

# 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 2021</b>
<b>Previous corresponding period:</b>	<b>Half-year ended 31 December 2020</b>

### Results for announcement to the market

			<b>31 December 2021 \$A'000</b>	<b>31 December 2020 \$A'000</b>
Revenue from ordinary activities	Up	8.4%	5,563	5,133
Profit / (Loss) from ordinary activities after income tax attributable to members	Down	44.2%	134	240
Net Profit / (loss) for the period attributable to members	Down	44.2%	134	240
<b>Dividends</b> No dividends have been declared for the half-year ended 31 December 2021 or for the previous corresponding period.				

<b>Net tangible assets</b>	<b>31 December 2021 cents</b>	<b>31 December 2020 cents</b>
Net tangible asset backing per ordinary share	1.05	0.85

This information should be read in conjunction with the 2021 Annual Report and the Half Year Report for the period ended 31 December 2021.

## **Highlights**

The highlights for the half-year to 31 December 2021 and subsequent period to this report include:

- Operating revenue of \$5.32m and gross margin of 44.5% for the half year to 31 December 2021.
- Operating revenue increase of 11.8% on the prior comparison period, the half year to 31 December 2021.
- Gross margin of 44.5%, a small decrease on the prior corresponding period margin of 44.7%, representing a 0.2% margin decrease.
- ABT has continued its financial turnaround achieved by improved sales and consistent margins, in conjunction with controlled costs, contributing to an after tax, net profit for the half-year of \$0.13m, in addition to being cash flow positive from operating activities of \$0.31m 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 improving working capital position.

## **Financial Performance**

Revenue from continuing operations for the first half of FY22 was \$5.32m (H1 FY21 \$4.76m), representing a 11.8% increase on the prior corresponding period for FY21. The Company has maintained a focus on operational efficiencies and achieved a gross margin of 44.5%, representing a 0.2% decrease in margin from the prior corresponding period for FY21.

Expenses for the first half of FY22 totalled \$2.48m (H1 FY21: \$2.26m), representing a 9.6% increase in expenses compared to the prior year. This cost increase is in line with improved sales and is primarily an increase in corporate overheads related to inorganic growth activities and new business systems implementation, which has resulted in an after tax, net profit for the half-year of \$0.13m.

During the first half of FY22, the Company has been able to increase its cash balance to the improved cash position of \$1.57m as at 31 December 2021 (30 June 2021: \$1.4m, 31 December 2020: \$1.48m). Revenue growth has contributed to positive net operating cash flows of \$0.31m 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 \$5.32m 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.

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. To date, ABT has supplied components for approximately 90% of the 1,100 park brake mechanisms to be manufactured and supplied by VEEM. In addition to component sales, ABT has also generated licence and engineering support fees resulting from VEEM's supply of completed brake mechanisms to Thales.

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.

Terra Dura is successfully being used within the mining industry, however 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, Terra Dura X, 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**

On 8 November 2021, the Company issued 5,958,109 unlisted options to an employee and key management personnel, Mr Andrew Booth 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 2024
1,489,527	\$0.04	2 Year Vesting	30 June 2024
2,979,055	\$0.04	3 Year Vesting	30 June 2025

### **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 2021.

**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 2021. 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: 28 February 2022

Print name:      Kaitlin Smith



**ADVANCED BRAKING TECHNOLOGY LTD  
AND CONTROLLED ENTITIES**

**ABN 66 099 107 623**

**HALF-YEAR REPORT**

**31 DECEMBER 2021**

## TABLE OF CONTENTS

CORPORATE DIRECTORY.....	2
DIRECTORS' REPORT.....	3
REVIEW OF OPERATIONS.....	3
AUDITOR'S INDEPENDENCE DECLARATION.....	7
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME .....	8
CONSOLIDATED STATEMENT OF FINANCIAL POSITION .....	9
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY .....	10
CONSOLIDATED STATEMENT OF CASH FLOWS .....	11
NOTES TO THE FINANCIAL STATEMENTS.....	12
DIRECTORS' DECLARATION .....	19
INDEPENDENT AUDITOR'S REPORT .....	20

## 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 (Acting)

Andrew Booth

### 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 2021.

### 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:

Name	Position	Appointment Date
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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### **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 2021, 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.

On 13 January 2022, Mr John Annand stepped down as Chief Executive Officer and Mr Andrew Booth, the Company's Director – Strategy & Commercial assumed the role of Acting Chief Executive Officer during the executive search process to appoint a suitable replacement.

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.

ADVANCED BRAKING TECHNOLOGY LTD AND CONTROLLED ENTITIES  
INTERIM FINANCIAL REPORT FOR THE HALF YEAR ENDED 31 DECEMBER 2021

**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 2021.

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

A handwritten signature in black ink, appearing to be 'Dagmar Parsons', with a stylized flourish at the end.

Dagmar Parsons,  
Non-Executive Chairman  
28 February 2022

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

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2021 there have been no contraventions of:

- i. The auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- ii. Any applicable code of professional conduct in relation to the review.



WEN-SHIEN CHAI  
PARTNER



MOORE AUSTRALIA AUDIT (WA)  
CHARTERED ACCOUNTANTS

Signed at Perth this 28<sup>th</sup> day of February 2022.

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE  
INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2021**

	Notes	CONSOLIDATED GROUP	
		31 December 2021 \$'000	31 December 2020 \$'000
Revenue from continuing operations		5,316	4,756
Cost of sales		(2,949)	(2,630)
<b>Gross Profit</b>		<b>2,367</b>	<b>2,126</b>
Revenue from other activities		245	375
Interest income		2	2
<b>Expenses</b>			
Amortisation of Intellectual property		(32)	(32)
Audit and accounting fees		(40)	(39)
Bad and doubtful debts		-	-
Consulting fees		(177)	(160)
Consumables and minor equipment		(63)	(26)
Depreciation expense		(96)	(92)
Employee expenses		(1,536)	(1,489)
Finance expenses		(40)	(42)
Information technology expenses		(61)	(37)
Insurance		(125)	(100)
Inventory obsolescence expense		(16)	(27)
Legal fees		(64)	(8)
Marketing and advertising expenses		(27)	(24)
Patent expense		(29)	(38)
Property expenses		(26)	(25)
Telephone and other communication		(16)	(18)
Travel and accommodation		(36)	(19)
Other expenses		(96)	(87)
<b>Total expenses</b>		<b>(2,480)</b>	<b>(2,263)</b>
<b>Profit / (loss) before income tax</b>		<b>134</b>	<b>240</b>
Income tax		-	-
<b>Profit / (loss) after income tax</b>		<b>134</b>	<b>240</b>
<b>Other comprehensive income / (loss)</b>			
Items that may be reclassified subsequently to profit or loss		-	-
<b>Total comprehensive profit / (loss) for the period</b>		<b>134</b>	<b>240</b>
		<b>Cents</b>	<b>Cents</b>
<b>Basic profit / (loss) per share (cents)</b>		0.035	0.063
<b>Diluted earnings per share (cents)</b>		0.033	0.059

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

ADVANCED BRAKING TECHNOLOGY LTD AND CONTROLLED ENTITIES  
INTERIM FINANCIAL REPORT FOR THE HALF YEAR ENDED 31 DECEMBER 2021

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2021**

	Notes	CONSOLIDATED GROUP	
		31 December 2021 \$'000	30 June 2021 \$'000
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		1,567	1,411
Trade and other receivables	3	1,441	1,426
Inventories		1,868	1,773
Other assets		925	743
<b>Total current assets</b>		<b>5,801</b>	<b>5,353</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		402	450
Right of use assets	4	389	422
Intangible assets		575	607
<b>Total non-current assets</b>		<b>1,366</b>	<b>1,479</b>
<b>TOTAL ASSETS</b>		<b>7,167</b>	<b>6,832</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	5	1,405	1,147
Interest bearing liabilities	6	155	283
Provisions	7	271	256
<b>Total current liabilities</b>		<b>1,831</b>	<b>1,686</b>
<b>NON-CURRENT LIABILITIES</b>			
Interest bearing liabilities	6	377	406
Provisions	7	12	18
<b>Total non-current liabilities</b>		<b>389</b>	<b>424</b>
<b>TOTAL LIABILITIES</b>		<b>2,220</b>	<b>2,110</b>
<b>NET ASSETS</b>		<b>4,947</b>	<b>4,722</b>
<b>EQUITY</b>			
Issued capital	8	55,819	55,819
Reserves	9	369	278
Accumulated losses	10	(51,241)	(51,375)
<b>TOTAL EQUITY</b>		<b>4,947</b>	<b>4,722</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 FOR THE HALF YEAR ENDED 31 DECEMBER 2021

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE HALF YEAR ENDED 31 DECEMBER 2021**

	<b>Issued Capital</b>	<b>Accumulated losses</b>	<b>Reserves</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Balance at 1 July 2021</b>	55,819	(51,375)	278	4,722
Total net profit for the period	-	134	-	134
<b>Subtotal</b>	<b>55,819</b>	<b>(51,241)</b>	<b>278</b>	<b>4,856</b>
Issue of ordinary shares	-	-	-	-
Conversion of convertible notes	-	-	-	-
Cost of share issue	-	-	-	-
Share-based payments	-	-	91	91
<b>Balance at 31 December 2021</b>	<b>55,819</b>	<b>(51,241)</b>	<b>369</b>	<b>4,947</b>
<b>Balance at 1 July 2020</b>	55,819	(51,995)	169	3,993
Total net loss for the period	-	240	-	240
<b>Subtotal</b>	<b>55,819</b>	<b>(51,755)</b>	<b>169</b>	<b>4,233</b>
Issue of ordinary shares	-	-	-	-
Conversion of convertible notes	-	-	-	-
Cost of share issue	-	-	-	-
Share-based payments	-	-	85	85
<b>Balance at 31 December 2020</b>	<b>55,819</b>	<b>(51,755)</b>	<b>254</b>	<b>4,318</b>

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 FOR THE HALF YEAR ENDED 31 DECEMBER 2021

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021**

	<b>CONSOLIDATED GROUP</b>	
	<b>31 December 2021 \$'000</b>	<b>31 December 2020 \$'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	5,644	5,320
Payments to suppliers and employees	(5,329)	(4,954)
Interest received	2	2
Finance costs	(5)	(4)
Proceeds from grants and research & development incentive	-	635
Net cash generated by / (used in) operating activities	312	999
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from disposal of non-current assets	-	-
Purchase of property, plant and equipment	(16)	(22)
Net cash generated by / (used in) investing activities	(16)	(22)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from borrowings	-	-
Repayment of borrowings	(129)	-
Borrowing costs	(11)	(14)
Proceeds from issue of shares	-	-
Share issue costs	-	-
Net cash generated by / (used in) financing activities	(140)	(14)
<b>Net increase in cash held</b>	<b>156</b>	<b>963</b>
Cash and cash equivalents at beginning of period	<b>1,411</b>	<b>516</b>
<b>Cash and cash equivalents at end of period</b>	<b>1,567</b>	<b>1,479</b>

The accompanying notes form part of these financial statements.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 31 DECEMBER 2021**

**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 2021 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" or "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 2021, together with any public announcements made during the following half-year.

These interim financial statements were authorised for issue on 28 February 2022.

**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 Ltd 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 2021 annual report.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 31 DECEMBER 2021**

**NOTE 2: DIVIDENDS**

No dividends were provided for or paid during the half year to 31 December 2021 and no dividends were provided for or paid during the preceding half year to 31 December 2020.

**CONSOLIDATED GROUP**

	<b>31 December 2021 \$'000</b>	<b>30 June 2021 \$'000</b>
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**NOTE 3: RECEIVABLES****Current**

Trade debtors	1,450	1,446
Less: provision for doubtful debts	(20)	(20)
Other receivables	11	-
<b>Total current</b>	<b>1,441</b>	<b>1,426</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 Group has elected not to recognise right-of-use assets for low value items and any short-term leases.

**CONSOLIDATED GROUP**

	<b>31 December 2021 \$000</b>	<b>30 June 2021 \$000</b>
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(i) AASB 16 related amounts recognised in the balance sheet

**Right-of-use assets**

Leased building	553	553
Accumulated depreciation	(164)	(131)
	<b>389</b>	<b>422</b>

	<b>31 December 2021 \$000</b>	<b>31 December 2020 \$000</b>
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(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)	18	20
Short-term leases expense	-	-
Low-value asset leases expense	15	14
Variable lease payment expense	-	-

(iii) Total half-yearly cash outflows for leases

- Financing cash outflow (principal repaid)	26	22
- Operating cash outflow (finance costs)	18	20

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 31 DECEMBER 2021**

**CONSOLIDATED GROUP**

	<b>31 December 2021</b>	<b>30 June 2021</b>
	<b>\$'000</b>	<b>\$'000</b>

**NOTE 5: TRADE AND OTHER PAYABLES****Current**

Trade creditors	994	1,092
Other payables	244	56
Accrued expenses	167	(1)
<b>Total current</b>	<b>1,405</b>	<b>1,147</b>

**NOTE 6: INTEREST BEARING LIABILITIES****(a) Current**

Insurance Premium Funding	86	214
Lease Liability - Right of Use Asset	56	52
Other (secured)	13	17
<b>Total current</b>	<b>155</b>	<b>283</b>

**(b) Non-current**

Lease Liability - Right of Use Asset	377	406
<b>Total non-current</b>	<b>377</b>	<b>406</b>

**NOTE 7: PROVISIONS****Current**

Employee entitlements	170	160
Warranty	101	96
<b>Total current</b>	<b>271</b>	<b>256</b>

**Non-current**

Employee entitlements	12	18
<b>Total non-current</b>	<b>12</b>	<b>18</b>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 31 DECEMBER 2021**

**NOTE 8: ISSUED CAPITAL**

(a) Ordinary Shares	31 December 2021		30 June 2021	
	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	379,148,766	55,819
	-	-	-	-
Sub-total	379,148,766	55,819	379,148,766	55,819
Transaction costs relating to share issues		-		-
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 1 July 2019	-		
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
18 February 2021 - Issue of KMP Options	2,979,054	0.040	30 June 2023
18 February 2021 - Issue of KMP Options	2,979,055	0.040	30 June 2024
Balance at the end of the financial period 30 June 2021	<b>34,790,544</b>	0.038	WAEP(i)
19 July 2021 - Lapse of KMP Options	(5,958,109)	0.040	30 June 2023
8 November 2021 - Issue of KMP Options	2,979,054	0.040	30 June 2024
8 November 2021 - Issue of KMP Options	2,979,055	0.040	30 June 2025
Balance at the end of the financial period 31 December 2021	<b>34,790,544</b>	0.038	WAEP(i)
(i) Weighted Average exercise price of options on issue			

On 1 October 2021, the Company granted 5,958,109 unlisted options to employee and key management personnel, Mr Andrew Booth pursuant to the Company's share option plan approved by shareholders at the Company's AGM held 27 November 2019. The unlisted options were subsequently issued on 8 November 2021. The terms of the options are:

Number	Exercise Price	Vesting condition	Expiry Date
1,489,527	\$0.04	1 Year Vesting	30 June 2024
1,489,527	\$0.04	2 Year Vesting	30 June 2024
2,979,055	\$0.04	3 Year Vesting	30 June 2025

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 31 DECEMBER 2021**

	<b>CONSOLIDATED GROUP</b>	
	<b>31 December 2021 \$'000</b>	<b>30 June 2021 \$'000</b>
<b>NOTE 9: RESERVES</b>		
Option reserve	64	64
Share based payment reserve	305	214
Total reserves at the end of the financial period / year	<b>369</b>	<b>278</b>

	<b>CONSOLIDATED GROUP</b>	
	<b>31 December 2021 \$'000</b>	<b>30 June 2021 \$'000</b>
<b>NOTE 10: ACCUMULATED LOSSES</b>		
Accumulated losses at the beginning of the financial period / year	(51,375)	(51,995)
Net profit attributable to members of the parent entity	134	620
Accumulated losses at the end of the financial period / year	<b>(51,241)</b>	<b>(51,375)</b>

	<b>CONSOLIDATED GROUP</b>	
	<b>31 December 2021 \$'000</b>	<b>31 December 2020 \$'000</b>
<b>NOTE 11: SHARE-BASED PAYMENT EXPENSE</b>		
a) Share based payment expense during the period	<b>91</b>	<b>109</b>

**Schedule of share-based payments**

	<b>CONSOLIDATED GROUP</b>	
	<b>31 December 2021 \$'000</b>	<b>30 June 2021 \$'000</b>
i) <b>Options</b>		
26 February 2020 – Issue of 23,832,435 unlisted options to KMP	42	137
18 February 2021 - Issue of 5,958,109 unlisted options to KMP	38	27
16 April 2021 – Lapse of 5,958,109 unlisted options to KMP	-	(55)
8 November 2021 – Issue of 5,958,109 unlisted options to KMP	11	-
Accumulated losses at the end of the financial period / year	<b>91</b>	<b>109</b>

**(b) Options issued during the period**

Pursuant to ABT's Share Option Plan, key management personnel, Mr Andrew Booth was granted and issued a total of 5,958,109 unlisted options which have an exercise price of \$0.04 per share which are subject to vesting conditions (KMP Options).

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 31 DECEMBER 2021**

The KMP Options were granted on 1 October 2021 and are subject to the following vesting conditions:

- Ongoing employment; and
- Vesting in 3 tranches over a 3-year period, as below.

KMP Options Vesting 1 year from issue date (Tranche 1) 25%	KMP Options Vesting 2 years from issue date (Tranche 2) 25%	KMP Options Vesting 3 years from issue date (Tranche 3) 50%	Total
1,489,527	1,489,527	2,979,055	5,958,109

**(c) Unlisted options valuation**

The fair value of the equity settled share options granted during the period are estimated at the date of grant using a Black-Scholes model taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used for the period ending 31 December 2021

	<b>KMP Options Tranche 1</b>	<b>KMP Options Tranche 2</b>	<b>KMP Options Tranche 3</b>
Fair value at grant date	\$0.0097	\$0.014	\$0.0172
Share price at grant date	\$0.036	\$0.036	\$0.036
Exercise price	\$0.04	\$0.04	\$0.04
Expected volatility	78.23%	78.23%	78.23%
Expected life	1 year	2 years	3 years
Expected dividends	Nil	Nil	Nil
Risk-free interest rate	0.1%	0.05%	0.27%
Number of options issued	1,489,527	1,489,527	2,979,055
<b>Valuation</b>	<b>\$14,411</b>	<b>\$20,895</b>	<b>\$51,239</b>

**NOTE 12: 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.

	<b>For the six months ended 31 December 2021 \$'000</b>	<b>For the six months ended 31 December 2020 \$'000</b>
<b>i) Revenue by geographical region</b>		
Australia	3,331	3,598
Overseas / Export	1,985	1,158
<b>Total revenue from continuing operations</b>	<b>5,316</b>	<b>4,756</b>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 31 DECEMBER 2021**

**ii) Assets by geographical region**

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

	<b>31 December 2021 \$'000</b>	<b>30 June 2021 \$'000</b>
Australia	7,167	6,832
<b>Total assets</b>	<b>7,167</b>	<b>6,832</b>

Intangible assets are treated as located in Australia.

**NOTE 13: RELATED PARTY TRANSACTIONS**

	<b>Note</b>	<b>31 December 2021 \$'000</b>	<b>31 December 2020 \$'000</b>
<b>Directors</b>			
Company Secretarial Services	a)	18	20
Legal Services	b)	22	3
Director's fees	c)	25	35
<b>Total</b>		<b>65</b>	<b>58</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 director's fees, which is a related party of Director, Adam Levine.

**NOTE 14: CONTINGENT LIABILITIES**

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

**NOTE 15: 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 2021, 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.

On 13 January 2022, Mr John Annand stepped down as Chief Executive Officer and Mr Andrew Booth, the Company's Director – Strategy & Commercial assumed the role of Acting Chief Executive Officer during the executive search process to appoint a suitable replacement.

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 18 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 2021 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 28 February 2022



## **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 or group), which comprises the consolidated statement of financial position as at 31 December 2021, the consolidated statement of 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:

- i. giving a true and fair view of the consolidated entity's financial position as at 31 December 2021 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*.

#### **Basis for Conclusion**

We conducted our review in accordance with Auditing Standards on Review Engagements ASRE 2410: *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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 given to the directors as at the time of this auditor's review report.

#### **Responsibility of the Directors 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.

**INDEPENDENT AUDITOR'S REVIEW REPORT  
TO THE MEMBERS OF ADVANCED BRAKING TECHNOLOGY LIMITED (CONTINUED)**

**Auditor's Responsibility for the Review of the Financial Report**

Our responsibility is to express a conclusion on the financial report based on our review. ASRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the financial report is not in accordance with the *Corporations Act 2001* including:

- i. giving a true and fair view of the Company's financial position as at 31 December 2021 and 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*.

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.



WEN-SHIEN CHAI  
PARTNER



MOORE AUSTRALIA AUDIT (WA)  
CHARTERED ACCOUNTANTS

Signed at Perth this 28<sup>th</sup> day of February 2022.