ADVANCED BRAKING TECHNOLOGY LTD
AND CONTROLLED ENTITIES

ABN 66 099 107 623

HALF-YEAR REPORT
AND APPENDIX 4D

31 DECEMBER 2016

DIRECTORS' REPORT

Your directors submit the financial report of the consolidated group for the half-year ended 31 December 2016.

Directors

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

Bruce Grey	David Slack
Adam Levine	Graeme Sumner

REVIEW OF OPERATIONS

Business Overview

Advanced Braking Technology Ltd (ABT) is an Australian company focusing on the distribution, development and manufacturing of industrial products to the automotive, transport and mining industry incorporating the internationally patented single rotor enclosed wet brake technology, known as Sealed Integrated Braking System or SIBS®, plus the new Terra Dura® polymer brake, which additionally targets the recreational 4WD market.

Highlights

The highlights for the half-year to date and subsequent period to this report include:

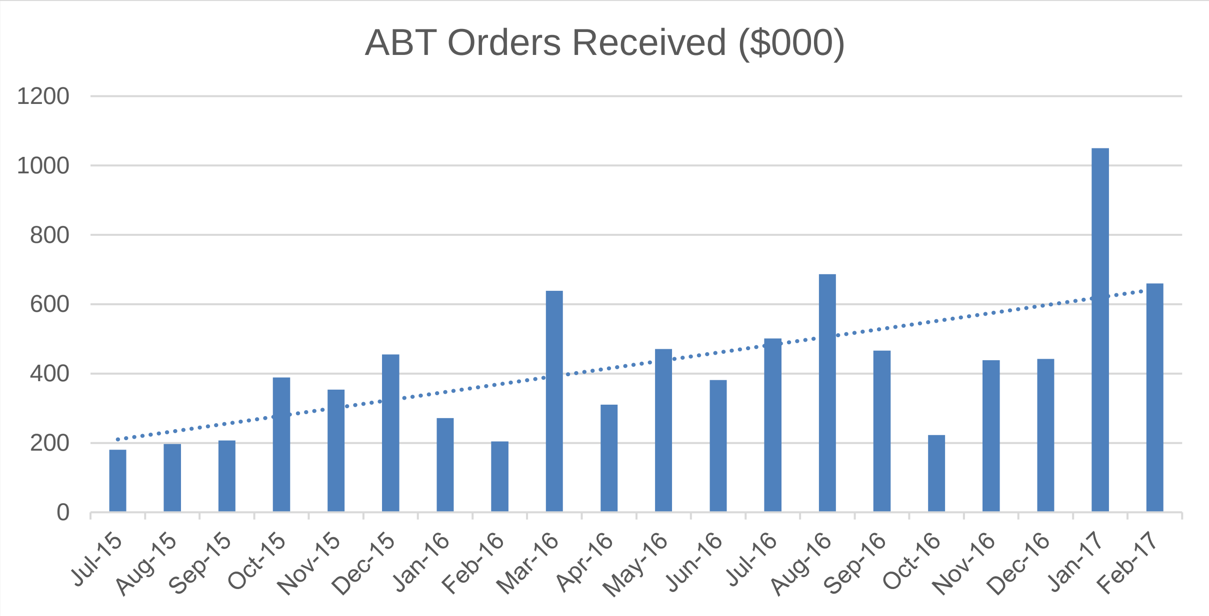
- **Operating revenue of $2.64m - up 50.1% on 1H 2015/16**
- **Half-year loss of $0.39m compared with $0.91m loss in 1H 2015/16. Operating profit of $0.025m in December 2016**
- **Over $1m of orders received in January 2017; a record for SIBS® IV wet brakes.**
- **Operating cash outflow of $0.15m, compared to a $1.41m outflow in 1H 2015/16**
- **Based on Current Pipeline, Full Year Trading Revenue expected to be the best in Company's 15 Year History**

Commentary

Trading revenue of $2.64m was up 50% for the first-half compared with same period in 2015/16, driven by stronger demand from both domestic and international mining customers. An improved first-half operating loss of $0.39m was supported by a profit of $0.025m in the month of December. Total revenue was up 42.6% to $3.16m, while expenses fell a further 14.6% to $2.03m. These results were reflected in a major improvement in operating cash flow performance.

Strong Forward Order Book

The stronger demand in the first half has carried over into the second half with the company receiving $1.05m of orders in January 2017 and $0.66m in February. January's orders were the strongest single month's orders received in the company's history. This has continued an upward trend in orders received since July 2015, when our on-shore manufacturing and quality improvement program took effect.



Growth Highlights

For the Financial Year to February 27 2017, orders received of $4.47m were up 98% on the same time last year. Domestic highlights included BHP returning to the market with orders up 200%. Total international orders grew by 201% to $1.63m in the same period and maintained a strong forward pipeline. The development of our markets in Mongolia, Indonesia and Poland were particularly strong and we saw Canadian demand return after a significant downturn in 2016.

Based on the current pipeline of opportunities, ABT is projecting to record its best trading revenue result in its 15-year history despite delays in delivery from our manufacturing partners impacting the launch of the Terra Dura® brake.

Product Development

Despite constrained finances, the company made particularly good progress in bolstering its high end, high value driveline models in the first half, releasing 5 new products to the market. These were;

- The new Medium Vehicle (MV) 16 driveline brake for the Isuzu FSS 550 series 10 Tonne truck. This high-end brake serves as a brake of last resort for mining customers. It has recently had its first installation.
- The upgraded Medium Vehicle (MV) 16 driveline brake for the Isuzu FTS 800 series 13.5 Tonne truck. It has been installed on 8 vehicles so far.

- The new Light Vehicle (LV) 21 driveline brake for the Isuzu NPS 300. This product has just been released. There are several prospects that we are quoting currently.
- An upgraded LV 21 driveline brake for the 8 Tonne Mitsubishi Fuso Canter. ABT will be supplying the first 9 brake sets of this product to a customer in Mongolia.
- The Terra Dura® brake for the Isuzu NPS 300. This high end, non-fail safe, steel housed wet brake is the forerunner of the Terra Dura® polymer brakes and has been designed with specific markets such as Indonesia in mind. ABT shipped 25 sets in the first half to Indonesia and expects to ship 60-80 sets of this product in the financial year.

Terra Dura® Polymer Brake

Further to our advice at the Annual General Meeting of delays in receiving Terra Dura® parts, we now expect commercial deliveries of the polymer version at the end of March 2017. Deliveries received at the end of January resulted in ABT having to reject parts from 2 suppliers because of poor quality. This has been very frustrating for the company as we have a substantial backlog of customers and partners awaiting delivery. We expect this first supplier delivery of 120 sets of brakes to be deployed before June 30 2017, subject to no further supplier delays. In the first instance, ABT will be fulfilling 3 customer orders following successful trials and then meeting the needs of 9 other customers who will purchase individual kits for evaluation. We will also be deploying demonstration sets to our distributors and retail partners including Harrop Engineering, Light Fleet Safety Solutions, ARB Tasmania, Mobile Parts Canada, Brakecore South Africa and Germaz Poland.

While the first 120 sets will be deployed on 70 series Landcruisers, over 90% of the parts delivered will be common to the Landcruiser and the next 2 models for release; the Isuzu DMAX and the Toyota Hilux. As a result, these models are now expected to be available to the market in June 2017.

Deliveries of all our existing products, including the non-polymer Terra Dura® NPS 300 model, continued unaffected as parts were sourced from existing suppliers.

Prototype Terra Dura® polymer brakes have continued to operate in the interim at the Degrussa copper mine, Savage River iron ore mine and Yallourn Coal mine with excellent results.

Linfox Trailer Brakes

Linfox continue to use the trial trailer brakes on one of their dollies in Western Australia. They have now travelled approximately 335,000 km and we have recently performed routine service on the dolly at our workshop in Perth. The brake showed little wear, requiring only a routine oil change. ABT has quoted Linfox on several future applications for the brake and remains hopeful of a breakthrough. In the meantime, the company is directing its limited resource towards its Terra Dura® and SIBS® products, where demand is established.

Conclusion

On the strength of demand experienced so far, ABT is looking forward to a stronger second half and a further strengthening of its position in 2017/18.

Rounding of Amounts

The consolidated group has applied the relief available to it in ASIC Class Order 98/100 and accordingly certain amounts in the financial report and the directors' report have been rounded off to the nearest $1,000.

Auditor's Declaration

The lead auditor's independence declaration under s 307C of the Corporations Act 2001 is set out on page 9 for the half year ended 31 December 2016.

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

Director: Bruce Grey, Chairman
Dated this 28 February 2017

Appendix 4D

Half year report

Rule 4.2A.3
Introduced 1/1/2003.

Name of Entity: **Advanced Braking Technology Limited**

ABN: **66 099 107 623**

1. Reporting period

Current period:	**Half-year ended 31 December 2016**
Previous corresponding period:	**Half-year ended 31 December 2015**

2. Results for announcement to the market

				$A'000
Revenue	up	43%	to	3,164
Loss from ordinary activities after tax attributable to members	down	57%	to	(393)
Net loss for the period attributable to members	down	57%	to	(393)

	Amount per share cents	Franked amount per share cents
Dividends		
Final	Nil	n/a
Interim	Nil	n/a

Record date for determining entitlements to dividends	n/a

3. Net tangible assets

	Current period cents	Previous corresponding period cents
Net tangible asset backing per ordinary share	0.14	0.08

4. Details of entities over which control has been gained or lost

Control gained over entities

N/A

Control lost over entities

N/A

5. Dividends

		Amount per security	Franked amount per security at 30% tax	Amount per security of foreign source dividend
		cents	cents	cents
Final dividend	current year	Nil	n/a	n/a
	previous year	Nil	n/a	n/a
Interim dividend	current year	Nil	n/a	n/a
	previous year	Nil	n/a	n/a

Total dividends on all securities for the year

	Current period	Previous corresponding period
	$'000	$'000
Ordinary securities	-	-
Preference securities	-	-
Other equity instruments	-	-
	-	-

6. Dividend reinvestment plans

The dividend reinvestment plans below are in operation: **N/A**

Last date for receipt of election notices for the dividend re-investment plan: **N/A**

7. Details of associates and joint venture:

Name of entity	Percentage of ownership interest held at end of period	
	Current period	Previous corresponding period
N/A	**N/A**	**N/A**

Aggregate share of profits (losses) of associates and joint venture entities

	Current period	Previous corresponding period
	$'000	$'000
Profit / (loss) from ordinary activities before income tax	-	-
Income tax on ordinary activities	-	-
Profit / (loss) from ordinary activities after income tax	-	-
Outside equity interests	-	-
Net profit (loss) attributable to members	-	-

8. Accounting Standards

For foreign entities, the set of accounting standards used in compiling the report:

AIFRS

9. Auditor's review report

For all entities, if the accounts are subject to audit dispute or qualification, include a description of the dispute or qualification.

N/A

10. This report is based on accounts which one of the following applies:

- ☐ The accounts have been Audited
- ☑ The accounts have been subject to review
- ☐ The accounts are in the process being audited or subject to review
- ☐ The accounts have not yet been audited or reviewed

Sign here: Company secretary Date: 28 February 2017

Print name: Neville Walker

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AUDITOR'S INDEPENDENCE DECLARATION UNDER
S307C OF THE *CORPORATIONS ACT 2001*
TO THE DIRECTORS OF ADVANCED BRAKING TECHNOLOGY LIMITED

As lead auditor for the review of Advanced Braking Technology Limited for the half-year ended 31 December 2016, I declare that, to the best of my knowledge and belief, there have been:

- no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the review.

Neil Pace | Moore Stephens

Neil Pace
Partner

Moore Stephens
Chartered Accountants

Signed at Perth this 28th day of February 2017.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

	Notes	Consolidated Group	
		31.12.2016	31.12.2015
		$'000	$'000
Revenue			
Revenue from trading activities	8	2,649	1,764
Revenue from other activities			
R&D Tax Incentive		383	378
Other		132	76
Total revenue		3,164	2,218
Cost of sales		(1,522)	(746)
Amortisation of IP		(99)	(99)
Bad and doubtful debts		-	(8)
Borrowing costs		(58)	(177)
Computer related expenses		(23)	(21)
Consulting fees		(61)	(71)
Consumables and minor equipment		(51)	(22)
Depreciation expense		(100)	(48)
Employee expenses		(1,124)	(1,204)
Insurance		(79)	(83)
Legal fees		(13)	(3)
Marketing and advertising		(64)	(10)
Patents		(17)	(21)
Property expenses		(143)	(145)
Telephone and other communication		(13)	(18)
Travel and accommodation		(73)	(156)
Other expenses		(117)	(296)
Loss before income tax		(393)	(910)
Income tax		-	-
Loss after income tax		(393)	(910)
Total comprehensive loss for the period		(393)	(910)
Earnings per share			
From continuing operations:		**cents**	**cents**
Basic earnings / (loss) per share (cents)		(0.02)	(0.05)

A diluted earnings / (loss) per share has not been shown as it would dilute the actual loss per share attributable to existing shareholders.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2016

	Notes	Consolidated Group	
		31.12.2016	30.06.2016
		$'000	$'000
CURRENT ASSETS			
Cash and cash equivalents		3,072	887
Trade and other receivables	3	925	1,294
Inventories		957	904
Other assets		669	846
Total current assets		5,623	3,931
NON-CURRENT ASSETS			
Trade and other receivables	3	-	-
Property, plant and equipment		342	291
Intangible assets		895	995
Total non-current assets		1,237	1,286
TOTAL ASSETS	8	6,860	5,217
CURRENT LIABILITIES			
Trade and other payables	4	762	1,118
Interest bearing liabilities		521	1,940
Provisions	5	225	216
Total current liabilities		1,508	3,274
NON-CURRENT LIABILITIES			
Interest bearing liabilities		1,309	13
Provisions	5	24	20
Total non-current liabilities		1,333	33
TOTAL LIABILITIES		2,841	3,307
NET ASSETS		4,019	1,910
EQUITY			
Issued capital	6	52,644	50,142
Accumulated losses	7	(48,625)	(48,232)
TOTAL EQUITY		4,019	1,910

The accompanying notes form part of this financial report

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2016

	Issued Capital	Accumulated losses	Reserves	Total
	$'000	$'000	$'000	$'000
Balance at 1.7.2016	50,142	(48,232)	-	1,910
Total net loss for the period		(393)		(393)
Subtotal	50,142	(48,625)	-	1,157
Issue of ordinary shares	2,702			2,702
Cost of share issue	(200)			(200)
Balance at 31.12.2016	52,644	(48,625)	-	4,019
Balance at 1.7.2015	47,812	(46,474)	-	1,338
Total net loss for the period		(910)		(910)
Subtotal	47,812	(47,384)	-	428
Issue of ordinary shares	2,168			2,168
Cost of share issue	(143)			(143)
Balance at 31.12.2015	49,837	(47,384)	-	2,453

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

	Consolidated Group	
	31.12.2016	**31.12.2015**
	$'000	**$'000**
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	3,987	2,617
Payments to suppliers and employees	(4,055)	(3,854)
Interest received	10	6
Finance costs	(96)	(187)
Other – Grants and R&D incentive		
Net cash used in operating activities	(154)	(1,418)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of non-current assets	98	31
Purchase of property, plant and equipment	(176)	(66)
Net cash used in investing activities	(78)	(35)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	1,250	-
Repayment of borrowings	(1,345)	-
Proceeds from issue of shares	2,512	1,738
Net cash provided by financing activities	2,417	1,738
Net decrease in cash held	2,185	285
Cash and cash equivalents at beginning of period	887	1,509
Cash and cash equivalents at end of period	3,072	1,794

The accompanying notes form part of this financial report

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. **Basis of Preparation**

These general purpose interim financial statements for half-year reporting period ended 31 December 2016 have been prepared in accordance with requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134: *Interim Financial Reporting.* The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards

This interim financial report is intended to provide users with an update on the latest annual financial statements of Advanced Braking Technology Limited and its controlled entities (referred to as the "consolidated group" of "group"). As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2016, together with any public announcements made during the following half-year.

b. **Accounting Policies**

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements, except in relation to some of the matters discussed at Note 1(c) below.

c. **New and revised accounting requirements applicable to the current interim period**

The consolidated entity has adopted all of the new, revised or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB") that are mandatory for the current reporting period. Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

d. **Principles of Consolidation**

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent Advanced Braking Technology Limited and all of the subsidiaries (including any structured entities). 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.

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2016

e. **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 (ie 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 (ie 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 (ie 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 instruments, 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.

Valuation techniques

In the absence of an active market for an identical asset or liability, the Group selects and uses one or more valuation techniques to measure the fair value of the asset or liability. The Group selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Group are consistent with one or more of the following valuation approaches:

– *Market approach*: valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.
– *Income approach*: valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.
– *Cost approach*: valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Group gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2016

Fair value hierarchy

AASB 13 requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1	Level 2	Level 3
Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.	Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.	Measurements based on unobservable inputs for the 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. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

The Group would change the categorisation within the fair value hierarchy only in the following circumstances:

(i) if a market that was previously considered active (Level 1) became inactive (Level 2 or Level 3) or vice versa; or

(ii) if significant inputs that were previously unobservable (Level 3) became observable (Level 2) or vice versa.

When a change in the categorisation occurs, the Group recognises transfers between levels of the fair value hierarchy (ie transfers into and out of each level of the fair value hierarchy) on the date the event or change in circumstances occurred.

f. **Critical Accounting Estimates and Significant Judgments Used in Applying Accounting Policies**

The critical estimates and judgments are consistent with those applied and disclosed in the June 2016 annual report.

g. **Going Concern**

The financial statements of the Group have been prepared on a going concern basis of accounting which assumes that the Group will be able to meets its commitments, realise its assets and discharge its liabilities in the ordinary course of business. During the half year ended 31 December 2016, the Group reported a net loss after tax of $0.393 million, net operating cash outflow of $0.154 million and closing cash/bank balance of $3.072 million.

The Directors believe that the going concern basis is appropriate, primarily based on current working capital available combined with budgeted cashflows expected to be generated from trading operations over the next 12 months.

The Directors believe that as at the date of signing the financial statements there are reasonable grounds to believe that, having regards to the matters set out above, the Group will be able to continue to operate as a going concern and to meet its obligations as and when they fall due, for at least the next 12 months.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2016

NOTE 2: DIVIDENDS

No dividends were provided for or paid during the half year to 31 December 2016 and no dividends were provided for or paid during the preceding half year to 31 December 2015.

	CONSOLIDATED GROUP	
	31.12.2016	30.6.2016
	$'000	$'000
NOTE 3: RECEIVABLES		
Current		
Trade debtors	945	1,314
Less provision for doubtful debts	(20)	(20)
Total	925	1,294
Non-current		
Other receivables	-	-
Total	-	-
NOTE 4: PAYABLES		
Trade creditors	489	937
Accrued expenses	273	181
	762	1,118
NOTE 5: PROVISIONS		
Current provisions		
Annual leave	126	131
Long service leave	48	44
Warranty	51	41
	225	216
Non-current provisions		
Long service leave	24	20

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2016

	CONSOLIDATED GROUP	
	31.12.2016	30.6.2016
	$'000	$'000
NOTE 6: ISSUED CAPITAL		
2,199,637,634 (June 2016: 1,813,529,007) ordinary shares, fully paid	52,644	50,142
Ordinary shares		
At the beginning of the financial period / year	50,142	47,812
47,257 Exercise of options Oct 2015	-	1
22,857,512 shares issued under an Key Management Incentive Scheme Nov 2015	-	134
268,626,340 shares issued under a Rights Issue Oct / Nov 2015	-	1,880
15,306,123 convertible notes converted Nov 2015	-	150
15,306,123 convertible notes converted Jan 2016	-	150
15,306,123 convertible notes converted Apr 2016	-	150
5,000 Exercise of options May 2016		-
385,950,008 shares placement Aug 2016	2,700	-
158,619 Exercise of options Aug 2016	2	-
	52,844	50,277
Transaction costs relating to share issues	(200)	(135)
Balance at end of financial period / year	52,644	50,142

NOTE 7: ACCUMULATED LOSSES		
Accumulated losses at the beginning of the financial period / year	*(48,232)*	(46,474)
Net loss attributable to members of the parent entity	*(393)*	(1,758)
Accumulated losses at the end of the financial period / year	(48,625)	(48,232)

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2016

NOTE 8: SEGMENT REPORTING

The Group has identified its operating segment based on the management reports that are reviewed and used by the executive management team (chief operating decisions makers) in assessing performance and in determining the allocation of resources.

Management has identified a single operating segment, which is the design, manufacture and distribution of improved vehicle braking systems based on the patented Sealed Integrated Braking System (SIBS®) technology to customers worldwide.

The performance of the operating segment is evaluated based on profit before tax and net finance costs (profit before tax and interest) and is measured in accordance with the Group's accounting policies.

The Group's financing requirements, finance income, finance costs and taxes are managed on a group basis

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

	For the six months ended 31.12.2016 $'000	For the six months ended 31.12.2015 $'000
Australia	1,897	1,062
South Africa	448	153
Indonesia	112	11
Mongolia	93	-
Canada	32	68
New Zealand	26	5
Turkey	22	68
Poland	18	333
Singapore	1	-
New Guinea	-	53
United States	-	5
Germany	-	4
Netherlands	-	2
Total revenue from trading activities	2,649	1,764

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2016

NOTE 8: SEGMENT REPORTING

Assets by geographical region

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

	Balance as at 31.12.2016 $'000	Balance as at 30.6.2016 $'000
Australia	6,860	5,217
Other	-	-
Total Assets	6,860	5,217

Intangible assets are treated as located in Australia.

NOTE 9: EVENTS OCCURING AFTER THE REPORTING PERIOD

The Directors are not aware of any significant events since the end of the reporting period.

DIRECTORS' DECLARATION

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 10 to 20 are in accordance with the *Corporations Act 2001*, including:
   a. complying with Accounting Standard AASB 134: Interim Financial Reporting; and
   b. giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half-year ended on that date.

2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Director
Bruce Grey
Dated this 28th day of February 2017

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INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF ADVANCED BRAKING TECHNOLOGY LIMITED AND ITS CONTROLLED ENTITIES

Report on the Half-year Financial Report

We have reviewed the accompanying half-year financial report of Advanced Braking Technology Limited which comprises the consolidated condensed statement of financial position as at 31 December 2016, the consolidated condensed statement of profit or loss and other comprehensive income, consolidated condensed statement of changes in equity, the consolidated condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of Advanced Braking Technology Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410: Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of Advanced Braking Technology Limited's financial position as at 31 December 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134: Interim Financial Reporting and the *Corporations Regulations 2001*. As the auditor of Advanced Braking Technology Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the Corporations Act, which has been given to the directors of Advanced Braking Technology Limited, would be in the same terms if provided to the directors as at the time of this auditor's review report.

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF
ADVANCED BRAKING TECHNOLOGY LIMITED AND ITS CONTROLLED ENTITIES (CONTINUED)

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Advanced Braking Technology Limited is not in accordance with the *Corporations Act 2001* including:

(i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and

(ii) complying with Accounting Standard AASB 134: *Interim Financial Reporting and the Corporations Regulations 2001*.

Neil Pace　　　　Moore Stephens

Neil Pace
Partner

Moore Stephens
Chartered Accountants

Signed at Perth this 28th day of February 2017