Appendix 4D

Half year report

Name of Entity:	**Advanced Braking Technology Ltd**
ABN:	**66 099 107 623**
Reporting period:	**Half-year ended 31 December 2018**
Previous corresponding period:	**Half-year ended 31 December 2017**

Results for announcement to the market

			31 December 2018 $A'000	**31 December 2017 $A'000**
Revenue from ordinary activities	down	3%	3,672	3,797
(Loss) from ordinary activities after income tax attributable to members	up	100%	(1,199)	(599)
Net (loss) for the period attributable to members	up	100%	(1,199)	(599)

Dividends

No dividends have been declared for the half-year ended 31 December 2018 or for the previous corresponding period.

Net tangible assets	**31 December 2018** cents	**31 December 2017** cents
Net tangible asset backing per ordinary share	0.60	0.70*

*The net tangible asset backing cents per share for the half-year to 31 December 2017 has been adjusted by the share consolidation ratio of 10:1 to reflect the share consolidation that occurred during December 2018.

This information should be read in conjunction with the 2018 Annual Report and the Half Year Report for the period ended 31 December 2018.

Financial Performance

Revenue from trading activities for the first half of FY 2019 was $3.275M, representing a decrease of 1% compared to the corresponding period for FY 2018. The Company has maintained focus on operational efficiencies and achieved gross margin of 39%, representing a 5% decrease in margins from the corresponding period for FY 2018.

Expenses for the first half of FY 2019 totalled $2.872M and resulted in a loss for the period of $1.199M.

During the six-month period to 31 December 2018, the Company incurred a number of one-off costs primarily relating to corporate activity which included a capital raising, the consolidation of its shares on a 1 for 10 basis and the maturity of convertible notes. Costs incurred on these activities totalled approximately $146,000. Further one-off costs were incurred on employee related expenses and totalled approximately $63,000. These costs included recruitment fees associated with the appointments of senior members of the current management team including the CEO and Engineering Manager.

A decision was made to write-off approximately $137,000 of inventory which related to a historical research and development project for brakes used within the waste industry. As there is limited opportunity to utilise the remaining inventory of this product within the next 12-month period a decision was made to write its value down to nil.

Total costs of a one-off nature for the first half of FY 2019 referred to above are approximately $346,000.

Operations

During the period the Company observed solid performance of its core business product, the fourth generation of its proven Failsafe and Failsafe Emergency brake range, with December year-to-date product sales being consistent with prior year.

During the period, a broad range of domestic and global customers had been trialling Terra Dura® brakes. Several of those trials were concluded successfully, however in trials under extreme mining conditions, difficulties with the polymer housing design were experienced. In November 2018, the Company initiated a design upgrade that will allow greater performance in all extreme conditions, and particularly, in extremely harsh mining applications.

A product re-design, focusing on an alternative housing material, was initiated and continues with good progress being achieved to date. The launch date for the re-design will be confirmed upon finalisation of the design changes and will follow comprehensive testing in harsh mining conditions. In the interim, existing Terra Dura customers continue to be supported by the Company.

During the period the Directors undertook an organisational review of the Company. The goal of the organisational review was to ensure:

- the appropriate resources are in place to implement the Company's strategy; and
- identifying cost saving initiatives with a view to returning the Company to a break-even position at the earliest opportunity.

As a result of the organisational review, in December 2018, ABT appointed a new Chief Executive Officer, Mr John Annand and a new Engineering Manager, Mr Anthony Van Litsenborgh. Subsequent to the period, a new Sales Director, Mr Geoff Lewis was appointed and commences with the Company in March 2019. These changes result in the entire management team of the Company now residing in one centralised Perth location.

Outlook

ABT's core business, Failsafe and Failsafe Emergency brakes, continue to enjoy a strong market reception. As both domestic and global customers are inquiring about additional applications, a new product line is in the early stages of development. This brake is targeting high-volume global on-road markets.

The Company expects to announce a number of additional initiatives in the coming months that will further add to its product applications targeting global automotive braking applications. Importantly, through the success of sales growth in Failsafe and Failsafe Emergency brakes, ABT has a strong global distribution network that it will continue to grow and look to add complimentary product offerings.

Following the appointment of a new management team, and in parallel to the existing product range opportunities, the Company is in early stage discussions with a number of potential customers regarding providing innovative braking solutions for non-mining applications, as the Company looks to diversify its product and service offering to a broader customer base across a number of different industries.

Separately, with the objective of achieving the Company's growth strategy, a key strategic initiative is currently underway to identify strategic partners and opportunities that will significantly upscale the business.

Directors and Management have undertaken an organisational review which has already resulted in improved business efficiencies, a consolidation of resources into one central location and significant improvements to the cost base resulting from a reduction in future corporate overheads, all of which place the Company in a much stronger position going forward.

Staff numbers have been reduced and a decision to close the Melbourne corporate office has also been made which will result in additional cost savings. The cost savings expected to be achieved will be seen from Q3 of FY19, total over $800,000 on an annualised basis and are represented by:

- Employee expenses $790,000
- Property expenses $23,000

These costs will be offset by one-off termination obligations which currently total approximately $67,000.

This organisational review continues into the current period so further cost savings are anticipated. A reduction in corporate overheads will be achieved in the current financial year and will assist in returning the Company to a break-even position.

Details of entities over which control has been gained or lost

There were no entities over which control was gained or lost during the period.

Details of associates and joint ventures

Not applicable. The Company has not engaged in the acquisition of associates nor has it engaged in joint ventures in the half year ended 31 December 2018.

Accounting Standards

The information compiled in this report has been prepared on using the Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board and International Financial Reporting Standards as issued by the International Accounting Standards Board.

Auditor's review report

This report is based on the financial statements for the half year ended 31 December 2018. The financial statements have been subject to a review by an independent auditor, Moore Stephens and the review is not subject to qualification.

Sign here: Company secretary Date: 28 February 2019

Print name: Kaitlin Smith