

# Appendix 4D

## Half year report

<b>Name of Entity:</b>	<b>Advanced Braking Technology Ltd</b>
<b>ABN:</b>	<b>66 099 107 623</b>
<b>Reporting period:</b>	<b>Half-year ended 31 December 2020</b>
<b>Previous corresponding period:</b>	<b>Half-year ended 31 December 2019</b>

### Results for announcement to the market

			<b>31 December 2020 \$A'000</b>	<b>31 December 2019 \$A'000</b>
Revenue from ordinary activities	up	10.8%	5,133	4,632
Profit / (Loss) from ordinary activities after income tax attributable to members	up	4100%	240	(6)
Net Profit / (loss) for the period attributable to members	up	4100%	240	(6)
<b>Dividends</b> No dividends have been declared for the half-year ended 31 December 2020 or for the previous corresponding period.				

<b>Net tangible assets</b>	<b>31 December 2020 cents</b>	<b>31 December 2019 cents</b>
Net tangible asset backing per ordinary share	0.85	0.66

This information should be read in conjunction with the 2020 Annual Report and the Half Year Report for the period ended 31 December 2020.

## **Highlights**

The highlights for the half-year to 31 December 2020 and subsequent period to this report include:

- Operating revenue of \$4.76m and gross margin of 44.7% for the half year to 31 December 2020.
- Operating revenue increase of 10.4% on the prior comparison period, the half year to 31 December 2019.
- Gross margin of 44.7%, a small decrease on the prior corresponding period margin of 46.2%, representing a 3% decrease resulting from the increased sales of lower margin products.
- ABT has continued its financial turnaround achieved by improved sales and consistent margins, in conjunction with a reduction in costs, contributing to an after tax, net profit for the half-year of \$0.24m, in addition to being cash flow positive from operating activities of \$0.99m for the half-year.
- Strategy of customer and industry diversification continues to make good progress with further sales being made into the civil construction, defence, waste management and the electric and autonomous light vehicle market for use within the mining industry.
- the Company is substantially debt free, with an improved working capital position.
- Patent portfolio further strengthened by the filing of an international patent for the Terra Dura sealed disc brake technology.

## **Financial Performance**

Revenue from continuing operations for the first half of FY21 was \$4.76m (FY20 \$4.31m), representing a 10.4% increase on the prior corresponding period for FY20. The Company has maintained a focus on operational efficiencies and achieved a gross margin of 44.7%, representing a 3% decrease in margin from the prior corresponding period for FY20.

Expenses for the first half of FY21 totalled \$2.26m (31 December 2019: \$2.32m), representing a 2.5% decrease in expenses compared to the prior year. This cost saving, together with improved sales has resulted in an after tax, net profit for the half-year of \$0.24m.

During the first half of FY21, the Company has been able to increase its cash balance to the improved cash position of \$1.48m as at 31 December 2020 (30 June 2020: \$0.5m, 31 December 2019: \$0.84m). These funds have been contributed to by the research and development tax offset received of approximately \$0.53m and approximately \$0.1m in COVID-19 related financial assistance payments, provided by both the Federal and Western Australian governments and increased revenue to achieve positive net operating cash flows of \$0.99m for the half year.

## **Operations**

During the period the Company observed strong sales performance of its core product, Failsafe, with December year-to-date product sales being materially higher than the prior period.

Operating revenue of \$4.76m for the period was predominantly made up of Failsafe sales. Failsafe continues to remain a key product within our product portfolio and with further diversification of both customers and industries, is expected to achieve further sales growth in the future.

The Terra Dura product also contributed to sales during the period, and as the product continues to demonstrate its value and reliability in the market, further sales growth is anticipated in the future. During the period, a metal housing version of Terra Dura was released for use within extreme operating conditions which has further expanded the addressable market for this product.

### **License agreement for Thales Australia Hawkei PMV-L project**

ABT has entered into a Technology Licence Agreement with VEEM Ltd for VEEM to manufacture and supply ABT's specialised park brake mechanism for Thales' Hawkei Protected Mobility Vehicle – Light project. The customer, Thales Australia Limited is part of the Thales Group, the world leading aerospace, defence, transport and security technology company headquartered in Paris, France. Over the half year, ABT have supplied components for approximately 23% of the 1,100 park brake mechanisms to be manufactured and supplied by VEEM. In addition to component sales, ABT also generates licence and engineering support fees resulting from VEEM's supply of completed brake mechanisms to Thales.

### **Defence Global Competitiveness Grant**

ABT was awarded a Defence Global Competitiveness Grant ('Grant') to the value of \$0.24m by the Centre for Defence Industry Capability. The Grant was awarded to provide funding for the manufacturing of defence vehicle components for use within ABT designed braking mechanisms. The Grant will primarily be used to acquire machinery to allow ABT to manufacture specific components that form part of the braking mechanism, as well as internal training and ISO accreditation. Grant funding will be provided over two financial years with \$0.096m provided in FY21, and the balance of \$0.144 million to be provided in FY22.

During the period, the strategic initiative to diversify has continued. This strategy has resulted in diversification of products, customers, industries and geographic regions which has helped the Company mitigate the risk of being solely reliant on customers within the mining industry. This strategy has allowed the Company to generate revenues from the civil construction, defence, and waste management industries.

In order to continuously innovate and improve its product portfolio, during the period the Company progressed its formal patent protection for the Terra Dura sealed disc brake technology by the filing of an international patent. The Company is already successfully using existing Terra Dura technology within the mining industry, however with the design evolution now undertaken, the Company believes that the technology can be incorporated into transport solutions of the future, not only within mining but within any industry where the protection of the environment and the safety of people and equipment are paramount.

In addition to product development and sales, the Company continues to work on the intangible aspects of the business including corporate culture, systems and processes and stakeholder management, all of which improves business performance and creates the foundation to allow the Company to implement its growth strategy.

### **Outlook**

The outlook for ABT remains positive, as the Company continues to build the financial performance and a strengthened financial position, in order to successfully execute its growth strategy and pursue strategic opportunities.

The strategy of diversification will continue, as ABT looks to continually improve its product portfolio to allow the Company further growth opportunities with new customers, industries and geographic regions.

Failsafe will continue to be our core product in the near term, however this will be supplemented by Terra Dura with the release to market of the metal cover for more robust applications.

The short to medium term market for Terra Dura is likely to remain in mining. However, given the sealed brake technology that has been designed and patented, we believe there will be opportunities for this technology to be used in on-highway applications in the future, in markets where the environmental impact of brake dust emissions are well understood and where sustainable transport solutions of the future are being developed.

ABT has established a solid foundation for growth with quality products and service, underpinned by a culture which prioritises both safety and the environmental impact of the business. The Company is focused on strategic growth opportunities and are currently assessing key initiatives to drive scale revenue diversification

and enhance innovation for the business. The Company has taken the strategic steps needed to position itself for the future and actively participate in the automotive megatrends of automated, electric and connected vehicles. As we look to grow the business through organic growth, the Company will also continue to investigate opportunities that will allow it to achieve size and significantly upscale the business through acquisitions, strategic partnerships or joint ventures.

### **Corporate**

In September 2020, ABT received approximately \$0.53m as a refundable tax offset from the Australian Taxation Office for eligible research and development expenditure relating to the development of its innovative braking solutions during FY20, following the lodgement of the Company's FY20 income tax return.

Additionally, during the half-year, ABT received approximately \$0.1m in COVID-19 related financial assistance payments, provided by both the Federal and Western Australian governments.

During the period, ABT appointed Andrew Booth, as Director of Strategy and Commercial to actively identify inorganic growth opportunities for the Company. This complements the appointment of Ben Suda, Director of Sales and Marketing, earlier in 2020 to support ABT's organic growth through sales and marketing.

### **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 2020.

### **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 2020. The financial statements have been subject to a review by an independent auditor, Moore Australia Audit (WA) and the review is not subject to qualification.

This release is authorised by the Board of Directors



Sign here:      Company secretary

Date: 26 February 2021

Print name:     Kaitlin Smith



**ADVANCED BRAKING TECHNOLOGY LTD  
AND CONTROLLED ENTITIES**

**ABN 66 099 107 623**

**HALF-YEAR REPORT**

**31 DECEMBER 2020**

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## CORPORATE DIRECTORY

### Directors

Dagmar Parsons

David Slack

Adam Levine

Mark Lindh

### Company Secretary

Kaitlin Smith

### Registered Office

19 Creative Street

Wangara, WA 6065

Telephone +61 8 1800 317 543

Telephone: + 61 8 9302 1922

### Auditors

Moore Australia Audit (WA)

Level 15, Exchange Tower

2 The Esplanade

Perth, WA, 6000

### ASX Home Branch

Australian Securities Exchange (ASX)

Level 40, Central Park

152-158 St George's Terrace

Perth, WA, 6000

### Chief Executive Officer

John Annand

### Chief Financial Officer

Paige Exley

### Bankers

National Australia Bank Ltd

12/100 St Georges Terrace

Perth, WA, 6000

### Share Registry

Computershare Investor Services Pty Ltd

Level 11, 172 St Georges Terrace

Perth, WA, 6000

Telephone: + 61 8 9323 2000

Facsimile: + 61 8 9323 2033

### ASX Code

ABV – Fully Paid Ordinary shares

### Country of Incorporation

Australia

## DIRECTORS' REPORT

The Directors of Advanced Braking Technology Ltd (**ABT** or the **Company**) and its controlled entities (the **Group** or the **Consolidated Group**) submit the financial report of the Consolidated Group for the half-year ended 31 December 2020.

### 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:

<b>Name</b>	<b>Position</b>	<b>Appointment Date</b>
Dagmar Parsons	Non-Executive Chairman	22 April 2018
David Slack	Non-Executive Director	9 September 2009
Adam Levine	Non-Executive Director	9 April 2013
Mark Lindh	Non-Executive Director	27 June 2017

## REVIEW OF OPERATIONS

### Business Overview

Advanced Braking Technology Ltd is an Australian company listed on the Australian Securities Exchange (ASX:ABV) that designs, manufactures and distributes its innovative braking solutions worldwide. From its head office in Perth, Western Australia, ABT continues to develop its product portfolio for a diverse range of industries that have a strong requirement for safety and environmental responsibility, including the mining, defence, civil construction and waste management industries. ABT's innovative braking solutions are well known for their unparalleled safety, improved productivity, zero emissions and durability in the world's harshest conditions. As its reputation has grown, demand for ABT's brakes has expanded internationally with its braking solutions being used in all seven continents across the globe.

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ADVANCED BRAKING TECHNOLOGY LTD AND CONTROLLED ENTITIES  
INTERIM FINANCIAL REPORT OF THE HALF YEAR ENDED 31 DECEMBER 2020

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**INTERIM FINANCIAL REPORT OF THE HALF YEAR ENDED 31 DECEMBER 2020**

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**Events subsequent to the balance date**

The impact of the COVID-19 pandemic is ongoing and while it has been financially positive for the Group up to 31 December 2020, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

During January 2021, ABT received \$0.096m in grant funding pursuant to the award of a Defence Global Competitiveness Grant to the value of \$0.24m by the Centre for Defence Industry Capability. The balance of \$0.144m is to be provided in FY22.

Accordingly, ABT has agreed to purchase manufacturing machinery at a cost of approximately \$0.225m in accordance with the Company's grant funding.

On 18 February 2021, the Company issued 5,958,109 unlisted options to an employee and key management personnel, Mr Ben Suda as approved by shareholders at the Company's Annual General Meeting (AGM) held on 18 November 2020 and pursuant to the Company's share option plan approved by shareholders at the Company's AGM held 27 November 2019. The terms of the options are:

Number	Exercise Price	Vesting condition	Expiry Date
1,489,527	\$0.04	1 Year Vesting	30 June 2023
1,489,527	\$0.04	2 Year Vesting	30 June 2023
2,979,055	\$0.04	3 Year Vesting	30 June 2024

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


**Rounding of Amounts**

The Consolidated Group has applied the relief available to it in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and accordingly certain amounts in the financial report and the directors' report have been rounded off to the nearest \$1,000.

**Auditor's Independence Declaration**

The lead auditor's independence declaration under s307C of the Corporations Act 2001 is set out on page 7 for the half year ended 31 December 2020.

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

  
 Dagmar Parsons,  
 Non-Executive Chairman  
 26 February 2021

## AUDITOR'S INDEPENDENCE DECLARATION



### Moore Australia Audit (WA)

Level 15, Exchange Tower,  
2 The Esplanade, Perth, WA 6000  
PO Box 5785, St Georges Terrace, WA  
6831

T +61 8 9225 5355

F +61 8 9225 6181

### 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 2020, I declare that, to the best of my knowledge and belief, there have been:

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

A handwritten signature in black ink, appearing to read 'SL Tan'.

SL TAN  
PARTNER

A handwritten signature in black ink that reads 'MOORE AUSTRALIA'.

MOORE AUSTRALIA AUDIT (WA)  
CHARTERED ACCOUNTANTS

Signed at Perth this 26th day of February 2021

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2020**

	Notes	CONSOLIDATED GROUP	
		31 December 2020 \$'000	31 December 2019 \$'000
Revenue from continuing operations		4,756	4,309
Cost of sales		(2,630)	(2,317)
<b>Gross Profit</b>		<b>2,126</b>	<b>1,992</b>
Revenue from other activities		375	321
Interest income		2	2
Other income		-	-
<b>Expenses</b>			
Amortisation of IP		(32)	(32)
Audit and accounting fees		(39)	(31)
Bad and doubtful debts		-	(8)
Consulting fees		(160)	(177)
Consumables and minor equipment		(26)	(31)
Depreciation expense		(92)	(106)
Employee expenses		(1,489)	(1,306)
Finance costs		(42)	(241)
Information technology expenses		(37)	(21)
Insurance		(100)	(70)
Inventory obsolescence expense		(27)	-
Legal fees		(8)	(24)
Marketing and advertising		(24)	(7)
Patents expense		(38)	(31)
Property expenses		(25)	(25)
Telephone and other communication		(18)	(16)
Travel and accommodation		(19)	(84)
Other expenses		(87)	(111)
<b>Total expenses</b>		<b>(2,263)</b>	<b>(2,321)</b>
<b>Profit / (Loss) before income tax</b>		<b>240</b>	<b>(6)</b>
Income tax		-	-
<b>Profit / (Loss) after income tax</b>		<b>240</b>	<b>(6)</b>
<b>Total comprehensive profit / (loss) for the period</b>		<b>240</b>	<b>(6)</b>
		<b>Cents</b>	<b>Cents</b>
<b>Earnings / (Loss) per share attributed to ordinary equity holders - basic &amp; diluted (cents)</b>		<b>0.063</b>	<b>(0.002)</b>

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2020**

	Notes	CONSOLIDATED GROUP	
		31 December 2020 \$'000	30 June 2020 \$'000
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		1,479	516
Trade and other receivables	3	1,061	1,275
Inventories		2,041	2,001
Other assets		379	714
<b>Total current assets</b>		<b>4,960</b>	<b>4,506</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		254	292
Right of use assets	4	455	487
Intangible assets		639	671
<b>Total non-current assets</b>		<b>1,348</b>	<b>1,450</b>
<b>TOTAL ASSETS</b>		<b>6,308</b>	<b>5,956</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	5	1,221	1,165
Interest bearing liabilities	6	71	55
Provisions	7	244	257
<b>Total current liabilities</b>		<b>1,536</b>	<b>1,477</b>
<b>NON-CURRENT LIABILITIES</b>			
Interest bearing liabilities	6	431	472
Provisions	7	23	14
<b>Total non-current liabilities</b>		<b>454</b>	<b>486</b>
<b>TOTAL LIABILITIES</b>		<b>1,990</b>	<b>1,963</b>
<b>NET ASSETS</b>		<b>4,318</b>	<b>3,993</b>
<b>EQUITY</b>			
Issued capital	8	55,819	55,819
Reserves	9	254	169
Accumulated losses	10	(51,755)	(51,995)
<b>TOTAL EQUITY</b>		<b>4,318</b>	<b>3,993</b>

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

ADVANCED BRAKING TECHNOLOGY LTD AND CONTROLLED ENTITIES  
 INTERIM FINANCIAL REPORT OF THE HALF YEAR ENDED 31 DECEMBER 2020

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
 FOR THE HALF YEAR ENDED 31 DECEMBER 2020**

	Issued Capital	Accumulated losses	Reserves	Total
	\$'000	\$'000	\$'000	\$'000
<b>Balance at 1 July 2020</b>	55,819	(51,995)	169	3,993
Total net profit for the period	-	240	-	240
<b>Subtotal</b>	55,819	(51,755)	169	4,233
Issue of ordinary shares	-	-	-	-
Conversion of convertible notes	-	-	-	-
Cost of share issue	-	-	-	-
Share-based payments			85	85
<b>Balance at 31 December 2020</b>	55,819	(51,755)	254	4,318
<b>Balance at 1 July 2019</b>	54,200	(52,166)	-	2,034
Total net loss for the period	-	(6)	-	(6)
<b>Subtotal</b>	54,200	(52,172)	-	2,028
Issue of ordinary shares	11	-	-	11
Conversion of convertible notes	1,624	-	-	1,624
Cost of share issue	(16)	-	-	(16)
Share-based payments	-	-	83	83
<b>Balance at 31 December 2019</b>	55,819	(52,172)	83	3,730

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

ADVANCED BRAKING TECHNOLOGY LTD AND CONTROLLED ENTITIES  
 INTERIM FINANCIAL REPORT OF THE HALF YEAR ENDED 31 DECEMBER 2020

**CONSOLIDATED STATEMENT OF CASH FLOWS  
 FOR THE HALF-YEAR ENDED 31 DECEMBER 2020**

	<b>CONSOLIDATED GROUP</b>	
	<b>31 December 2020 \$'000</b>	<b>31 December 2019 \$'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	5,320	4,853
Payments to suppliers and employees	(4,954)	(4,817)
Interest received	2	2
Finance costs	(4)	(183)
Proceeds from grants and research & development incentive	635	689
Net cash generated by / (used in) operating activities	999	544
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from disposal of non-current assets	-	79
Purchase of property, plant and equipment	(22)	(14)
Net cash generated by / (used in) investing activities	(22)	65
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from borrowings	-	200
Repayment of borrowings	-	(627)
Borrowing costs	(14)	(42)
Proceeds from issue of shares	-	-
Share issue costs	-	(16)
Net cash generated by / (used in) financing activities	(14)	(485)
<b>Net increase in cash held</b>	<b>963</b>	<b>124</b>
Cash and cash equivalents at beginning of period	<b>516</b>	<b>716</b>
<b>Cash and cash equivalents at end of period</b>	<b>1,479</b>	<b>840</b>

The accompanying notes form part of these financial statements.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 31 DECEMBER 2020**

**NOTES TO THE FINANCIAL STATEMENTS**

**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 2020 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 Ltd 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 2020, together with any public announcements made during the following half-year.

These interim financial statements were authorised for issue on 26 February 2021.

**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 for those as described below.

**c. New & Amended Standards Adopted by the Group**

The Group has considered the implications of new or amended Accounting Standards, but determined that their application to the financial statements is either not relevant or not material for the current financial reporting period.

**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.

**e. 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 2020 annual report.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 31 DECEMBER 2020**

**NOTE 2: DIVIDENDS**

No dividends were provided for or paid during the half year to 31 December 2020 and no dividends were provided for or paid during the preceding half year to 31 December 2019.

**CONSOLIDATED GROUP**

	<b>31 December 2020</b>	<b>30 June 2020</b>
	<b>\$'000</b>	<b>\$'000</b>

**NOTE 3: RECEIVABLES**

**Current**

Trade debtors	1,081	1,295
Less: provision for doubtful debts	(20)	(20)
Other receivables	-	-
<b>Total current</b>	<b>1,061</b>	<b>1,275</b>

**NOTE 4: RIGHT-OF-USE ASSETS**

The Group's lease portfolio currently includes buildings. This lease runs for a period of 5 years with an option to renew for a further 5-year period after that period. The extension option which management are reasonably certain to be exercised, has been included in the calculation of the lease liability.

The Group has elected not to recognise right-of-use assets for low value items and any short-term leases.

**CONSOLIDATED GROUP**

	<b>31 December 2020</b>	<b>30 June 2020</b>
	<b>\$000</b>	<b>\$000</b>

(i) AASB 16 related amounts recognised in the balance sheet

**Right-of-use assets**

Leased building	553	553
Accumulated depreciation	(98)	(66)
	<b>455</b>	<b>487</b>

	<b>31 December 2020</b>	<b>31 December 2019</b>
	<b>\$000</b>	<b>\$000</b>

(ii) AASB 16 related amounts recognised in the statement of profit or loss

Depreciation charge related to right-of-use assets	33	33
Interest expense on lease liabilities (under finance cost)	20	22
Short-term leases expense	-	-
Low-value asset leases expense	14	28
Variable lease payment expense	-	-

(iii) Total half-yearly cash outflows for leases

- Financing cash outflow (principal repaid)	22	25
- Operating cash outflow (finance costs)	20	22

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 31 DECEMBER 2020**

**CONSOLIDATED GROUP**

	31 December 2020 \$'000	30 June 2020 \$'000
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**NOTE 5: TRADE AND OTHER PAYABLES**

**Current**

Trade creditors	899	771
Other payables	164	283
Accrued expenses	158	111
<b>Total current</b>	<b>1,221</b>	<b>1,165</b>

**CONSOLIDATED GROUP**

	31 December 2020 \$'000	30 June 2020 \$'000
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**NOTE 6: INTEREST BEARING LIABILITIES**

**(a) Current**

Lease Liability - Right of Use Asset	52	48
Other (secured)	19	7
<b>Total current</b>	<b>71</b>	<b>55</b>

**(b) Non-current**

Lease Liability - Right of Use Asset	431	456
Other (secured)	-	16
<b>Total non-current</b>	<b>431</b>	<b>472</b>

**NOTE 7: PROVISIONS**

**Current**

Employee entitlements	156	175
Warranty	88	82
<b>Total current</b>	<b>244</b>	<b>257</b>

**Non-current**

Employee entitlements	23	14
<b>Total non-current</b>	<b>23</b>	<b>14</b>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 31 DECEMBER 2020**

**NOTE 8: ISSUED CAPITAL**

(a) Ordinary Shares	31 December 2020		30 June 2020	
	Number of Shares	\$'000	Number of Shares	\$'000
Fully paid ordinary shares	379,148,766	55,819	379,148,766	55,819
At the beginning of the financial period / year	379,148,766	55,819	297,049,796	54,200
24 Jul 2019 – Issue of shares to a consultant	-	-	855,636	11
Oct-Dec 2019 – Convertible notes converted to shares	-	-	81,243,334	1,625
Sub-total	379,148,766	55,819	379,148,766	55,836
Transaction costs relating to share issues		-		(17)
Balance at end of financial period / year	<b>379,148,766</b>	<b>55,819</b>	<b>379,148,766</b>	<b>55,819</b>

**(b) Options**

	Number of options	Exercise price	Expiry date
<b>Unlisted options</b>			
Balance at beginning of the financial period / year			
24 July 2019 – Issue of unlisted options to a consultant	5,000,000	0.025	30 June 2022
26 February 2020 – Issue of KMP Options	23,832,435	0.040	30 June 2023
Balance at the end of the financial period / year	<b>28,832,435</b>	0.037	WAEP(i)
(i) Weighted Average exercise price			

**CONSOLIDATED GROUP**

	31 December 2020 \$'000	30 June 2020 \$'000
<b>NOTE 9: RESERVES</b>		
Option reserve	64	64
Share based payment reserve	190	105
Total reserves at the end of the financial period / year	<b>254</b>	<b>169</b>

**CONSOLIDATED GROUP**

	31 December 2020 \$'000	30 June 2020 \$'000
<b>NOTE 10: ACCUMULATED LOSSES</b>		
Accumulated losses at the beginning of the financial period / year	(51,995)	(52,166)
Net profit attributable to members of the parent entity	240	171
Accumulated losses at the end of the financial period / year	<b>(51,755)</b>	<b>(51,995)</b>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 31 DECEMBER 2020**

**NOTE 11: SEGMENT REPORTING**

The Group's principal activities are research and development, commercialisation, manufacture and installation of the Failsafe® wet sealed braking systems and Terra Dura® dry sealed braking systems. The Group's activities are predominantly conducted in Australia and via distribution arrangements to other countries.

For management purposes, the Group is organised into one main operating segment. All 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.

The performance of the operating segment is evaluated based on profit before tax and net finance costs (profit before interest and tax) 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.

i) Revenue by geographical region	For the six months ended 31 December 2020 \$'000	For the six months ended 31 December 2019 \$'000
Australia	3,598	3,044
Overseas / Export	1,158	1,265
<b>Total revenue from continuing operations</b>	<b>4,756</b>	<b>4,309</b>

**ii) Assets by geographical region**

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

	31 December 2020 \$'000	30 June 2020 \$'000
Australia	6,308	5,956
<b>Total assets</b>	<b>6,308</b>	<b>5,956</b>

Intangible assets are treated as located in Australia.

**NOTE 12: RELATED PARTY TRANSACTIONS**

Directors	Note	31 December 2020 \$'000	31 December 2019 \$'000
Company Secretarial Services	a)	20	31
Legal Services	b)	3	3
Directors fees	c)	35	10
<b>Total</b>		<b>58</b>	<b>44</b>

- a) AE Administrative Services Pty Ltd provides company secretarial services to the Company, which is a related party of Director, Mark Lindh.
- b) Rockwell Bates Pty Ltd T/A Rockwell Bates (formerly R.B. Flinders) provides legal services to the Company, which is a related party of Director, Adam Levine.
- c) Rockwell Group Holdings Pty Ltd received \$35 thousand in director's fees, which is a related party of Director, Adam Levine.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 31 DECEMBER 2020**

**NOTE 13: CONTINGENT LIABILITIES**

There has been no change in contingent liabilities since the last annual reporting period.

**NOTE 14: EVENTS OCCURRING AFTER THE REPORTING PERIOD**

The impact of COVID-19 pandemic is ongoing and while it has been financially positive for the Group up to 31 December 2020, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

During January 2021, ABT received \$0.096m in grant funding pursuant to the award of a Defence Global Competitiveness Grant to the value of \$0.24 million by the Centre for Defence Industry Capability. The balance of \$0.144m to be provided in FY22.

Accordingly, ABT has agreed to purchase manufacturing machinery at a cost of approximately \$0.225m in accordance with the Company's grant funding.

On 18 February 2021, the Company issued 5,958,109 unlisted options to employee and key management personnel, Mr Ben Suda, as approved by shareholders at the Company's Annual General Meeting (AGM) held on 18 November 2020 and pursuant to the Company's share option plan approved by shareholders at the Company's AGM held 27 November 2019. The terms of the options are:

<b>Number</b>	<b>Exercise Price</b>	<b>Vesting condition</b>	<b>Expiry Date</b>
1,489,527	\$0.04	1 Year Vesting	30 June 2023
1,489,527	\$0.04	2 Year Vesting	30 June 2023
2,979,055	\$0.04	3 Year Vesting	30 June 2024

The Directors are not aware of any other 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 8 to 17 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 2020 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.



Dagmar Parsons

Non-Executive Chairman

Dated 26 February 2021

## INDEPENDENT AUDITOR'S REPORT



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### INDEPENDENT AUDITOR'S REVIEW REPORT

### TO THE MEMBERS OF ADVANCED BRAKING TECHNOLOGY LIMITED

### REPORT ON THE HALF YEAR FINANCIAL REPORT

#### Conclusion

We have reviewed the accompanying half-year financial report of Advanced Braking Technology Limited (the company) and its controlled entities (the consolidated entity), which comprises the consolidated statement of financial position as at 31 December 2020, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, the consolidated 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.

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 the company is not in accordance with the *Corporations Act 2001*, including:

- a. giving a true and fair view of the consolidated entity's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and
- b. complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*.

#### Directors' Responsibility for the Half-Year Financial Report

The directors of the company 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 Standards on Review Engagements ASRE 2410: *Review of Interim and Other Financial Reports 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:

- a. giving a true and fair view of the company's financial position as at 31 December 2020 and its performance for the half-year ended on that date; and
- b. complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*.



As the auditor of the company, 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 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 2001*, which has been given to the directors of the company, would be in the same terms if provided to the directors as at the time of this auditor's review report.



SL TAN  
PARTNER



MOORE AUSTRALIA AUDIT (WA)  
CHARTERED ACCOUNTANTS

Signed at Perth on the 26<sup>th</sup> day of February 2021.