

22nd April 2010

Letter to Shareholders
Explanatory Note - Appendix 4C - Cash Flow Statement

Dear Shareholder

The Appendix 4C released today warrants further explanation.

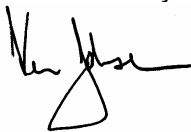
The statement for the quarter ending 31st March 2010 shows a net operating cash flow deficit of \$270,000.

Approximately \$250,000 of expenditure was incurred on the garbage truck development program by the Company during the quarter ending 31st March 2010. The significance of this is that it demonstrates that the cash used in supporting the Company's other activities on the manufacture and sale of SIBS brakes to the mining sector was a modest \$20,000 for the quarter.

It should be noted that funding for the garbage truck development program was on the basis of quarterly pre-payments. As the March 2010 was the final quarter of the 2 year development phase no pre-payment was received during the quarter ending 31st March 2010 for the next phase. The expenditure on garbage truck program during the quarter contributed to a successful Proof of Concept sign off as reported to shareholders on 6th April 2010

As also reported to shareholders in 6th April 2010, the Company is currently in discussions with Brake Developments Ltd following their advice that they wish to take up their entitlement to fund the Pre-Production stage of the garbage truck development program. Details of this next stage will be announced when finalised.

Yours sincerely



Ken Johnsen
CEO

Appendix 4C

Quarterly report for entities admitted on the basis of commitments

Introduced 31/3/2000. Amended 30/9/2001, 24/10/2005.

Name of entity

ADVANCED BRAKING TECHNOLOGY LTD

ABN

66 099 107 623

Quarter ended ("current quarter")

31 MARCH 2010

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (9 months) \$A'000
1.1 Receipts from customers	998	2,951
1.2 Payments for		
(a) staff costs	(547)	(1,710)
(b) advertising and marketing	(25)	(45)
(c) research and development	(250)	(402)
(d) leased assets	-	-
(e) other working capital	(462)	(1,715)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	27	52
1.5 Interest and other costs of finance paid	(11)	(26)
1.6 Income taxes paid	-	-
1.7 Other – R & D Tax Offset & EMDG	-	295
Net operating cash flows	(270)	(600)

+ See chapter 19 for defined terms.

Appendix 4C
Quarterly report for entities
admitted on the basis of commitments

	Current quarter \$A'000	Year to date (9 months) \$A'000
1.8 Net operating cash flows (carried forward)	(270)	(600)
Cash flows related to investing activities		
1.9 Payment for acquisition of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	(128)	(145)
(e) other non-current assets	-	-
1.10 Proceeds from disposal of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	-	-
(e) other non-current assets	-	-
1.11 Loans to other entities	-	-
1.12 Loans repaid by other entities	-	-
1.13 Other (provide details if material)	-	-
Net investing cash flows	(128)	(145)
1.14 Total operating and investing cash flows	(398)	(745)
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc.	-	-
1.16 Proceeds from sale of forfeited shares	-	-
1.17 Proceeds from borrowings	143	211
1.18 Repayment of borrowings	(43)	(132)
1.19 Dividends paid	-	-
1.20 Other – Capital Raising Fees	-	-
Net financing cash flows	100	79
Net increase (decrease) in cash held	(298)	(666)
1.21 Cash at beginning of quarter/year to date	1,515	1,989
1.22 Exchange rate adjustments	-	(106)
1.23 Cash at end of quarter	1,217	1,217

+ See chapter 19 for defined terms.

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.24	Aggregate amount of payments to the parties included in item 1.2(a)	75
1.25	Aggregate amount of loans to the parties included in item 1.11	-
1.26	Explanation necessary for an understanding of the transactions	
	-	

Non-cash financing and investing activities

- 2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows
-
- 2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest
-

Financing facilities available

Add notes as necessary for an understanding of the position. (See AASB 1026 paragraph 12.2).

		Amount available \$A'000	Amount used \$A'000
3.1	Loan facilities	-	-
3.2	Credit standby arrangements	-	-

+ See chapter 19 for defined terms.

Appendix 4C
Quarterly report for entities
admitted on the basis of commitments

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
4.1 Cash on hand and at bank	1,217	1,515
4.2 Deposits at call	-	-
4.3 Bank overdraft	-	-
4.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.23)	1,217	1,515

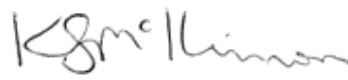
Acquisitions and disposals of business entities

	Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
5.1 Name of entity	-	-
5.2 Place of incorporation or registration	-	-
5.3 Consideration for acquisition or disposal	-	-
5.4 Total net assets	-	-
5.5 Nature of business	-	-

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:


(Company secretary)

Date: 22 April 2010

Print name: Kenneth McKinnon

+ See chapter 19 for defined terms.

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
2. The definitions in, and provisions of, *AASB 1026: Statement of Cash Flows* apply to this report except for the paragraphs of the Standard set out below.
 - 6.2 - reconciliation of cash flows arising from operating activities to operating profit or loss
 - 9.2 - itemised disclosure relating to acquisitions
 - 9.4 - itemised disclosure relating to disposals
 - 12.1(a) - policy for classification of cash items
 - 12.3 - disclosure of restrictions on use of cash
 - 13.1 - comparative information
3. **Accounting Standards.** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

+ See chapter 19 for defined terms.