

Market Update

28 July 2014

ASX CODE: ABV

Further to our market update of 20 May 2014, Advanced Braking Technology (ABT) wishes to advise the market of further developments in the past 2 months.

Review of Thailand Operation

The review of our Thailand operation is now complete and a decision has been taken to contract out our manufacturing requirements to full service third party providers. Our own assembly and manufacturing activities will therefore cease by the end of September 2014. Negotiations with potential providers in Asia and Australia are well advanced. This move will address the need for improved quality and improved capital management.

Financial Performance

The review of the Thailand operation identified a significant amount of stock of little or no value in the current market. The review also identified the opportunity to convert truck brake stock into trailer brake inventory for further trials and early market support. Accordingly Advanced Braking Technology will recognise a one-time stock write-down of \$0.8m for the financial year 2013/14. As a result, subject to audit, ABT expects to record a net loss of \$4.7m for same period.

ABT's holds \$1.99m of cash as at June 30 2014, an increase of \$1.40m on our balance at the end of Q3 2014.

Appointment of New Distributors

Further to our previous update Advanced Braking Technology is pleased to announce the appointment of 3 new distributors for our mining brake product range. In South Africa, ABT has appointed Transerve JHT, a specialist provider of manufacturing and engineering product and services to the truck and trailer market. Transerve JHT has over 30 years' experience in this industry and is a well-known supplier to the underground mining operators in that market. In Europe ABT has appointed Dom Samochodowy Germaz SP (Germaz) as a distributor of our mining brakes. Germaz provide specialist vehicles to the mining sector and will distribute in its home market of Poland as well as Belarus, Czech Republic, Lithuania, Slovakia and Ukraine. Finally ABT has appointed Pacific International Ltd as the distributor for the New Zealand market. Pacific International is an experienced local distributor of engineering capital equipment.

Evaluation of Licensing Options for Truck and Trailer Applications

Further to our advice of 20 May 2014, ABT is now trialling a trailer brake application with a well-known Australian transport company. ABT has installed 6 SIBS wheel ends on a dolly and this will be tested over the next 3 months in a range of conditions. ABT believes that there are good potential prospects for this application, both locally and in international markets.

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For Further information, please contact:

Mr Graeme Sumner
Chief Executive Officer
Advanced Braking Technology Ltd
Telephone: +61 (0)8 9273 4800
www.advancedbraking.com

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.