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Market Update

20 May 2014

ASX CODE: ABV

Advanced Braking Technology (**ABV** or **Company**) wishes to update the market on a number of significant changes to the organisations strategy and structure.

Cost Reductions

ABV is well advanced in reducing operating costs to a more sustainable level. With the recent restructuring of our Perth operation, personnel costs are forecast to reduce by over 50% on an annualised basis in FY2015. The major area of cost reductions has occurred in our truck brake engineering group, where it has been recognised that the first release of our truck and trailer brake has largely been completed.

Review of Thailand Operation

A number of opportunities have been identified to improve quality, rationalise our supply chain and strengthen our manufacturing operations in Thailand. As well as reducing costs, ABV expects a significant release of working capital to arise from a reduction in the number of suppliers and a switch to full service manufacturing contractors. The company is evaluating both Thai and Australian partnering options and will advise the market when a final outcome has been reached.

Appointment of New Distributors

As outlined in our market strategy document, ABV is strengthening its global distribution capability to take advantage of new market opportunities for its SIBS2 and SIBS3 brake technologies. The company is pleased to announce the signing of Formally Trax as a new distribution partner for sub Saharan Africa and two new distributors in Southern Africa are expected to be signed shortly. Negotiations are also well advanced for the appointment of a distributor in New Zealand.

Evaluation of Licensing Options for Truck and Trailer Applications

Given the size of ABV and its intention to focus on research, development and early commercialisation, the company is evaluating a number of strategies to bring its trailer and truck brake applications to market. One option under active consideration is a technology licensing strategy for both its truck and trailer applications. The company is engaged in preliminary discussions with a number of potential parties and will keep the market apprised of significant developments in the coming months.

ENDS

For Further information, please contact:

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About Advanced Braking Technology Ltd

Advanced Braking Technology Ltd (ASX: ABV) develops innovative braking systems, with its main product being the Sealed Integrated Braking System (SIBS ®), a comprehensively patented Australian invention, now used widely in light commercial vehicles in the mining industry.