Officer should not be exercised by the same individual. The role of the Chairperson has been fulfilled by Mr Bruce Grey for the period to June 20, 2018 and Ms Dagmar Parsons since June 20, 2018. Following the resignation of Mr Graeme Sumner on 5 July, 2017, the role of Chief Executive Officer has been held by Mr Peter Hildebrandt appointed August 28,2017.

Appointment of Directors
The Board is primarily responsible for identifying potential new Directors but has the option to use an external consulting firm to identify and approach possible new candidates for Directorship. The Directors may at any time appoint a person to be a Director, but the total number of Directors may not at any time exceed the maximum number specified in the Constitution of the Company (currently nine) and any Director so appointed holds office only until the next following Annual General Meeting when they are eligible for re-election.

Retirement and re-election of Directors
The Constitution of the Company requires one third of Directors, other than the Managing Director, to retire from office at each Annual General Meeting. Directors who have been appointed by the Board are required to retire from office at the next Annual General Meeting and are not taken into account in determining the number of Directors to retire at that Annual General Meeting. Retiring Directors are eligible for re-election by Shareholders.

Independence of Directors
The Board of Directors are considered to be independent when they are independent of management and free from any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of their unfettered and independent judgment. In the context of director independence, "materiality" is considered from both the Company and individual director perspective. The determination of materiality requires consideration of both quantitative and qualitative elements. An item is presumed to be quantitatively immaterial if it is equal to or less than 5% of the appropriate base amount. It is presumed to be material (unless there is qualitative evidence to the contrary) if it is equal to or greater than 10% of the appropriate base amount.

Qualitative factors considered include whether a relationship is strategically important, the competitive landscape, the nature of the relationship and the contractual or other arrangement governing it and other factors that point to the actual ability of the director in question to shape the direction of the Company's loyalty.

In accordance with the definition of the independence above, and the materiality threshold set, the following directors of Advanced Braking Technology Ltd are considered to be independent:

Name	**Position**
Ms Dagmar Parsons	Non-executive Director & Chair
Mr Adam Levine	Non-executive Director
Mr Mark Lindh	Non-executive Director

Independent professional advice
With the prior approval of the Chairperson, each Director has the right to seek independent legal and other professional advice at the Company's expense concerning any aspect of the Company's operations or undertakings in order to fulfil their duties and responsibilities as Directors.

Board performance review
The performance of all Directors is assessed through review by the Board as a whole. A Director's attendance at and involvement in Board meetings, his contribution and other matters identified by the Board or other Directors are taken into consideration. Significant issues are actioned by the Board. Due to the Board's assessment of the effectiveness of these processes, the Board has not otherwise formalised measures of a Director's performance.

The Company has not conducted a performance evaluation of the members of the Board during the reporting period, however the Board conducts a review of the performance of the Company against budgeted targets on an ongoing basis.

DIRECTORS' REMUNERATION
Details of the Company's remuneration policies are included in the Remuneration Report section of the Directors' Report.

Non-executive Directors will be remunerated by cash or share benefits alone and will not be provided with retirement benefits (except in exceptional circumstances) other than statutory superannuation contributions. Non-executive Directors may be remunerated by both fixed remuneration and equity performance based remuneration plus statutory superannuation contributions but no termination payments will be agreed other than a reasonable period of notice of termination as detailed in the non-executive's employment contract.

SENIOR EXECUTIVES
The Board has delegated the operation and administration of the group to the Chief Executive Officer and the senior executive team. Their performance is assessed formally by the Board on an annual basis both subjectively and by measuring performance against Key Performance Indicators. Performance evaluations were completed in 2018 in accordance with the policy.

DIVERSITY POLICY

Diversity includes, but is not limited to, gender, age, ethnicity and cultural background. The Company is committed to diversity and recognises the benefits arising from employee and Board diversity and the importance of benefiting from all available talent. Accordingly, the Company has established a diversity policy which is provided to all staff with responsibility for recruitment.

This diversity policy outlines requirements for the Board to develop measurable objectives for achieving diversity, and annually assess both the objectives and the progress in achieving those objectives. Accordingly, the Board has developed the following objectives regarding gender diversity and aims to achieve these objectives as positions become vacant and appropriately qualified candidates become available:

	Actual 2018		Objectives 2019	
	No.	**%**	**No.**	**%**
Women on the Board	1	25	1	25
Women in senior executive positions	-	-	-	-
Women employees in the Company	3	18%	3	18%

MANAGING BUSINESS RISK

The Company maintains policies and practices designed to identify and manage significant business risks, including:

- regular budgeting and financial reporting;
- procedures and controls to manage financial exposures and operational risks;
- the Company's business plan;
- corporate strategy guidelines and procedures to review and approve the Company's strategic plans; and
- insurance and risk management programmes which are reviewed by the Board.

The Board reviews these systems and the effectiveness of their implementation annually and considers the management of risk at its meetings. The Company's management has reported to the Board on the effectiveness of the Company's management of its material business risks. The Company's risk profile is reviewed annually. The Board may consult with the Company's external auditors on external risk matters or other appropriately qualified external consultants on risk generally, as required.

The Board receives regular reports about the financial condition and operating results of the consolidated group. The Chief Executive Officer and the Chief Financial Officer annually provide a formal statement to the Board that in all material respects and to the best of their knowledge and belief:

- the Company's financial reports present a true and fair view of the Company's financial condition and operational results and are in accordance with relevant accounting standards; and
- the Company's risk management and internal control systems are sound, appropriate and operating efficiently and effectively.

INTERNAL CONTROLS

Procedures have been established at the Board and executive management levels that are designed to safeguard the assets and interests of the Company, and to ensure the integrity of reporting. These include accounting, financial reporting and internal control policies and procedures. To achieve this, the non-executive Directors perform the following procedures:

- ensure appropriate follow-up of significant audit findings and risk areas identified;
- review the scope of the external audit to align it with Board requirements; and
- conduct a detailed review of published accounts.

AUDIT COMMITTEE

The Audit Committee consists of all four non-executive Directors with Mr Adam Levine as Chair. The Audit Committee has a formal charter. Meetings are held as required between the Audit Committee, the Company's Chief Executive Office, Chief Financial Officer and the auditors to discuss the Company's ongoing activities and to discuss, where appropriate, any proposed changes prior to their implementation and to seek advice in relation thereto.

The Board has no formal procedures for the selection, appointment or rotation of its external auditor but reviews this matter on an ongoing basis and implements changes as required.

REMUNERATION COMMITTEE

In financial year 2013, the Board established a Remuneration Committee. This role was previously performed by the Board. The Remuneration Committee has a formal charter. The role of the remuneration committee is to assist the Board in the general application of the remuneration policy. In doing so, the remuneration committee is responsible for:

- developing remuneration policies for Directors and Key Management Personnel, with the assistance, as necessary, of independent external consultants;
- reviewing Key Management Personnel remuneration packages annually and, based on these reviews, making recommendations to the Board on remuneration levels for Key Management Personnel; and
- assisting the Chair in reviewing KMP performance and reporting to the Board on Key Management Personnel performance.

During the year ended 30 June 2018, the Remuneration Committee comprised all four non-executive Directors. Mr Mark Lindh replaced Mr David Slack as Chairperson on 15 August 2017.

Their qualifications and their attendance at meetings of the committee are included in the Directors' report.

There are no schemes for retirement benefits for Directors other than statutory superannuation arrangements for non-executive/independent Directors.

NOMINATIONS COMMITTEE

In financial year 2013, the Board established a Nominations Committee. This role was previously performed by the Board. The Nominations Committee has a formal charter.

The role of the Nominations Committee is to assist the Board in ensuring that the Board comprises directors with a range and mix of attributes appropriate for achieving its objective. The committee assists the Board by:

- reviewing the skills and expertise of directors and identifying potential deficiencies;
- identifying suitable candidates for the Board, with the assistance of independent recruiting agencies;
- overseeing Board and Director reviews; and
- establishing succession planning arrangements.

For the period to 20 June 2018, the Nominations Committee comprised two non-executive Directors, Mr David Slack (Chairperson) and Mr Bruce Grey, since 20 June 2018 Ms Dagmar Parsons replaced Mr Grey.

Their qualifications and their attendance at meetings of the committee are included in the Directors' report.

The Nominations Committee did not meet during the year ended 30 June 2018, as all material issues were addressed at the Directors' Meetings.

ETHICAL STANDARDS

In pursuit of the highest ethical standards, the Company has adopted a Code of Conduct which establishes the standards of behaviour required of Directors and employees in the conduct of the Company's affairs. This Code is provided to all Directors and employees. The Board monitors implementation of this Code. Unethical behaviour is to be reported to the Company's Chief Operating Officer (or in his place the Chairperson of the Board) as soon as practicable.

The Code of Conduct is based on respect for the law, and acting accordingly, dealing with conflicts of interest appropriately, using the consolidated entity's assets responsibly and in the best interests of the Company, acting with integrity, being fair and honest in dealings, treating other people with dignity and being responsible for actions and accountable for the consequences.

TRADING IN THE COMPANY'S SECURITIES BY DIRECTORS AND EMPLOYEES

The Board has adopted a policy in relation to dealings in the securities of the Company which applies to all Directors, employees, contractors and consultants ("personnel"). Under the policy, personnel are prohibited from dealing in the Company's securities whilst in possession of price sensitive information. Directors and key management personnel are also prohibited from trading except during specific trading windows and are required to advise the Company Secretary of their intention to do so before dealing in the Securities. In exceptional circumstances, such as severe financial hardship, trading may be permitted in a prohibited trading period, with the prior written consent of the Chair of the Board or, if being sought by the Chair of the Board, of the Chairperson of the Audit Committee. An updated Securities Trading Policy was lodged with the ASX on 2 July 2014.

This policy is provided to all personnel. Compliance with it is reviewed on an ongoing basis in accordance with the Company's risk management systems.

CONTINUOUS DISCLOSURE

The Company has in place a continuous disclosure policy, a copy of which is provided to all Company officers and employees who may from time to time be in the possession of undisclosed information that may be material to the price or value of the Company's securities.

The continuous disclosure policy aims to ensure timely compliance with the Company's continuous disclosure obligations under the Corporations Act 2001 (Cth) and ASX Listing Rules and ensure officers and employees of the Company understand these obligations. The procedure adopted by the Company is essentially that any information which may need to be disclosed must be brought to the attention of the Chairperson, who in consultation with the Board (where practicable) and any other appropriate personnel, will consider the information and whether disclosure is required and prepare an appropriate announcement.

At least once in every 12 month period, the Board will review the Company's compliance with this continuous disclosure policy and update it from time to time, if necessary.

SHAREHOLDERS

The Board aims to ensure that Shareholders are kept informed of all major developments affecting the Company. Information is communicated to Shareholders as follows:

- as the Company is a disclosing entity, regular announcements are made to the Australian Stock Exchange in accordance with the Company's continuous disclosure policy, including quarterly cash flow reports, half-year audit reviewed accounts, year-end audited accounts and an Annual Report;
- the Board ensures the Annual Report includes relevant information about the operations of the Company during the year, changes in the state of affairs and details of future developments;
- any proposed major changes in the Company's affairs are submitted to a vote of Shareholders, as required by the Corporations Act 2001;
- the Board encourages full participation of Shareholders at the Annual General Meeting to ensure a high level of accountability and identification of the Company's strategies and goals. All Shareholders who are unable to attend these meetings are encouraged to communicate or ask questions by writing to the Company; and
- the external auditor is requested to attend the annual general meetings to answer any questions concerning the audit and the content of the auditor's report.

The Board reviews this policy and compliance with it on an ongoing basis.

DIRECTORS' REPORT

The Directors of Advanced Braking Technology Ltd submit herewith the annual financial report for the financial year ended 30 June 2018. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

Directors
The names and particulars of the Directors of the Company during or since the end of the financial year are:

Ms Dagmar Parsons *Chair and Non-Executive Director*, Appointed 22 April 2018
Ms Parsons has more than 25 years' experience in the mining and resources industry across a range of functions, working in senior executive roles with Worley Parsons, AECOM and Downer.

She has worked with major national and multinational entities to drive critical market success by providing strategic direction, visionary leadership and innovative thinking. As a Mechanical Engineer, Ms Parsons has developed an in-depth knowledge of engineering, manufacturing, and service industry environments in the Mining, Oil and Gas, Power and Infrastructure sectors.

Ms Parsons has considerable experience in transforming and growing complex businesses across diverse corporate, operational and entrepreneurial roles in Australia, Asia and Europe. She has a strong appreciation of the role of good governance in setting, implementing and over sighting strategic imperatives.

Mr Bruce Grey *Chairman and Non-Executive Director*, Appointed 30 June 2013, Resigned June 19 2018
Mr Grey was Managing Director of Advanced Manufacturing CRC Limited until April 2014. He is a Non-Executive Director of CAP XX listed on the London Stock Exchange. He is also a Director of the Murdoch Children's Research Institute and a Director of the Victorian Clinical Genetics Services. He has been an Executive Director of two Australian public companies, was Chairman of a German JV between Bishop Technology Group Limited and Mercedes-Benz Lenkungen GmbH for 10 years and was Chairman of the Federal Government's Advanced Manufacturing Action Agenda. Mr Grey also served as a member of the Federal Government's Future Manufacturing Industry Innovation Council until June 2012.

Mr Grey is a Fellow of the Australian Academy of Technological Sciences and Engineering. He was a member of the Expert Advisory Panel for the Victorian Government's Technology Voucher Program and served as Chairman until June 2014. In March 2012 he was appointed a member of the Federal Government's Clean Technology Investment Committee. He is a Member of the Australian Institute of Company Directors.

Mr David Slack *Non-Executive Director*, Appointed 9 September 2009
Mr Slack is the founding Managing Director of Australian equity fund manager Karara Capital Pty Ltd. Karara was established in 2007 and now has around $3.7Billion in funds under management. Over the past 30 years, Mr Slack has made a significant contribution to the Australian funds management industry. Notably, he was co-founder and joint managing director of Portfolio Partners Limited, which was sold to Norwich Union in 1998. Prior to that, Mr Slack was a founding executive director of County Nat West Investment Management, where he was head of Australian Equities. He was a non-executive director of the Victorian Funds Management Corporation until 2007, holding positions of deputy Chair and Chair of the Board Investment Committee. David has a Bachelor of Economics with Honours and is a fellow of FINSIA. He is a member of the Australian Institute of Company Directors.

Mr Adam Levine *Non-Executive Director, Appointed 9 April, 2013*
Mr Levine, a lawyer by profession, has over 25 years national and global experience in structuring and executing private equity investments and corporate finance transactions both as legal advisor and a principal investor.

The founder and Executive Chair of law firm R.B. Flinders, Mr Levine has grown the Melbourne based legal firm (with another office in Oakleigh) from a boutique M&A practice established during the height of the 2008 GFC, into a pre-eminent private wealth law firm focussed on building and protecting client wealth.

Mr Levine is also the Executive Chair and founder of Rockwell Group Holdings, the head principal investment vehicle of the Rockwell Group which undertakes investments into regulated financial services businesses. Mr Levine's extensive private equity experience and proactive investment practice have been the major contributory factor to the Rockwell Group's success with a portfolio IRR return in excess of most leading national and global private equity funds.

Mr Levine is also the co-founder of ImpactPay, a smart digital wallet with a big heart. ImpactPay focuses on stimulating and facilitating the philanthropic orientation of the mass consumer market, supporting local and international charities, while offering a millennial approach to banking.

His current directorships include ImpactPay Pty Ltd, Rockwell Group Holdings Pty Ltd, Rockwell Bates Pty Ltd, FMD Financial Pty Ltd, and a number of other private companies. Mr Levine is also the founder (with his wife) and Chair of the Rockwell Foundation, a private ancillary fund, which focuses on supporting opportunities for under privileged youth.

Mr Mark Lindh *Non-Executive Director, Appointed 27 June, 2017*
Mr Mark Lindh is an investment banker and corporate advisor with in excess of 15 years' experience in Australian equity and debt markets as well as advising on capital raisings, mergers and acquisitions and investor relations.

He is a founding executive director of Adelaide Equity Partners Limited, an Australian investment and advisory company and is non-executive director of Bass Oil Limited.

Directorships of other listed companies
Directorships of other listed companies held by Directors in the 3 years immediately before the end of the financial year, or at date of retirement if earlier, are as follows:

Name	Company	Period of Directorship
Mr Mark Lindh	Bass Oil Limited (ASX code: BAS)	2014 to date

Company Secretary
Neville Walker was appointed Company Secretary on 26 August 2014. Mr Walker is a Fellow Certified Practicing Accountant and a Graduate member of the Australian Institute of Company Directors. Mr Walker resigned 7 May 2018. Mr Graham Atkinson was appointed Company Secretary 14 May 2018 until his resignation on 10 August 2018. Ms Kaitlin Smith was appointed joint Company Secretary 19 July 2018 and Company Secretary on 10 August 2018.

Principal activities
The principal activity of the Consolidated Group during the course of the year was the commercialisation, research, development and manufacture of the Failsafe and Terra Dura® brakes and associated braking systems.

Operating results
The results of the Consolidated Group for the year ended 30 June 2018 were a loss from continuing activities, after income tax, of $1,656,000 (2017: loss of $565,000). Revenues from trading activities were $6,974,000 for the year ending 30 June 2018 compared with $6,738,000 for the year ending 30 June 2017. Revenues from other activities were $896,000 for the year ended 30 June 2018 compared with $948,000 for the year ended 30 June 2017.

Dividends
There have been no dividends paid or declared by the Company in the last two years.

Summary of material transactions
Nil

Significant changes in the state of affairs
Other than as described elsewhere in this report there were no significant changes in the state of affairs of the Company during the financial year.

Events subsequent to balance date
On 2 August 2018, ABT announced an Accelerated Non-renounceable Entitlement Offer to raise approximately $1.48M at the effective issue price of A$0.002 per new share.
Under the Accelerated Institutional Offer approximately $0.44M was raised and 219,720,665 New Shares were issued on 10 August 2018.

Under the Retail Entitlement Offer approximately $0.84M was raised and 420,427,270 New Shares were issued on 12 September 2018.

Shortfall in respect of the Entitlement Offer was fully subscribed and raised $0.2M by issue of 101,226,319 New Shares on 17 September 2018.

Funds received from the Entitlement Offer will primarily be used for the roll-out of Terra Dura® within the Australian market, to expand into selected international markets with a broader Terra Dura® product range and to provide additional working capital.

At the date of this report there are 146,650,000 convertible notes on issue at a face value of $0.008. These may be converted to shares at any time prior to the maturity date of 22 December 2018 at the request of the note holder, or will be converted into shares on the maturity date. They may also be redeemed at any time at ABT's option. If the note holders convert the maximum number of 146,650,000 convertible notes, then the same number of ordinary shares would be issued.

Future developments

The Economic Entity will continue to commercialise the SIBS® (sealed integrated braking technology) Brake Technology business in Australia and expand into overseas markets, but it is expected that the major source of growth will be driven by the new Terra Dura® brake.

Directors' interests

The relevant interest of each Director in the share capital of the Company, as notified by the Directors to the Australian Stock Exchange in accordance with s205G(1) of the Corporations Act 2001, at the date of this report is as follows:

Director	**Ordinary shares (as at 17/09/2018)**
D Slack	421,456,624
A Levine	7,777,779
M Lindh	25,333,334

Directors' meetings

During the financial year there were 15 meetings of Directors, including committees of Directors but excluding circulating and written resolutions.

The attendances of the Directors at these meetings were:

	Directors' Meetings		**Audit Committee**		**Nomination Committee**		**Remuneration Committee**	
	Number eligible to attend	**Number attended**	**Number eligible to attend**	**Number attended**	**Number eligible to attend**	**Number attended**	**Number eligible to attend**	**Number attended**
B Grey	10	10	2	2	-	-	3	3
D Parsons	2	2	-	-	-	-	-	-
D Slack	10	10	2	2	-	-	3	3
A Levine	10	10	2	2	-	-	3	3
M Lindh	10	10	-	-	-	-	3	3

REMUNERATION REPORT

This remuneration report for the year ended 30 June 2018 outlines the remuneration arrangements of the Company and the Group in accordance with the requirements of the Corporations Act 2001 (the Act) and its regulations. This information has been audited as required by section 308(3C) of the Act.

The remuneration report details the remuneration arrangements for key management personnel (KMP) who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly, including any Director (whether executive or otherwise) of the Parent Company.

- **Individual key management personnel disclosures**

Details of KMP of the Parent and Group are set out below.

Details of Key Management Personnel

Specified Directors

Name	Position	Appointment Date	Resignation Date
D Parsons	Non-Executive Chair	22 April 2018	-
B Grey	Non-Executive Chair	30 June 2013	19 June 2018
D Slack	Non-Executive Director	9 September 2009	-
A Levine	Non-Executive Director	9 April 2013	-
M Lindh	Non-Executive Director	27 June 2017	-

Specified Executives

Name	Position	Appointment Date	Resignation Date
P Hildebrandt	Chief Executive Officer	28 August 2017	-
G Sumner	Chief Executive Officer	28 January 2014	5 July 2017 Departed 29 September 2017
M Johnston *	General Manager, Engineering	1 July 2014	22 August 2018
D Robinson	International Sales Director	1 July 2018	-
S Murdoch	Manager Supply Chain	4 December 2017	-
N Walker	CFO & Company Secretary	26 August 2014	7 May 2018
J Annand	CFO	20 August 2018	- -

**Mr Martin Johnston resigned as General Manager Engineering on 22 August 2018.*

- **Board Oversight of Remuneration**

Remuneration Committee

During the year, the Remuneration Committee met three times to make recommendations to the Board on remuneration policy and to recommend salary reviews and short and long-term incentives for the executive Director and specified executives.

Remuneration Policy

The remuneration policy of the Company is to pay executive Directors and specified executives at market rates which are sourced from average wage and salary publications are subject to periodic reviews by external consultants and which may include a mix of short and long-term incentives linked to performance and aligned with market practice. In addition, Directors and employees may be issued shares and share options to encourage loyalty and to provide an incentive through the sharing of wealth created through equity growth which is linked to Company performance. The Remuneration Committee members believe the remuneration policy to be appropriate and effective and tailored to increase congruence between Shareholders and Directors and executives.

- **Non-executive Director remuneration arrangements**

Remuneration policy

The Board seeks to set aggregate remuneration at a level that provides the Company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost that is acceptable to Shareholders.

The amount of aggregate remuneration sought to be approved by Shareholders and the fee structure is reviewed against fees paid to non-executive directors of comparable companies. The Company's Constitution and the ASX listing rules specify that the non-executive Directors' fee pool shall be determined from time to time by a general meeting. The latest determination was at the 2005 Annual General Meeting (AGM) held on 1 November 2005 when Shareholders approved an aggregate fee pool of $300,000 per year.

The Board will not seek any increase for the non-executive Directors' pool at the 2018 AGM.

At The Company's most recent Annual General Meeting held in November 2017, at least 25% of eligible votes cast were against the adoption of the 30 June 2017 remuneration report ('Strike 1'). As no comments were received from shareholders who had voted against the resolution at that meeting, the Board does not propose any action with respect to its resolution at this time. The Board considers its remuneration policy to be appropriate and properly aligned with the current size and performance of the Group.

Structure

The remuneration of non-executive Directors consists of directors' fees. There are no schemes for retirement benefits for non-executive Directors other than statutory superannuation and non-executive Directors do not participate in any incentive programs. Other than the Chair, each non-executive Director received a base fee of $55,000 per annum plus the superannuation guarantee contribution. The Chair received a base fee of $85,000 plus the superannuation guarantee contribution. During the year ended 30 June 2018, Mr D Slack, a non-executive Director elected to waive payment of his annual directors fees from 1 August 2017.

- **Executive remuneration arrangements**

Remuneration level and mix

The Group aims to reward executives with a level and mix of remuneration commensurate with their position and responsibilities within the Group and aligned with market practice. Advanced Braking Technology Ltd undertakes an annual remuneration review to determine the total remuneration positioning against the market.

- **Remuneration of Directors and Executives**

Executive Contracts

Mr Peter Hildebrandt, Mr Martin Johnston, Mr Dean Robinson, Mr S Murdoch, and Mr Neville Walker are/were employed through employment contracts. The terms of the Employment Contract with Mr Hildebrandt and Mr Murdoch, require both parties to provide four weeks' notice to terminate the contract. The terms of the Employment Contracts with Mr Johnston, Mr Robinson and Mr Walker require both parties to provide three months' notice to terminate the contract.

Equity holdings and transactions

The movement during the reporting period in the number of ordinary shares of Advanced Braking Technology Ltd held, directly, indirectly or beneficially, by each specified Director, including their personally-related entities, is as follows:

(a) Specified Directors	**Held at 1 July 2017 or at date of appointment**	**Movement during year**	**Held at date of resignation**	**Held at 30 June 2018**
D Parsons	-	-	n/a	-
B Grey	20,000,000	11,000,000	31,000,000	n/a
D Slack	291,471,478	24,620,990	n/a	316,092,468
A Levine	5,833,334	-	n/a	5,833,334
M Lindh	19,000,000	-	n/a	19,000,000
Total	336,304,812	35,620,990	31,000,000	340,925,802

(b) Specified Executives	Held at 1 July 2017 or at date of appointment	Movement during year	Held at date of resignation	Held at 30 June 2018
P Hildebrandt	-	-	n/a	-
G Sumner	8,287,000	3,671,050	11,958,050	n/a
N Walker	5,343,162	4,567,868	9,911,030	n/a
M Johnston	2,928,125	1,844,834	n/a	4,772,959
D Robinson	-	-	n/a	-
S Murdoch	-	-	n/a	-
Total	16,558,287	10,083,752	21,869,080	4,772,959

Structure

In the 2018 financial year, the executive remuneration framework consisted of the following components:

- Fixed remuneration; and
- Variable remuneration

The table below illustrates the structure of Advanced Braking Technology Ltd.'s executive remuneration arrangements:

Remuneration component	Payment Vehicle	Purpose	Link to performance
Fixed remuneration	Represented by total employment cost (TEC). Comprises base salary, plus superannuation contributions.	Set with reference to role, market and experience.	Based on annual appraisal and reference to market rates.
Short-term incentive component (STI)	Paid in cash or share based incentives for KMPs. During the FY15 year a share based scheme was put in place for certain KMP executives, commencing 1 January 2015. Employee share grant of up to $1,000 in shares. (excluding non-executive directors).	Rewards executives for their contribution to achievement of Group and business unit outcomes.	Linked to specified key performance indictors including group performance such as sales revenue, profit targets, and cash performance against budget and individual targets such product commercialisation. At judgement and discretion of the Board of Directors.
Long-term incentive component (LTI)	Paid in cash or share based incentives for KMPs. During the FY16 year, a share based scheme was put in place for certain KMP executives, commencing 1 July 2015. The CEO's LTI was aligned with the other KMP's during FY17.	Rewards executives for their contribution to achievement of Group.	Linked to Total Shareholder Return, three-year sales budgets and profit targets. At judgement and discretion of the Board of Directors.

- **Details of emoluments**

The details of the nature and amount of emoluments of each Director and Specified Executive (Key Management Personnel) of the Company are:

Directors	Year	*Primary* Salary & Fees $000's	*STI* Shares Bonus $000's	*Post-Employment* Super $000's	*Total* $000's
B Grey	**2018**	**85**	**-**	**8**	**93**
	2017	85	-	8	93
D Parsons	**2018**	**10**	**-**	**1**	**11**
	2017	-	-	-	-
D Slack	**2018**	**5**	**-**	**-**	**5**
	2017	55	-	5	60
A Levine	**2018**	**55**	**-**	**5**	**60**
	2017	55	-	5	60
M Lindh	**2018**	**61**	**-**	**-**	**61**
	2017	-	-	-	-
Total	**2018**	**216**	**-**	**14**	**230**
Total	2017	195	-	18	213

Executives	Year	*Primary Salary & Fees* $000's	*STI Sales Commission* $000's	*STI Shares Bonus* $000's	*LTI Bonus* $000's	*Post Employ-ment Super* $000's	*Equity Shares* $000's	*Total* $000's
G Sumner	***2018***	***141***	**-**	***27***	**-**	***3***	**-**	***171***
	2017	*284*	-	-	-	*19*	-	*303*
P Hildebrandt	***2018***	***263***	**-**	**-**	**-**	***23***	**-**	***286***
	2017	-	-	-	-	-	-	-
N Walker	***2018***	***199***	**-**	***33***	**-**	***19***	**-**	***251***
	2017	*195*	-	-	-	*35*	-	*230*
M Johnston	***2018***	***211***	**-**	***13***	**-**	***20***	**-**	***244***
	2017	*204*	-	-	-	*19*	-	*223*
D Robinson	***2018***	***170***	***27***	**-**	**-**	***16***	**-**	***213***
	2017	-	-	-	**-**	-	-	-
S Murdoch	***2018***	***68***	**-**	**-**	**-**	***6***	**-**	***74***
	2017	-	-	-	**-**	-	-	-
Total	***2018***	***1,052***	***27***	***73***	**-**	***87***	**-**	***1,239***
Total	*2017*	*683*	-	-	-	*73*	-	*756*

Bonuses to Directors and Executives are recognised above in the year in which they are paid. STI's relating to the period 1 July 2016 to 30 June 2017 of $73,608 were accrued in the in financial year 2017 and paid in financial year 2018, as disclosed in the above tables. These STI's were paid in the form of performance rights to ordinary shares in 2018. No STI's for the CEO and KMP's were awarded in 2018. No LTI for the CEO was accrued in 2018 for the CEO, as it was considered unlikely to be payable. Sales commissions were earned in 2018.

No STI's or LTI's were accrued in 2018.

No KMP's were paid sales commissions in FY2017. Sales Commissions for the final quarter of FY2018 was paid in first quarter of FY2019

- **Securities Received that are not Performance Related**

No members of key management personnel are entitled to receive securities which are not performance-based as part of their remuneration package, other than up to $1,000 of shares under an employee share grant (ESG shares).

- **Cash Bonuses, Performance-related Bonuses and Share-based Payments**

Details of STI's and LTI's are as follows;
- STI's 2015 - Shares issued based on entitlements earned.
- STI's 2016 – Shares to the value of $137,145 issued.
- STI's 2017 – Shares to the value of $73,608 were accrued but not issued.
- STI's 2018 – Shares to the value of $73,608 issued.
- No STI's or LTI's were accrued during 2018.

Environmental regulation
The Consolidated Entity is not subject to any particular and significant environmental regulation under a law of the Commonwealth or of a State or Territory.

Indemnification and Insurance of Directors, Officers and Auditor
During the course of the year the Company has paid $11,500 in premiums for Directors and Officers liability insurance for costs and expenses incurred by them in defending legal proceedings arising out of their conduct whilst acting in the capacity of Director or Officer of the Company other than conduct involving wilful breach of duty in relation to the Company. The Company has not during or since the end of the financial year, in respect of an auditor of the Consolidated Group, paid a premium to indemnify an auditor against a liability incurred as an auditor, including costs and expenses in successfully defending legal proceedings.

Proceedings on behalf of the Company
No person has applied for leave of court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

Auditor's Independence Declaration
The Auditor's independence declaration is included after this Directors' Report.

Non-Audit Services
The Directors are satisfied that the provision of non-audit services during the year by the auditor is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. Details of the amounts paid to the auditor for audit and non-audit services provided in respect of the year are set out below:

	CONSOLIDATED GROUP	
	2018	**2017**
AUDITOR'S REMUNERATION	**$'000**	**$'000**
Remuneration of the auditor of the Consolidated Group for:		
Auditing the financial statements	49	49
Other services	11	8
	60	57

Rounding of Amounts
The Company is an entity to which ASIC Class Order 98/100 applies and accordingly, amounts in the financial statements and Directors' report have been rounded to the nearest thousand dollars.

Signed in accordance with a resolution of the Board of Directors.

Dagmar Parsons
Non-executive Chairman
27 September 2018

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AUDITORS' INDEPENDENCE DECLARATION
UNDER S307C 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 year ended 30 June 2018 there have been no contraventions of:

i. The auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

ii. Any applicable code of professional conduct in relation to the audit.

SL Tan	Moore Stephens
Partner	Chartered Accountants

Signed at Perth on the 27th day of September 2018

ABT ADVANCED BRAKING TECHNOLOGY

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2018

		CONSOLIDATED GROUP	
		2018	**2017**
	NOTES	**$'000**	**$'000**
Revenues from trading activities		6,974	6,738
Cost of sales	3	(4,260)	(3,932)
Gross Profit		**2,714**	**2,806**
Revenues from other activities	2	896	948
Expenses			
Amortisation of Intellectual Property		(64)	(132)
Bad and doubtful debts	3	-	-
Computer related expenses		(97)	(47)
Consulting and contract labour expenses		(437)	(272)
Consumables and minor equipment		(249)	(170)
Depreciation expense	3	(195)	(168)
Employee expenses		(2,903)	(2,391)
Finance expenses	3	(216)	(154)
Insurance		(183)	(138)
Legal fees		(13)	(24)
Marketing and advertising expenses		(75)	(63)
Patents		(38)	(54)
Property expenses		(156)	(320)
Telephone and other communication		(38)	(29)
Travel and accommodation		(327)	(148)
Other expenses		(275)	(209)
Total expenses		**(5,266)**	**(4,319)**
Loss from continuing operations		**(1,656)**	**(565)**
Significant expenses	3	-	-
Loss before income tax		**(1,656)**	**(565)**
Income tax	4	-	-
Loss after income tax		**(1,656)**	**(565)**
Other comprehensive income/(loss)			
Items that may be reclassified subsequently to profit or loss			
Foreign exchange translation		-	-
Total comprehensive loss for the period		**(1,656)**	**(565)**
		Cents	**Cents**
Basic profit / (loss) per share (cents)	7	**(0.07)**	**(0.03)**

A diluted earnings per share has not been shown for either 2018 or 2017, as it would dilute the actual loss per share attributable to existing Shareholders.

Notes to the financial statements are included on pages 25 to 54.

ADVANCED BRAKING TECHNOLOGY

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018

	NOTES	CONSOLIDATED GROUP 2018 $'000	2017 $'000
CURRENT ASSETS			
Cash and Cash equivalents	8	627	1,733
Trade and other Receivables	9	1,344	2,183
Inventories	10	1,529	1,019
Other current assets	11	905	974
Total current assets		4,405	5,909
NON-CURRENT ASSETS			
Property, plant and equipment	13	490	462
Intangibles	14	799	863
Total non-current assets		1,289	1,325
TOTAL ASSETS		5,694	7,234
CURRENT LIABILITIES			
Trade and other Payables	15	1,211	1,741
Interest bearing liabilities	16	1,818	27
Provisions	17	195	233
Total current liabilities		3,224	2,001
NON-CURRENT LIABILITIES			
Interest-bearing liabilities	16	76	1,344
Provisions	17	42	31
Total non-current liabilities		118	1,375
TOTAL LIABILITIES		3,342	3,376
NET ASSETS		2,352	3,858
EQUITY			
Issued Capital	18	52,805	52,655
Accumulated losses	19	(50,453)	(48,797)
TOTAL EQUITY		2,352	3,858

Notes to the financial statements are included on pages 25 to 54.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2018

	NOTES	CONSOLIDATED GROUP 2018 $'000	2017 $'000
Net cash flows from operating activities			
Receipts from customers		8,203	6,396
Payments to suppliers, consultants and employees		(10,478)	(7,902)
Borrowing costs		(134)	(152)
Interest received		10	19
Other – Grants and R&D tax incentive		844	832
Net cash provided by / (used in) operating activities	22	(1,555)	(807)
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment		-	98
Purchase of property, plant and equipment		(224)	(363)
Net cash (used in) investing activities		(224)	(265)
Cash flows from financing activities			
Proceeds from borrowings		600	1,250
Repayment of borrowings		(77)	(1,845)
Proceeds from issue of shares		150	2,702
Cost of issuing shares		-	(189)
Net cash provided by financing activities		673	1,918
Net increase / (decrease) in cash and cash equivalents held		**(1,106)**	**846**
Cash and Cash equivalents at the beginning of the financial year		**1,733**	**887**
Cash and Cash equivalents at the end of the financial year	8	**627**	**1,733**

Notes to the financial statements are included on pages 25 to 54.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2018

	Attributable to equity holders of the parent			
	Issued Capital	Accumulated Losses	Other Reserves	Total
	$'000	$'000	$'000	$'000
CONSOLIDATED GROUP				
At 1 July 2017	52,655	(48,797)	-	3,858
Loss for the year	-	(1,656)	-	(1,656)
Total comprehensive income / (loss) for the year	-	(1,656)	-	(1,656)
Transaction costs relating to share issues	-	-	-	-
Issue of ordinary shares	150	-	-	150
Total transactions with owners	150	-	-	150
At 30 June 2018	**52,805**	**(50,453)**	**-**	**2,352**
CONSOLIDATED GROUP				
At 1 July 2016	50,142	(48,232)	-	1,910
Loss for the year	-	(565)	-	(565)
Total comprehensive income / (loss) for the year	-	(565)	-	(565)
Transaction costs relating to share issues	(189)	-	-	(189)
Issue of ordinary shares	2,702	-	-	2,702
Total transactions with owners	2,513	-	-	2,513
At 30 June 2017	**52,655**	**(48,797)**	**-**	**3,858**

Notes to the financial statements are included on pages 25 to 54.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

These general purpose financial statements have been prepared in accordance with the Corporations Act 2001, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board and International Financial Reporting Standards as issued by the International Accounting Standards Board. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards. The financial report is presented in Australian dollars. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

Except for cash flow information, the financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

These financial statements were authorised for issue by the Board of Directors on 27 September 2018.

(a) Principles of Consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent (Advanced Braking Technology Ltd) and all of the subsidiaries. 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. A list of the subsidiaries is provided in Note 12.

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.

Business combinations

Business combinations occur where an acquirer obtains control over one or more businesses.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business combination will be accounted for from the date that control is attained, whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed is recognised (subject to certain limited exemptions).

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent consideration arrangement is also included. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability is remeasured each reporting period to fair value, recognising any change to fair value in profit or loss, unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to the business combination are expensed as incurred.
The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase.

(b) Foreign Currency Transactions and Balances

Functional and presentation currency

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in profit or loss, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in other comprehensive income to the extent that the underlying gain or loss is recognised in other comprehensive income; otherwise the exchange difference is recognised in profit or loss.

Group companies

The financial results and position of foreign operations, whose functional currency is different from the Group's presentation currency, are translated as follows:

- assets and liabilities are translated at exchange rates prevailing at the end of the reporting period;
- income and expenses are translated at average exchange rates for the period; and
- retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations with functional currencies other than Australian dollars are recognised in other comprehensive income and included in the foreign currency translation reserve in the statement of financial position. These differences are recognised in profit or loss in the period in which the operation is disposed.

(c) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits available on demand with banks, other short-term highly liquid investments, net of any bank overdrafts. Bank overdrafts are reported within short-term borrowings in current liabilities in the statement of financial position.

(d) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.
Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

(e) Impairment of Assets

At the end of each reporting period, the Group assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information including dividends received from subsidiaries, associates or jointly controlled entities deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (e.g. in accordance with the revaluation model in AASB 116). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.
Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(f) Income Tax
The income tax expense / (revenue) for the year comprises current income tax expense / (income) and deferred tax expense / (income).

Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities / (assets) are measured at the amounts expected to be paid to / (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well unused tax losses.

Current and deferred income tax expense / (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (a) a legally enforceable right of set-off exists; and (b) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

(g) Financial Instruments
Recognition and initial measurement
Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Company commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement
Finance instruments are subsequently measured at fair value amortised cost using the effective interest rate method, or cost.

Amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the *effective interest method.*

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense item in profit or loss.

The Group does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of Accounting Standards specifically applicable to financial instruments.

i) *Financial assets at fair value through profit or loss*
Financial assets are classified at "fair value through profit or loss" when they are held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a Group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

ii) *Loans and receivables*
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Loans and receivables are included in current assets, where they are expected to mature within 12 months after the end of the reporting period.

iii) *Held-to-maturity investments*
Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Group's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

Held-to-maturity investments are included in current assets where they are expected to mature within 12 months after the end of the reporting period. All other investments are classified as non-current assets.

iv) *Available-for-sale financial assets*
Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with changes in such fair value (ie gains or losses) recognised in other comprehensive income (except for impairment losses and foreign exchange gains and losses). When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Available-for-sale financial assets are included in current assets where they are expected to be sold within 12 months after the end of the reporting period. All other financial assets are classified as non-current assets.

v) Financial liabilities
Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

Derivative Instruments
The Group designates certain derivatives as either:
i) hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge); or
ii) hedges of highly probable forecast transactions (cash flow hedges).
At the inception of the transaction the relationship between hedging instruments and hedged items, as well as the Group's risk management objective and strategy for undertaking various hedge transactions, is documented.

Assessments, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items, are also documented.

i) *Fair value hedge*
Changes in the fair value of derivatives that are designated and qualified as fair value hedges are recognised in profit or loss together with any changes in the fair value of hedged assets or liabilities that are attributable to the hedged risk.

ii) *Cash flow hedge*
The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is deferred to a hedge reserve in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

Amounts accumulated in the hedge reserve in equity are transferred to profit or loss in the periods when the hedged item will affect profit or loss.

Impairment
At the end of each reporting period, the Group assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether impairment has arisen. Impairment losses are recognised in profit or loss. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

Financial guarantees
Where material, financial guarantees issued that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due are recognised as a financial liability at fair value on initial recognition.

The guarantee is subsequently measured at the higher of the best estimate of the obligation and the amount initially recognised less, when appropriate, cumulative amortisation in accordance with AASB 118: Revenue. Where the entity gives guarantees in exchange for a fee, revenue is recognised under AASB 118.

The fair value of financial guarantee contracts has been assessed using a probability-weighted discounted cash flow approach. The probability has been based on:

- the likelihood of the guaranteed party defaulting in a year period;
- the proportion of the exposure that is not expected to be recovered due to the guaranteed party defaulting; and
- the maximum loss exposed if the guaranteed party were to default.

De-recognition
Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

(h) Provisions
Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

(i) Earnings per share
Basic earnings per share (“EPS”) is calculated by dividing the net profit or loss 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.

(j) Revenue and Other Income

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. When the inflow of consideration is deferred, it is treated as the provision of financing and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

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 using the effective interest rate method.

Dividend revenue is recognised when the right to receive a dividend has been established.

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

(k) Government Grants

Government grants are recognised at fair value where there is reasonable assurance that the grant will be received and all grant conditions will be met. Grants relating to expense items are recognised as income over the periods necessary to match the grant to the costs they are compensating. Grants relating to assets are credited to deferred income at fair value and are credited to income over the expected useful life of the asset.

Where it is expected that a grant will be repaid if certain conditions are met, the liability to repay the grant is recognised as the conditions are met and the liability crystallises.

R&D Tax incentives have been accounted for as government grants.

(l) Intangibles Other than Goodwill

Technology Assets / Patents

Such assets are recognised at cost of acquisition. The cost of technology assets is amortised over the average life of the patents granted for each technology asset on a straight-line basis. The average life of a patent varies between 10 and 20 years and technology assets in the Intellectual Property purchased from Safe Effect Technologies International Ltd (SETI) was initially amortised over 15 years. The estimated useful life and amortisation method is reviewed at the end of each annual reporting period.

The amortisation rate was reassessed during the year, based on the extended patents, which currently run through to December 2030. The impact on the amount of amortisation compared to the annual amortisation expense in prior periods was a $67,000 reduction in amortisation expense in 2017 and $135,000 from 2018 onwards.

Research and development

Expenditure during the research phase of a project is recognised as an expense when incurred. Development costs are capitalised only when technical feasibility studies identify that the project is expected to deliver future economic benefits and these benefits can be measured reliably.

Development costs have a finite life and are amortised on a systematic basis based on the future economic benefits over the useful life of the project.

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;
- how the 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 attributed to the intangible asset during its development.

Capitalised development costs will be amortised over their expected useful lives once commercial sales commence.

(m) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of manufactured products includes direct materials, direct labour and an appropriate portion of variable and fixed overheads. Such costs are assigned to inventory on hand by the method most appropriate to each particular class of inventory, with the majority being valued on a weighted average 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.

(n) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that is transferred to entities in the consolidated group, are classified as finance leases.

Finance leases are capitalised by recognising an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Finance leased assets are depreciated on a straight-line basis over their estimated useful lives.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the lease term.

(o) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment

Plant and equipment is measured on the cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present.

The carrying amount of plant and equipment is reviewed periodically by Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The cost of fixed assets constructed within the consolidated group includes the cost of materials and externally supplied services. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are expensed to profit and loss during the financial period in which they are incurred.

Depreciation
The depreciable amount of all fixed assets including buildings and capitalised lease assets, but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the consolidated group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

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

Class of Fixed Asset	
Plant and equipment	2-5 years
Motor vehicles	3-15 years
Office equipment and furniture	3-5 years
Software	3-5 years
Leasehold improvements	5-10 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in profit and loss. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

(p) Employee Benefits

Short-term employee benefits
Provision is made for the Group's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Group's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as a part of current trade and other payables in the statement of financial position. The Group's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

Other long-term employee benefits
Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any re-measurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

The Group's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Group does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

Equity-settled compensation
The Group operates an employee share/option ownership plan. Share-based payments to employees and Directors are measured at the fair value of the instruments issued and amortised over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the option reserve. The fair value of options is determined using the Black-Scholes pricing model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognised for services received as consideration for the equity instruments granted is based on the number of equity instruments that eventually vest.

(q) Comparative Figures

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

Where the Group has retrospectively applied an accounting policy, made a retrospective restatement of items in the financial statements or reclassified items in its financial statements, an additional statement of financial position as at the beginning of the earliest comparative period will be disclosed.

(r) 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 statements and Directors' report have been rounded off to the nearest $1,000.

(s) Critical Accounting Estimates and Judgments

The Directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

Key Estimates – Impairment

The group assesses impairment at each reporting date by evaluating conditions specific to the group that may lead to the impairment of assets. Where an impairment trigger exists, the recoverable amount of the assets is determined. Fair value less cost to sell and value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

(t) New Accounting Standards for Application in Future Periods

Accounting Standards issued by the AASB that are not yet mandatorily applicable to the Group, together with an assessment of the potential impact of such pronouncements on the Group when adopted in future periods, are discussed below:

- *AASB 9: Financial Instruments* and associated Amending Standards (applicable to annual reporting periods beginning on or after 1 July 2018).
  The Standard will be applicable retrospectively (subject to the provisions on hedge accounting outlined below) and includes revised requirements for the classification and measurement of financial instruments requirements for financial instruments and hedge accounting.
  The key changes that may affect the Group on initial application include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, upfront accounting for expected credit loss, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. AASB 9 also introduces a new model for hedge accounting that will allow greater flexibility in the ability to hedge risk, particularly with respect to hedges of non-financial items. Should the entity elect to change its hedge policies in line with the new hedge accounting requirements of the Standard, the application of such accounting would be largely prospective.
  The directors do not anticipate that the adoption of AASB 9 will have a material impact on the Group's financial instruments.

- AASB 15: *Revenue from Contracts with Customers* (applicable to annual reporting periods beginning on or after 1 July 2018, as deferred by AASB 2015-8: *Amendments to Australian Accounting Standards – Effective Date of AASB 15)*
  AASB 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers.
  When effective, this Standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Apart from a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers.
  The core principle of the Standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services. To achieve this objective, AASB 15 provides the following five-step process:
    - Identify the contract(s) with a customer;
    - Identify the performance obligations in the contract(s);
    - Determine the transaction price;
    - Allocate the transaction price to the performance obligations in the contract(s); and
    - Recognise revenue when (or as) the performance obligations are satisfied.

The transitional provisions of this Standard permit an entity to either: restate the contracts that existed in each prior period presented per AASB 108: *Accounting Policies, Changes in Accounting Estimates and Errors* (subject to certain practical expedients in AASB 15); or recognise the cumulative effect of retrospective application to incomplete contracts on the date of initial application. There are also enhanced disclosure requirements.
Based on a preliminary assessment performed, the effects of AASB 15 are not expected to have a material effect on the Group.

- AASB 16: *Leases* (applicable to annual reporting periods beginning on or after 1 July 2019).
  When effective, this Standard will replace the current accounting requirements applicable to leases in AASB 117: *Leases* and related Interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases.
  The main changes introduced by the new standard are as follows:
    - recognition of a right-of-use asset and lease liability for all leases (excluding short-term leases with a lease term 12 months or less of tenure and leases relating to low-value assets);
    - depreciation of right-of-use assets in line with AASB 116: *Property, Plant and Equipment* in profit or loss and unwinding of the liability in principal and interest components;
    - inclusion of variable lease payments that depend on an index or a rate in the initial measurement of the lease liability using the index or rate at the commencement date;
    - application of a practical expedient to permit a lessee to elect not to separate non-lease components and instead account for all components as a lease: and
    - inclusion of additional disclosure requirements.

  The transitional provisions of AASB 16 allow a lessee to either retrospectively apply the Standard to comparatives in line with AASB 108 or recognise the cumulative effect of retrospective application as an adjustment to opening equity on the date of initial application.
  As at the reporting date, the Group has operating lease commitments of approximately $344,000 (Note 20b). The Group is currently assessing the full impact of the standard, but expects that the impact on its assets, liabilities and equity will be material. The impact on the net results after tax will depend on a number of factors still under consideration. The Group expects to be able to provide a reasonable estimate of such impact in its next annual financial report.

  The impact of adopting these standards is not expected to significantly impact future financial statements.

(u) New, revised or amending Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

(v) 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 instrument, 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.

(w) Going Concern Basis of Preparation

The financial report has been prepared on the going concern basis that contemplates the continuity of normal business activities and the realization of assets and extinguishment of liabilities in the ordinary course of business. For the year ended 30 June 2018, the Group recorded a loss after tax of $1.656m (2017: Loss of $0.565 m) and reported operating cash outflows of $1.555 million (2017: $0.807 million). At balance date and as detailed in Note 16, the Company has current borrowings of $1.818 million which mature before 31 December 2018.

The ability of the Company to continue as a going concern is dependent on it being able to successfully raise further funding and to generate adequate cashflows from its operations. The Company recently completed the institutional entitlement and retail offers described in Note 25 which raised approximately $1.48 million (before costs). Provided the Company can successfully raise additional funding within the current year, the Board is confident of the Group's ability to continue as a going concern and realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

Based on these facts, the Directors consider the going concern basis of preparation to be appropriate for this financial report. However, in the unlikely event the conditions above are not met, the Group may not be able to realize its assets and extinguish its liabilities at amounts stated in the amount stated in the financial statement.

		CONSOLIDATED GROUP	
		2018	2017
		$'000	$'000
2	**REVENUES FROM OTHER ACTIVITIES**		
	Other activities		
	- interest received	10	19
	- net foreign exchange gain	(9)	(5)
	- income from sale of fixed assets	-	98
	- R&D Tax Incentive	873	796
	- other Government Grants	13	(8)
	- Other income	9	48
	Total revenue from other activities	**896**	**948**
3	**PROFIT / (LOSS) BEFORE INCOME TAX**		
	Profit / (Loss) before income tax has been determined after deducting the following expenses:		
	Cost of sales	4,260	3,392
	Finance expenses	216	154
	Depreciation of non-current assets		
	- plant and equipment	99	102
	- motor vehicle	33	18
	- office equipment and furniture	15	14
	- leasehold improvements	8	-
	- software	40	34
	Total depreciation	195	168
	Bad and doubtful debts		
	- trade debtors	-	-
	Total bad and doubtful debts	-	-
	Operating leases		
	- property rental expense	86	240
	- office equipment lease	17	3
	Total operating leases	103	243

4: INCOME TAX EXPENSE

		CONSOLIDATED GROUP	
		2018 $'000	2017 $'000
a.	**The components of tax expense comprise:**		
	Current tax	-	-
	Deferred tax	-	-
	Income tax	-	-
b.	**The prima facie tax benefit on loss from ordinary activities before income tax is reconciled to the income tax as follows:**		
	Prima facie tax benefit on loss from ordinary activities before income tax at 27.5% (2017: 27.5%)	(455)	(155)
	Add tax effect of:		
	- Non-allowable items	551	571
	- Revenue losses and other deferred tax balances not recognised	144	59
		240	475
	Less tax effect of:		
	- R&D tax incentive	(240)	(219)
	- Recoupment of prior year tax losses not previously recognised	-	(256)
	Income tax	-	-
c.	**Deferred tax recognised:**		
	Deferred tax liabilities:		
	Grants receivable	-	-
	Deferred tax assets:		
	Carry forward revenue losses	-	-
	Net deferred tax	-	-
d.	**Unrecognised deferred tax assets:**		
	Carry forward revenue losses	5,351	5,206
	Carry forward capital losses	83	83
	Capital raising costs	51	84
	Provisions and accruals	173	107
	Intangible assets	34	69
	Other	2	4
		5,694	**5,549**

The tax benefits of the above deferred tax assets will only be obtained if:

(a) the company derives future assessable income of a nature and of an amount sufficient to enable the benefits to be utilised;
(b) the company continues to comply with the conditions for deductibility imposed by law; and
(c) no changes in income tax legislation adversely affect the company in utilising the benefits.

e. Corporate Tax Rate:

The corporate tax rate for eligible companies will reduce from 30% to 25% by 30 June 2027, providing certain turnover thresholds and other criteria are met. Deferred tax assets and liabilities are required to be measured at the tax rate that is expected to apply in the future income year when the asset is realised or the liability is settled. The Directors have determined that the deferred tax balances be measured at the tax rates stated.

5. Key Management Personnel Compensation

Refer to the remuneration report contained in the directors' report for details of the remuneration paid or payable to each member of the Group's key management personnel (KMP) for the year ended 30 June 2018.

The totals of remuneration paid to KMP of the company and the Group during the year are as follows:

	2018 $000	2017 $000
Short-term employee benefits	1,295	878
Post-employment benefits	101	91
Other long-term benefits	-	-
Share-based payments	73	-
Total KMP compensation	**1,469**	**969**

Short-term employee benefits

These amounts include fees and benefits paid to the non-executive Chair and non-executive directors as well as all salary, paid leave benefits, fringe benefits and cash bonuses awarded to executive directors and other KMP.

Post-employment benefits

These amounts are the superannuation contributions made during the year.

	CONSOLIDATED GROUP	
	2018	**2017**
6. AUDITOR'S REMUNERATION	**$'000**	**$'000**
Remuneration of the auditor of the Consolidated Group for:		
Auditing the financial statements	49	49
Other services	11	8
	60	57

7. EARNINGS PER SHARE

Basic Earnings per share	**$'000**	**$'000**
Net (loss) ($'000's)	(1,656)	(565)
	Number ('000's)	**Number ('000's)**
Weighted average number of ordinary shares during the year used in calculation of basic EPS (in '000's)	2,217,436	2,162,610
	Cents	**Cents**
Basic (loss) per share (cents)	(0.07)	(0.03)

A diluted earnings per share has not been shown for either 2018 or 2017 as it would dilute the actual loss per share attributable to existing Shareholders.

	CONSOLIDATED GROUP	
8 CASH AND CASH EQUIVALENTS	**2018**	**2017**
	$'000	**$'000**
Cash at bank	627	1,733

Reconciliation of cash

Cash at the end of the financial year as shown in the Cash Flows Statement is reconciled to items in the Balance Sheet as follows:

Cash at bank	627	1,733

Advanced Braking Pty Ltd has an invoice finance facility agreement with NAB under which it may borrow up to $0.5m secured against debtors. The amount which may be borrowed at any time varies depending on the debtor balance.

At 30 June 2018, the borrowing facility available was $500,000 (2017: $500,000) and the amount borrowed was $nil (2017: $nil).

Borrowings are secured by a general security agreement over the assets of Advanced Braking Pty Ltd and are guaranteed by Advanced Braking Technology Ltd.

9 TRADE AND OTHER RECEIVABLES

Current		
Trade debtors	1,364	2,203
Less: provision for doubtful debts	(20)	(20)
	1,344	2,183
Non-current		
Other receivables	-	-
	-	-

Receivables Ageing and Impairment losses

The aging of receivables for the consolidated group at the reporting date was:

	CONSOLIDATED GROUP			
	Total Receivables		Gross Impairment	
	2018	**2017**	**2018**	**2017**
	$'000	**$'000**	**$'000**	**$'000**
Not past due	1,093	1,923	-	-
Past due 0 – 30 days	102	171	-	-
Past due 31 – 60 days	150	96	-	-
Over 60 days **#**	19	13	-	-
	1,364	2,203	-	-

The movement in the provision for impairment of trade receivables during the year is as follows:

	CONSOLIDATED GROUP	
	2018	2017
	$'000	$'000
Balance at 1 July	(20)	(20)
Impairment provision (recognised) / reversed during the year	-	-
Bad debts written off	-	-
Closing balance at 30 June	(20)	(20)

The provision account for receivables is used to record impairment losses unless the Company is satisfied that there is no possibility of recovery of the amount, at which point it is directly written off against the amount owing.

10 INVENTORIES

Current		
Finished goods	-	-
Components and WIP	1,626	1,044
Less: Provision for obsolescence	(97)	(25)
	1,529	1,019

11 OTHER CURRENT ASSETS

Prepayments	67	178
Accrued Income - R&D Tax incentive	838	796
	905	974

12. CONTROLLED ENTITES

	Parent Entity	
Advanced Braking Pty Ltd ACN 088 129 917 (Incorporated in WA)	2018	2017
	Number	Number
Class and number of shares: ordinary	200,002	200,002

On 28 May 2002, the parent entity acquired 100% of Advanced Braking Pty Ltd for a purchase consideration of $200,002. The principal activity of the Company is brake research, design, engineering and commercialisation, and sales of brakes and brake parts.

13 PROPERTY, PLANT AND EQUIPMENT

	CONSOLIDATED GROUP 2018 $'000	2017 $'000
Plant and equipment at cost	489	373
Less: accumulated depreciation	(282)	(184)
	207	189
Motor vehicles at cost	180	145
Less: accumulated depreciation	(47)	(14)
	133	131
Leasehold Improvements at cost	88	45
Less: accumulated depreciation	(8)	-
	80	45
Office equipment and furniture at cost	128	104
Less: accumulated depreciation	(77)	(60)
	51	44
Software at cost	120	114
Less: accumulated depreciation	(101)	(61)
	19	53
Total at net written down value	490	462

Certain assets are secured in terms of Finance Lease Agreements as disclosed in Note 16(c).

Reconciliation

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year.

CONSOLIDATED GROUP	Plant & Equipment	Motor Vehicles	Office Equipment & Furniture	Leasehold Improvements	Software	Total
2018	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Balance at the beginning of year	189	131	44	45	53	462
Additions	117	35	22	43	6	223
Disposals	-	-	-	-	-	-
Written-off	-	-	-	-	-	-
Depreciation expense	(99)	(33)	(15)	(8)	(40)	(195)
Carrying amount at the end of year	207	133	51	80	19	490

2017	$'000	$'000	$'000	$'000	$'000	$'000
Balance at the beginning of year	157	28	35	-	71	291
Additions	134	145	23	45	16	363
Disposals	-	(24)	-	-	-	(24)
Written-off	-	-	-	-	-	-
Depreciation expense	(102)	(18)	(14)	-	(34)	(168)
Carrying amount at the end of year	189	131	44	45	53	462

14. INTANGIBLES

	CONSOLIDATED GROUP	
	2018	2017
	$'000	$'000
Wet Brake technology assigned from Safe Effect Technologies International Ltd	2,984	2,984
Less - Accumulated amortisation	(2,185)	(2,121)
Carrying amount at the end of year	799	863
Total carrying amount at the end of year	799	863

Reconciliation

Movement in the carrying amounts for each class of intangible asset between the beginning and the end of the current financial year:

CONSOLIDATED GROUP	Wet Brake Technology	Total
2018	**$'000**	**$'000**
Balance at the beginning of year	863	863
Amortisation expense	(64)	(64)
Carrying amount at the end of year	799	799
2017	**$'000**	**$'000**
Balance at the beginning of year	995	995
Amortisation expense	(132)	(132)
Carrying amount at the end of year	863	863

Impairment Disclosure

An impairment assessment of intangibles was performed in April 2017, triggered by the impending introduction of the new polymer Terra Durra brake. This assessed confirmed the carrying amount of the SIBS Wet Brake IP and extended the amortisation period to December 2030 to coincide with the expiry date of the existing patents. No impairment assessment of intangibles was performed 2018, as there were no impairment triggers.

		CONSOLIDATED GROUP	
		2018	2017
		$'000	$'000
15	**TRADE AND OTHER PAYABLES**		
	Current (unsecured)		
	Trade creditors	876	1,262
	Accrued expenses	335	479
		1,211	1,741
16	**INTEREST BEARING LIABILITIES**		
(a)	**Current and non-current**		
	Current (secured)		
	R&D rebate loan (iv)	600	-
	Lease agreements	24	34
	Unexpired interest charges	(4)	(7)
		620	27
	Convertible Notes (i) (ii)	1,173	-
	Interest due on Convertible note	25	-
		1,198	-
	Total	**1,818**	**27**
	Non-current (secured)		
	Lease and Hire purchase agreements	82	104
	Unexpired interest charges	(6)	(10)
		76	94
	Convertible Notes (iii)	-	1,250
	Total	**76**	**1,344**

(i) $20,800 and $56,000 in convertible notes were redeemed on 20 September 2017 and 11 October 2017, respectively.

(ii) These Convertible Notes were issued on 22 December 2016 and may be converted to shares at any time prior to the maturity date of 22 December 2018 for $1,173,000, at the request of the note holder, or will be converted into shares on the maturity date. They may also be redeemed at any time at ABT's option. If the note holders convert, the maximum number of 146,650,000 convertible notes, then the same number of ordinary shares would be issued.

(iii) These Convertible Notes were issued on 22 December 2016 and may be converted to shares at any time prior to the maturity date of 22 December 2018 for $1,250,000, at the request of the note holder, or will be converted into shares on the maturity date. They may also be redeemed at any time at ABT's option. If the note holders convert, the maximum number of 156,250,000 convertible notes, then the same number of ordinary shares would be issued.

(iv) The loan provided the Company with immediate funds of $600,000 from the forecast research and development tax incentive offset for the year ended 30 June 2018. Repayment of the loan is timed to coincide with the receipt of the Company's 2018 research and development incentive or 31 October 2018 (whichever is earlier). The lender is R&D Capital Partners Pty Limited. The loan attracts an annual interest rate of 9%

(b)	**Total of current and non-current**		
	R&D rebate loan	600	-
	Lease, hire purchase, loans payable and convertible notes	1,304	1,388
	Unexpired interest charges	(10)	(17)
		1,894	1,371
(c)	**The carrying amounts of non-current assets pledged as security are:**		
	Motor vehicles	81	104
	Office equipment	12	17
		93	121

		CONSOLIDATED GROUP	
		2018	**2017**
		$'000	**$'000**
17	**PROVISIONS**		
	Current		
	Warranties	33	34
	Employee entitlements	162	199
	Total	195	233
	Non-Current		
	Employee Entitlements	42	31
	Other	-	-
	Total	42	31
(b)	**Number of Employees**	**Number**	**Number**
	Number of employees at year-end		
	Australia	18	17
	Overseas	-	-
	Total	18	17

18 ISSUED CAPITAL

(a) Issued Capital

The Parent Entity had issued 2,224,120,936 (2017: 2,199,637,634) fully paid ordinary shares as at the 30 June 2018.

	2018		2017	
	Number of shares	$'000	Number of shares	$'000
Ordinary shares				
Balance at beginning of the financial year	2,199,637,634	52,655	1,813,529,007	50,142
Placement 4 August 2016			385,950,008	2,700
Exercise of options 4 August 2016			67,569	1
Exercise of options 17 August 2016			91,050	1
Shares issued to management under incentive scheme 6 September 2017	3,671,050	27		
Convertible Notes converted to shares 19 September 2017	3,900,000	21		
Convertible Notes converted to shares 12 October 2017	10,500,000	55		
Shares issued to management under incentive scheme 30 October 2017	6,412,252	47		
	2,224,120,936	52,805	2,199,637,634	52,844
Transaction costs relating to share issues		-		(189)
Balance at end of financial year	2,224,120,936	52,805	2,199,637,634	52,655

(b) Capital Management

Management controls the capital of the Group in order to maintain a good debt to equity ratio, provide the Shareholders with adequate returns and ensure that the Group can fund its operations and continue as a going concern.

The Group's debt and capital includes ordinary share capital and financial liabilities, supported by financial assets. Advanced Braking Pty Ltd has a finance agreement with NAB under which it may borrow up to $0.5m secured against debtors. The amount which may be drawn down at any time is dependent on the debtor balance - see note 9.

There are no externally imposed capital requirements.

Management effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to Shareholders, share issues and convertible note issues.

There have been no changes in the strategy adopted by management to control the capital of the Group since the prior year. Management aims to maintain a capital structure that ensures the lowest cost of capital available to the entity. The gearing ratios for the years ended 30 June 2018 and 30 June 2017 are as follows:

The gearing ratio is calculated as net debt divided by total capital. Net debt is defined as interest bearing liabilities less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the statement of financial position plus net debt.

		CONSOLIDATED GROUP	
		2018	**2017**
(c)	**Gearing ratio**	34.0%	(10.4%)

		CONSOLIDATED GROUP	
		2018	**2017**
19	**ACCUMULATED LOSSES**		
	Accumulated losses at the beginning of the financial year	(48,797)	(48,232)
	Net loss attributable to members of the parent entity	(1,656)	(565)
	Accumulated losses at the end of the financial year	(50,453)	(48,797)
20	**CONTRACT AND LEASING COMMITMENTS**		
(a)	**Finance lease commitments**		
	Payable		
	- not later than 1 year	24	34
	- later than 1 year but not later than 5 years	82	104
		106	138
	Less future finance charges	(10)	(17)
	Total hire purchase and finance lease liability	96	121
(b)	**Operating lease commitments**		
	Non-cancellable operating lease contracted for but not capitalised in the financial statements		
	Payable		
	- not later than 1 year	82	98
	- later than 1 year but not later than 5 years	262	345
		344	443

21 SEGMENT REPORTING

The Consolidated Group's principal activities are research and development, commercialisation and manufacture of SIBS® and the new Terra Dura® braking systems, predominantly in Australia and via distribution arrangements to other countries.

For management purposes, the Group is organised into one main operating segment. All of the Group's activities are interrelated and discrete financial information is reported to the Board (Chief Operating Decision Maker) as a single segment. The financial results from this segment are equivalent to the financial statements of the group.

Revenue by geographical region

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

	CONSOLIDATED GROUP	
	2018	**2017**
	$'000	**$'000**
Australia	4,898	4,395
Canada	852	577
Finland	12	-
Germany	-	2
Indonesia	44	574
Kazakhstan	64	-
Mongolia	276	247
Netherlands	17	-
New Guinea	40	33
New Zealand	81	66
Poland	286	80
Singapore	-	1
South Africa	300	702
Turkey	79	51
USA	25	10
Total revenue from trading activities	**6,974**	**6,738**

Assets by geographical region

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

Australia	5,797	7,234
Other	-	-
Total assets	**5,797**	**7,234**

Major customers

The Group has a number of customers to whom it provides both products and services. The three most significant customers are:

	2018	**2017**
Significance	**% of total revenue from trading activities**	**% of total revenue from trading activities**
1st	17.0%	17.2%
2nd	10.5%	8.4%
3rd	8.0%	7.6%

		CONSOLIDATED GROUP	
		2018	2017
		$'000	$'000
22	**CASH FLOW INFORMATION**		
(a)	**Reconciliation of Cash Flow from operations with profit / (loss) after income tax**		
	Profit / (Loss) from ordinary activities after income tax	(1,656)	(565)
	(Profit) / loss on disposal of property, plant and equipment	-	(74)
	Non-cash flows in loss from ordinary activities		
	Depreciation and impairment	195	168
	Amortisation of IP	64	132
	Changes in assets and liabilities		
	(Increase) / decrease in trade and other receivables	838	(890)
	(Increase) / decrease in inventories	(510)	(115)
	(Increase) / decrease in other current assets	69	(128)
	Increase / (decrease) in trade and other payables	(528)	637
	Increase / (decrease) in provisions	(27)	28
	Cash inflows / (outflows) from operations	**(1,555)**	**(807)**

(b) Non-cash financing and investing activities

2018

During the year to 30 June 2018, ordinary shares were issued to Directors and Key Management Personnel as follows;

a) ordinary shares were issued to one past Director, the CEO/Managing Director, who was issued with 3,671,050 shares, awarded under his 2017 STI.
b) ordinary shares were issued to the two Key Management Personnel, who were awarded 6,412,252 shares under their 2017 STI.

2017

During the year to 30 June 2017, nil ordinary shares were issued to Directors and Key Management Personnel.

23 RELATED PARTY TRANSACTIONS

(a) Intercompany transactions

Transactions between related parties are on normal commercial terms and conditions except for intercompany loans which are provided at no interest and are treated by the Parent Entity as an investment in the subsidiary. Related party transactions are eliminated on consolidation.

(b) Directors and Key Management Personnel

During 2018, ordinary shares were issued to one past director and two key management personnel – see note 22 (b).
During 2017, nil ordinary shares were issued to one director and key management personnel – see note 22 (b).

24 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Overview

The Company and its Subsidiaries ("Group") have exposure to the risks below from financial instruments:

i) Market risk;
ii) Liquidity risk;
iii) Credit risk.

The Directors have responsibility for the development and control of the risk management framework. The Audit Committee, established by the Directors, is responsible for development and monitoring of risk management policies. The Group's principal financial instruments comprise cash, interest bearing deposits, lease and an invoice finance facility (see note 8). The purpose of these financial instruments is to finance the growth of the Group and to provide working capital for the Group's operations.

The Group has various other financial instruments including trade debtors and trade creditors which arise directly out of its operations and through the negotiation of trading terms with customers and suppliers. During the period under review, the Group has not traded in financial instruments. However, it is Group policy to hedge foreign currency against fluctuations where appropriate, which may result in exchange losses.

The main risks arising from the Group's financial instruments are market risk, including interest rate risk and foreign currency risk, liquidity risk and credit risk. The Directors review and agree policy for managing each of these risks and they are summarised as follows:

(a) Market Risk

Interest rate risk

The economic entity's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, is as follows:

	Average Interest Rate %	Floating Interest Rate $'000	Within 1 Year $'000	1 to 5 Years $'000	Non-Interest Bearing $'000	Total $'000
2018						
Financial assets						
Cash	0.9%	627	-	-	-	627
Receivables - current	-	-	-	-	1,344	1,344
Accrued Income (note 11)						
Government Grants	-	-	-	-	-	-
R&D Tax incentive	-	-	-	-	838	838
Total financial assets		627	-	-	2,182	2,809
Financial liabilities						
Payables	-	-	-	-	1,211	1,211
Interest Payable	-	-	-	-	25	25
R&D rebate loan	15.0%	-	600	-	-	600
Finance lease liabilities	6.8%	-	20	76	-	96
Convertible notes	9.0%	-	1,173	-	-	1,173
Total financial liabilities		-	1,793	76	1,236	3,105
Net Financial Assets / (Liabilities)		627	(1,793)	(76)	946	(296)
2017						
Financial assets						
Cash	1.0%	1,733	-	-	-	1,733
Receivables - current	-	-	-	-	2,183	2,183
Accrued Income (note 11)						
Government Grants	-	-	-	-	-	-
R&D Tax incentive	-	-	-	-	796	796
Total financial assets		1,733	-	-	2,979	4,712
Financial liabilities						
Payables	-	-	-	-	1,741	1,741
Interest Payable	-	-	-	-	-	-
Finance lease liabilities	6.8%	-	27	94	-	121
Convertible notes	9.0%	-	-	1,250	-	1,250
Total financial liabilities		-	27	1,344	1,741	3,112
Net Financial Assets / (Liabilities)		1,733	(27)	(1,344)	1,238	1,600

As at 30 June 2018 Advanced Braking Pty Ltd was entitled to interest on deposits at the National Australia Bank at rates up to 0.90% per annum (2017: 2.10% per annum).

The sensitivity analysis below is based on the interest rate risk exposure in existence at the balance sheet date. The 1.0% (2017: 1.0%) interest rate sensitivity is based on reasonable possible changes, over a financial year, using an observed range of historical Australian Reserve Bank rate movement over the last two years.

	CONSOLIDATED GROUP	
	2018	2017
	$'000	$'000
Possible movements before tax:		
+1.0% (2017: 1.0%) per annum	6	9
-1.0% (2017: -1.0%) per annum	(6)	(9)

Reconciliation of net financial assets to net assets

Net financial (liabilities)/assets as above	(296)	1,600
Non-financial assets and liabilities		
-Inventories	1,529	1,019
-Property, plant & equipment	490	462
-Intangible Assets	799	863
-Other current assets-prepayments (note 11)	67	178
-Refundable deposits	-	-
-Staff advances	-	-
-Provisions - Current	(195)	(233)
-Provisions - Non-current	(42)	(31)
Net (liabilities)/assets as per the Balance Sheet	2,352	3,858

The Directors' objective is to earn the highest rate of interest on deposits with minimum risk. The Directors' policy therefore is to place deposits with recognised banks which offer the highest variable and/or fixed rates. Similarly, loans and asset finance contracts are shopped to find the lowest rates of interest expense.

Foreign Currency Risk

The Company currently has minimal foreign exchange exposure with regard to both the receivables and payables and currently has no offshore assets.

At 30 June 2018, the Company does not have any forward foreign exchange contracts in place. As at 30 June 2018 the Group had the following exposure to foreign currency:

	CONSOLIDATED GROUP	
	2018	2017
Financial Asset	$'000	$'000
Cash and cash equivalents	-	-
Trade and other receivables	-	6
	-	6
Financial Liabilities		
Payables	25	-
Net Exposure	25	2

The following sensitivity analysis is based on the foreign currency risk exposure in existence at the balance sheet date. The 7% (2017: 7%) sensitivity is based on reasonable possible changes, over a financial year, using an observed range of actual historical rates in foreign exchange movements over the last two years.

In the year to 30 June 2018, if the Australian Dollar had moved, as illustrated in the table below, with all other variables held constant, the results before tax relating to financial assets and would have been affected as shown below:

Possible movements before tax:		
Pre Tax Profit – higher/(lower)		
+7% (2017: +7%) per annum	2	1
-7% (2017: -7%) per annum	(2)	(1)

(b) Liquidity Risk

The Group's objective is to fund new product development and commercialisation through Shareholder equity, convertible notes, government grants, R&D tax incentives, lease finance and bank funding where available.

The Group manages liquidity risk by maintaining adequate cash reserves through share issues, convertible note issues, debtor finance, secured bank lending and asset finance. Future funding requirements are determined through the monitoring of regular cash flow forecasts, which reflect management's expectations in respect of future turnover, development of new markets and products, capital investment and the settlement of financial assets and liabilities.

	CONSOLIDATED GROUP	
	2018	**2017**
	$'000	**$'000**
The following are the contractual maturities of financial liabilities, including estimated interest payments:		
0 – 6 months	637	12
6 – 12 months	8	12
1 – 5 years	76	97
	721	121
Potential payment to be made 22 December 2018 for Convertible Notes redeemed by holders. See note 16(a).	1,173	-
	1,894	121

The following table discloses maturity analysis of financial assets and liabilities based on management expectation:

CONSOLIDATED GROUP AS AT 30 JUNE 2018

	< 6 Mths	6 - 12 Mths	1 - 5 Years	Total
	$'000	$'000	$'000	$'000
Financial Assets				
Cash and cash equivalents	627	-	-	627
Trade and other receivables	1,344	-	-	1,344
Accrued Income				
R&D tax incentive	838	-	-	838
Total financial assets	2,809	-	-	2,809
Financial Liabilities				
Payables	1,211	-	-	1,211
Hire purchase and finance lease liabilities	12	8	76	96
R&D rebate loan	600	-	-	600
Convertible Note accrued interest	25	-	-	25
Convertible notes	1,173	-	-	1,173
Total financial liabilities	3,021	8	76	3,105
Net exposure	**(212)**	**(8)**	**(76)**	**(296)**

CONSOLIDATED GROUP AS AT 30 JUNE 2017

Financial Assets				
Cash and cash equivalents	1,733	-	-	1,733
Trade and other receivables	2,183	-	-	2,183
Accrued Income				
Government grants	-	-	-	-
R&D tax incentive	796	-	-	796
Total financial assets	4,721	-	-	4,712
Financial Liabilities				

Payables	1,741	-	-	1,741
Hire purchase and finance lease liabilities	12	12	97	121
Convertible Note accrued interest	-	-	-	-
Convertible notes	-	-	1,250	1,250
Total financial liabilities	1,753	12	1,347	3,112
Net exposure	**2,959**	**(12)**	**(1,347)**	**1,600)**

(c) Credit risk

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted.

The credit risk on financial assets of the Consolidated Group which has been recognised on the Balance Sheet is the carrying amount, net of any provision for doubtful debts. At year end the Consolidated Group's exposure to credit risk arises primarily from the mining industry.

The Consolidated Group is not materially exposed to any individual overseas country or individual customer.

The Company's policy is to manage credit risk by ensuring that all customers who wish to trade on credit terms subject themselves to credit worthiness checks, and to obtain agreement to a "retention of title" clause where possible. The Directors believe that the Company's exposure to bad debts is not significant and adequately covered by the estimated bad and doubtful debt accrual of $20,000 as at 30 June 2018.

Other than the concentration of credit risk described, the economic entity does not have any significant risk exposure to any counterparty or group of parties. The carrying amount of financial assets recorded in the financial statements, net of any provision for losses, represents the economic entity's maximum exposure to credit risk.

(d) Net fair values

The financial assets and liabilities included in current asset and current liabilities in the Balance Sheet position are carried at amounts that approximate net fair values or recoverable amount. Impairment assessments in financial year 2018 resulted in no adjustment to the provision for obsolete inventory.

Intangible assets as at 30 June 2018 only comprises the Wet Brake technology assigned from Safe Effect Technologies International Ltd on 27 June 2006. The amortisation period is to December 2030, being the current life of patents which underpin the carrying value.

25 EVENTS SUBSEQUENT TO BALANCE DATE

On 2 August 2018, ABT announced an Accelerated Non-renounceable Entitlement Offer to raise approximately $1.48M at the effective issue price of A$0.002 per new share.

Under the Accelerated Institutional Offer approximately $0.44M was raised and 219,720,665 New Shares were issued on 10 August 2018.

Under the Retail Entitlement Offer approximately $0.84M was raised and 420,427,270 New Shares were issued on 12 September 2018.

Shortfall in respect of the Entitlement Offer was fully subscribed and raised $0.2M by issue of 101,226,319 New Shares on 17 September 2018.

Funds received from the Entitlement Offer will primarily be used for the roll-out of Terra Dura® within the Australian market, to expand into selected international markets with a broader Terra Dura® product range and to provide additional working capital.

26 CONTINGENT LIABILITIES

There are no contingent liabilities.

27 SHARE BASED PAYMENTS

No members of key management personnel are entitled to receive securities which are not performance-based as part of their remuneration package.

28 PARENT INFORMATION

The following information has been extracted from the books and records of the parent company and has been prepared in accordance with Accounting Standards.

	2018 $'000	2017 $'000
STATEMENT OF FINANCIAL POSITION		
ASSETS		
Current assets	43	295
TOTAL ASSETS	5,333	5,666
LIABILITIES		
Current Liabilities	106	83
TOTAL LIABILITIES	1,278	1,333
EQUITY		
Issued Capital	52,805	52,655
Other reserves	-	-
Accumulated losses	(48,750)	(48,332)
TOTAL EQUITY	4,055	4,333

	2018 $'000	2017 $'000
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME		
Total profit/(loss) after tax	(418)	(290)
Total Comprehensive Income/(Loss)	(418)	(290)

Guarantees

At 30 June 2018, Advanced Braking Technology Ltd had granted a guarantee and indemnity in relation to the obligations of Advanced Braking Pty Ltd in favour of NAB in connection with an invoice finance facility which was established during the 2013 financial year.

Advanced Braking Technology Ltd has provided guarantees to a number of suppliers of Advanced Braking Pty Ltd in connection with the subsidiary negotiating finance under lease agreements and in relation to the Perth leased premises. The Directors have also resolved that the Company will continue to provide financial support to its subsidiaries for as long as it is required.

Contingent Liabilities

There are no contingent liabilities.

Contractual Commitments

As at 30 June 2018, Advanced Braking Technology Ltd had not entered into any contractual commitments for the acquisition of property, plant and equipment (2017: Nil).

DIRECTORS' DECLARATION

The Directors of the Company declare that:

1. The financial statements and notes, as set out on pages 21 to 54, are in accordance with the Corporations Act 2001:

   a) comply with Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS); and

   b) give a true and fair view of the financial position as at 30 June 2018 and of the performance for the year ended on that date of the consolidated group.

2. The Chief Executive Officer and Chief Finance Officer have each given the declarations required by s295A of the Corporations Act 2001.

3. 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 and is signed by authority for and on behalf of the Directors by:

Dagmar Parsons
Chair

Melbourne, Victoria
27 September 2018

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF ADVANCED BRAKING TECHNOLOGY LIMITED

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REPORT ON THE AUDIT OF THE FINANCIAL REPORT

Opinion

We have audited the financial report of Advanced Braking Technology Limited (the Company) and its subsidiaries (the "Group"), which comprises the consolidated statement of financial position as at 30 June 2018, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion:

a) the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

   i. giving a true and fair view of the Group's financial position as at 30 June 2018 and of its financial performance for the year then ended; and

   ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the "Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

Material Uncertainty Related to Going Concern

Without modification to our opinion expressed above, we draw attention to Note 1(w) "Going Concern Basis of Preparation" of the financial statements which states that the financial statements have been prepared on a going concern basis. Should the Company be unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts other than as stated in the financial report.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters (continued)

Impairment of WET Brake Technology Refer to Notes 1(l) & 14 Intangibles	
The carrying value of Advanced Braking's WET Brake Technology as at 30 June 2018 was $799,000 and the related amortisation charge for the year ended 30 June 2018 was $64,000. The carrying value and amortisation rate are reviewed annually by management with reference to current and forecast trading performance, relevant technical factors and current market values. This involves a significant amount of management judgement. This is a key area of audit focus because the carrying value is material and the value is subject to significant management judgement and estimates.	Our audit procedures included, amongst others: • Assessed the reasonableness of management's assertions and estimates regarding estimated useful life of the asset with reference to its core patent information (incl. expiry date) currently registered with local and foreign intellectual property government agencies (e.g. IP Australia https://www.ipaustralia.gov.au/). • Discussed with management and the directors that the amortisation period and method at the end of the financial year remains appropriate. • Comparison of the market capitalisation of the Company against the book value of its total net assets at balance date for any impairment triggers. • Testing of amortisation expense recorded and ensured consistency with the accounting policy. • Review of disclosure in the financial statements to ensure appropriateness and adequacy.

Going Concern Assessment – Note 1(w) 'Going Concern Basis of Preparation"	
The financial statements are prepared on a going concern basis in accordance with AASB 101 *Presentation of Financial Statements* and Note 1(w) of the financial report. Given the Group's historical and recurring trading losses/ operating cash outflows and as the directors' assessment of the Group's ability to continue as a going concern can be highly judgemental, we identified going concern as a significant risk requiring special audit consideration. In the event that the Company is unable to raise adequate funding as and when required, the Group may be unable to continue as a going concern. This key audit matter is referred to in our Emphasis of Matter paragraph above.	Our audit procedures included, amongst others: • An evaluation of the directors' assessment of the Group's ability to continue as a going concern. In particular, we reviewed budgets and cashflow forecasts for at least the next 12 months and reviewed and challenged the directors' assumptions. • Reviewed access to undrawn finance facilities as confirmed by the bank and funding from other sources such as proposed capital raisings. • An evaluation of the directors' future plans and actions in relation to its going concern assessment, taking into account any relevant events subsequent to the year end (described in Note 25), through discussion with the directors and the audit committee. Based on the work done, we agree with the Directors' assessment that the going concern basis is appropriate. However, based on the matters described in Note 1(w), we also concur that there is a material uncertainty which may cast doubt on the Group's ability to continue as a going concern. The disclosures contained in the financial statements appropriately identify this risk.

Key Matters (continued)

Existence and Valuation of Inventories	
Refer to Note 10 Inventories	
The carrying value of inventory as at 30 June 2018 was $1,529,000. Inventory comprises finished goods, components and work in progress. Inventories are held in significant quantities and are valued at the lower of cost and net realisable value (NRV). A provision for obsolete and slow moving inventory is raised by management, the assessment of which is subject to significant management judgement. Obsolete and slow moving inventory could result in an overstatement of the carrying value of inventories as the recorded cost may be higher than the net realisable value. Given inventories are the Group's single largest asset, we have therefore identified inventory existence and valuation as a key audit matter.	Our procedures to test the existence and valuation of inventories included, amongst others: • Testing the relevant internal control procedures relating to the existence and valuation of inventory, including attendance at the physical inventory count at year end and obtaining confirmation of inventories held by third parties • Testing a sample of inventory items and comparing our count results with those of the Group's representative and investigating any variances • Performing test of details on historical costs, including testing the mathematical accuracy of the final inventory listing. • Review of slow moving and "old" inventory lines in order to ensure they have been appropriately valued. • Discussion with management concerning the adequacy of the obsolescence provision in relation to slow moving inventory • Testing a sample of inventory items to subsequent sales to ensure that they were recorded at the lower of cost and net realisable value • Reviewing gross margins for any unusual patterns compared to prior periods

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2018, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, international omissions, misrepresentation, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

Auditor's Responsibilities for the Audit of the Financial Report (continued)

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON THE REMUNERATION REPORT

Opinion on the Remuneration Report

We have audited the Remuneration Report as included in the directors' report for the year ended 30 June 2018.

In our opinion, the Remuneration Report of Advanced Braking Technology Limited, for the year ended 30 June 2018 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Moore Stephens

SL TAN
PARTNER

MOORE STEPHENS
CHARTERED ACCOUNTANTS

Signed at Perth on the 27th day of September 2018

STOCK EXCHANGE INFORMATION

Additional information required by the ASX Limited Listing Rules and not disclosed elsewhere in this report is set out below.

1. Statement of issued capital at 21 September 2018.

(a) Distribution of fully paid ordinary shares

Size of Holding			Number of Shareholders	Shares Held
1	-	1,000	67	7,253
1,001	-	5,000	18	59,319
5,001	-	10,000	140	1,337,255
10,001	-	100,000	497	22,918,041
100,001	and	Over	899	2,941,173,322
Total			1,621	2,965,495,190

(b) There are 934 Shareholders with less than a marketable parcel.

(c) There are no restrictions on voting rights attached to the ordinary shares on issue. On a show of hands, every member present in person shall have one vote and upon a poll, every member present in person or by proxy shall have one vote for every share held.

2. Substantial Shareholders

The Company has the following substantial Shareholder at 19 September 2018:

- Mr David Slack 421,456,624 shares

3. Shareholders

The twenty largest Shareholders hold 44.62% of the total issued ordinary shares in the Company as at 19 September 2018.

4. Share Options

There are currently no share options on issue.

5. Convertible Notes

There are 146,650,000 convertible notes on issue at a face value of $0.008. These may be converted to shares at any time prior to the maturity date of 22 December 2018 at the request of the note holder, or will be converted into shares on the maturity date.
Unlisted convertible notes with a face value of $0.008 per note, bearing interest at 9.0% per annum, convertible into shares at $0.008 per share up to the maturity date of 22 December 2018.

Number of Convertible Notes	146,650,000
Number of Holders	5

6. On-market buy-back.
There is no current on-market buy-back.

7. Quotation
Shares in Advanced Braking Technology Ltd are listed on the Australian Securities Exchange (ASX:ABV).

Largest Fully Paid Ordinary Shareholders

The names of the twenty largest Shareholders at 19 September 2018, who hold 44.62% of the fully paid ordinary shares in the Company, are;

Rank	Name	Number of Shares	% of Issued Shares
1.	WINDPAC PTY LTD <THE SLACK FAMILY A/C>	196,221,669	6.62
2.	DASI INVESTMENTS PTY LTD	182,927,424	6.17
3.	MR CRAIG GRAEME CHAPMAN <NAMPAC DISCRETIONARY A/C>	140,000,000	4.72
4.	SCINTILLA STRATEGIC INVESTMENTS LIMITED	123,666,667	4.17
5.	PARKS AUSTRALIA PTY LTD	95,992,734	3.24
6.	MR PETER RODNEY BOWER	95,000,000	3.20
7.	RP INVEST PTY LTD <PALMER FAMILY RETIRE A/C>	86,000,000	2.90
8.	CHARMED5 PTY LTD	60,000,000	2.02
9.	MR EVAN PHILIP CLUCAS + MS LEANNE JANE WESTON <KURANGA NURSERY SUPER A/C>	46,062,500	1.55
10.	WINDPAC PTY LTD <THE DAVID EARL SLACK SUPERANNU>	38,888,891	1.31
11.	MR KEITH KNOWLES	35,253,535	1.19
12.	MYALL RESOURCES PTY LTD <MYALL GROUP SUPER FUND A/C>	29,975,000	1.01
13.	MR KEITH KNOWLES	28,516,944	0.96
14.	SLADE TECHNOLOGIES PTY LTD <EMBREY FAMILY SUPERFUND A/C>	26,666,670	0.90
15.	GREYINVEST PTY LTD <SECURE GROWTH S/F A/C>	26,277,781	0.89
16.	TOKEN NOMINEES PTY LTD	25,333,334	0.85
17.	M/S TRACEY-ANN PALMER	24,144,893	0.81
18.	KIZOGO PTY LTD <BERGAN EXEC RETIREMENT A/C>	22,767,402	0.77
19.	MR KIM AARON MULLER	21,000,000	0.71
20.	SEAFIELD SUPERANNUATION PTY LTD <GRAYS SUPERANNUATION FND A/C>	18,500,000	0.62
Total		**1,323,195,444**	**44.62**

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ADVANCED BRAKING TECHNOLOGY

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