ADVANCED BRAKING TECHNOLOGY LTD

AND CONTROLLED ENTITIES

ABN 66 099 107 623

ANNUAL REPORT
2019

ADVANCED BRAKING TECHNOLOGY LTD
AND CONTROLLED ENTITIES
ABN 66 099 107 623

CORPORATE DIRECTORY

Directors
Dagmar Parsons
David Slack
Adam Levine
Mark Lindh

Chief Executive Officer
John Annand

Company Secretary
Kaitlin Smith

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Telephone: 1800 317 543

Bankers
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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

Auditors
Moore Stephens
Level 15, Exchange Tower
2 The Esplanade
Perth, WA, 6000

Country of Incorporation
Australia

Legal form of entity
Listed public company

ASX Code
ABV – Ordinary shares

ASX Home Branch
Australian Securities Exchange (ASX)
Level 40, Central Park
152-158 St George's Terrace
Perth, WA, 6000

ADVANCED BRAKING TECHNOLOGY

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CHAIRMAN'S REVIEW

Dear Shareholder,

During the last financial year Advanced Braking Technology Limited ('Company' or 'ABT') made substantial progress in stabilising its financial performance whilst simultaneously pursuing opportunities that have resulted in product, customer and industry diversification. A key contributing factor in achieving this was the shift from being a product provider to working closer with customers and providing innovative safety solutions.

At the beginning of the year the Board undertook an organisational review to ensure the appropriate resources were in place to implement the Company's strategy, to drive cultural change, and to identify cost saving initiatives with the view of returning the Company to a break-even position at the earliest opportunity. In particular, during the second half of the financial year we made excellent progress towards achieving this goal.

The new executive team, led by Chief Executive Officer John Annand, is now based at our Perth premises. Under John's leadership, the engineering team has been given the ability to solve problems and the sales team is now selling solutions, not just products. Collaboration and communications at all levels of the business are greatly improved. In addition, the Board and Executive team have been working together to improve internal processes in all areas of business, resulting in better supply chain and inventory management as well as improved and transparent financial management.

A new sales strategy was implemented, which is providing the Company with much greater market intelligence, particularly in regard to the domestic mining market, which we believe is still largely untapped. Resulting from this strategic initiative we have seen an improved and steady sales performance of both Failsafe and Failsafe Emergency Driveline Brakes, our core products.

ABT's product and industry diversification strategy gained traction by supplying products and design solutions to the Defence, Waste Management and Civil Construction industries. The Company also increased its international footprint with new mining clients in Mongolia and Chile. Subsequent to the end of the year, the Company is also providing brake solutions to Antarctica, which results in our products now being used in all seven continents around the world.

Substantial effort has been placed into enhancing our engineering capability whilst at the same time being commercially focused. The engineering team now follows a disciplined engineering approach, has implemented greatly improved testing and development procedures and developed a controlled release to market strategy. This is demonstrated by the successful release of the enhanced Terra Dura brake following an extensive design review and rigorous testing of this product within extremely harsh operating conditions that replicated those found on mine sites. Furthermore, the reduction of brake components resulted in a much simpler assembly procedure, ease of installation and maintenance for our customers.

Throughout the year the Company has focused on exploiting our existing product range, utilising historical R&D and innovative product development based on safety, the environment and the voice of our customers. In addition, the Company is actively identifying strategic partners and M&A opportunities that will bring complementary capabilities to ABT and which will significantly upscale the business with the objective of achieving the Company's growth strategy and strategic plan.

The Board acknowledges the efforts of our employees and thank them for their dedication to the Company. The Board and I, are looking forward to supporting our team, led by John Annand in our pursuit of long-term value creation for all our shareholders.

Thank you for your continued support of Advanced Braking Technology.

Dagmar Parsons
Chairman

CHIEF EXECUTIVE OFFICER OPERATING AND FINANCIAL REVIEW

CHIEF EXECUTIVE OFFICER'S OPERATIING AND FINANCIAL REVIEW

Overview

Advanced Braking Technology Ltd (ABT) 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. A significant portion (27%) of the operating sales comes from overseas locations including Canada, Europe, Asia-Pacific and South Africa.

During FY19, ABT offered 3 key products:

- ABT Failsafe Brakes
- ABT Failsafe Emergency Driveline Brakes
- Terra Dura Brakes

During the year the Company went through a period of transformational change:

- an organisational review was undertaken resulting in a new leadership team being appointed;
- a number of cost saving initiatives were implemented which resulted in the operating cash outflows being significantly reduced in the second half of the year;
- diversification of our product portfolio, in addition to releasing the updated Terra Dura brake after an extensive review and re-design;
- diversification of our customer base; and
- diversification of the industries to which we supply our innovative braking solutions.

As a result of the organisational review, the entire leadership team was changed out in H2 of FY19 and has resulted in all members of the leadership team now being located in Perth, Western Australia. This change has had a positive impact on the engineering, sales and finance functions within the Company. The impact was almost immediate and can be seen in the improved product portfolio, sales and financial results achieved during the second half of the year.

This strategic diversification has resulted in a broader product offering to a number of new customers operating in a number of diverse industries across both national and international geographic regions. As a result of this diversification, the Company is anticipating a strong sales improvement for FY20 as our product range is offered to an expanding customer base.

Financial Summary

ABT achieved revenues of $7.43m for FY19, which represents approximately a 5.6% decrease on the prior year. The net loss for the year was $1.713m, an increase of 3.5% on the prior year. These results were impacted by a decrease in the estimated Research and Development (R&D) tax incentive refund for the year, when compared to FY18.

It was a year of two halves for the financial results of the Company. The net loss for the first half FY19 was $1.28m (EBITDA loss $1.11m) however there was a significant improvement in the second half, when the net loss was reduced to $0.43m (EBITDA loss $0.16m). This turnaround resulted from improved sales and product margins in the second half, coupled with a reduction in corporate overhead as a result of the organisational review.

It is pleasing to report that for the five months from February 2019 the Company achieved consistent and positive EBITDA results on a month by month basis, which resulted in a significant reduction in net cash outflows from operating activities.

The financial performance of the Company in the second half of the year has meant it is now in a much stronger position to allow it to implement its growth strategy set for FY20 and beyond.

During FY19, the Company undertook a non-renounceable Entitlement Offer which raised $1.48m. At the time these funds were to be used for the roll-out of Terra Dura Brakes into Australia, in addition to expanding our international markets in Europe, Canada and Chile. These expansion opportunities were delayed as a result of the requirement to undertake a design review of the Terra Dura Brake and the requirement to stabilise and then improve the financial performance of the Company. With Terra Dura Brakes now re-released to the market and with a significantly improved financial position, these growth opportunities still exist and will be pursued in FY20 with a primary focus of capturing the opportunities that already exist within Australia, before actively looking for international expansion opportunities.

During FY19 the Company also:

- undertook a 1 : 10 share consolidation which has resulted in approximately 298 million shares now on issue;
- successfully secured and then extended $1.6m of Convertible Note funding on issue on two occasions, the first in December 2018 and the second in June 2019 with a current maturity date of 31 December 2019 at an interest rate of 15% pa; and
- arranged for a R&D prepayment loan facility at an interest rate of 15% with a facility limit of $620,000, which is currently fully drawn but will be repaid upon receipt of the 2019 R&D tax incentive refund, anticipated to be in November 2019.

The Company's net assets as at 30 June 2019 have decreased 13.5% or $318k on FY18 balances, due to an increase in debt funding via convertible notes to $1.632m in FY19 from $1.173m in FY18. The Company's total assets have remained at a similar level to the prior year, with an increase of less than 1% in FY19 to $5.72m from the FY18 balance of $5.69m.

Operating Revenue

The operating revenue in FY19 of $6.847m was achieved primarily as a result of continued strong demand for ABT's core business product, Failsafe.

During the second half of FY19 the Company focused upon improved performance of the Failsafe and Failsafe Emergency brake range, with the six-month period to June 2019 achieving a 9% sales increase over the first half of FY19. Similarly, product margins improved from 42% in the first half to 50% in the second half of FY19.

The overall results for FY19 were impacted by the requirement to undertake a design review of the Terra Dura Brake. The updated Terra Dura Brake was only re-released to the market in late June 2019 and had little impact on the second half sales result, however it too will contribute to an improved sales performance in FY20.

There was a reduction in the estimated R&D tax incentive refund for the year, resulting from the reduction in staff numbers following the organisational review. Lower staff numbers in conjunction with the Terra Dura Brake product development life cycle, meant that less was spent on research and development activities.

Expenses

Expenses for FY19 totalled $5.137m and resulted in a net loss for the year of $1.713m.

During the twelve-month period to 30 June 2019, the Company incurred a number of one-off costs primarily relating to corporate activity which included a capital raising, the consolidation of its shares on a 1 for 10 basis and the maturity of convertible notes. Costs incurred on these activities totalled approximately $270,000. Further one-off costs were incurred on employee related expenses as a result of an organisational review and totalled approximately $80,000. These employee related costs included recruitment fees associated with the appointments of senior members of the current leadership team including the CEO, Engineering Manager and Financial Controller.

A decision was made as at 31 December 2018 to write-off approximately $137,000 of inventory which related to a historical R&D project for truck brakes used within the waste industry. As there was limited opportunity to utilise the remaining inventory of this product within the next 12-month period a decision was made to write its value down to nil.

Total costs of a one-off nature for FY19 referred to above are approximately $487,000.

During FY19, a number of cost saving initiatives were introduced by the Company which resulted in savings in excess of $800,000 on an annualised basis. The full impact of these cost savings continues to make a positive impact in the business, which when combined with the H2 improved sales and margin performance, has resulted in a positive EBITDA position for Q4 FY19. The Company's H2 performance has consequently resulted in a significantly reduced cash burn during the second half of the financial year.

Strategy implementation and product development

The Company is now well placed to implement its growth strategy, which is depicted below.

With a focus on exploiting our existing product range and capitalising on our historical R&D, the Company is well placed to increase sales during FY20 to a broad range of customers in a diverse range of industries across a number of geographic regions. Our future product offering will be primarily based on the existing Failsafe and Terra Dura brake technology. The vehicle variants to which these products can be fitted will be prioritised based on market intelligence and listening to the requirements of the customer, whilst at the same time ensuring an acceptable return on investment is achieved.

The Company will also continue to develop its product offering through ongoing R&D to ensure it remains relevant long into the future as automation and electrification of vehicles gains momentum around the world, and the environmental impacts from non-exhaust vehicle emissions, including brake dust particles, are better understood by government and consumers.

Diversification has been a key theme for the Company in the second half of FY19 and has resulted in:

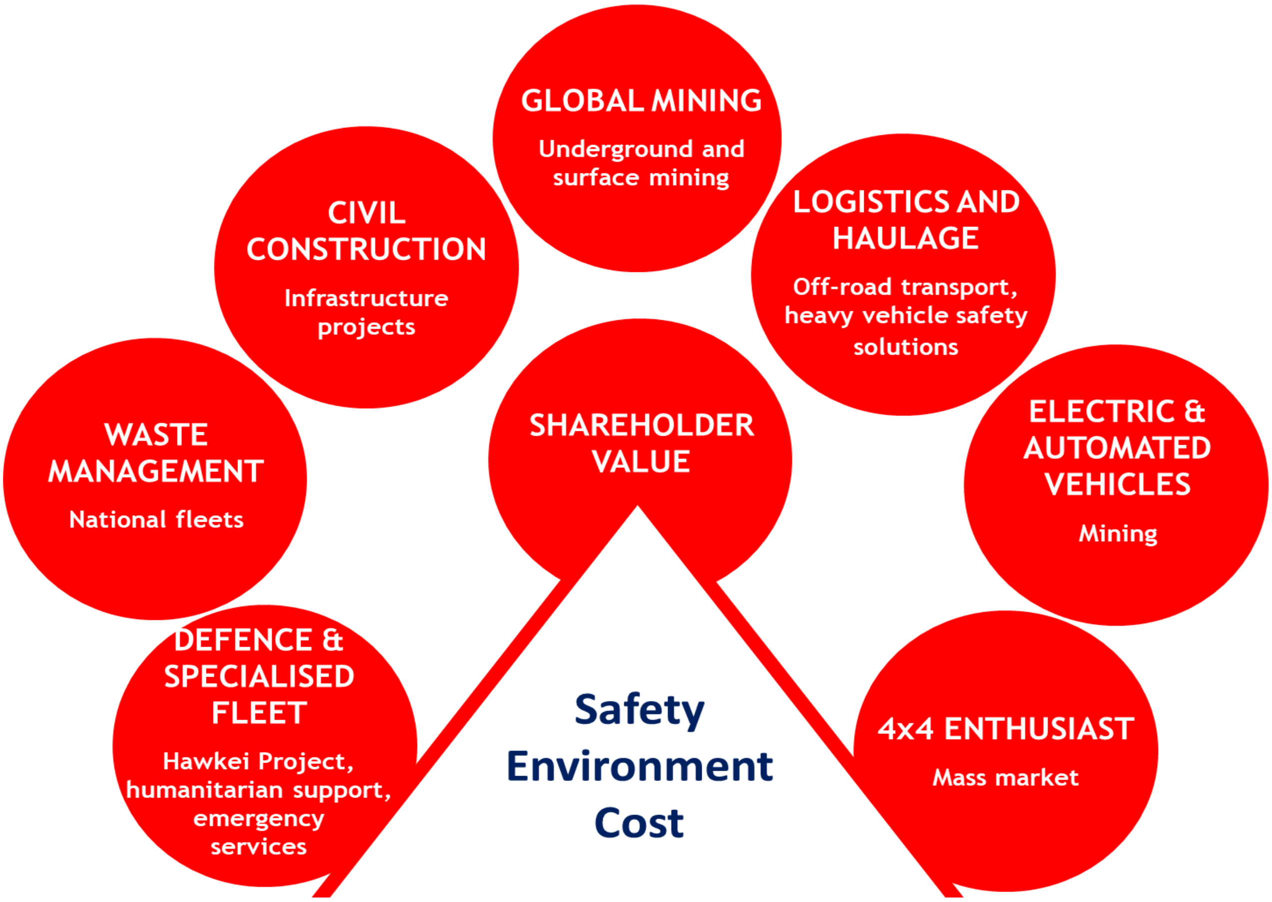
- diversification in our product offering;
- the industries which we supply;
- our customer base;
- the geographic locations in which our products are now found; and
- our network of suppliers.

This objective has been achieved by being successful in securing design work and product sales within the defence, waste management and civil construction industries, having secured contracts with Thales Australia, Cleanaway and the Lendlease Samsung Bouygues Joint Venture. Subsequent to year end, the Company was also successful in supplying Failsafe brakes into the significant Chilean mining industry, for the first time, through Minecorp-Chile as well as supplying brakes to the Department of the Environment and Energy for use by the Australian Antarctic Division. As a result of these recent contracts, ABT braking solutions can now be found in all seven continents around the world.

Growth and Outlook

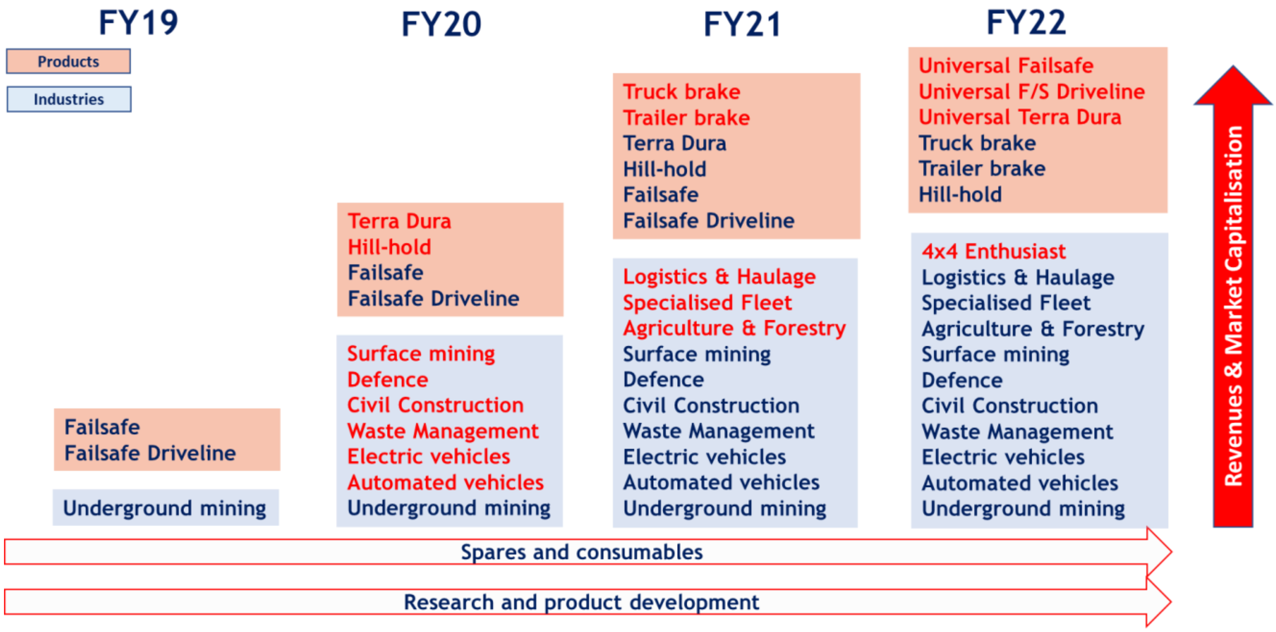
Following a difficult year, ABT has been able to lay the foundations for what will be an exciting growth phase for the Company.

With the right leadership team in place, an improved workplace culture and a product portfolio that meets the needs of our expanding customer base, ABT is very well placed to enter into a significant growth phase as we look to meet the challenges of safety to both employees and equipment, the environment and cost pressures across a diverse range of industries.



ABT not only has the product portfolio to meet the existing needs of both current and future customers, but we believe we have the intellectual property that will ensure we can participate in future braking technology that will not only assist the environment but will help create a sustainable future for vehicle transportation into the future.

The growth plan will deliver a greater product offering to a broader customer base across diverse industries which in turn will lead to increasing revenues, profits and ultimately shareholder value.



Acknowledgements

I would like to thank the Board for their guidance and all ABT staff for their support and continued dedication during what was a challenging period.

Also, I would like to thank the shareholders of ABT who have remained invested in the ABT story. With the strong foundations we now have in place, I believe we are now well placed to reward shareholders for their continued support and patience.

John Annand
Chief Executive Officer

ADVANCED BRAKING TECHNOLOGY

DIRECTORS' REPORT

The Directors of Advanced Braking Technology Ltd ('Company' or 'ABT') and its controlled entity Advanced Braking Pty Ltd (the 'Group' or the 'Consolidated Group' or the 'Consolidated Entity'), submit the annual financial report for the financial year ended 30 June 2019. For the purposes of the Corporations Act 2001, the Directors provide the report as follows:

Directors

The names and particulars of the Directors of the Company during or since the end of the financial year are:

Ms Dagmar Parsons Dipl.-Ing. (TH), MBA, GAICD *Chairman and Non-Executive Director*, Appointed 22 April 2018
Ms Parsons has more than 25 years of experience in the mining and resources industry across a range of functions, working in senior executive roles with Worley Parsons, AECOM and Downer.

Ms Parsons has worked with major national and multinational entities to drive critical market success by providing strategic direction, visionary leadership and innovative thinking. As a Mechanical Engineer, Ms Parsons has developed an in-depth knowledge of engineering, manufacturing, and service industry environments in the Mining, Oil and Gas, Power and Infrastructure sectors.

Ms Parsons has considerable experience in transforming and growing complex businesses across diverse corporate, operational and entrepreneurial roles in Australia, Asia and Europe. She has a strong appreciation of the role of good governance in setting, implementing and over sighting strategic imperatives. Ms Parsons holds a Masters Degree in Mechanical Engineering and a Masters in Business Administration. She is also a graduate member of the Australian Institute of Company Directors.

Mr David Slack *Non-Executive Director*, Appointed 9 September 2009
Mr Slack is the founding Managing Director of Australian equity fund manager Karara Capital Pty Ltd. Mr Slack is also a director of a private company, Transport Safety Group Pty Ltd, which has developed an innovative wireless solar rail crossing technology in the commercialisation phase. Over the past 30 years, Mr Slack has made a significant contribution to the Australian funds management industry. Notably, he was co-founder and joint managing director of Portfolio Partners Limited, which was sold to Norwich Union in 1998. Prior to that, Mr Slack was a founding executive director of County Nat West Investment Management, where he was head of Australian Equities. He was a non-executive director of the Victorian Funds Management Corporation until 2007, holding positions of deputy Chair and Chair of the Board Investment Committee. David has a Bachelor of Economics with Honours and is a fellow of FINSIA. He is a member of the Australian Institute of Company Directors.

Mr Adam Levine LL.B (Hon), B.Ec (Acc). *Non-Executive Director,* Appointed 9 April 2013
Mr Levine, a lawyer by profession, has over 25 years national and global experience in structuring and executing private equity investments and corporate finance transactions both as legal advisor and a principal investor.

The founder and Executive Chair of law firm R.B. Flinders, Mr Levine has grown the Melbourne based legal firm (with another office in Oakleigh) from a boutique M&A practice established during the height of the 2008 GFC, into a pre-eminent private wealth law firm focussed on building and protecting client wealth.

Mr Levine is also the Executive Chair and founder of Rockwell Group Holdings, the head principal investment vehicle of the Rockwell Group which undertakes investments into regulated financial services businesses. Mr Levine's extensive private equity experience and proactive investment practice have been the major contributory factor to the Rockwell Group's success with a portfolio IRR return in excess of most leading national and global private equity funds.

Mr Levine is also the co-founder of ImpactPay, a smart digital wallet with a big heart. ImpactPay focuses on stimulating and facilitating the philanthropic orientation of the mass consumer market, supporting local and international charities, while offering a millennial approach to banking.

His current directorships include ImpactPay Pty Ltd, Rockwell Group Holdings Pty Ltd, Rockwell Bates Pty Ltd, FMD Financial Pty Ltd, and a number of other private companies. Mr Levine is also the founder (with his wife) and Chair of the Rockwell Foundation, a private ancillary fund, which focuses on supporting opportunities for under privileged youth.

Mr Mark Lindh *Non-Executive Director, Appointed 27 June 2017*
Mr Mark Lindh is an investment banker and corporate advisor, with in excess of 15 years of experience in Australian equity and debt markets as well as advising on capital raisings, mergers and acquisitions and investor relations.

He is a founding executive director of Adelaide Equity Partners Limited, an Australian investment and advisory company and is non-executive director of Bass Oil Limited.

Directorships of other listed companies
Directorships of other listed companies held by Directors in the 3 years immediately before the end of the financial year, or at date of retirement if earlier, are as follows:

Name	Company	Period of Directorship
Mr Mark Lindh	Bass Oil Limited (ASX code: BAS)	2014 to date

Chief Executive Officer
Mr John Annand B.Bus, CA, ACIS, A Fin
Mr Annand brings significant experience to the role of CEO gained in executive finance and operations roles with ASX-listed and multi-national resources and pharmaceutical companies. Prior to his current role at ABT, he held the role of Acting CEO and Chief Financial Officer at Norwest Energy NL and more recently Chief Operations Officer at AusCann Group Holdings Limited. He also held a number of management roles during his 16 years with Woodside Energy including Commercial Manager and Finance Manager.

Mr Annand's prior experience has seen him responsible for strategy development and execution, marketing, research and development, operations, supply chain management, contract management, capital raisings, investor relations and corporate governance. He also brings to the CEO role customer, stakeholder, and joint venture relationship skills gained from working across international jurisdictions and diverse industries.

In addition to his accounting and corporate governance qualifications, John also holds a Bachelor of Business and a Graduate Diploma in Applied Finance and Investment.

Company Secretary
Ms Kaitlin Smith B.Com (Acc), CA
Ms Smith was appointed joint Company Secretary 19 July 2018 and Company Secretary on 10 August 2018. Ms Smith provides Company Secretarial and Accounting services to various public and proprietary companies. She holds a Bachelor of Commerce (Accounting) and is a Chartered Accountant.

Principal activities
The principal activity of the Consolidated Group during the course of the year was the commercialisation, research, development and manufacture of the ABT Failsafe Brakes, ABT Failsafe Emergency Driveline Brakes and Terra Dura Brakes and associated braking systems.

Operating results
The results of the Consolidated Group for the year ended 30 June 2019 were a loss from continuing activities, after income tax, of $1,713,000 (2018: loss of $1,656,000). Revenues from trading activities were $6,847,000 (2018: $6,974,000). Revenues from other activities were $583,000 (2018: $896,000).

Dividends
There have been no dividends paid or declared by the Company in the last two years.

Summary of material transactions
During the period, the Company raised $1.48M (before costs) via an entitlement offer to institutional and retail investors and via the placement of the offer shortfall, through the issue of 741,374,254 shares at $0.002 per share.

On 2 October 2018, a convertible note holder elected to convert $10,000 in convertible notes for 5,000,000 new shares for $0.002 per share.

At the Company's Annual General Meeting held on 29 November 2018, shareholders approved the consolidation of all the Company's shares in the capital of the Company on the basis of every ten shares into one share. The share consolidation occurred on 12 December 2018 and the Company's 297,049,519 shares recommenced trading on 13 December 2018.

The Company's convertible notes of $1,163,222 matured on 23 December 2018, of which:
- $897,700 convertible notes agreed to extend the maturity date to 30 June 2019 at a new coupon rate of 15% pa;
- $265,500 convertible notes elected to be redeemed; and

- $234,000 in new convertible notes were raised with a maturity date of 30 June 2019 at a price of $0.02 and a coupon rate of 15% pa.

During December 2018, Director, David Slack, made a $500,000 loan facility ('Related Party Loan Facility') available to the Company. The Related Party Loan Facility is repayable within 6 months following the drawdown, made on 28 December 2018 and has an interest rate of 15% pa. Subject to shareholder approval, the related party loan facility will be converted to a convertible note on the same terms as the new convertible notes.

On 24 April 2019, the Group entered into a short-term loan facility for up to $620,000 with R&D Capital Partners Pty Ltd ('R&D Loan Facility'), as a prepayment of the estimated research and development (R&D) tax incentive claim for the year ended 30 June 2019. The Group received an initial draw down of $420,000, with a second draw down of $200,000 at the Group's election, is subject to ongoing due diligence by R&D Capital Partners Pty Ltd.

On 12 June 2019, at a General Meeting of the Company, shareholders approved the issue of 25,000,000 convertible notes, each with a face value of $0.02 and a coupon rate of 15%pa, to a related party of Director, David Slack in satisfaction of the outstanding $500,000 in relation to the related party loan facility. The convertible notes were subsequently issued on 29 July 2019 on the same terms as other convertible note holders who are not related parties of the Company.

Significant changes in the state of affairs

On 19 July 2018, Ms Kaitlin Smith was appointed joint Company Secretary and following the resignation of Mr Graham Atkinson in August 2018, Ms Smith became the sole Company Secretary.

On 22 August 2018, Mr John Annand was appointed as Chief Financial Officer of the Group.

On 3 December 2018, Mr John Annand was appointed Chief Executive Officer of the Group, replacing Mr Peter Hildebrandt.

On 10 December 2018, Mr Anthony (Tony) Van Litsenborgh was appointed Engineering Manager.

On 11 March 2019, the Company appointed Mr Geoff Lewis as Sales Director of the Group.

Other than as described elsewhere in this report there were no significant changes in the state of affairs of the Company during the financial year.

Events subsequent to balance date

On 24 July 2019, ABT issued 855,636 ordinary fully paid shares to a consultant, KS Capital Pty Limited, in lieu of $11,000 in fees for services under an agreement to provide Corporate Advisory Services to ABT dated 7 May 2019.

The Company also issued 5,000,000 unlisted options to KS Capital Pty Limited on 24 July 2019, exercisable at 2.5 cents ($0.025) at any time on or before 30 June 2022, under an agreement to provide Corporate Advisory Services to ABT dated 7 May 2019. The issue of unlisted options was valued at approximately $63,523.

On 29 July 2019, ABT issued 10,700,000 convertible notes to new note holders, each with a face value of $0.02, maturing on 31 December 2019. The new notes were issued for $214,000 in proceeds following the redemption of $214,000 by existing convertible note holders that matured on 30 June 2019.

On 29 July 2019, ABT issued 25,000,000 convertible notes to a related party of Director, David Slack in satisfaction of the outstanding $500,000 for the related party loan facility. Each convertible note has a face value of $0.02 and matures on 31 December 2019.

At the date of this report, there are 81,585,001 convertible notes on issue at a face value of $0.02 ($1, 631,700). The convertible notes may be converted to shares on the maturity date of 31 December 2019 at the request of the note holder. The convertible notes may also be redeemed at any time at ABT's option. If the note holders convert the maximum number of 81,585,001 convertible notes, then the same number of ordinary shares would be issued.

During September 2019, ABT drew down the second tranche of $200,000 of the R&D Loan Facility for up to $620,000 with R&D Capital Partners Pty Ltd. The first tranche of $420,000 was received in April 2019. Repayment of the funds advanced is timed to coincide with the receipt of the Group's R&D tax incentive refund.

Other than as described elsewhere in this report there were no significant events subsequent to the balance date.

Future developments

The Economic Entity will continue to commercialise the Failsafe sealed wet braking system business in Australia and Overseas markets, along with the newly released Terra Dura sealed dry braking system.

Directors' interests

The relevant interest of each Director in the share capital of the Company, as notified by the Directors to the Australian Securities Exchange in accordance with s205G(1) of the Corporations Act 2001, at the date of this report is as follows:

Director	Ordinary shares (as at 30/09/2019)
D Parsons	500,000
D Slack	42,645,664
A Levine	777,778
M Lindh	3,033,334

Directors' meetings

During the financial year there were 10 meetings of Directors, including committees of Directors but excluding circulating and written resolutions.

The attendances of the Directors at these meetings were:

	Directors' Meetings		Audit Committee		Remuneration & Nomination Committee	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
D Parsons	10	10	4	4	3	3
D Slack	10	10	4	4	3	3
A Levine	10	10	4	4	3	3
M Lindh	10	10	4	4	3	3

REMUNERATION REPORT (AUDITED)
This remuneration report for the year ended 30 June 2019 outlines the remuneration arrangements of the Company and the Group in accordance with the requirements of the Corporations Act 2001 (the Act) and its regulations. This information has been audited as required by section 308(3C) of the Act.

The remuneration report details the remuneration arrangements for key management personnel (KMP) who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly, including any Director (whether executive or otherwise) of the Parent Company.

- **Individual key management personnel disclosures**

Details of KMP of the Parent and Group are set out below.

Directors

Name	Position	Appointment Date	Resignation Date
D Parsons	Non-Executive Chair	22 April 2018	-
D Slack	Non-Executive Director	9 September 2009	-
A Levine	Non-Executive Director	9 April 2013	-
M Lindh	Non-Executive Director	27 June 2017	-

Executives

Name	Position	Appointment Date	Resignation Date
P Hildebrandt	Chief Executive Officer	28 August 2017	3 December 2018
M Johnston	General Manager, Engineering	1 July 2014	22 August 2018
D Robinson	International Sales Director	1 July 2018	31 March 2019
J Annand	Chief Executive Officer	20 August 2018	-
P Exley	Financial Controller	20 November 2018	-
A Van Litsenborgh	Engineering Manager	10 December 2018	-
G Lewis	Sales Director	11 March 2019	-

- **Board Oversight of Remuneration**

Remuneration Committee
During the year, the Remuneration Committee met three times to make recommendations to the Board on remuneration policy and to recommend salary reviews and short and long-term incentives for the executive Director and executives.

Remuneration Policy
The remuneration policy of the Company is to pay executive directors and executives at market rates which are sourced from average wage and salary publications are subject to periodic reviews by external consultants and which may include a mix of short and long-term incentives linked to performance and aligned with market practice. In addition, Directors and employees may be issued shares and share options to encourage loyalty and to provide an incentive through the sharing of wealth created through equity growth which is linked to Company performance. The Remuneration Committee members believe the remuneration policy to be appropriate and effective and tailored to increase congruence between shareholders and Directors and executives.

- **Non-Executive Director remuneration arrangements**

Remuneration policy
The Board seeks to set aggregate remuneration at a level that provides the Company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders.

The amount of aggregate remuneration sought to be approved by Shareholders and the fee structure is reviewed against fees paid to non-executive directors of comparable companies. The Company's Constitution and the ASX listing rules specify that the non-executive Directors' fee pool shall be determined from time to time by a general meeting. The latest determination was at the 2005 Annual General Meeting (AGM) held on 1 November 2005 when Shareholders approved an aggregate fee pool of $300,000 per year.

At the Company's most recent Annual General Meeting held in November 2018, over 76% of eligible votes were cast for the adoption of the 30 June 2018 remuneration report. As no comments were received from shareholders who had voted against the resolution at that meeting, the Board does not propose any action with respect to its resolution at this time. The Board considers its remuneration policy to be appropriate and properly aligned with the current size and performance of the Group.

Structure

The remuneration of Non-Executive Directors consists of directors' fees. There are no schemes for retirement benefits for Non-Executive Directors other than statutory superannuation and Non-Executive Directors do not participate in any incentive programs. Other than the Chairman, each Non-Executive Director received a base fee of $55,000 per annum plus the superannuation guarantee contribution. The Chairman received a base fee of $85,000 plus the superannuation guarantee contribution. During the year ended 30 June 2019, Non-Executive Mr D Slack, elected to waive payment of his annual director's fees.

- **Executive remuneration arrangements**

Remuneration level and mix

The Group aims to reward executives with a level and mix of remuneration commensurate with their position and responsibilities within the Group and aligned with market practice. ABT undertakes an annual remuneration review to determine the total remuneration positioning against the market.

- **Remuneration of Directors and Executives**

Executive Contracts

Mr John Annand, Mr Tony Van Litsenborgh, Ms P Exley, and Mr Geoff Lewis are employed through employment contracts.

The terms of the Employment Contracts with Mr Annand, Mr Van Litsenborgh and Mr Lewis require both parties to provide three months of notice to terminate the contract. The terms of the Employment Contract with Ms Exley require both parties to provide two months of notice to terminate the contract.

Equity holdings and transactions

The movement during the reporting period in the number of ordinary shares of Advanced Braking Technology Ltd held, directly, indirectly or beneficially, by each Director, including their related party entities, are as follows:

(a) Directors	**Held at 1 July 2018 or at date of appointment**	**Movement during year**	**Share consolidation 1:10 basis**	**Held at date of resignation**	**Held at 30 June 2019**
D Parsons	-	5,000,000	(4,500,000)	n/a	500,000
D Slack	316,092,468	105,864,156	(379,310,960)	n/a	42,645,664
A Levine	5,833,334	1,944,445	(7,000,001)	n/a	777,778
M Lindh	19,000,000	11,333,334	(27,300,000)	n/a	3,033,334
Total	340,925,802	124,141,935	(418,110,961)	-	46,956,776

A share consolidation occurred on 12 December 2018 on the basis of 1 share for every 10 shares held at that date.

(b) Executives	**Held at 1 July 2018 or at date of appointment**	**Movement during year**	**Share consolidation 1:10 basis**	**Held at date of resignation**	**Held at 30 June 2019**
P Hildebrandt	-	-	-	-	-
M Johnston (1)	4,772,959	-	-	4,772,959	-
D Robinson	-	-	-	-	-
J Annand	-	-	-	-	-
P Exley	-	-	-	-	-
T Van Litsenborgh	-	-	-	-	-
G Lewis	-	-	-	-	-
Total	4,772,959	-	-	4,772,959	-

1. M Johnston ceased employment on 22 August 2018

Structure

In the financial year ended 30 June 2019, the executive remuneration framework consisted of the following components:

- Fixed remuneration; and
- Variable remuneration

The table below illustrates the structure of Advanced Braking Technology Ltd's executive remuneration arrangements:

Remuneration component	Payment Vehicle	Purpose	Link to performance
Fixed remuneration	Represented by total employment cost (TEC). Comprises base salary, plus superannuation contributions.	Set with reference to role, market and experience.	Based on annual appraisal and reference to market rates.
Short-term incentive component (STI)	Paid in cash or share based incentives for KMPs. During the FY15 year a share-based scheme was put in place for KMP executives. Employee share grant of up to $1,000 in shares. (excluding non-executive directors).	Rewards executives for their contribution to achievement of Group and business unit outcomes.	Linked to specified key performance indictors including group performance such as sales revenue, profit targets, and performance against budget and individual targets such product commercialisation. All grants are at the discretion of the Board of Directors.
Long-term incentive component (LTI)	Paid in cash or share based incentives for KMPs. During the FY16 year, a share-based scheme was put in place for KMP executives.	Rewards executives for their contribution to achievement of Group.	Linked to Total Shareholder Return, three-year sales budgets and profit targets. At judgement and discretion of the Board of Directors.

- **Details of remuneration**

The details of the nature and amount of remuneration for each Director and Executive (Key Management Personnel) of the Company are:

Directors	Note	Year	Primary Salary & Fees $000's	Share based remuneration $000's	Post-Employment Super $000's	Total $000's
D Parsons	1	2019	**86**	**-**	**8**	**94**
D Slack		2019	**-**	**-**	**-**	**-**
A Levine		2019	**55**	**-**	**5**	**60**
M Lindh		2019	**60**	**-**	**-**	**60**
Total		**2019**	**201**	**-**	**13**	**214**

1. Ms D Parsons - $1,038 of Directors fee paid during the period related to services provided in the financial year ended 30 June 2018.

Directors	Note	Year	Primary Salary & Fees $000's	Share based remuneration $000's	Post-Employment Super $000's	Total $000's
D Parsons		2018	10	-	1	11
D Slack		2018	5	-	-	5
A Levine		2018	55	-	5	60
M Lindh		2018	61	-	-	61
B Grey	1	2018	85	-	8	93
Total		**2018**	**216**	-	**14**	**230**

1. B Grey resigned on 19 June 2018

- **Details of remuneration (continued)**

Year	2019	Salary & Fees	STI Sales Commission	STI Shares Bonus	LTI Bonus	Post-Employment Super	Total
Executives	**Note**	**$000's**	**$000's**	**$000's**	**$000's**	**$000's**	**$000's**
P Hildebrandt	1	163	-	-	-	15	178
M Johnston	2	40	-	-	-	3	43
D Robinson	3	170	15	-	-	14	199
J Annand	4	241	-	-	-	21	262
P Exley	5	68	-	-	-	6	74
T Van Litsenborgh	6	96	-	-	-	9	105
G Lewis	7	65	-	-	-	6	71
Total	**2019**	**843**	**15**	**-**	**-**	**74**	**932**

1. P Hildebrandt ceased employment on 3 December 2018.
2. M Johnston ceased employment on 22 August 2018.
3. D Robinson ceased employment on 31 March 2019.
4. J Annand commenced employment on 20 August 2018 as Chief Financial Officer and was appointed CEO on 3 December 2018.
5. P Exley commenced employment on 20 November 2018.
6. T Van Litsenborgh commenced employment on 10 December 2018.
7. G Lewis commenced employment on 31 March 2019.

Year	2018	Salary & Fees	STI Sales Commission	STI Shares Bonus	LTI Bonus	Post-Employment Super	Total
Executives	**Note**	**$000's**	**$000's**	**$000's**	**$000's**	**$000's**	**$000's**
G Sumner	1	141	-	27	-	3	171
P Hildebrandt		263	-	-	-	23	286
N Walker	2	199	-	33	-	19	251
M Johnston		211	-	13	-	20	244
D Robinson		170	27	-	-	16	213
S Murdoch		68	-	-	-	6	74
Total	**2018**	**1,052**	**27**	**73**	**-**	**87**	**1,239**

1. G Sumner ceased employment on 29 September 2017
2. N Walker ceased employment on 15 May 2018.

Bonuses to Directors and Executives are recognised above in the year in which they are paid.

STI's relating to the period FY 2017 of $73,608, were paid in financial year 2018. These STI's were paid in the form of the issue of ordinary shares in 2018. No STI's for the CEO and KMP's were awarded in 2018. Sales commissions were earned in 2018, of which, commissions relating to the final quarter of FY2018 were paid in first quarter of FY 2019 in the amount of $14,539.

No STI's, LTI's or Sales commissions were accrued or earned by KMP's for the period 1 July 2018 to 30 June 2019

- **Securities Received that are not Performance Related**

No members of key management personnel are entitled to receive securities which are not performance-based as part of their remuneration package, other than up to $1,000 of shares under an employee share grant (ESG shares).

- **Cash Bonuses, Performance-related Bonuses and Share-based Payments**

Details of STI's and LTI's are as follows;

- STI's FY2017 – Shares to the value of $73,608 were accrued but not issued.
- STI's FY2018 – Shares to the value of $73,608 issued.
- No STI's or LTI's were accrued during FY2018.
- No STI's or LTI's were accrued or issued during FY2019.

- **Transactions with key management personnel**

Refer to Note 24 for details of transactions with Directors and key management personnel.

Environmental regulation

The Consolidated Entity is not subject to any particular and significant environmental regulation under a law of the Commonwealth or of a State or Territory.

Indemnification and Insurance of Directors, Officers and Auditor

During the course of the year the Company has paid $19,195 in premiums for Directors and Officers liability insurance for costs and expenses incurred by them in defending legal proceedings arising out of their conduct whilst acting in the capacity of Director or Officer of the Company other than conduct involving wilful breach of duty in relation to the Company. The Company has not during or since the end of the financial year, in respect of an auditor of the Consolidated Group, paid a premium to indemnify an auditor against a liability incurred as an auditor, including costs and expenses in successfully defending legal proceedings.

Proceedings on behalf of the Company

No person has applied for leave of court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

Auditor's Independence Declaration

The Auditor's independence declaration is included after this Directors' Report.

Non-Audit Services

The Directors are satisfied that the provision of non-audit services during the year by the auditor is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. Details of the amounts paid to the auditor for audit and non-audit services provided in respect of the year are set out below:

	CONSOLIDATED GROUP	
	2019	**2018**
AUDITOR'S REMUNERATION	**$'000**	**$'000**
Remuneration of the auditor of the Consolidated Group for:		
Auditing the financial statements	48	49
Other services	11	11
	59	60

Rounding of Amounts

The Company is an entity to which ASIC Class Order 98/100 applies and accordingly, amounts in the financial statements and Directors' report have been rounded to the nearest thousand dollars.

Signed in accordance with a resolution of the Board of Directors.

Dagmar Parsons
Non-Executive Chairman
30 September 2019

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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 year ended 30 June 2019 there have been no contraventions of:

i. The auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

ii. Any applicable code of professional conduct in relation to the audit.

SL Tan
Partner

MOORE STEPHENS

Moore Stephens
Chartered Accountants

Signed at Perth on the 30th day of September 2019

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2019

	NOTES	CONSOLIDATED GROUP 2019 $'000	2018 $'000
Revenues from trading activities		6,847	6,974
Cost of sales	3	(4,006)	(4,260)
Gross Profit		**2,841**	**2,714**
Revenues from other activities	2	583	896
Expenses			
Amortisation of intellectual property		(64)	(64)
Audit and accounting fees		(48)	(75)
Bad and doubtful debts	3	(4)	-
Information technology expenses		(62)	(97)
Consulting and contract labour expenses		(312)	(437)
Consumables and minor equipment		(170)	(249)
Depreciation expense	3	(159)	(195)
Employee expenses		(2,793)	(2,903)
Finance expenses	3	(361)	(216)
Insurance		(190)	(183)
Inventory obsolescence expense		(143)	(72)
Legal fees		(70)	(13)
Marketing and advertising expenses		(26)	(75)
Patent expense		(32)	(38)
Property expenses		(166)	(156)
Telephone and other communication		(38)	(38)
Travel and accommodation		(212)	(327)
Warranty expense		(54)	(42)
Other expenses		(233)	(86)
Total expenses		**(5,137)**	**(5,266)**
Loss from continuing operations		**(1,713)**	**(1,656)**
Loss before income tax		**(1,713)**	**(1,656)**
Income tax	4	-	-
Loss after income tax		**(1,713)**	**(1,656)**
Other comprehensive income/(loss)			
Items that may be reclassified subsequently to profit or loss		-	-
Total comprehensive loss for the period		**(1,713)**	**(1,656)**
		Cents	**Cents**
Basic profit / (loss) per share (cents)	7	**(0.61)**	**(0.75)***

* The basic loss per share for the year ended 30 June 2018 has been adjusted by the share consolidation ratio of 1:10 to reflect the share consolidation that occurred during December 2018.

The consolidated statement of profit and loss and other comprehensive income should be read in conjunction with the notes to the financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019

		CONSOLIDATED GROUP	
		2019	2018
	NOTES	$'000	$'000
CURRENT ASSETS			
Cash and Cash equivalents	8	716	627
Trade and other Receivables	9	1,295	1,344
Inventories	10	1,836	1,529
Other current assets	11	677	905
Total current assets		4,524	4,405
NON-CURRENT ASSETS			
Property, plant and equipment	13	463	490
Intangibles	14	735	799
Total non-current assets		1,198	1,289
TOTAL ASSETS		5,722	5,694
CURRENT LIABILITIES			
Trade and other Payables	15	1,295	1,211
Interest bearing liabilities	16	2,129	1,818
Provisions	17	201	195
Total current liabilities		3,625	3,224
NON-CURRENT LIABILITIES			
Interest-bearing liabilities	16	59	76
Provisions	17	4	42
Total non-current liabilities		63	118
TOTAL LIABILITIES		3,688	3,342
NET ASSETS		2,034	2,352
EQUITY			
Issued Capital	18	54,200	52,805
Accumulated losses	19	(52,166)	(50,453)
TOTAL EQUITY		2,034	2,352

The consolidated statement of financial position should be read in conjunction with the notes to the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2019

	NOTES	CONSOLIDATED GROUP 2019 $'000	2018 $'000
Net cash flows from operating activities			
Receipts from customers		7,391	8,203
Payments to suppliers, consultants and employees		(9,526)	(10,478)
Borrowing costs		(155)	(134)
Interest received		1	10
Other – Grants and R&D tax incentive		838	844
Net cash provided by / (used in) operating activities	23	(1,451)	(1,555)
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment		-	-
Purchase of property, plant and equipment		(133)	(224)
Net cash (used in) investing activities		(133)	(224)
Cash flows from financing activities			
Proceeds from borrowings		1,154	600
Repayment of borrowings		(866)	(77)
Proceeds from issue of shares		1,483	150
Cost of issuing shares		(98)	-
Net cash provided by financing activities		1,673	673
Net increase / (decrease) in cash and cash equivalents held		**89**	**(1,106)**
Cash and Cash equivalents at the beginning of the financial year		**627**	**1,733**
Cash and Cash equivalents at the end of the financial year	8	**716**	**627**

The consolidated statement of cash flow should be read in conjunction with the notes to the financial statements.

ADVANCED BRAKING TECHNOLOGY

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2019

	Attributable to equity holders of the parent			
	Issued Capital	Accumulated Losses	Other Reserves	Total
	$'000	$'000	$'000	$'000
CONSOLIDATED GROUP				
At 1 July 2018	52,805	(50,453)	-	2,352
Loss for the year	-	(1,713)	-	(1,713)
Total comprehensive income / (loss) for the year	-	(1,713)	-	(1,713)
Issue of ordinary shares	1,493	-	-	1,493
Transaction costs relating to share issues	(98)	-	-	(98)
Total transactions with owners	1,395	-	-	1,395
At 30 June 2019	**54,200**	**(52,166)**	**-**	**2,034**
CONSOLIDATED GROUP				
At 1 July 2017	52,655	(48,797)	-	3,858
Loss for the year	-	(1,656)	-	(1,656)
Total comprehensive income / (loss) for the year	-	(1,656)	-	(1,656)
Transaction costs relating to share issues	-	-	-	-
Issue of ordinary shares	150	-	-	150
Total transactions with owners	150	-	-	150
At 30 June 2018	**52,805**	**(50,453)**	**-**	**2,352**

The consolidated statement of changes in equity should be read in conjunction with the notes to the financial statements.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

These general-purpose financial statements have been prepared in accordance with the Corporations Act 2001, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board and International Financial Reporting Standards as issued by the International Accounting Standards Board. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards. The financial report is presented in Australian dollars. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

Except for cash flow information, the financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

These financial statements were authorised for issue by the Board of Directors on 30 September 2019.

(a) New and amended accounting policies adopted by the Group

The Company has considered the implications of new or amended Accounting Standards which have become applicable for the current financial reporting period and the Company had to change its accounting policies as a result of adopting the following standards:

- AASB 9: Financial Instruments; and
- AASB 15: Revenue from Contracts with Customers

The impact of the adoption of these standards and the respective accounting policies is discussed below.

***AASB 9: Financial Instruments* – Accounting Policies**

AASB 9 replaces the “incurred loss” impairment model in AASB 139 Financial Instruments: “Recognition and Measurement” with a forward-looking “expected credit loss” (ECL) model. It is no longer necessary for a loss event to occur before an impairment loss is recognised under the new model. Under the ECL model, the Group assesses on a forward-looking basis on the expected credit losses associated with its financial assets. The impairment methodology applied depends on whether there has been a significant increase in credit risk. The new impairment model applies to financial assets at amortised cost and contract assets under AASB 15 Revenue from Contracts with Customers. The application of the new standard results in a change in accounting policy. The Group applies the simplified approach permitted by AASB 9, which requires the recognition of lifetime expected losses for accounts receivables and contract assets from initial recognition of such assets. At every reporting date, the Group reviews and adjusts its historically observed default rates based on current conditions and changes in the future forecasts. As regards other receivables, the Group considers they have low credit risk and hence recognises 12-month expected credit losses for such item where appropriate. The expected losses (if any) are considered to be insignificant to the Group. The adoption of AASB 9 has had no material impact on the results and financial position of the Group for the current and prior years.

The measurement categories for all financial liabilities remain the same, the carrying amounts for all financial liabilities at 1 July 2018 have not been impacted by the initial application of AASB 9.

The Company did not designate or re-designate any financial asset or financial liability at fair value through profit or loss at 1 July 2018.

AASB 15: Revenue from Contracts with Customers – Accounting Policies

AASB 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. AASB 15 replaced AASB 118 “Revenue”, which covered revenue arising from sale of goods and rendering of services, and AASB 111 “Construction Contracts”, which specified the accounting for construction contracts. Under AASB 15, revenue is recognised when the customer obtains the promised good or service in the contract. This may be at a single point in time or over time.

Timing of revenue recognition
Previously, revenue from the sale of goods is recognised only when the goods or services has been provided, the amount of revenue can be measured reliably, and it is probable that the economic benefits associated with the transaction will flow to the Group.

Under AASB 15, revenue is recognised when the customer obtains control of the promised service or goods in the contract which may contain performance obligations. Under these performance obligations, customers may simultaneously receive and consume the benefits as the Group performs, therefore contracted revenue is recognised over time based on stage of completion of the contract or when these performance obligations are met.

AASB 15 provides a higher standard threshold for recognition of variations, claims and incentives which only allows revenue from variations and claims to be recognised to the extent they are approved or enforceable under the contract. The amount of revenue is then recognised to the extent it is highly probable that a significant reversal of revenue will not occur.

Revenue is allocated to each performance obligation and recognised as the performance obligation is satisfied which may be at a point in time or over time. The Group measures revenue using the measure of progress that best reflects the Group's performance in satisfying the performance obligation within the contracts over time. The different methods of measuring progress include an input method (e.g. costs incurred) or an output method (e.g. milestones reached). The same method of measuring progress will be consistently applied to similar obligations.

AASB 15 identifies the following three situations in which control of the promised service or product is regarded as being transferred over time:

- When the customer simultaneously receives and consumes the benefits provided by the entity's performance, as the entity performs;
- When the entity's performance creates or enhances an asset (for example work in progress) that the customer controls as the asset is created or enhanced; or
- When the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

If the contract terms and the entity's activities do not fall into any of these 3 situations, then under AASB 15, the entity recognises revenue for the service at a single point in time, being when control has passed. Transfer of risks and rewards of ownership is only one of the indicators that is considered in determining when the transfer of control occurs.

Where the Group provides services to customers, the customer consumes and receive the benefit of the service as it is performed. As such, any service revenue is recognised over time as the services are provided. Revenue for the sales of incidental or minor goods are recognised when the customer obtains control of the goods.

The adoption of AASB 15 has had no material impact on the results and financial position of the Group for the current and prior years.

(b) 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. 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. A list of the subsidiaries is provided in Note 12.

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.

Business combinations
Business combinations occur where an acquirer obtains control over one or more businesses.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business combination will be accounted for from the date that control is attained, whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed is recognised (subject to certain limited exemptions).

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent consideration arrangement is also included. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability is remeasured each reporting period to fair value, recognising any change to fair value in profit or loss, unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to the business combination are expensed as incurred.

The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase.

(c) Foreign Currency Transactions and Balances
Functional and presentation currency
The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Transactions and balances
Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in profit or loss, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in other comprehensive income to the extent that the underlying gain or loss is recognised in other comprehensive income; otherwise the exchange difference is recognised in profit or loss.

Group companies
The financial results and position of foreign operations, whose functional currency is different from the Group's presentation currency, are translated as follows:

- assets and liabilities are translated at exchange rates prevailing at the end of the reporting period;
- income and expenses are translated at average exchange rates for the period; and
- retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations with functional currencies other than Australian dollars are recognised in other comprehensive income and included in the foreign currency translation reserve in the statement of financial position. These differences are recognised in profit or loss in the period in which the operation is disposed.

(d) Cash and Cash Equivalents
Cash and cash equivalents include cash on hand, deposits available on demand with banks, other short-term highly liquid investments, net of any bank overdrafts. Bank overdrafts are reported within short-term borrowings in current liabilities in the statement of financial position.

(e) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

(f) Impairment of Assets

At the end of each reporting period, the Group assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information including dividends received from subsidiaries, associates or jointly controlled entities deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (e.g. in accordance with the revaluation model in AASB 116). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(g) Income Tax

The income tax expense / (revenue) for the year comprises current income tax expense / (income) and deferred tax expense / (income).

Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities / (assets) are measured at the amounts expected to be paid to / (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well unused tax losses.

Current and deferred income tax expense / (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (a) a legally enforceable right of set-off exists; and (b) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

(h) Financial Instruments

Recognition and initial measurement

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Company commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments (except for trade receivables) are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Trade receivables are initially measured at the transaction price if the trade receivables do not contain a significant financing component or if the practical expedient was applied as specified in AASB 15.63.

Classification and subsequent measurement

Financial liabilities

Financial instruments are subsequently measured at:
- amortised cost; or
- fair value through profit or loss.

A financial liability is measured at fair value through profit and loss if the financial liability is:
- a contingent consideration of an acquirer in a business combination to which AASB 3: *Business Combinations* applies;
- held for trading; or
- initially designated as at fair value through profit or loss.

All other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense in profit or loss over the relevant period. The effective interest rate is the internal rate of return of the financial asset or liability. That is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

A financial liability is held for trading if:
- it is incurred for the purpose of repurchasing or repaying in the near term;
- part of a portfolio where there is an actual pattern of short-term profit taking; or
- a derivative financial instrument (except for a derivative that is in a financial guarantee contract or a derivative that is in effective a hedging relationships).

Any gains or losses arising on changes in fair value are recognised in profit or loss to the extent that they are not part of a designated hedging relationship are recognised in profit or loss.

The change in fair value of the financial liability attributable to changes in the issuer's credit risk is taken to other comprehensive income and are not subsequently reclassified to profit or loss. Instead, they are transferred to retained earnings upon derecognition of the financial liability. If taking the change in credit risk in other comprehensive income enlarges or creates an accounting mismatch, then these gains or losses should be taken to profit or loss rather than other comprehensive income.

A financial liability cannot be reclassified.

Financial assets

Financial assets are subsequently measured at:
- amortised cost;

- fair value through other comprehensive income; or
- fair value through profit or loss.

Measurement is on the basis of two primary criteria:
- the contractual cash flow characteristics of the financial asset; and
- the business model for managing the financial assets.

A financial asset that meets the following conditions is subsequently measured at amortised cost:
- the financial asset is managed solely to collect contractual cash flows; and
- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates.

A financial asset that meets the following conditions is subsequently measured at fair value through other comprehensive income:
- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates;
- the business model for managing the financial assets comprises both contractual cash flows collection and the selling of the financial asset.

By default, all other financial assets that do not meet the measurement conditions of amortised cost and fair value through other comprehensive income are subsequently measured at fair value through profit or loss.

The Group initially designates a financial instrument as measured at fair value through profit or loss if:
- it eliminates or significantly reduces a measurement or recognition inconsistency (often referred to as "accounting mismatch") that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases;
- it is in accordance with the documented risk management or investment strategy, and information about the groupings was documented appropriately, so that the performance of the financial liability that was part of a Company of financial liabilities or financial assets can be managed and evaluated consistently on a fair value basis;
- it is a hybrid contract that contains an embedded derivative that significantly modifies the cash flows otherwise required by the contract.

The initial designation of the financial instruments to measure at fair value through profit or loss is a one-time option on initial classification and is irrevocable until the financial asset is derecognised.

Equity instruments
At initial recognition, as long as the equity instrument is not held for trading and not a contingent consideration recognised by an acquirer in a business combination to which AASB 3: *Business Combinations* applies, the Group has the option to make an irrevocable election to measure any subsequent changes in fair value of the equity instruments in other comprehensive income, while the dividend revenue received on underlying equity instruments investment will still be recognised in profit or loss. The Group currently has no equity instrument financial assets.

Regular way purchases and sales of financial assets are recognised and derecognised at settlement date in accordance with the Company's accounting policy.

Derecognition
Derecognition refers to the removal of a previously recognised financial asset or financial liability from the statement of financial position.

Derecognition of financial liabilities
A liability is derecognised when it is extinguished (ie when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability is treated as an extinguishment of the existing liability and recognition of a new financial liability.

The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Derecognition of financial assets
A financial asset is derecognised when the holder's contractual rights to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

All of the following criteria need to be satisfied for derecognition of financial asset:
- the right to receive cash flows from the asset has expired or been transferred;
- all risk and rewards of ownership of the asset have been substantially transferred; and
- the Company no longer controls the asset (ie the Group has no practical ability to make a unilateral decision to sell the asset to a third party).

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of a debt instrument classified as at fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss.

On derecognition of an investment in equity which was elected to be classified under fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investment revaluation reserve is not reclassified to profit or loss but is transferred to retained earnings.

Impairment
The Group recognises a loss allowance for expected credit losses on:
- financial assets that are measured at amortised cost or fair value through other comprehensive income;
- contract assets (eg amounts due from customers under construction contracts);
- loan commitments that are not measured at fair value through profit or loss; and
- financial guarantee contracts that are not measured at fair value through profit or loss.

Loss allowance is not recognised for:
- financial assets measured at fair value through profit or loss; or
- equity instruments measured at fair value through other comprehensive income.

Expected credit losses are the probability-weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due, and all cash flows expected to be received, all discounted at the original effective interest rate of the financial instrument.

The Group uses the following approach to impairment, as applicable under AASB 9: Financial Instruments:

- the simplified approach

Simplified approach
The simplified approach does not require tracking of changes in credit risk at every reporting period, but instead requires the recognition of lifetime expected credit loss at all times. This approach is applicable to:

- trade receivables or contract assets that result from transactions within the scope of AASB 15: Revenue from Contracts with Customers and which do not contain a significant financing component

In measuring the expected credit loss, a provision matrix for trade receivables is used taking into consideration various data to get to an expected credit loss (ie diversity of customer base, appropriate groupings of historical loss experience, etc).

Recognition of expected credit losses in financial statements
At each reporting date, the Group recognises the movement in the loss allowance as an impairment gain or loss in the statement of profit or loss and other comprehensive income.

The carrying amount of financial assets measured at amortised cost includes the loss allowance relating to that asset.

(i) Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result, and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

(j) Earnings per share

Basic earnings per share ("EPS") is calculated by dividing the net profit or loss attributable to members of the parent entity for the reporting period, after excluding any costs of servicing equity (other than ordinary shares and converting preference shares classified as ordinary shares for EPS calculation purposes), by the weighted average number of ordinary shares of the Company, adjusted for any bonus issue.

Diluted EPS is calculated by dividing the basic EPS earnings, adjusted by the after tax effect of financing costs associated with dilutive potential ordinary shares and the effect on revenues and expenses of conversion to ordinary shares associated with dilutive potential ordinary shares, by the weighted average number of ordinary shares and dilutive potential ordinary shares adjusted for any bonus issue.

(k) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of manufactured products includes direct materials, direct labour and an appropriate portion of variable and fixed overheads. Such costs are assigned to inventory on hand by the method most appropriate to each particular class of inventory, with the majority being valued on a weighted average basis. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

(l) Revenue and Other Income

As detailed in Note 1(a), the Group has adopted AASB 15 Revenue from Contracts with Customers from 1 July 2018 which resulted in changes in accounting policies but no adjustments to the amounts recognised in the current or prior financial statements.

Under AASB 15, revenues are generated by the Group through the design, development, manufacture and distribution of improved vehicle braking systems based on the Group's patented technology to customers worldwide.

For sales of products, revenue is recognised when control of the products has transferred to the customer, which is usually when the products are delivered to the customers. Volume discounts could be provided with the sale of these items depending on the volume of aggregate sales made to eligible customers. Revenue from the rendering of services is recognised upon the delivery of the service to the customer. A receivable will be recognised when the goods or services are delivered. The Group's right to consideration is deemed unconditional at this time as only the passage of time is required before payment of that consideration is due. There is no financing component because sales are made within standard credit terms as agreed with the customers.

As noted above, the application of AASB 15 did not have a material impact on the Group's financial statements.

Other Revenue

Interest revenue is recognised using the effective interest rate method.

Dividend revenue is recognised when the right to receive a dividend has been established.

(m) Government Grants

Government grants are recognised at fair value where there is reasonable assurance that the grant will be received, and all grant conditions will be met. Grants relating to expense items are recognised as income over the periods necessary to match the grant to the costs they are compensating. Grants relating to assets are credited to deferred income at fair value and are credited to income over the expected useful life of the asset.

Where it is expected that a grant will be repaid if certain conditions are met, the liability to repay the grant is recognised as the conditions are met and the liability crystallises.

R&D Tax incentives have been accounted for as government grants.

(n) Intangibles Other than Goodwill

Technology Assets / Patents

Such assets are recognised at cost of acquisition. The cost of technology assets is amortised over the average life of the patents granted for each technology asset on a straight-line basis. The average life of a patent varies between 10 and 20 years and technology assets in the Intellectual Property purchased from Safe Effect Technologies International Ltd (SETI) was initially amortised over 15 years. The estimated useful life and amortisation method is reviewed at the end of each annual reporting period.

The amortisation rate was reassessed in prior years, based on the extended patents, which currently run through to December 2030.

Research and development

Expenditure during the research phase of a project is recognised as an expense when incurred. Development costs are capitalised only when technical feasibility studies identify that the project is expected to deliver future economic benefits and these benefits can be measured reliably.

Development costs have a finite life and are amortised on a systematic basis based on the future economic benefits over the useful life of the project.

An intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following are demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributed to the intangible asset during its development.

Capitalised development costs will be amortised over their expected useful lives once commercial sales commence.

(o) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that is transferred to entities in the consolidated group, are classified as finance leases.

Finance leases are capitalised by recognising an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Finance leased assets are depreciated on a straight-line basis over their estimated useful lives.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the lease term.

(p) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment

Plant and equipment is measured on the cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present.

The carrying amount of plant and equipment is reviewed periodically by Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The cost of fixed assets constructed within the consolidated group includes the cost of materials and externally supplied services. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are expensed to profit and loss during the financial period in which they are incurred.

Depreciation
The depreciable amount of all fixed assets including buildings and capitalised lease assets, but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the consolidated group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The following estimated useful lives are used in the calculation of depreciation:

Class of Fixed Asset	
Plant and equipment	2-5 years
Motor vehicles	3-15 years
Office equipment and furniture	3-5 years
Software	3-5 years
Leasehold improvements	5-10 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in profit and loss. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

(q) Employee Benefits

Short-term employee benefits
Provision is made for the Group's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Group's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as a part of current trade and other payables in the statement of financial position. The Group's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

Other long-term employee benefits
Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any re-measurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

The Group's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Group does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

Equity-settled compensation
The Group operates an employee share/option ownership plan. Share-based payments to employees and Directors are measured at the fair value of the instruments issued and amortised over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the option reserve. The fair value of options is determined using the Black-Scholes pricing model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognised for services received as consideration for the equity instruments granted is based on the number of equity instruments that eventually vest.

(r) Comparative Figures
When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Where the Group has retrospectively applied an accounting policy, made a retrospective restatement of items in the financial statements or reclassified items in its financial statements, an additional statement of financial position as at the beginning of the earliest comparative period will be disclosed.

(s) Rounding of Amounts
The parent entity has applied the relief available to it under ASIC Class Order 98/100 and accordingly, amounts in the financial statements and Directors' report have been rounded off to the nearest $1,000.

(t) 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 (i.e. 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 (i.e. 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 (i.e. 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 instrument, 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.

(u) Critical Accounting Estimates and Judgments
The Directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

Key Estimates – Impairment
The group assesses impairment at each reporting date by evaluating conditions specific to the group that may lead to the impairment of assets. Where an impairment trigger exists, the recoverable amount of the assets is determined. Fair value less cost to sell and value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

(v) New Accounting Standards for Application in Future Periods
Accounting Standards issued by the AASB that are not yet mandatorily applicable to the Group, together with an assessment of the potential impact of such pronouncements on the Group when adopted in future periods, are discussed below:

- AASB 16: *Leases* (applicable to annual reporting periods beginning on or after 1 July 2019).

The Group has chosen not to early-adopt AASB 16. However, the Group has conducted a preliminary assessment of the impact of this new Standard, as follows:

A core change resulting from applying AASB 16 is that most leases will be recognised on the balance sheet by lessees as the standard no longer differentiates between operating and finance leases. An asset and a financial liability are recognised in accordance to this new Standard. There are, however, two exceptions allowed: short term and low value leases.

Basis of Preparation

The accounting for the Group's operating leases will be primarily affected by this new Standard.

AASB 16 will be applied by the Group from its mandatory adoption date of 1 July 2019. The comparative amounts for the year prior to first adoption will not be restated, as the Group has chosen to apply AASB 16 retrospectively with cumulative effect. While the right-of-use assets for property leases will be measured on transition as if new rules had always been applied, all other right-of-use assets will be measured at the amount of the lease liability on adoption (after adjustments for any prepaid or accrued lease expenses).

As at the reporting date, the Group has operating lease commitments of approximately $322,000 (Note 21b).

The Group has estimated that on 1 July 2019, it expects to recognise the right-of-use asset and lease liabilities of approximately $553,000.

The adjustment for AASB 16 will have a positive impact on EBITDA as the costs of operating leases (previously recognised as part of EBIT expensed over the term of the lease) will now be excluded from EBITDA as lease costs will be recognised separately in depreciation (for the right of use assets) while interest on lease liabilities will disclosed as part of financing costs.

(w) Going Concern Basis of Preparation
The financial report has been prepared on the going concern basis that contemplates the continuity of normal business activities and the realization of assets and extinguishment of liabilities in the ordinary course of business. For the year ended 30 June 2019, the Group recorded a loss after tax of $1.713m (2018: Loss of $1.656m) and reported operating cash outflows of $1.451m (2018: $1.555m). At balance date and as detailed in Note 16, the Company has current borrowings of $2.129m which mature before 31 December 2019.

The ability of the Company to continue as a going concern is dependent on it being able to either extend the maturity term of existing borrowings (such as the convertible notes), successfully raise further funding or generate adequate cashflows from its operations or a combination of all three. 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.

		CONSOLIDATED GROUP	
		2019	2018
		$'000	$'000
2	**REVENUES FROM OTHER ACTIVITIES**		
	Other activities		
	- interest received	1	10
	- net foreign exchange (loss) / gain	(19)	(9)
	- profit from sale of fixed assets	-	-
	- R&D Tax Incentive	600	873
	- other Government Grants	-	13
	- Other income	1	9
	Total revenue from other activities	**583**	**896**
3	**PROFIT / (LOSS) BEFORE INCOME TAX**		
	Profit / (Loss) before income tax has been determined after deducting the following expenses:		
	Cost of sales	4,006	4,260
	Finance expenses	361	216
	Depreciation of non-current assets		
	- plant and equipment	85	99
	- motor vehicle	35	33
	- office equipment and furniture	18	15
	- leasehold improvements	9	8
	- software	12	40
	Total depreciation	159	195
	Bad and doubtful debts		
	- trade debtors	4	-
	Total bad and doubtful debts	4	-
	Operating leases		
	- property rental expense	112	86
	- office equipment lease	16	17
	Total operating leases	128	103
	Inventory obsolescence expense	143	72

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

		Note	CONSOLIDATED GROUP	
			2019	2018
			$'000	$'000
4.	**INCOME TAX EXPENSE**			
a.	**The components of tax expense comprise:**			
	Current tax		-	-
	Deferred tax		-	-
	Income tax		-	-
b.	**The prima facie tax benefit on loss from ordinary activities before income tax is reconciled to the income tax as follows:**			
	Prima facie tax benefit on loss from ordinary activities before income tax at 27.5% (2018: 27.5%)		(471)	(455)
	Add tax effect of:			
	- Non-allowable items		437	551
	- Revenue losses and other deferred tax balances not recognised		199	144
	- R&D tax incentive		(165)	(240)
	Income tax		-	-
c.	**Deferred tax recognised at 27.5% (2018:27.5%):**	4e		
	Deferred tax liabilities:			
	Prepayments		(6)	-
	Intellectual Property		(7)	-
	Deferred tax assets:			-
	Carry forward revenue losses		13	-
	Net deferred tax		-	-
d.	**Unrecognised deferred tax assets at 27.5% (2018:27.5%):**	4e		
	Carry forward revenue losses		5,672	5,351
	Carry forward capital losses		83	83
	Capital raising costs		61	51
	Provisions and accruals		123	173
	Intangible assets		-	34
	Other		1	2
			5,940	**5,694**

The tax benefits of the above deferred tax assets will only be obtained if:

(a) the company derives future assessable income of a nature and of an amount sufficient to enable the benefits to be utilised;

(b) the company continues to comply with the conditions for deductibility imposed by law; and

(c) no changes in income tax legislation adversely affect the company in utilising the benefits.

e. Corporate Tax Rate:

The corporate tax rate for eligible companies will reduce from 30% to 25% by 30 June 2022 providing certain turnover thresholds and other criteria are met. Deferred tax assets and liabilities are required to be measured at the tax rate that is expected to apply in the future income year when the asset is realised, or the liability is settled. The Directors have determined that the deferred tax balances be measured at the tax rates stated.

5. Key Management Personnel Compensation

Refer to the remuneration report contained in the directors' report for details of the remuneration paid or payable to each member of the Group's key management personnel (KMP) for the year ended 30 June 2019.

The totals of remuneration paid to KMP's of the company and the Group during the year are as follows:

	2019 $000	2018 $000
Short-term employee benefits	1,059	1,295
Post-employment benefits	87	101
Other long-term benefits	-	-
Share-based payments	-	73
Total KMP compensation	**1,146**	**1,469**

Short-term employee benefits

These amounts include fees and benefits paid to the Non-Executive Chairman and Non-Executive Directors as well as all salary, paid leave benefits, fringe benefits and cash bonuses awarded to Executive Directors and other KMP.

Post-employment benefits

These amounts are the superannuation contributions made during the year.

	CONSOLIDATED GROUP	
	2019	2018
6. AUDITOR'S REMUNERATION	**$'000**	**$'000**
Remuneration of the auditor of the Consolidated Group for:		
Auditing the financial statements	48	49
Other services	11	11
	59	60

7. EARNINGS PER SHARE

Basic Earnings per share	**$'000**	**$'000**
Net (loss) ($'000's)	(1,713)	(1,656)
	Number ('000's)	**Number ('000's)**
Weighted average number of ordinary shares during the year used in calculation of basic EPS (in '000's)	282,474	221,744
	Cents	**Cents**
Basic (loss) per share (cents)	(0.61)	(0.75)*

A diluted earnings per share has not been shown for either 2019 or 2018 as it would dilute the actual loss per share attributable to existing Shareholders.

* The basic loss per share for the year ended 30 June 2018 has been adjusted by the share consolidation ratio of 1:10 to reflect the share consolidation that occurred during December 2018.

	CONSOLIDATED GROUP	
8 CASH AND CASH EQUIVALENTS	**2019**	**2018**
	$'000	**$'000**
Cash at bank	716	627

Reconciliation of cash

Cash at the end of the financial year as shown in the Cash Flows Statement is reconciled to items in the Balance Sheet as follows:

Cash at bank	716	627

Advanced Braking Pty Ltd has an invoice finance facility agreement with NAB under which it may borrow up to $0.5m secured against debtors. The amount which may be borrowed at any time varies depending on the debtor balance.

At 30 June 2019, the borrowing facility available was $500,000 (2018: $500,000) and the amount borrowed was nil (2018: nil).

Borrowings are secured by a general security agreement over the assets of Advanced Braking Pty Ltd and are guaranteed by Advanced Braking Technology Ltd.

9 TRADE AND OTHER RECEIVABLES	**Note**	**CONSOLIDATED GROUP**	
		2019	**2018**
		$'000	**$'000**
Current			
Trade receivables		1,305	1,364
Provision for impairment	9a(i)	(10)	(20)
Total current trade and other receivables		1,295	1,344

The following table shows the movement in lifetime expected credit loss that has been recognised for trade and other receivables in accordance with the simplified approach set out in AASB 9: *Financial Instruments*.

	Note	CONSOLIDATED GROUP				
		Opening balance under AASB 139	**Adjust-ment for AASB 9**	**Net measure-ment of loss allowance**	**Amounts written off**	**Closing balance**
		1 July 2017				**30 June 2018**
		$000	**$000**	**$000**	**$000**	**$000**
a. Lifetime Expected Credit Loss: Credit Impaired						
(i) Current trade receivables		(20)	-	-	-	(20)
		(20)	-	-	-	(20)

ADVANCED BRAKING TECHNOLOGY

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9 TRADE AND OTHER RECEIVABLES (Continued)

	Note	Opening balance under AASB 139	Adjust-ment for AASB 9	Net measure-ment of loss allowance	Amounts written off	Closing balance
		CONSOLIDATED GROUP				
		1 July 2018				30 June 2019
		$000	$000	$000	$000	$000
(i) Current trade receivables		(20)	-	-	10	(10)
		(20)	-	-	10	(10)

The Group applies the simplified approach to providing for expected credit losses prescribed by AASB 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The loss allowance provision as at 30 June 2019 is determined as follows; the expected credit losses also incorporate forward-looking information.
The amounts written off are all due to customers declaring bankruptcy, or term receivables that have now become unrecoverable.

	Current	>30 days past due	>60 days past due	>90 days past due	Total
	$000	$000	$000	$000	$000
2019					
Expected loss rate	0%	0%	12%	0%	0.8%
Gross carrying amount	787	435	84	(1)	1,305
Loss allowing provision	-	-	(10)	-	(10)

	Current	>30 days past due	>60 days past due	>90 days past due	Total
	$000	$000	$000	$000	$000
2018					
Expected loss rate	0%	0%	0.01%	100%	1.5%
Gross carrying amount	1,093	102	150	19	1,364
Loss allowing provision	-	-	(1)	(19)	(20)

10 INVENTORIES

	CONSOLIDATED GROUP	
	2019	2018
Current	$'000	$'000
Finished goods	-	-
Components and WIP	1,939	1,626
Less: Provision for obsolescence	(103)	(97)
	1,836	1,529

11 OTHER CURRENT ASSETS

	2019	2018
Prepayments	77	67
Other receivables - R&D Tax incentive	600	838
	677	905

12. CONTROLLED ENTITES

	PARENT ENTITY 2019 Number	PARENT ENTITY 2018 Number
Advanced Braking Pty Ltd ACN 088 129 917 (Incorporated in WA)		
Class and number of shares: ordinary	200,002	200,002

On 28 May 2002, the parent entity acquired 100% of Advanced Braking Pty Ltd for a purchase consideration of $200,002. The principal activity of the Company is brake research, design, engineering and commercialisation, and sales of brakes and brake parts.

13 PROPERTY, PLANT AND EQUIPMENT

	CONSOLIDATED GROUP 2019 $'000	CONSOLIDATED GROUP 2018 $'000
Plant and equipment at cost	607	489
Less: accumulated depreciation	(367)	(282)
	240	207
Motor vehicles at cost	181	180
Less: accumulated depreciation	(83)	(47)
	98	133
Leasehold Improvements at cost	88	88
Less: accumulated depreciation	(17)	(8)
	71	80
Office equipment and furniture at cost	140	128
Less: accumulated depreciation	(93)	(77)
	47	51
Software at cost	120	120
Less: accumulated depreciation	(113)	(101)
	7	19
Total at net written down value	463	490

Certain assets are secured in terms of Finance Lease Agreements as disclosed in Note 16(c).

Reconciliation

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year.

CONSOLIDATED GROUP	Plant & Equipment	Motor Vehicles	Office Equipment & Furniture	Leasehold Improvements	Software	Total
2019	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Balance at the beginning of year	207	133	51	80	19	490
Additions	118	-	14	-	-	132
Disposals	-	-	-	-	-	-
Written-off	-	-	-	-	-	-
Depreciation expense	(85)	(35)	(18)	(9)	(12)	(159)
Carrying amount at the end of year	240	98	47	71	7	463
2018	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Balance at the beginning of year	189	131	44	45	53	462
Additions	117	35	22	43	6	223
Disposals	-	-	-	-	-	-
Written-off	-	-	-	-	-	-
Depreciation expense	(99)	(33)	(15)	(8)	(40)	(195)
Carrying amount at the end of year	207	133	51	80	19	490

14. INTANGIBLES

	CONSOLIDATED GROUP	
	2019	**2018**
	$’000	**$’000**
Wet Brake technology assigned from Safe Effect Technologies International Ltd	2,984	2,984
Less - Accumulated amortisation	(2,249)	(2,185)
Carrying amount at the end of year	735	799
Total carrying amount at the end of year	735	799

Reconciliation

Movement in the carrying amounts for each class of intangible asset between the beginning and the end of the current financial year:

CONSOLIDATED GROUP	Wet Brake Technology	Total
2019	**$'000**	**$'000**
Balance at the beginning of year	799	863
Amortisation expense	(64)	(64)
Carrying amount at the end of year	735	799
2018	**$'000**	**$'000**
Balance at the beginning of year	863	863
Amortisation expense	(64)	(64)
Carrying amount at the end of year	799	799

Impairment Disclosure

An impairment assessment of intangibles was performed in April 2017, triggered by the impending introduction of the new polymer Terra Durra brake. This assessment confirmed the carrying amount of the SIBS (Failsafe) Wet Brake Intellectual Property and extended the amortisation period to December 2030 to coincide with the expiry date of the existing patents. No impairment assessment of intangibles was performed 2019 or 2018, as there were no impairment triggers.

		CONSOLIDATED GROUP	
		2019	**2018**
		$'000	**$'000**
15	**TRADE AND OTHER PAYABLES**		
	Current (unsecured)		
	Trade creditors	1,132	876
	Accrued expenses	163	335
		1,295	1,211
16	**INTEREST BEARING LIABILITIES**		
(a)	**Current and non-current**		
	Current (secured)		
	R&D incentive prepayment loan (v)	420	600
	Lease agreements	20	24
	Unexpired interest charges	(3)	(4)
		437	620
	Convertible Notes (i) -(iv)	1,632	1,173
	Interest due on Convertible note	60	25
		1,692	1,198
	Total	**2,129**	**1,818**
	Non-current (secured)		
	Lease and Hire purchase agreements	63	82
	Unexpired interest charges	(4)	(6)
		59	76
	Convertible Notes	-	-
	Total	**59**	**76**

(i) Convertible Notes for the value of $1,173,200 were issued on 22 December 2016 and were able to be converted to shares at any time prior to the maturity date of 22 December 2018, at the request of the note holder, or will be converted into shares on the maturity date. The notes were able to be redeemed at any time at ABT's option.

(ii) $10,000 in convertible notes were converted on 2 October 2018 for 5,000,000 new shares for $0.002 per share.

(iii) The Company's convertible notes of $1,163,200 matured on 23 December 2018, of which:

- $897,700 convertible notes agreed to extend the maturity date to 30 June 2019 at a new coupon rate of 15% pa;
- $265,500 convertible notes elected to be redeemed; and
- $234,000 in new convertible notes were raised with a maturity date of 30 June 2019 at a price of $0.02 and a coupon rate of 15% pa (previously 9%pa). ('New Convertible Notes')

(iv) During December 2018, Director, David Slack, made a $500,000 loan facility (related party loan facility) available to the Company. The related party loan facility is repayable within 6 months following the drawdown, made on 28 December 2018 and has an interest rate of 15% pa. At a General Meeting of the Company on 12 June 2019, shareholders gave approval for the related party loan facility to be converted to a convertible note on the same terms as the New Convertible Notes.

(v) The R&D incentive prepayment loan provided the Company with immediate funds of $420,000 from the forecast research and development tax incentive offset for the year ended 30 June 2019. Repayment of the loan is timed to coincide with the receipt of the Company's 2019 research and development incentive or 30 November 2019 (whichever is earlier). The lender is R&D Capital Partners Pty Limited. The loan attracts an annual interest rate of 15%.

		CONSOLIDATED GROUP	
		2019	2018
		$'000	$'000
(b)	**Total of current and non-current**		
	R&D incentive prepayment loan	420	600
	Lease, hire purchase, loans payable and convertible notes	1,775	1,304
	Unexpired interest charges	(7)	(10)
		2,188	1,894
(c)	**The carrying amounts of non-current assets pledged as security are:**		
	Motor vehicles	59	81
	Office equipment	-	12
		59	93

17 PROVISIONS

		2019	2018
	Current		
	Warranties	68	33
	Employee entitlements	133	162
	Total	201	195
	Non-Current		
	Employee Entitlements	4	42
	Total	4	42
(b)	**Number of Employees**	**Number**	**Number**
	Number of employees at year-end		
	Australia	16	18
	Total	16	18

18 ISSUED CAPITAL

(a) Issued Capital

The Parent Entity had issued 297,049,796 (2018: 2,224,120,936) fully paid ordinary shares as at the 30 June 2019.

	2019		2018	
	Number of shares	$'000	Number of shares	$'000
Ordinary shares				
Balance at beginning of the financial year 1 July	2,224,120,936	52,805	2,199,637,634	52,655
6 September 2017 - Shares issued to management under incentive scheme			3,671,050	27
19 September 2017 - Convertible Notes converted to shares			3,900,000	21
12 October 2017 - Convertible Notes converted to shares			10,500,000	55
30 October 2017 - Shares issued to management under incentive scheme			6,412,252	47
31 August 2018 – Institutional Entitlement Offer	219,720,665	439		
12 September 2018 – Retail Entitlement Offer	420,427,270	841		
17 September 2018 – Entitlement Offer shortfall	101,226,319	203		
2 October 2018 – Convertible Notes converted to shares	5,000,000	10		
12 December 2018 – Share Consolidation 10:1 basis	(2,673,445,394)			
	297,049,796	54,298	2,224,120,936	52,805
Transaction costs relating to share issues		(98)		-
Balance at end of financial year	297,049,796	54,200	2,224,120,936	52,805

(b) Capital Management

Management controls the capital of the Group in order to maintain a good debt to equity ratio, provide the Shareholders with adequate returns and ensure that the Group can fund its operations and continue as a going concern.

The Group's debt and capital includes ordinary share capital and financial liabilities, supported by financial assets. Advanced Braking Pty Ltd has a finance agreement with NAB under which it may borrow up to $500,000 secured against debtors. The amount which may be drawn down at any time is dependent on the debtor balance - see note 9.

There are no externally imposed capital requirements.

Management effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to Shareholders, share issues and convertible note issues.

There have been no changes in the strategy adopted by Management to control the capital of the Group since the prior year. Management aims to maintain a capital structure that ensures the lowest cost of capital available to the entity. The gearing ratios for the years ended 30 June 2019 and 30 June 2018 are as follows:

The gearing ratio is calculated as net debt divided by total capital. Net debt is defined as interest bearing liabilities less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the statement of financial position plus net debt.

	CONSOLIDATED GROUP	
	2019	2018
(c) Gearing ratio	42.0%	34.0%

19 ACCUMULATED LOSSES

	CONSOLIDATED GROUP	
	2019	2018
	$'000	$'000
Accumulated losses at the beginning of the financial year	(50,453)	(48,797)
Net loss attributable to members of the parent entity	(1,713)	(1,656)
Accumulated losses at the end of the financial year	(52,166)	(50,453)

20 SHARE BASED PAYMENTS

No members of key management personnel are entitled to receive securities which are not performance-based as part of their remuneration package.

21 CONTRACT AND LEASING COMMITMENTS

(a) Finance lease commitments

	CONSOLIDATED GROUP	
	2019	2018
Payable	$'000	$'000
- not later than 1 year	20	24
- later than 1 year but not later than 5 years	63	82
	83	106
Less future finance charges	(7)	(10)
Total hire purchase and finance lease liability	76	96

(b) Operating lease commitments

Non-cancellable operating lease contracted for but not capitalised in the financial statements

Payable		
- not later than 1 year	105	82
- later than 1 year but not later than 5 years	217	262
	322	344

22 SEGMENT REPORTING

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

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

(a) Revenue by geographical region

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

	CONSOLIDATED GROUP	
	2019	2018
	$'000	$'000
Australia	5,011	4,898
Oversea / Export	1,836	2,076
Total revenue from trading activities	**6,847**	**6,974**

(b) Assets by geographical region

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

Australia	5,722	5,694
Total assets	**5,722**	**5,694**

(c) Major customers

The Group has a number of customers to whom it provides both products and services. The three most significant customers comprise:

Significance	2019 % of total revenue from trading activities	2018 % of total revenue from trading activities
1st	17.8%	17.0%
2nd	8.2%	10.5%
3rd	6.9%	8.0%

23 CASH FLOW INFORMATION

	CONSOLIDATED GROUP 2019 $'000	2018 $'000
(a) Reconciliation of Cash Flow from operations with profit / (loss) after income tax		
Profit / (Loss) from ordinary activities after income tax	(1,713)	(1,656)
(Profit) / loss on disposal of property, plant and equipment	-	-
Non-cash flows in loss from ordinary activities		
Depreciation and impairment	159	195
Amortisation of IP	64	64
Changes in assets and liabilities		
(Increase) / decrease in trade and other receivables	49	838
(Increase) / decrease in inventories	(307)	(510)
(Increase) / decrease in other current assets	228	69
Increase / (decrease) in trade and other payables	101	(528)
Increase / (decrease) in provisions	(32)	(27)
Cash inflows / (outflows) from operations	**(1,451)**	**(1,555)**

(b) Non-cash financing and investing activities

2019

During the year to 30 June 2019,

a) nil ordinary shares were issued to Directors and Key Management Personnel.

b) 5,000,000 ordinary shares were issued to a convertible note holder on conversion of $10,000 of convertible notes.

2018

During the year to 30 June 2018, ordinary shares were issued to Directors and Key Management Personnel as follows;

a) ordinary shares were issued to one past Director, the CEO/Managing Director, who was issued with 3,671,050 shares, awarded under his 2017 STI.

b) ordinary shares were issued to the two Key Management Personnel, who were awarded 6,412,252 shares under their 2017 STI.

24 RELATED PARTY TRANSACTIONS

(a) Intercompany transactions

Transactions between related parties are on normal commercial terms and conditions except for intercompany loans which are provided at no interest and are treated by the Parent Entity as an investment in the subsidiary. Related party transactions are eliminated on consolidation.

(b) Transactions with Directors and Key Management Personnel

(i) During December 2018, Director, David Slack, made a $500,000 loan facility (related party loan facility) available to the Company via DASI Investments Pty Ltd, an entity of which Mr Slack is a director and shareholder. The related party loan facility was repayable within 6 months following the drawdown, made on 28 December 2018 and has an interest rate of 15% pa. At a General Meeting of the Company on 12 June 2019, shareholders gave approval for the related party loan facility to be converted to a convertible note on the same terms as the New Convertible Notes. The convertible note is held in the name of DASI Investments Pty Ltd. During the year ended 30 June 2019, DASI Investments Pty Ltd received loan interest payments in the amount of $19,109.59. An amount of $18,493.15 was payable to DASI Investments Pty Ltd for loan interest at 30 June 2019.

(ii) During the reporting period the Company made payments totalling $5,822 to Rockwell Bates Pty Ltd T/A R. B. Flinders for legal services on an arms-length basis at commercial rates. R. B. Flinders is a related party of Director, Adam Levine of which he is a director and shareholder.

(iii) During the reporting period the Company made payments totalling $64,805 to AE Administrative Services Pty Ltd for company secretarial, accounting and administration services on an arms-length basis at commercial rates. AE Administrative Services Pty Ltd is a related party of Director, Mark Lindh of which he is a director and shareholder.

(iv) During the reporting period the Company made payments totalling $60,225 to Adelaide Equity Partners Limited for director's fees for Mr Mark Lindh. Adelaide Equity Partners Limited related party of Director, Mark Lindh of which he is a director and shareholder.

(v) During 2019, no securities were issued to directors or key management personnel as remuneration.

(vi) During 2018, ordinary shares were issued to one past director and two key management personnel as remuneration. Refer to note 23 (b).

25 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Overview

The Company and its Subsidiaries ("Group") have exposure to the risks below from financial instruments:

i) Market risk;
ii) Liquidity risk;
iii) Credit risk.

The Directors have responsibility for the development and control of the risk management framework. The Audit Committee, established by the Directors, is responsible for development and monitoring of risk management policies. The Group's principal financial instruments comprise cash, interest bearing deposits, lease and an invoice finance facility (see note 8). The purpose of these financial instruments is to finance the growth of the Group and to provide working capital for the Group's operations.

The Group has various other financial instruments including trade debtors and trade creditors which arise directly out of its operations and through the negotiation of trading terms with customers and suppliers. During the period under review, the Group has not traded in financial instruments. However, it is Group policy to hedge foreign currency against fluctuations where appropriate, which may result in exchange losses.

The main risks arising from the Group's financial instruments are market risk, including interest rate risk and foreign currency risk, liquidity risk and credit risk. The Directors review and agree policy for managing each of these risks and they are summarised as follows:

(a) Market Risk

Interest rate risk

The economic entity's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, is as follows:

	Average Interest Rate %	Floating Interest Rate $'000	Within 1 Year $'000	1 to 5 Years $'000	Non-Interest Bearing $'000	Total $'000
2019						
Financial assets						
Cash	0.18%	716	-	-	-	716
Receivables - current	-	-	-	-	1,295	1,295
Other receivables (note 11)						
R&D Tax incentive	-	-	-	-	600	600
Total financial assets		716	-	-	1,895	2,611
Financial liabilities						
Payables	-	-	-	-	1,295	1,295
Interest Payable	-	-	-	-	60	60
R&D rebate loan	15.0%	-	420	-	-	420
Finance lease liabilities	5.4%	-	17	59	-	76
Convertible notes	15.0%	-	1,632	-	-	1,632
Total financial liabilities		-	2,069	59	1,355	3,486
Net Financial Assets / (Liabilities)		716	(2,069)	(59)	540	(872)
2018						
Financial assets						
Cash	0.9%	627	-	-	-	627
Receivables - current	-	-	-	-	1,344	1,344
Other receivables (note 11)						
R&D Tax incentive	-	-	-	-	838	838
Total financial assets		627	-	-	2,182	2,809
Financial liabilities						
Payables	-	-	-	-	1,211	1,211
Interest Payable	-	-	-	-	25	25
R&D rebate loan	15.0%	-	600	-	-	600
Finance lease liabilities	6.8%	-	20	76	-	96
Convertible notes	9.0%	-	1,173	-	-	1,173
Total financial liabilities		-	1,793	76	1,236	3,105
Net Financial Assets / (Liabilities)		627	(1,793)	(76)	946	(296)

As at 30 June 2019 Advanced Braking Pty Ltd was entitled to interest on deposits at the National Australia Bank at rates at the weighted average of 0.18% per annum (2018: 0.90% per annum).

The sensitivity analysis below is based on the interest rate risk exposure in existence at the balance sheet date. The 0.50% (2018: 1.0%) interest rate sensitivity is based on reasonable possible changes, over a financial year, using an observed range of historical Australian Reserve Bank rate movement over the last two years.

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	CONSOLIDATED GROUP	
	2019	2018
	$'000	$'000
Possible movements before tax:		
+0.5% (2018: 1.0%) per annum	4	6
-0.5% (2018: -1.0%) per annum	(4)	(6)

	CONSOLIDATED GROUP	
	2019	2018
	$'000	$'000
Net financial (liabilities)/assets as above	(872)	(296)
Non-financial assets and liabilities		
-Inventories	1,836	1,529
-Property, plant & equipment	463	490
-Intangible Assets	735	799
-Other current assets-prepayments (note 11)	77	67
-Refundable deposits	-	-
-Staff advances	-	-
-Provisions - Current	(201)	(195)
-Provisions - Non-current	(4)	(42)
Net (liabilities)/assets as per the Balance Sheet	2,034	2,352

The Directors' objective is to earn the highest rate of interest on deposits with minimum risk. The Directors' policy therefore is to place deposits with recognised banks which offer the highest variable and/or fixed rates. Similarly, loans and asset finance contracts are shopped to find the lowest rates of interest expense.

Foreign Currency Risk

The Company currently has minimal foreign exchange exposure with regard to both the receivables and payables and currently has no offshore assets.

At 30 June 2019, the Company does not have any forward foreign exchange contracts in place. As at 30 June 2019 the Group had the following exposure to foreign currency:

	CONSOLIDATED GROUP	
	2019	2018
Financial Asset	$'000	$'000
Cash and cash equivalents	-	-
Trade and other receivables	223	-
	-	-
Financial Liabilities		
Payables	(11)	25
Net Exposure	212	25

The following sensitivity analysis is based on the foreign currency risk exposure in existence at the balance sheet date. The 7% (2018: 7%) sensitivity is based on reasonable possible changes, over a financial year, using an observed range of actual historical rates in foreign exchange movements over the last two years.

In the year to 30 June 2019, if the Australian Dollar had moved, as illustrated in the table below, with all other variables held constant, the results before tax relating to financial assets and would have been affected as shown below:

	CONSOLIDATED GROUP	
	2019	2018
	$'000	$'000
Possible movements before tax:		
Pre-Tax Profit – higher/(lower)		
+7% (2018: +7%) per annum	15	2
-7% (2018: -7%) per annum	(15)	(2)

(b) Liquidity Risk

The Group's objective is to fund new product development and commercialisation through Shareholder equity, convertible notes, government grants, R&D tax incentives, lease finance and bank funding where available.

The Group manages liquidity risk by maintaining adequate cash reserves through share issues, convertible note issues, debtor finance, secured bank lending and asset finance. Future funding requirements are determined through the monitoring of regular cash flow forecasts, which reflect management's expectations in respect of future turnover, development of new markets and products, capital investment and the settlement of financial assets and liabilities.

	CONSOLIDATED GROUP	
	2019	2018
	$'000	$'000
The following are the contractual maturities of financial liabilities, including estimated interest payments:		
0 – 6 months	492	637
6 – 12 months	8	8
1 – 5 years	56	76
	556	721
Potential payment to be made 31 December 2019 for Convertible Notes redeemed by holders. See note 16(a).	1,632	1,173
	2,188	1,894

The following table discloses maturity analysis of financial assets and liabilities based on management expectation:

CONSOLIDATED GROUP AS AT 30 JUNE 2019

	< 6 Mths $'000	6 - 12 Mths $'000	1 - 5 Years $'000	Total $'000
Financial Assets				
Cash and cash equivalents	716	-	-	716
Trade and other receivables	1,295	-	-	1,295
Accrued Income				
R&D tax incentive	600	-	-	600
Total financial assets	2,611	-	-	2,611
Financial Liabilities				
Payables	1,295	-	-	1,295
Hire purchase and finance lease liabilities	12	8	56	76
R&D rebate loan	420	-	-	420
Convertible Note accrued interest	60	-	-	60
Convertible notes	1,632	-	-	1,632
Total financial liabilities	3,419	8	56	3,483
Net exposure	**(808)**	**(8)**	**(56)**	**(872)**

CONSOLIDATED GROUP AS AT 30 JUNE 2018

	< 6 Mths $'000	6 - 12 Mths $'000	1 - 5 Years $'000	Total $'000
Financial Assets				
Cash and cash equivalents	627	-	-	627
Trade and other receivables	1,344	-	-	1,344
Accrued Income				
R&D tax incentive	838	-	-	838
Total financial assets	2,809	-	-	2,809
Financial Liabilities				
Payables	1,211	-	-	1,211
Hire purchase and finance lease liabilities	12	8	76	96
R&D rebate loan	600	-	-	600
Convertible Note accrued interest	25	-	-	25
Convertible notes	1,173	-	-	1,173
Total financial liabilities	3,021	8	76	3,105
Net exposure	**(212)**	**(8)**	**(76)**	**(296)**

(c) Credit risk

The Group has no significant concentration of credit risk with respect to any single counterparty or group of counterparties other than those receivables specifically provided for and mentioned within Note 9. The class of assets described as "trade and other receivables" is considered to be the main source of credit risk related to the Group.

On a geographical basis, the Group has significant credit risk exposures in Australia given the substantial operations in that region. The Group's exposure to credit risk for receivables at the end of the reporting period in that regions is as follows:

AUD	CONSOLIDATED GROUP 2019 $'000	2018 $'000
Australia	1,295	1,344
	1,295	1,344

There has been no change in the estimation techniques used or significant assumptions made during the current reporting period.
The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery; for example, when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over two years past due, whichever occurs earlier. None of the trade receivables that have been written off are subject to enforcement activities.

(d) Net fair values

The financial assets and liabilities included in current asset and current liabilities in the Balance Sheet position are carried at amounts that approximate net fair values or recoverable amount. Impairment assessments in financial year 2019 resulted in a minor adjustment to the provision for obsolete inventory.

Intangible assets as at 30 June 2019 only comprises the Wet Brake technology assigned from Safe Effect Technologies International Ltd on 27 June 2006. The amortisation period is to December 2030, being the current life of patents, which underpin the carrying value.

26 CONTINGENT LIABILITIES

There are no contingent liabilities.

27 EVENTS SUBSEQUENT TO BALANCE DATE

On 24 July 2019, ABT issued 855,636 ordinary fully paid shares to a consultant, KS Capital Pty Limited, in lieu of $11,000 in fees for services under an agreement to provide Corporate Advisory Services to ABT dated 7 May 2019.

The Company also issued 5,000,000 unlisted options to KS Capital Pty Limited on 24 July 2019, exercisable at 2.5 cents ($0.025) at any time on or before 30 June 2022, under an agreement to provide Corporate Advisory Services to ABT dated 7 May 2019. The issue of unlisted options was valued at approximately $63,523.

On 29 July 2019, ABT issued 10,700,000 convertible notes to new note holders, each with a face value of $0.02, maturing on 31 December 2019. The new notes were issued for $214,000 in proceeds following the redemption of $214,000 by existing convertible note holders that matured on 30 June 2019.

On 29 July 2019, ABT issued 25,000,000 convertible notes to a related party of Director, David Slack in satisfaction of the outstanding $500,000 for the related party loan facility. Each convertible note has a face value of $0.02 and matures on 31 December 2019.

At the date of this report, there are 81,585,001 convertible notes on issue at a face value of $0.02 ($1,631,700). The convertible notes may be converted to shares on the maturity date of 31 December 2019 at the request of the note holder. The convertible notes may also be redeemed at any time at ABT's option. If the note holders convert the maximum number of 81,585,001 convertible notes, then the same number of ordinary shares would be issued.

During September 2019, ABT drew down the second tranche of $200,000 of the R&D Loan Facility for up to $620,000 with R&D Capital Partners Pty Ltd. The first tranche of $420,000 was received in April 2019. Repayment of the funds advanced is times to coincide with the receipt of the Group's R&D tax incentive refund.

28 PARENT INFORMATION

The following information has been extracted from the books and records of the parent company and has been prepared in accordance with Accounting Standards.

	PARENT ENTITY	
	2019	**2018**
STATEMENT OF FINANCIAL POSITION	**$'000**	**$'000**
ASSETS		
Current assets	249	45
Non-current assets	7,560	6,505
TOTAL ASSETS	7,809	6,550
LIABILITIES		
Current liabilities	1,811	1,259
Non-current liabilities	-	-
TOTAL LIABILITIES	1,811	1,259
EQUITY		
Issued Capital	54,200	52,805
Other reserves	-	-
Accumulated losses	(48,202)	(47,514)
TOTAL EQUITY	5,998	5,291

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

	PARENT ENTITY	
	2019	2018
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	$'000	$'000
Total profit/(loss) after tax	(687)	(325)
Total Comprehensive Income/(Loss)	(687)	(325)

Guarantees

At 30 June 2019, Advanced Braking Technology Ltd provides a guarantee and indemnity in relation to the obligations of Advanced Braking Pty Ltd in favour of NAB in connection with an invoice finance facility which was established during the 2013 financial year.

Advanced Braking Technology Ltd has provided guarantees to a number of suppliers of Advanced Braking Pty Ltd in connection with the subsidiary negotiating finance under lease agreements, the R&D rebate loan and in relation to the Perth leased premises. The Directors have also resolved that the Company will continue to provide financial support to its subsidiaries for as long as it is required.

Contingent Liabilities

There are no contingent liabilities.

Contractual Commitments

As at 30 June 2019, Advanced Braking Technology Ltd had not entered into any contractual commitments for the acquisition of property, plant and equipment (2018: Nil).

The Directors of the Company declare that:

1. The financial statements and notes, as set out on pages 24 to 54, are in accordance with the Corporations Act 2001:

    a) comply with Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS); and

    b) give a true and fair view of the financial position as at 30 June 2019 and of the performance for the year ended on that date of the Consolidated Group.

2. The Chief Executive Officer and Chief Finance Officer have each given the declarations required by s295A of the Corporations Act 2001.

3. 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 and is signed by authority for and on behalf of the Directors by:

Dagmar Parsons
Chairman

Sydney, New South Wales
30 September 2019

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF ADVANCED BRAKING TECHNOLOGY LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL REPORT

Opinion

We have audited the financial report of Advanced Braking Technology Limited (the Company) and its subsidiaries (the "Group"), which comprises the consolidated statement of financial position as at 30 June 2019, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion:

a) the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

   i. giving a true and fair view of the Group's financial position as at 30 June 2019 and of its financial performance for the year then ended; and

   ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the Group in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the "Code") that are relevant to our audit of the 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 report.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

Key Audit Matters (continued)

Impairment of Wet Brake Technology Refer to Notes 1(n) & 14 Intangibles	
The carrying value of Advanced Braking's Failsafe Brake Technology as at 30 June 2019 was $735,000 and the related amortisation charge for the year ended 30 June 2019 was $64,000. The carrying value and amortisation rate are reviewed annually by management with reference to current and forecast trading performance, relevant technological factors and other operational indicators. This involves a significant amount of management judgement. This is a key area of audit focus because the carrying value is material and the value is subject to significant management judgement and estimates.	Our audit procedures included, amongst others: • Assessed the reasonableness of management's assertions and estimates regarding estimated useful life of the asset with reference to its patent information currently registered with local and foreign intellectual property government agencies (e.g. IP Australia https://www.ipaustralia.gov.au/). • Held discussions with management that the amortisation period (useful life) at the end of the financial year remained appropriate and that there were no conditions which would adversely affect the valuation of the intangibles • Comparing the market capitalisation of the Company against the book value of its total net assets at balance date for any impairment triggers. There were no such triggers given the year-end market capitalisation of $5.35 million far exceeded the net asset value. • Tested the amortisation expense recorded and ensured consistency with the accounting policy. • Considered whether the relevant disclosures in the financial statements were appropriate and adequate.

Key Audit Matters (continued)

Existence and Valuation of Inventories Refer to Note 10 Inventories	
The carrying value of inventory as at 30 June 2019 was $1,836,000. Inventory comprises finished goods and components. Inventories are held in significant quantities and are valued at the lower of cost and net realisable value (NRV). A provision for obsolete and slow moving inventory is raised by management, the assessment of which is subject to significant management judgement. Obsolete and slow moving inventory could result in an overstatement of the carrying value of inventories as the recorded cost may be higher than the net realisable value. Given inventories are the Company's single largest asset, we have therefore identified inventory existence and valuation as a key audit matter.	Our procedures to test the existence and valuation of inventories included, amongst others: • Testing the relevant internal control procedures relating to the existence and valuation of inventory, including attendance at the physical inventory count near period-end, undertaking our own test counts and obtaining confirmation of inventories held by third parties • Testing a sample of inventory items and comparing our count results with those of the Group's representative and investigating any variances • Performing test of details on historical costs, including testing the mathematical accuracy of the final inventory listing. • Held discussions with management to understand and corroborate assumptions applied in ensuring slow moving, old and certain inventory lines have been appropriately valued or adequately provided for or impaired • Testing a sample of inventory items to subsequent sales to ensure that they were recorded at the lower of cost and net realisable value • Reviewing gross margins for any unusual patterns compared to prior periods

Key Audit Matters (continued)

Going concern basis of accounting Refer to Note 1(w) Going concern basis of preparation	
The Group's use of the going concern basis of accounting in accordance with AASB 101 Presentation of Financial Statements and the associated extent of any uncertainty is a key audit matter. This is due to the high level of judgement required by us in evaluating the Group's assessment of going concern and the events or conditions that may cast significant doubt on their ability to continue as a going concern. These are outlined in Note 1(w). The Directors have determined that the use of the going concern basis of accounting is appropriate in preparing the financial report. Their assessment was based on current working capital available combined with cash flow projections which incorporate a number of assumptions and significant judgements.	Our audit procedures included, amongst others, the following: • An evaluation of the directors' assessment of the Group's ability to continue as a going concern. In particular, we reviewed budgets and cashflow forecasts for at least the next 12 months and reviewed and challenged the directors' assumptions. • Assessing the planned levels of expenditures (including any capital items) for consistency of relationships and trends to the Group's historical results and our understanding of the business and industry • Consideration of repayment terms of the Group's debt facilities including the proven ability to extend these terms (especially in relation to the convertible notes) and ongoing access to unused debt facilities. • An evaluation of the directors' plans for future operations and actions in relation to its going concern assessment, taking into account any relevant events subsequent to the year end, through discussion with the directors, review of board minutes, latest management accounts & recent ASX announcements • Assessing the Group's ability to raise additional funds via equity or debt and their impact to going concern • Review of disclosure in the financial statements

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2019, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.
If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, international omissions, misrepresentation, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

Auditor's Responsibilities for the Audit of the Financial Report (continued)

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON THE REMUNERATION REPORT

Opinion on the Remuneration Report

We have audited the Remuneration Report as included in the directors' report for the year ended 30 June 2019.

In our opinion, the Remuneration Report of Advanced Braking Technology Limited, for the year ended 30 June 2019 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

MOORE STEPHENS

SL TAN
PARTNER

MOORE STEPHENS
CHARTERED ACCOUNTANTS

Signed at Perth on the 30th day of September 2019

ABT
ADVANCED BRAKING TECHNOLOGY

SHAREHOLDER INFORMATION

Additional information required by the ASX Limited Listing Rules and not disclosed elsewhere in this report is set out below.

1. Statement of issued capital at 24 September 2019.

(a) Distribution of fully paid ordinary shares

Size of Holding			Number of Shareholders	Shares Held	% Units
1	-	1,000	225	139,503	0.05
1,001	-	5,000	305	841,184	0.28
5,001	-	10,000	171	1,327,960	0.45
10,001	-	100,000	488	19,935,100	6.69
100,001	and	Over	309	275,661,685	92.53
Total			1,498	297,905,432	100.00

(b) There are 831 Shareholders with less than a marketable parcel.

(c) There are no restrictions on voting rights attached to the ordinary shares on issue. On a show of hands, every member present in person shall have one vote and upon a poll, every member present in person or by proxy shall have one vote for every share held.

2. Substantial Shareholders

The Company has the following substantial Shareholder at 24 September 2019:

Mr Keith Knowles	15.88%	47,320,308 shares
Mr David Slack	14.01%	42,645,664 shares
Mr Craig Chapman	5.04%	15,000,000 shares

3. Shareholders

The twenty largest Shareholders hold 52.65% of the total issued ordinary shares in the Company as at 24 September 2019.

4. Share Options on issue at 24 September 2019

The Company has on issue 5,000,000 unlisted options, exercisable at $0.025 on or before 30 June 2022, which are held by K. S. Capital Pty Ltd.

5. Convertible Notes on issue at 24 September 2019

There are 81,585,001 convertible notes on issue at a face value of $0.02. These may be converted to shares at any time prior to the maturity date of 31 December 2019 at the request of the note holder or will be converted into shares on the maturity date.

Unlisted convertible notes with a face value of $0.02 per note, bearing interest at 15.0% per annum, convertible into shares at $0.02 per share up to the maturity date of 31 December 2019.

Number of Convertible Notes	81,585,001
Number of Holders	17

Holders with greater than 20%	Value of Convertible Notes	% of Convertible Notes
DASI Investment Pty Ltd	$500,000	30.6%
MAPD Nominees Pty Ltd	$423,700	26.0%

6. On-market buy-back.

There is no current on-market buy-back.

SHAREHOLDER INFORMATION

7. Quotation

Shares in Advanced Braking Technology Ltd are listed on the Australian Securities Exchange (ASX:ABV).

8. Largest Fully Paid Ordinary Shareholders

The names of the twenty largest Shareholders at 24 September 2019, who hold 52.65% of the fully paid ordinary shares in the Company, are;

Rank	Name	Number of Shares	% of Issued Shares
1	PARKS AUSTRALIA PTY LTD	33,190,993	11.14
2	WINDPAC PTY LTD <THE SLACK FAMILY A/C>	19,622,167	6.59
3	DASI INVESTMENTS PTY LTD	18,292,743	6.14
4	MR CRAIG GRAEME CHAPMAN <NAMPAC DISCRETIONARY A/C>	15,000,000	5.04
5	MR PETER RODNEY BOWER	10,500,000	3.52
6	MR KEITH KNOWLES	9,634,323	3.23
7	RP INVEST PTY LTD <PALMER FAMILY RETIRE A/C>	8,600,000	2.89
8	SCINTILLA STRATEGIC INVESTMENTS LIMITED	6,500,000	2.18
9	CHARMED5 PTY LTD	6,000,000	2.01
10	MR EVAN PHILIP CLUCAS + MS LEANNE JANE WESTON <KURANGA NURSERY SUPER A/C>	4,606,250	1.55
11	WINDPAC PTY LTD <THE DAVID EARL SLACK SUPERANNUATION FUND A/C>	3,888,890	1.31
12	MYALL RESOURCES PTY LTD <MYALL GROUP SUPER FUND A/C>	2,997,500	1.01
13	SLADE TECHNOLOGIES PTY LTD <EMBREY FAMILY SUPERFUND A/C>	2,666,667	0.90
14	TOKEN NOMINEES PTY LTD	2,533,334	0.85
15	M/S TRACEY-ANN PALMER	2,414,490	0.81
16	MR KEITH KNOWLES	2,351,695	0.79
17	KIZOGO PTY LTD <BERGAN EXEC RETIREMENT A/C>	2,276,741	0.76
18	MR KEITH KNOWLES	2,143,297	0.72
19	SEAFIELD SUPERANNUATION PTY LTD <GRAYS SUPERANNUATION FND A/C>	1,850,000	0.62
20	THREE FOURTHS PTY LTD <COWAN FAMILY SUPER FUND A/C>	1,785,989	0.60
Total		**156,855,079**	**52.65**

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