ABT
ADVANCED BRAKING TECHNOLOGY

ANNUAL REPORT

2022

ABN 66 099 107 623

19 Creative Street Wangara, 6065 Western Australia

advancedbraking.com

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

CORPORATE DIRECTORY

Directors
Dagmar Parsons
David Slack
Adam Levine
Mark Lindh

Company Secretary
Kaitlin Smith

Registered Office
19 Creative Street
Wangara, WA 6065
Telephone: + 61 8 9302 1922
Telephone: 1800 317 543

Auditors
Moore Australia Audit (WA)
Level 15, Exchange Tower
2 The Esplanade
Perth, WA 6000

Country of Incorporation
Australia

Legal form of entity
Listed public company

Chief Executive Officer
Andrew Booth

Chief Financial Officer
Angela Godbeer

Bankers
National Australia Bank Ltd
12 / 100 St Georges Terrace
Perth, WA 6000

Share Registry
Computershare Investor Services Pty Ltd
Level 11, 172 St Georges Terrace
Perth, WA 6000
Telephone: + 61 8 9323 2000
Facsimile: + 61 8 9323 2033

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

ASX Code
ABV – Ordinary shares

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CHAIR'S REVIEW

Dear Shareholder,

I am once again very proud to present to our shareholders and broader stakeholders our 2022 Annual Report.

The 2022 Financial Year has been a year of disciplined delivery against our Strategic Roadmap, set against a backdrop of the ongoing challenges associated with a COVID-19 impacted supply chain. The successful execution of our strategy will ensure we deliver on our Purpose – to design, produce and sell innovative braking solutions with the commitment to promoting sustainable business practices that protect people and the environment.

In the 2022 Financial Year, we experienced a year of strategic growth in key markets, robust operational performance and deepened strategic partner relationships. Advanced Braking Technology (ABT) continues to build momentum globally, providing a world class innovative failsafe brake solution for customers in more than 40 countries within the mining services, defence and heavy industries.

During the year, we announced a change to the composition of ABT's Executive Team. We were pleased to appoint Mr Andrew Booth as Chief Executive Officer in March 2022 following an interim period where Andrew stepped into the Acting Chief Executive role in January 2022. Andrew brings a strong strategic, commercial, investment and business development skillset and experience to ABT, from a diversified career in Corporate Development and Strategic leadership experience at an international level. This change was a result of Mr John Annand stepping down as Chief Executive Officer. We thank John for his contributions and guidance of the Company since his appointment in late 2018 and wish him all the best in his future endeavours.

As always, safety is core to our ethos at ABT. Over the last year, we have continued to evolve our overall approach and organisation wide safety culture as we build the foundations for next level growth. This is about supporting and empowering our people to increase ABT's capacity in how we manage risk. Further, ABT continues to focus on the relevance of Environment, Social and Governance (ESG) trending across Industries in Australia and Globally. ABT FailSafe solutions are strongly positioned to address all aspects of ESG encompassed within good corporate governance and the social impact by addressing the working environments of our customers in challenging industrial workplace settings.

ABT's growth outlook for FY23 is underpinned by our proven intellectual property in Sealed Integrated Brake System (SIBS) Design, our Bluechip customer base and our growth prospects internationally. We have now delivered a track record of sustained profitability, supported by a strong and strategic supplier base. Above all, we have a talented team which combined with the above, makes for a scalable business platform that is poised for growth.

On behalf of the Board, I would like to thank our shareholders for their ongoing support and reiterate our thanks to our people for their unwavering commitment to ABT. I look forward to engaging with you at our upcoming Annual General Meeting.

Dagmar Parsons
Chair

CHIEF EXECUTIVE OFFICER'S REVIEW

Dear Shareholder,

FY22 has been a significant year for Advanced Braking Technology ('ABT') as we continued to execute our strategy and demonstrate financial results that support our growth objectives.

ABT performed strongly, with record sales, solid product margins and positive trend continuing in EBITDA. With a sound cash flow and balance sheet, ABT is well positioned to continue to grow and deliver value accretion. ABT has deepened our strong base of customers and channel partners, expanding via both customer acquisition and further developing our existing customer relationships.

ABT produced a strong year with our core product portfolio, delivering $11.09m in operating revenue, driving a repeated double digit annual growth delta with an 12% uplift in total revenue to $11.74m. Additionally, we delivered product sales margins of 45.1% and a positive EBITDA result at $0.966m for the year compared to $0.914m for FY21. With a focus on both driving sales, alongside disciplined cost management, we delivered a net profit of $0.644m vs $0.620m for FY21. We remained prudently resourced in FY22 and finished the year with a cash balance of $1.739m as at 30 June 2022. This cash reserve combined with no debt offers a balance sheet which ensures that we can continue to fund our ongoing operations and drive innovation in our products. ABT continues to consistently reinvest earnings in Research and Development, as for prior year FY21, equated to 12.7% of our Product Sales.

Our location in Western Australia places us firmly in the epicentre of an exciting, technology driven industrial revolution. Western Australia is a recognised world leader in the field of automation for the mining sector. As a result, ABT is proactively engaged on industry trends and progress pertaining to the megatrends of automated, electric and connected vehicles in industrial settings. This includes proactive engagement with automotive manufacturers and suppliers as well as purposeful dialogue with ABT partners and as importantly; our customers, regarding this important topic. The increasing ESG focus within the industrial sector, both within Australia and internationally, has benefited ABT with strong growth in export sales. In particular, this includes Africa and North American markets.

The global underground mining market is anticipated to grow ~18% CAGR 2022 – 2030 resulting from rapid industrialisation in developing nations and increasing implementation of Internet of Things, Automation and Electrification[1] Demand for Battery metals provides a springboard for growth for Mining and Mining Services as the world is going to need increasing supply of the essential commodities in order to decarbonise the global economy. ABT's strategic roadmap is subsequently clear. We will continue to maintain and further deepen our dominant mining market penetration combined with a pursuit of new industry opportunity for our FailSafe products. Equally, innovation in F23 is focussed on vehicle diversification, including but not limited to the expansion of the failsafe applications for heavy vehicle applications.

To illustrate this, we categorise our projects into ABT Growth, ABT Foundation and ABT Corporate. The 2023 Growth Projects address our key strengths and opportunities for ABT as well as mitigate current and future competitive market dynamics. Fundamentally, our focus is on our customers' needs being key. ABT has commenced a number of 'Foundation projects', focussed on strengthening our Operating Platform to optimise current needs and importantly support our future growth. Here, ABT's valued strategic partnerships with our Supply Chain is key. Our Corporate Projects focus on inorganic and transformational opportunities with a medium to long term horizon view. Innovation and Industry 4.0 technology is key.

In May I was pleased to announce the appointment of Ms Angela Godbeer as Chief Financial Officer. Angela brings substantial corporate, strategic and finance leadership experience to ABT with significant experience in an ASX listed manufacturing environment.

I want to thank our ABT team and all those who supported us in delivering these FY22 outcomes. Our operational and financial results provide the strong foundation upon which we are advancing our key projects which will drive accelerated growth and revenue diversification as part of our organic and inorganic growth agenda.

Andrew Booth
Chief Executive Officer

1. . Source: "Underground Mining Market: Global Demand Analysis & Opportunity Outlook 2030" Jul 22, 2022 Research Nester

OPERATING AND FINANCIAL REVIEW

Business Overview

Advanced Braking Technology Ltd ('ABT' or the 'Company') is an Australian company listed on the Australian Securities Exchange (ASX:ABV) that designs, manufactures and distributes its innovative braking solutions worldwide. From its head office in Perth, Western Australia, ABT continues to develop its product portfolio for a diverse range of industries that have a strong requirement for safety and environmental responsibility, including the mining, defence, civil construction and waste management industries.

ABT's innovative braking solutions are well known for their unparalleled safety, improved productivity, zero emissions and durability in the world's harshest conditions. As the Company's reputation has grown, demand for ABT's brakes has expanded internationally with its braking solutions being used in all seven continents across the globe. Approximately 40% of operating sales comes from overseas locations including Canada, Europe, Asia-Pacific, South Africa and Chile in which ABT has key distribution partners.

ABT has three strategic key supplier relationships, all located in Australia, which represent approximately 60% of ABT's supply chain inputs. This primarily Australian-based supply chain has continued to contribute to the Company's operational resilience to deliver ongoing sales growth and financial year results despite the enduring COVID-19 impacted supply chains.

During FY22, ABT offered three key products:

- The Sealed Failsafe Braking System providing safety and cost-effective wheel end braking solution for light commercial vehicles operating in the harshest industrial environments (including Underground).
- The Sealed Failsafe Emergency Driveline Braking System provides industry standard in fail-to-safe emergency braking in all environments for medium to heavy commercial vehicles.
- The Sealed Terra Dura Brake provides a durable and cost-effective wheel end braking solution for light commercial vehicles operating in the harshest open cut mining and on road environments.

During FY22, the Company continued to deliver improvements in our customer engagement and strategic roadmap. These included:

- delivering sustained double-digit revenue growth;
- strengthening financial and working capital position through record year-on-year sales growth, resulting in a positive cash flow from operations for the year;
- growing our export sales and international partners and deepening our valuable Bluechip customer relationships;
- creating a 2025 roadmap which includes both organic and inorganic strategy for ABT;
- focusing on strengthening ABT's foundation capabilities to support scalability;
- Invest in R&D and strong evidence-based support for ABT Products and their industrial ESG attributes;
- supply chain strategy which increases strategic partnerships and a vertical integration where appropriate;
- investing in new product development which will deliver revenue diversification and scale opportunity.

The initiatives outlined above have set the Company up for a strong FY23 and beyond.

Financial Summary

The Company reported financial results for the year end 30 June 2022, with revenue of $11.74m for FY22 (FY21: $10.45m), which represents an 12.4% increase on the prior year. The net profit for the year of $0.64m (FY21: $0.62m) was achieved through an increase in sales revenue and controlled expense.

The Company reports a balance sheet with cash and receivables of $3.7m (FY21: $2.8m). Net assets as at 30 June 2022 have increased 13% ($0.6m) on FY21 balances. Cash balance of $1.7m, is up from the $1.4m at 30 June 2021. ABT experienced an increase in trade and other payables $0.7m, which relates primarily to higher levels of inventory purchasing to support the increasing operating sales revenues. The increase in liabilities is offset by a similar increase in trade receivables of $0.56m to $1.99m at 30 June 2022 (FY21: $1.43m).

Revenue

Operating revenue in FY22 of $11.1m (FY21: $9.7m) was achieved primarily from sales of the Company's core Failsafe products and associated spares and consumables into the mining and civil construction industries.

The product margin for brake kits and consumable sales was slightly lower than the prior year at 45.1% (FY21: 46.3%) and the gross margin for FY22 is 44.4% (FY21: 46.3%).

The estimated research and development (R&D) tax incentive refund for the year of $400k (FY21: $512k) is lower than prior years. The Company engaged in a focused product research and development program with a core customer who funded a portion of the research and development. The funded portion is not accessible for R&D tax offset and has been excluded from the estimated refund for the year ended 30 June 2022.
During FY22, ABT received funds of $0.12 (FY21: $0.1m) in relation to a Defence Global Competitiveness Grant of up to $0.24m. The balance of the grant funding of $0.04m is expected to be received in the first half of FY23.

Expenses

Expenses for FY22 totalled $4.93m (FY21: $4.62m) representing a 6.9% increase on FY21 expenses. The increases in expenses were mainly driven by increased employee costs where key skills were required to deliver on the Company's strategy and opportunities.

With the easing of travel restrictions, and most national and international services recommencing, employees were able to commence onsite meetings with key customers and suppliers, building on the business relationships following long periods of virtual meetings. Travel costs in FY22 increased significantly from FY21 and contributed to the overall increase in expenses.

Cash

The cash balance of $1.7m (FY21: $1.4m) has increased on prior year due to higher revenue, however increased costs of materials has influenced both the product margins as well as the cash balances. The ongoing impact of COVID-19 on global supply chains has resulted in the Company taking a proactive approach to minimise disruption to customers by purchasing in advance and holding higher stock levels than previously required. The Company have a solid order book on which to place orders on, and as the Company looks to strengthen operations and build business resilience, the importance of supply chain risk management is more apparent than ever. This is a prudent and mandatory investment in securing the opportunity sales pipeline.

Strategy implementation and product development

With the sustained financial and operational performance achieved during FY22, ABT is focussing on methodical execution of its growth strategy.

The growth strategy will be implemented through:

- organic growth of our existing business through continual internal innovation;
- pursuing high impact growth opportunities in markets that require innovative braking systems for transport and mobility solutions of the future;
- inorganic growth through implementing our Joint Ventures, Partnering and Acquisitions strategy; and
- increasing control of our supply chain.

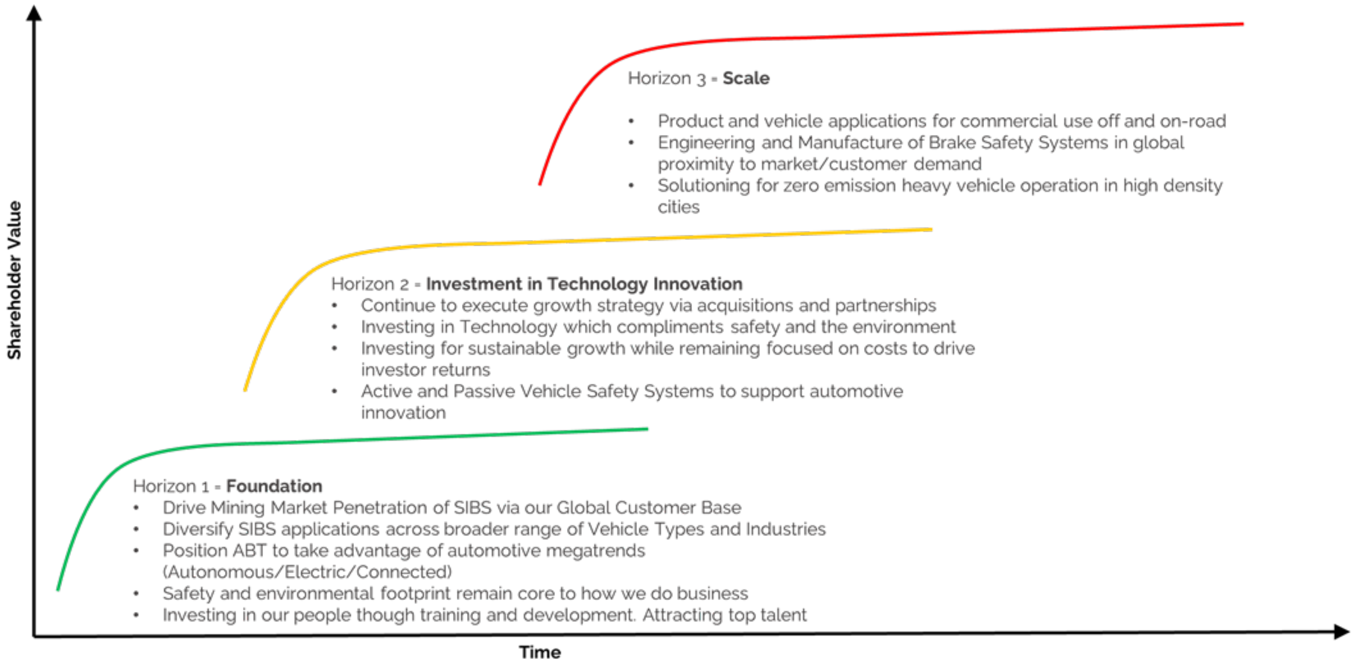
Diversification is a key strategic theme in FY23 through the following:

- our product offering;
- the industries which we supply;
- our customer base;
- the geographic locations in which our products are found; and
- our network of suppliers, installation and service partners, and our international distributors.

With a focus on leveraging our core SIBS intellectual property and existing product range as well as capitalising on our historical R&D, the Company is positioned to grow sales during FY23 to a broader range of customers and geographic regions. The diversification of vehicle variants to which these products can be fitted is based on market intelligence and understanding the fleet and asset management requirements of the customer, with a diligent focus on investment return benchmarks.

ABT's 2025 strategic horizon model illustrates the themes over a medium-term time band. FY23 focuses on deepening our market share across a global customer base parallel to strengthening our operating foundation to support growth. Investing in technology innovation is a strategic theme which points to Industry 4.0, the Internet of Things (IIOT) and the automotive megatrends in play presently. A combination of these two horizons will provide the foundations for scaling ABT's business operations to support a step change in growth.

ABT's 2025 Strategic Horizon



Business Risk

The material business risks faced by the company that are likely to influence the financial prospects of the company are detailed below. In addition to general market and economic risks, such as share market risk, shareholder dilution, general economic conditions, legislative change and unforeseen expenses, shareholders should be aware of risk specific to ABT, which may include but are not limited to the following:

(a) ***Operational Risk -*** The current and future operations of the Company, including development, assembly, manufacturing and sales may be affected by a range of factors including:

(1) Delays in manufacturing products due to long lead time items or shortages of components.
(2) Customers experiencing shortage of supply vehicles to maintain fleets;
(3) A lack of skilled workers in a tight labour market resulting in reduced customer service levels;

(4) (A) competitor(s) developing a product range that rivals the performance of the Company's products;
(5) Customers may begin to use vehicles in their operations for which the Company has not yet developed a suitable brake; and
(6) The inherent risk of supplying safety critical products to motor vehicles where any defect or failure may give rise to direct or consequential harm to assets.

(b) ***Performance Risk -*** The financial performance of the Company in any given year may have an adverse effect on the net carrying value of the Company's intellectual property as well as the Company's capacity to achieve an acceptable financial result and cash flow balance.

(c) ***Currency Risk -*** The Company trades with over ninety percent (90%) of its suppliers in Australian dollars. As a result, currency risk on purchases is negligible. The Company sells product into foreign markets in Australian dollars only and is therefore considered to have a negligible risk. The Company therefore, has minimal exposure to foreign currency fluctuations against AUD between the date of sale or purchase and the date of receipt or payment. Refer to Note 26 for more information.

(d) ***Interest Rate Risk -*** The Company invests working capital cash surpluses by placing funds on a short-term deposit and/or cash maximiser account at the prevailing interest rates. There is a risk that income earned from interest bearing accounts, will fall short of target or the Company's target rate of return. Refer to Note 26 for more information.

(e) ***Credit Risk -*** The Company sells product on 30-day net credit terms. Although the Company insures customers domestically and internationally, were it is able to, there is still an exposure of $5,000 for each claim, plus 10% of the remaining balance on the customers' account up to insured limits. The insurer has the right to refuse insurance on specific or new debtors based on their credit assessment. Refer to Note 26 for more information.

(f) ***Warranty*** - The Company's products are sold under a twelve (12) month warranty. If a product fails during the period there is a risk that the product may have to be replaced under warranty, free of charge. In addition, in the event of product failure and consequential loss, the Company may be liable to pay damages for product failure. The Company has product liability insurance for a limit of up to $20m.

(g) ***Obsolescence -*** The Company assembles its products from components purchased and stocked at various locations. Technology is constantly providing improvements in components and there is a risk that either component stock of the Company's products could be subject to obsolescence due to technical innovations in materials, applications or methods. ABT has a focused inventory management program to identify components or applications that may be approaching obsolescence.

(h) ***Global Climate Change –*** The Company is exposed to climate change impacts that effect the production of metal components and oil. Impacts to these raw commodities would have a significant financial impact on the Company's operations and product offering. ABT seeks to reduce its environmental impacts in meaningful ways, such as recycling and seeking alternative low environmental impact substitutes for its product inputs.

Growth and Outlook

The Company's agenda is underpinned by a strong focus on solutioning the safety needs of our customers operating in both developed and developing markets globally. This includes a clear and aligned channel to market strategy supported by a fully integrated sales & marketing framework targeting heavy industrial, mining, mining services and international distribution.

The Company also continues to focus on strategic growth opportunities and are currently assessing key initiatives to drive scale, revenue diversification and enhanced innovation for the business.

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'), present the annual financial report for the financial year ended 30 June 2022. For the purposes of the Corporations Act 2001, the Directors provide the report as follows:

Directors

The following persons were Directors of the Company during or since the end of the financial year up to the date of this report:

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

Particulars of each director's experience and qualifications are set out later in this report.

Principal activities

The principal activity of the Consolidated Group during the course of the year was the research, development, design, commercialisation 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 2022 were a net profit from continuing activities, after income tax, of $644,000 (2021: net profit $620,000). Revenues from trading activities were $11,088,000 (2021: $9,701,000). Revenues from other activities were $653,000 (2021: $747,000).

Dividends

There have been no dividends paid or declared by the Company.

Summary of Material Transactions

Issue of Securities

On 8 November 2021, the Company issued 5,958,109 unlisted options to an employee and key management personnel, Mr Andrew Booth pursuant to the Company's Share Option Plan approved by shareholders at the Company's AGM held 27 November 2019. The terms of the options are:

Number	Exercise Price	Vesting condition	Expiry Date
1,489,527	$0.04	1 Year Vesting	30 June 2023
1,489,527	$0.04	2 Year Vesting	30 June 2024
2,979,055	$0.04	3 Year Vesting	30 June 2025

De-recognition of Right of Use Asset and Liability

On the 7th of June 2022 the Group signed an extension and variation on the building lease. The lease initially ran for a period of 5 years with an option to renew for a further 5-year period. The extension option, which was reasonably certain to be exercised, was included in the modified retrospective approach when adopted under AASB 16: *Leases* as at 1 July 2019.

The Group's initial 5-year lease expired on the 30th June 2022, and the group signed a 12 month extension, waiving the option to extend further than the 12 month period. Under AASB 16: *Leases*, a change in scope of a lease, that was not part of the original terms and conditions of the lease, i.e., shortening the contractual lease term, results in a lease modification

The practical expedients used by the group when adoption AASB 16: *Leases* for the first time included leases, that have a remaining term of 12 months or less, are accounted for in the same way as a short-term lease and expensed to the statement of profit or loss. As such, the Right of Use Asset and Lease Liability have been derecognised as at the end of June 2022, resulting in a gain on derecognition of $73k which has been recognised in the statement of profit or loss under revenues from other activities.

Defence Global Competitiveness Grant

ABT was awarded a Defence Global Competitiveness Grant ('Grant') to the value of $0.24m by the Centre for Defence Industry Capability. The Grant was awarded to provide funding for the manufacturing of defence vehicle components for use within ABT designed braking mechanisms. The Grant funds were used primarily to acquire machinery to allow ABT to manufacture specific components that form part of the braking mechanism, as well as internal training and progressing the Company's ISO accreditation. Initially, grant funding was to be provided over two financial years with $0.1m provided in FY21, and the balance of $0.14m to be provided in FY22.

ABT requested an extension to the Grant due to delays in training and ISO accreditation following COVID-19 impacts. The extension was granted in June 22. The grant payments have been adjusted accordingly as follows:

FY21	$0.1m (received)
FY22	$0.12m (received)
FY23	$0.02m

Research and Development tax incentive

ABT received $512,000 as a refundable tax offset for eligible research and development expenditure relating to the development of its innovative braking solutions during FY21, following the lodgement of the Company's FY21 income tax return.

Significant Changes in the State of Affairs

Mr John Annand stepped down as Chief Executive Officer by mutual agreement with the Board. Mr Andrew Booth, Director of Strategy and Commercial assumed the role of Acting Chief Executive Officer and was formally appointed as Chief Executive Officer in March 2022.

On the 2nd May 2022 the Company appointed Ms Angela Godbeer as Chief Financial Officer of the Group, following the resignation of Ms Paige Exley as Chief Financial Officer on the 12th May 2022

Mr Ben Suda resigned his position as Director of Sales and Marketing on the 20th May 2022.

Throughout the COVID-19 pandemic, ABT has continued to implement proactive and ongoing risk mitigation to ensure its people remain safe and well, and operations continue with minimal disruptions.

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

Unlisted options for Mr J Annand, Ms P Exley and Mr B Suda lapsed following their respective resignations as noted in the Remuneration Report. No other matter or circumstance has arisen since 30 June 2022 that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.

Future developments

With a focus on leveraging our core SIBS intellectual property and existing product range as well as capitalising on our historical R&D, the Company is positioned to grow sales during FY23 to a broader range of customers and geographic regions. The diversification of vehicle variants to which these products can be fitted is based on market intelligence and understanding the fleet and asset management requirements of the customer, with a diligent focus on investment return benchmarks.

The Company will 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.

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.

Information Relating to Directors and Officers

Ms Dagmar Parsons Dipl.-Ing. (TH), MBA, GAICD *Chair 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 is the Managing Director of Rail Safety Systems Pty Ltd, a Non-Executive Director of Transport Safety Systems Group Ltd. 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 Systems Group 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 Rockwell Bates, Mr Levine has grown the storied Melbourne based legal firm from a boutique M&A practice established during the height of the 2008 GFC, into a pre-eminent private wealth law firm focused on building and protecting clients' wealth.

Mr Levine is also the Executive Chair and Founder of the Rockwell Group which undertakes principal investments into regulated financial and professional 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 in excess of most leading national and global private equity funds.

Mr Levine is the Chair of the Audit & Risk Committee (a position which he has held for several years). He brings a very analytical and inquiring mind when engaging with, challenging and supporting the key Executives of the company.

His current outside directorships include 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. He is also a Trustee Director of the Australian Jewish Museum Foundation Limited.

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 and Aerometrex Ltd.

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) Aerometrex Ltd (ASX code: AMX)	December 2014 to date May 2019 to date
Ms Dagmar Parsons	Greenvale Mining Ltd (ASX code: GRV)	June 2021 to August 2022

Chief Executive Officer

Mr Andrew Booth B.Com, MBA
Mr Booth has Corporate Development and Strategic leadership experience across Banking and Finance, Advisory, Private Equity, Agriculture, FMCG and Logistics in the Asia Pacific region.

Prior to joining ABT, Andrew has lead transformational growth of a number organisations including a logistics company in WA through to successful trade sale exit on behalf of investors. Formerly based in Hong Kong; Andrew managed Strategy and Governance across 34 Countries for ANZ Banking Group and Asia Pacific development, supporting inbound investment as well as export across a diverse range of industry sectors in Australia.

Andrew has a Master of Business Administration from Australian Graduate School of Management, is a Member of Australian Institute of Company Directors and is an Asialink Leadership Alumni

Chief Financial Officer

Ms Angela Godbeer CPA, ACMA, CGMA
Ms Godbeer has over 20 years of experience in Strategic and Financial leadership roles across a number of industries, including Engineering, Manufacturing, Media and Financial Services in the United Kingdom and Australia.

Angela's extensive and diverse finance leadership experience includes developing and implementing financial strategies, ERP implementation, project management, business improvement and change management.

Angela is a Certified Practising Accountant (CPA), a Chartered Management Accountant (ACMA) and a Chartered Global Management Accountant (CGMA).

Company Secretary

Ms Kaitlin Smith B.Com (Acc), CA, FGIA
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), is a Chartered Accountant and is a fellow member of the Governance Institute of Australia.

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 30/06/2022)
D Parsons	840,000
D Slack	69,169,252
A Levine	777,778
M Lindh	3,033,334

Directors' meetings

During the financial year there were 21 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	5	5	6	6
D Slack	10	10	5	5	6	5
A Levine	10	8	5	5	6	6
M Lindh	10	10	5	4	6	6

REMUNERATION REPORT (AUDITED)

This remuneration report for the year ended 30 June 2022 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
J Annand	Chief Executive Officer	20 August 2018	11 April 2022
P Exley	Chief Financial Officer	20 November 2018	12 May 2022
T Van Litsenborgh	Engineering Manager	10 December 2018	16 April 2021
B Suda	Director - Sales & Marketing	1 June 2020	20 May 2022
A Booth	Director - Strategy & Commercial	6 December 2020	14 March 2022 (promoted to CEO)
A Booth	Chief Executive Officer	15 March 2022	-
D Newcombe	Engineering Manager	22 March 2021	-
A Godbeer	Chief Financial Officer	2 May 2022	-

Board Oversight of Remuneration

Remuneration Committee

During the year, the Remuneration Committee met six times to make recommendations to the Board on remuneration policy and to recommend salary reviews and short and long-term incentives for the Company's 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.

The following table shows the gross revenue, net profit / loss and ABV share price of the Company at the end of each respective financial year.

Company Performance	30 June 2022	30 June 2021	30 June 2020	30 June 2019	30 June 2018
Total Revenue ($'000)	**11,741**	10,448	9,079	7,430	7,870
Net profit / (loss) ($'000)	**644**	620	171	(1,713)	(1,656)
ABV Share price	**2.6 cents**	3.5 cents	2.4 cents	1.9 cents	2.8 cents

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.

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 Chair, each Non-Executive Director received a base fee of $55,000 per annum plus the superannuation guarantee contribution. The Chair received a base fee of $85,000 plus the superannuation guarantee contribution.

Voting and comments from the Company's 2021 Annual General Meeting
At the Company's most recent Annual General Meeting held in November 2021, over 99.24% of eligible votes were cast for the adoption of the 30 June 2021 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.

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 Structure
In the financial year ended 30 June 2022, 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. A share-based scheme was put in place for KMP executives.	Rewards executives for their contribution to achievement of Group and business unit outcomes.	Linked to key performance indicators including group performance such as sales revenue, profit targets, and performance against budget and targets such as 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 FY20 year, a new share-based scheme was put in place for KMP executives.	Rewards executives for their contribution to performance of Group.	Linked to Total Shareholder Return, sales budgets and profit targets. At judgement and discretion of the Board of Directors.

Equity holdings and transactions

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

i) Ordinary Shares

(a) Directors	**Note**	**Held at 1 July 2021**	**Granted as compensation during year**	**Exercise of options during year**	**Other movement during year**	**Held at date of resignation**	**Held at 30 June 2022**
D Parsons		840,000	-	-	-	n/a	840,000
D Slack		69,169,252	-	-	-	n/a	69,169,252
A Levine		777,778	-	-	-	n/a	777,778
M Lindh		3,033,334	-	-	-	n/a	3,033,334
Total		73,820,364	-	-	-		73,820,364
(b) Executives							
J Annand	1.	220,000	-	-	-	220,000	-
P Exley	2.	200,000	-	-	(100,000)	100,000	100,000
T Van Litsenborgh	3.	-	-	-	-	n/a	-
B Suda	4.	-	-	-	-	n/a	-
A Booth	5.	-	-	-	-	n/a	-
D Newcombe	6.	-	-	-	-	n/a	-
A Godbeer	7.	-	-	-	-	n/a	-
Total		420,000	-	-	-100,000	320,000	100,000

1. J Annand ceased employment on 11 April 2022
2. P Exley ceased employment on 12 May 2022
3. T Van Litsenborgh ceased employment on 16 April 2021.
4. B Suda ceased employment on 20 May 2022
5. A Booth commenced employment on 6 December 2020 and promoted to CEO 15 March 2022.
6. D Newcombe commenced employment on 22 March 2021.
7. A Godbeer commenced employment on 2 May 2022

Unlisted Options

(a) Directors	**Held at 1 July 2021**	**Granted during the period as compensation [1]**	**Lapsed during the period**	**Held at 30 June 2022 (or date of resignation)**	**Vested and exercisable at 30 June 2022**
D Parsons	-	-	-	-	-
D Slack	-	-	-	-	-
A Levine	-	-	-	-	-
M Lindh	-	-	-	-	-
Total	-	-	-	-	-
(b) Executives					
J Annand 2	11,916,217	-	-	11,916,217	5,958,109
P Exley 2	5,958,109	-	-	5,958,109	2,979,054
T Van Litsenborgh 2	5,958,109	-	5,958,109	-	-
B Suda 2	5,958,109	-	-	5,958,109	1,489,527
A Booth 1	-	5,958,109	-	5,958,109	-
D Newcombe	-	-	-	-	-
A Godbeer	-	-	-	-	-
Total	29,790,544	5,958,109	5,958,109	29,790,544	10,426,689

1. The unlisted options granted and issued during the period are unvested and subject to vesting conditions. Refer to Note 22 for further details.
2. 11,916,217 unlisted options lapsed on 11/7/2022 following Mr John Annand's resignation.
   5,958,109 unlisted options lapsed on 12/8/2022 following Ms Paige Exley's resignation.
   5,958,109 unlisted options lapsed on 20/8/2022 following Mr Ben Suda's resignation.

Details of Remuneration of Directors and Executives

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

Directors

Year 2022		**Short term benefits Salary & Fees**	**Share based remuneration**	**Post-Employment Superannuation**	**Termination Benefits**	**Total**	**Performance based Remuneration**
Directors	**Note**	**$000's**	**$000's**	**$000's**	**$000's**	**$000's**	**%**
D Parsons		85	-	9	-	94	-
D Slack		55	-	5	-	60	-
A Levine	**1.**	55	-	-	-	55	-
M Lindh		55	-	5	-	60	-
Total	**2022**	**250**	**-**	**19**	**-**	**269**	**-**

1. Mr A Levine - $5,019 of Directors fee were prepaid provided for the financial year ended 30 June 2022.

Year 2021		**Short term benefits Salary & Fees**	**Share based remuneration**	**Post-Employment Superannuation**	**Termination Benefits**	**Total**	**Performance based Remuneration**
Directors	**Note**	**$000's**	**$000's**	**$000's**	**$000's**	**$000's**	**%**
D Parsons		85	-	8	-	93	-
D Slack		55	-	5	-	60	-
A Levine	2.	65	-	-	-	65	-
M Lindh		55	-	5	-	60	-
Total	**2021**	**260**	**-**	**18**	**-**	**278**	**-**

2. Mr A Levine - $5,019 of Directors fee paid during the period related to a prepayment of services provided for the financial year ended 30 June 2022.

Executives

Year 2022		Short-term benefits Salary & fees	Bonus or Commission	Share based remuneration	Post-Employment Superannuation	Total	Performance-based remuneration
Executives	**Note**	**$000's**	**$000's**	**$000's**	**$000's**	**$000's**	**%**
J Annand	1	276	-	(49)	18	245	(20)
P Exley	2	164	-	(24)	16	156	(16)
B Suda	3	193	-	1	19	213	0
A Booth	4	244	-	31	24	299	10
D Newcombe		210	-	-	21	231	0
A Godbeer	5	33	-	-	3	36	0
Total	**2022**	**1,120**	**-**	**(67)**	**101**	**1,154**	**(6)**

1. J Annand ceased employment on 11 April 2022
2. P Exley ceased employment on 12 May 2022
3. B Suda ceased employment on 20 May 2022
4. A Booth commenced employment on 6 December 2020 and promoted to CEO 15 March 2022.
5. A Godbeer commenced employment on 2 May 2022

Year 2021		Short-term benefits Salary & fees	Bonus or Commission	Share based remuneration	Post-Employment Superannuation	Total	Performance-based remuneration
Executives	**Note**	**$000's**	**$000's**	**$000's**	**$000's**	**$000's**	**%**
J Annand		308	-	72	22	402	18
P Exley		174	-	36	17	227	16
T Van Litsenborgh	1	157	-	(26)	14	145	(18)
B Suda		210	-	27	20	257	11
A Booth	2	120	-	-	11	131	-
D Newcombe	3	42	-	-	4	46	-
Total	**2021**	**1,011**	**-**	**109**	**88**	**1,208**	**9**

1. T Van Litsenborgh resigned on 16 April 2021
2. A Booth commenced employment on 6 December 2020.
3. D Newcombe commenced employment on 22 March 2021.

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

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

Short term incentives

No STI's were accrued, earned or provided during the financial year's 2022 or 2021

Long term incentive plan

On 27 November 2019, shareholders approved the adoption of the ABT Share Option Plan. The issue of unlisted options pursuant to the ABT Share Option plan are as follows:

Executive	Issue Date	Exercise Price	Number of KMP Options - Vesting 1 year from issue	Number of KMP Options - Vesting 2 years from issue	Number of KMP Options - Vesting 3 years from issue	Total KMP Options on Expiring 30 June 2023	Total KMP Options on Expiring 30 June 2024	Total KMP Options on Expiring 30 June 2025
J Annand 2	26 Feb 2020	$0.04	2,979,054	2,979,054	5,958,109	11,916,217	-	
P Exley 3	26 Feb 2020	$0.04	1,489,527	1,489,527	2,979,055	5,958,109	-	
T Van Litsenborgh 1.	26 Feb 2020	$0.04	1,489,527	1,489,527	2,979,055	5,958,109	-	
B Suda 4	18 Feb 2021	$0.04	1,489,527	1,489,527	2,979,055	2,979,054	2,979,055	2,979,055
A Booth	8 Nov 2021	$0.04	1,489,527	1,489,527	2,979,055	-		
		Total	**8,937,162**	**8,937,162**	**17,874,329**	**26,811,489**	**2,979,055**	**2,979,055**

1. 5,958,109 unlisted options lapsed on 19/7/2021 following Mr Van Litsenborgh's resignation.
2. 11,916,217 unlisted options lapsed on 11/7/2022 following Mr John Annand's resignation.
3. 5,958,109 unlisted options lapsed on 12/8/2022 following Ms Paige Exley's resignation.
4. 5,958,109 unlisted options lapsed on 20/8/2022 following Mr Ben Suda's resignation.

The unlisted options vest over a 3-year period from issue date and are subject to vesting conditions. Refer to Note 22 for details of the valuation methodology and assumptions for these share options.

Executive Contracts

The employment terms and conditions of all Executive KMP are formalised in contracts of employment.

The terms of the employment contracts with all Executives require both parties to provide three months of notice to terminate the contract.

Other Equity-related KMP Transactions

There have been no other transactions involving equity instruments apart from those described in the tables above relating to options and shareholdings.

Loans to KMP

No loans have been provided to Directors or Executive during the period.

Transactions with key management personnel

Refer to Note 25 for details of transactions with Directors and key management personnel.

Options

As at the date of this report, the Group has options over ordinary shares. These options have been issued on the following terms:

Options on issue	Number	Exercise Price	Expiry date	Vested /Exercisable
KMP Options	2,979,054	$0.04	30 June 2024	-
KMP Options	2,979,055	$0.04	30 June 2025	-
Total	**5,958,109**			**-**

Indemnification and Insurance of Directors, Officers and Auditor

During the course of the year the Company has paid $32,480 in premiums for Directors and Officers liability insurance. The insurance would cover costs and expenses incurred in defending legal proceedings arising out of their conduct while 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 Board of Directors, in accordance with advice from the audit committee, is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

– all non-audit services are reviewed and approved to ensure they do not adversely affect the integrity and objectivity of the auditor; and

– the nature of the services provided does not compromise the general principles relating to auditor independence in accordance with APES 110: *Code of Ethics for Professional Accountants* set by the Accounting Professional and Ethical Standards Board.

The following fees were paid or payable to the auditor for non-audit services provided during the year ended 30 June:

	CONSOLIDATED GROUP	
	2022	**2021**
AUDITOR'S REMUNERATION	**$'000**	**$'000**
Remuneration of the auditor of the Consolidated Group for:		
Moore Australia Audit (WA) Pty Ltd		
Audit or review of the financial statements	50	49
Moore Australia (WA) Pty Ltd		
Taxation services	10	10
	60	59

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 Chair
30 August 2022

Moore Australia Audit (WA)

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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 2022, there have been:

a) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit, and

b) no contraventions of any applicable code of professional conduct in relation to the audit.

WEN-SHIEN CHAI
PARTNER

MOORE AUSTRALIA AUDIT (WA)
CHARTERED ACCOUNTANTS

Signed at Perth this 30th day of August 2022.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2022

		CONSOLIDATED GROUP	
		2022	**2021**
	NOTES	**$'000**	**$'000**
Revenues from trading activities		11,088	9,701
Cost of sales	3	(6,163)	(5,211)
Gross Profit		**4,925**	**4,490**
Revenues from other activities	2	653	747
Expenses			
Amortisation of intellectual property		(64)	(64)
Audit and accounting fees		(58)	(71)
Bad and doubtful debts	3	(20)	-
Consulting and contract labour expenses		(248)	(305)
Consumables and minor equipment		(121)	(177)
Depreciation expense	3	(203)	(180)
Employee expenses		(3,042)	(2,905)
Finance expenses	3	(85)	(83)
Information technology expenses		(127)	(84)
Insurance		(254)	(207)
Inventory obsolescence expense	3	(80)	(79)
Legal fees		(32)	(17)
Marketing and advertising expenses		(57)	(68)
Patent expense		(46)	(49)
Property expenses		(51)	(52)
Telephone and other communication		(32)	(33)
Travel and accommodation		(107)	(70)
Warranty expense		(21)	(24)
Other expenses		(286)	(149)
Total expenses		**(4,934)**	**(4,617)**
Profit / (loss) from continuing operations		**644**	**620**
Profit / (loss) before income tax		**644**	**620**
Income tax	4	-	-
Profit / (loss) after income tax		**644**	**620**
Other comprehensive income/(loss)			
Items that may be reclassified subsequently to profit or loss		-	-
Total comprehensive profit / (loss) for the period		**644**	**620**
		Cents	**Cents**
Basic profit / (loss) per share (cents)	7	0.17	0.16
Diluted earnings per share (cents)	7	0.16	0.15

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

ADVANCED BRAKING TECHNOLOGY

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022

	NOTES	CONSOLIDATED GROUP 2022 $'000	2021 $'000
CURRENT ASSETS			
Cash and cash equivalents	8	1,739	1,411
Trade and other receivables	9	1,993	1,426
Inventories	10	2,244	1,773
Other current assets	11	756	743
Total current assets		6,732	5,353
NON-CURRENT ASSETS			
Property, plant and equipment	13	383	450
Right of use assets	14	-	422
Intangibles	15	543	607
Total non-current assets		926	1,479
TOTAL ASSETS		7,658	6,832
CURRENT LIABILITIES			
Trade and other payables	16	1,851	1,147
Interest bearing liabilities	17	191	283
Provisions	18	285	256
Total current liabilities		2,327	1,686
NON-CURRENT LIABILITIES			
Interest-bearing liabilities	17	-	406
Provisions	18	6	18
Total non-current liabilities		6	424
TOTAL LIABILITIES		2,333	2,110
NET ASSETS		5,325	4,722
EQUITY			
Issued capital	19	55,819	55,819
Reserves	20	237	278
Accumulated losses	21	(50,731)	(51,375)
TOTAL EQUITY		5,325	4,722

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 2022

	NOTES	CONSOLIDATED GROUP 2022 $'000	2021 $'000
Net cash flows from operating activities			
Receipts from customers		11,164	10,209
Payments to suppliers, consultants and employees		(11,413)	(9,727)
GST Paid		(1)	-
Interest paid		(10)	(9)
Interest received		4	4
Other – Grants and R&D tax incentive		654	735
Net cash provided by / (used in) operating activities	24	398	1,212
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment		26	-
Purchase of property, plant and equipment		(54)	(274)
Net cash provided by / (used in) investing activities		(28)	(274)
Cash flows from financing activities			
Repayment of borrowings		(22)	(18)
Borrowing costs		(20)	(25)
Net cash provided by / (used in) financing activities		(42)	(43)
Net increase / (decrease) in cash and cash equivalents held		**328**	**895**
Cash and cash equivalents at the beginning of the financial year		**1,411**	**516**
Cash and cash equivalents at the end of the financial year	8	**1,739**	**1,411**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2022

	Attributable to equity holders of the parent			
	Issued Capital	Accumulated Losses	Other Reserves	Total
	$'000	$'000	$'000	$'000
CONSOLIDATED GROUP				
At 1 July 2021	55,819	(51,375)	278	4,722
Profit for the year	-	644	-	644
Share-based payments	-	-	(41)	(41)
Total comprehensive income / (loss) for the year	-	644	(41)	603
Issue of ordinary shares	-	-	-	-
Transaction costs relating to share issues	-	-	-	-
Total transactions with owners	-	-	-	-
At 30 June 2022	**55,819**	**(50,731)**	**237**	**5,325**
CONSOLIDATED GROUP				
At 1 July 2020	55,819	(51,995)	169	3,993
Profit for the year	-	620	-	620
Share-based payments	-	-	109	109
Total comprehensive income / (loss) for the year	-	620	109	729
Issue of ordinary shares	-	-	-	-
Transaction costs relating to share issues	-	-	-	-
Total transactions with owners	-	-	-	-
At 30 June 2021	**55,819**	**(51,375)**	**278**	**4,722**

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

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 30th August 2022.

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

The Group has considered the implications of new or amended Accounting Standards which have become applicable for the current financial report and the Group has not changed its accounting policies as there were no new standards for adoption during the period.

(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 relationship).

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 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 Group'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 (e.g. 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 (i.e. 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

The Group has adopted AASB 15 Revenue from Contracts with Customers from 1 July 2018.

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 in a point in time 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. All sales revenues to external customers are recognised at a point in time.

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 and are recognised on an accruals basis.

(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

The Group as lessee

At inception of a contract, the Group assesses if the contract contains or is a lease. If there is a lease present, a right-of-use asset and a corresponding lease liability are recognised by the Group where the Group is a lessee. However, all contracts that are classified as short-term leases (ie a lease with a remaining lease term of 12 months or less) and leases of low-value assets are recognised as an operating expenses on a straight-line basis over the term of the lease.

Initially the lease liability is measured at the present value of the lease payments still to be paid at the commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses the incremental borrowing rate.

Lease payments included in the measurement of the lease liability are as follows:

- fixed lease payments less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options;
- lease payments under extension options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, any lease payments made at or before the commencement date and any initial direct costs. The subsequent measurement of the right-of-use assets is at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset, whichever is the shortest.

Where a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group anticipates to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

(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	2-10 years
Motor vehicles	3-15 years
Office equipment and furniture	3-8 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 Judgements, 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.

Coronavirus (COVID-19) pandemic

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the company based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the company operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the Company unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

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.

Key Estimates - Share based payment transactions

The fair value of any options issued as remuneration is measured using the Black-Scholes model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on historic volatility adjusted for changes expected due to publicly available information, if any), weighted average expected life of the instruments (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds).

Key Estimates - Recoverability of Intangible Assets (Development Expenditure)

The recoverability of capitalised development expenditure recognised as a non-current asset is dependent upon the successful commercialisation, or alternatively sale, of the respective intellectual property which comprise the assets.

(v) New Standards and Interpretations not yet adopted

A number of new accounting standards, amendments to standards and interpretations are not yet effective for 30 June 2022 reporting period and have not been early adopted in preparing these financial statements.

The directors' assessment of these new accounting standards (to the extent relevant to the Group) and interpretations is that they are not expected to have a material effect on the financial statements of the Group.

(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 realisation of assets and extinguishment of liabilities in the ordinary course of business. For the year ended 30 June 2022, the Group recorded a profit after tax of $0.644m (2021: $0.620m) and reported operating cash inflows of $0.398m (2021: inflows $1.212m). At balance date and as detailed in Note 17, the Company has current borrowings of $0.191m (2021: $0.283m).

ADVANCED BRAKING TECHNOLOGY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

		CONSOLIDATED GROUP	
		2022	2021
		$'000	$'000
2	**REVENUES FROM OTHER ACTIVITIES**		
	Other activities		
	- interest received	4	4
	- net foreign exchange (loss) / gain	(6)	(1)
	- profit / (loss) from sale of fixed assets	26	(1)
	- R&D Tax Incentive	425	526
	- CDIC Defence Grant	117	96
	- other Government Grants related to the coronavirus (COVID-19)	-	105
	- other income	14	18
	- gain on derecognition of right of use asset & liability	73	-
	Total revenue from other activities	**653**	**747**
3	**PROFIT / (LOSS) BEFORE INCOME TAX**		
	Profit / (Loss) before income tax has been determined after deducting the following expenses:		
	Cost of sales	6,163	5,211
	Finance expenses	85	83
	Depreciation of non-current assets		
	- plant and equipment	84	72
	- motor vehicle	8	15
	- office equipment and furniture	19	18
	- leasehold improvements	10	9
	- software	-	1
	-right of use assets	82	65
	Total depreciation	203	180
	Bad and doubtful debts		
	- trade debtors	20	-
	Total bad and doubtful debts	20	-
	Inventory obsolescence expense	80	79

ADVANCED BRAKING TECHNOLOGY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

		Note	CONSOLIDATED GROUP	
4.	**INCOME TAX EXPENSE**		**2022**	**2021**
			$'000	**$'000**
a.	**The components of tax expense comprise:**			
	Current tax		-	-
	Deferred tax		-	-
	Income tax		-	-
b.	**The prima facie tax benefit on profit / (loss) from ordinary activities before income tax is reconciled to the income tax as follows:**			
	Prima facie tax benefit on profit / (loss) from ordinary activities before income tax at 25% (2021: 26%)		161	161
	Add tax effect of:			
	- Non-allowable items		276	352
	- Revenue losses and other deferred tax balances not recognised		111	60
	- Recoupment of prior year losses not previously recognised		(432)	(416)
	- R&D tax incentive		(106)	(136)
	- Other non-assessable items		(10)	(21)
	Income tax		-	-
c.	**Deferred tax recognised at 26% (2021:26%):**	4e		
	Deferred tax liabilities:			
	Prepayments		-	(6)
	Intellectual Property		(58)	(74)
	Deferred tax assets:			
	Carry forward revenue losses		58	80
	Net deferred tax		-	-
d.	**Unrecognised deferred tax assets at 26% (2020:26%):**	4e		
	Carry forward revenue losses		4,220	4,602
	Carry forward capital losses		76	76
	Capital raising costs		11	20
	Provisions and accruals		179	132
	Leases		-	9
	Intangible assets		7	5
	Other		37	4
			4,848	**4,848**

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

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 2022.

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

	2022 $'000	2021 $'000
Short-term employee benefits	1,377	1,271
Post-employment benefits	120	106
Other long-term benefits	-	-
Share-based payments	(67)	135
Total KMP compensation	**1,430**	**1,512**

Short-term employee benefits
These amounts include fees and benefits paid to the Non-Executive Chair 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	
	2022	2021
6. AUDITOR'S REMUNERATION	**$'000**	**$'000**
Remuneration of the auditor of the Consolidated Group for:		
Audit or review of the financial statements	50	49
Taxation services	10	10
	60	59

	CONSOLIDATED GROUP	
7. EARNINGS PER SHARE	**2022**	**2021**
Basic Earnings per share	**$'000**	**$'000**
Net profit / (loss) ($'000's)	644	620
	Number ('000's)	**Number ('000's)**
i) Weighted average number of ordinary shares during the year used in calculation of basic EPS (in '000's)	379,149	379,149
ii) Weighted average number of diluted options during the year used in calculation of basic EPS (in '000's)	34,791	30,987
	Cents	**Cents**
Basic profit / (loss) per share (cents)	0.17	0.16
Diluted profit / (loss) per share (cents)	0.16	0.15

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

8 CASH AND CASH EQUIVALENTS

	CONSOLIDATED GROUP	
	2022	2021
	$'000	$'000
Cash at bank	1,739	1,369
Short term bank deposits	-	42
	1,739	1,411

The effective interest rate on short-term bank deposits was 0.18% (2021: 0.42%) and can mature with 30 days of notice.

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	1,739	1,411

Advanced Braking Pty Ltd has an invoice finance facility agreement with NAB under which it may borrow up to $0.5m or 80% secured against debtors. The amount which may be borrowed at any time varies depending on the trade debtor balance.

At 30 June 2022, the borrowing facility available was $500,000 (2021: $500,000) and the amount borrowed was nil (2021: 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	
		2022	2021
		$'000	$'000
Current			
Trade receivables		2,033	1,446
Provision for impairment	9a(i)	(40)	(20)
Total current trade and other receivables		1,993	1,426

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*.

	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 2020				30 June 2021
	$000	$000	$000	$000	$000
a. Lifetime Expected Credit Loss: Credit Impaired					
(i) Current trade receivables	(20)	-	-	-	(20)
	(20)	-	-	-	(20)

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9 TRADE AND OTHER RECEIVABLE

		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 2021				30 June 2022
		$000	$000	$000	$000	$000
(i)	Current trade receivables	(20)	-	(20)	-	(40)
		(20)	-	(20)	-	(40)

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 2022 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
2022					
Expected loss rate	0%	0%	47%	11%	1.97%
Gross carrying amount	967	749	85	232	2,033
Loss allowing provision	-	-	(40)	-	(40)

	Current	>30 days past due	>60 days past due	>90 days past due	Total
	$000	$000	$000	$000	$000
2021					
Expected loss rate	0%	0%	35%	0%	1.38%
Gross carrying amount	1,053	335	58	-	1,446
Loss allowing provision	-	-	(20)	-	(20)

10 INVENTORIES

	CONSOLIDATED GROUP	
	2022	2021
Current	$'000	$'000
Finished goods	-	-
Components and WIP	2,318	1,886
Less: Provision for obsolescence	(74)	(113)
	2,244	1,773

NOTES TO THE FINANCIAL STATEMENTS
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11 OTHER CURRENT ASSETS	CONSOLIDATED GROUP 2022	2021
	$'000	$'000
Prepayments		
Refundable deposits paid	43	-
Other receivables - R&D Tax incentive	400	512
	756	743

12. CONTROLLED ENTITES	PARENT ENTITY 2022	2021
	Number	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 2022	2021
	$'000	$'000
Plant and equipment at cost	889	874
Less: accumulated depreciation	(604)	(520)
	285	354
Motor vehicles at cost	44	75
Less: accumulated depreciation	(44)	(66)
	-	9
Leasehold Improvements at cost	97	94
Less: accumulated depreciation	(44)	(35)
	53	59
Office equipment and furniture at cost	131	100
Less: accumulated depreciation	(86)	(72)
	45	28
Software at cost	80	80
Less: accumulated depreciation	(80)	(80)
	-	-
Total at net written down value	383	450

13 PROPERTY, PLANT AND EQUIPMENT (continued)

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
2022	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Balance at the beginning of year	354	8	29	59	-	450
Additions	15	-	38	4	-	57
Disposals	-	-	(3)	-	-	(3)
Written-off	-	-	-	-	-	-
Depreciation expense	(84)	(8)	(19)	(10)	-	(121)
Carrying amount at the end of year	285	-	45	53	-	383
2021	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Balance at the beginning of year	163	23	40	65	1	292
Additions	263	-	8	3	-	274
Disposals	-	-	(1)	-	-	(1)
Written-off	-	-	-	-	-	-
Depreciation expense	(72)	(15)	(18)	(9)	(1)	(115)
Carrying amount at the end of year	354	8	29	59	-	450

14. RIGHT-OF-USE ASSETS

The Group's lease portfolio currently includes buildings. The lease ran for a period of 5 years with an option to extend for 5 years. The extension option was reasonably certain to be exercised at the adoption of AASB 16: *Leases*.

Upon expiry of the initial 5-year term in June 2022, the Group elected to waiver the 5-year option, and to extend for a period of 12 months only.

The Group recognises that the lease modification is not accounted for as a separate lease, but rather a remeasurement of the lease liability, and decreased the carrying amount of the right of use asset to reflect the partial termination of the lease.

The decrease in the scope of the lease is recognised as a lease modification and any gain or loss relating to the partial termination of the lease is recognised in the statement of profit or loss in June 2022

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14. RIGHT-OF-USE ASSETS (continued)

	CONSOLIDATED GROUP	
	2022	2021
	$'000	$'000
(i) AASB 16 related amounts recognised in the balance sheet		
Right-of-use assets		
Leased building	544	553
Accumulated depreciation	(214)	(131)
Derecognition of right of use asset	(330)	-
	-	422
Depreciation expense for the year ended 30 June	83	65

	CONSOLIDATED GROUP	
	2022	2021
	$'000	$'000
(ii) AASB 16 related amounts recognised in the statement of profit or loss		
Depreciation charge related to right-of-use assets	83	65
Interest expense on lease liabilities (under finance cost)	43	39
Low-value asset leases expense	-	27

	2022	2021
(iii) Total cash outflows for leases	$'000	$'000
- Financing cash outflow (principal repaid)	90	85
- Operating cash outflow (finance costs)	35	39

15. INTANGIBLES

	CONSOLIDATED GROUP	
	2022	2021
	$'000	$'000
Wet Brake technology assigned from Safe Effect Technologies International Ltd	2,984	2,984
Less - Accumulated amortisation	(2,441)	(2,377)
Carrying amount at the end of year	543	607
Total carrying amount at the end of year	543	607

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
2022	$'000	$'000
Balance at the beginning of year	607	607
Amortisation expense	(64)	(64)
Carrying amount at the end of year	543	543

15. INTANGIBLES (continued)

CONSOLIDATED GROUP	Wet Brake Technology	Total
2021	**$'000**	**$'000**
Balance at the beginning of year	671	671
Amortisation expense	(64)	(64)
Carrying amount at the end of year	607	607

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 2022 or 2021, as there were no impairment triggers.

16 TRADE AND OTHER PAYABLES

	CONSOLIDATED GROUP	
	2022	**2021**
Current (unsecured)	**$'000**	**$'000**
Trade creditors	1,448	1,092
Other payables	70	56
Accrued expenses	333	(1)
	1,851	1,147

17 INTEREST BEARING LIABILITIES

(a) Current

Insurance Premium funding (i)	191	214
Other (secured)	-	17
	191	231
Lease liability – Right-of-use assets (ii)	-	52
Total	**191**	**283**

(i) The insurance premium funding is an unsecured finance arrangement for the Company's annual insurance premiums with Attvest Finance Pty Ltd. The amount outstanding for the remaining period of the arrangement, being 10 months is $191,000. The interest rate of the funding is approx. 4.3% pa.

	CONSOLIDATED GROUP	
	2022	**2021**
(b) Non-current	**$'000**	**$'000**
Lease Liability – Right of use asset (c)	-	406
Total	**-**	**406**

(ii) The Group recognises that the lease modification is not accounted for as a separate lease, but rather a remeasurement of the lease liability, and decreased the carrying amount of the lease liability to reflect the partial termination of the lease.

The decrease in the scope of the lease is recognised as a lease modification and any gain or loss relating to the partial termination of the lease is recognised in the statement of profit or loss in June 2022.

17 INTEREST BEARING LIABILITIES (continued)

(c) Lease Liability – Right of use asset

The lease liabilities are presented below:

	CONSOLIDATED GROUP	
	2022	2021
	$'000	$'000
Balance at 1 July	458	504
Payments	(90)	(85)
Interest charges during the period	35	39
Derecognition of lease liability	(403)	-
Balance at 30 June	-	458

18 PROVISIONS

	CONSOLIDATED GROUP	
	2022	2021
Current	$'000	$'000
Warranties	110	96
Employee entitlements	175	160
Total	285	256
Non-Current		
Employee Entitlements	6	18
Total	6	18

(b) Number of Employees

	Number	Number
Number of employees at year-end		
Australia	23	15
Total	23	15

CONSOLIDATED GROUP	Warranties	Employee Entitlements	Total
Opening balance as at 1 July 2021	**96**	**178**	**274**
Additional provisions	14	193	207
Amounts used	-	(128)	(128)
Unused amounts reversed	-	(61)	(61)
Increase in the discounted amount arising due to time and effect of any change in the discount rate	-	(1)	(1)
Balance as at 30 June 2022	**110**	**181**	**291**

CONSOLIDATED GROUP	Warranties	Employee Entitlements	Total
Opening balance as at 1 July 2020	**82**	**189**	**271**
Additional provisions	14	160	174
Amounts used	-	(146)	(146)
Unused amounts reversed	-	(24)	(24)
Increase in the discounted amount arising due to time and effect of any change in the discount rate	-	(1)	(1)
Balance as at 30 June 2021	**96**	**178**	**274**

NOTES TO THE FINANCIAL STATEMENTS
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19 ISSUED CAPITAL

(a) Ordinary Shares

The Parent Entity had issued 379,148,766 (2021: 379,148,766) fully paid ordinary shares as at the 30 June 2022.

	2022		2021	
	Number of shares	$'000	Number of shares	$'000
Ordinary shares				
Balance at beginning of the financial year 1 July	379,148,766	55,819	379,148,766	55,819
	379,148,766	55,819	379,148,766	55,819
Transaction costs relating to share issues		-		-
Balance at end of financial year	379,148,766	55,819	379,148,766	55,819

(b) Options

	Number of options	Exercise price $	Expiry date
Unlisted Options			
Balance at beginning of the financial year 1 July 2021	34,790,544	0.038	WAEP (i)
Lapse of KMP Options	(5,958,109)	0.040	
Issue KMP Options	2,979,054	0.040	30/6/2024
Issue KMP Options	2,979,055	0.040	30/6/2025
30 June 2022 – Lapse of Consultant Options	(5,000,000)		
Balance at end of financial year 30 June 2022 (ii)	29,790,544	0.038	WAEP (i)

(i) Weighted Average exercise price

(ii) 11,916,217 unlisted options lapsed on 11/7/2022, 5,958,109 unlisted options lapsed on 12/8/2022, 5,958,109 unlisted options lapsed on 20/8/2022, Balance as at the date of the report was 5,958,109

(c) 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.

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 2022 and 30 June 2021 are as below.

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.

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	CONSOLIDATED GROUP	
	2022	**2021**
Gearing ratio	(41.0%)	(18.1%)

As the Group's gearing ratio has dropped significantly in 2022 due to the Group's increased equity position and low levels of interest-bearing liabilities, the Group's capital risk management focus has become the management of its current working capital position to meet anticipated operating requirements.

The working capital positions of the Group at 30 June were as follows:

	CONSOLIDATED GROUP	
	2022	**2021**
	$'000	**$'000**
Cash and cash equivalents	1,739	1,411
Trade and other receivables	1,993	1,426
Other current assets	756	743
Trade and other payables	(1,851)	(1,147)
Current interest bearing liabilities	(191)	(283)
Current provisions	(285)	(256)
Working Capital Position as at 30 June	2,161	1,894

20 RESERVES

	CONSOLIDATED GROUP	
	2022	**2021**
	$'000	**$'000**
Option reserve	64	64
Share based payment reserve	173	214
Total reserves at the end of the financial year	237	278

21 ACCUMULATED LOSSES

	CONSOLIDATED GROUP	
	2022	**2021**
	$'000	**$'000**
Accumulated losses at the beginning of the financial year	(51,375)	(51,995)
Net profit / (loss) attributable to members of the parent entity	644	620
Accumulated losses at the end of the financial year	(50,731)	(51,375)

NOTES TO THE FINANCIAL STATEMENTS
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22 SHARE-BASED PAYMENTS	CONSOLIDATED GROUP	
	2022	2021
	$'000	$'000
(a) Share-based payment expense	**(41)**	**109**
Schedule of share-based payments		
(i) Shares	-	-
Total allocated to Issued Capital	**-**	**-**
(ii) Options	-	-
Total allocated to Issued Capital	**-**	**-**
26 February 2020 – Issue of 23,832,435 unlisted options to KMP	-	137
18 February 2021 – Issue of 5,958,109 unlisted options to KMP (1)	-	27
16 April 2021 – Lapse of 5,958,109 unlisted options to KMP (4)	-	(55)
8 November 2021 – Issue of 5,958,109 Unlisted options to KMP (2)	31	-
11 April 2022 – Lapse of 5,958,109 unlisted options to KMP (5)	(48)	-
12 May 2022 – Lapse of 2,979,055 unlisted options to KMP (6)	(23)	-
22 May 2022 – Lapse of 4,468,582 unlisted options to KMP (7)	(1)	-
30 June 2022 – Lapse of Consultant Options (3)	-	-
Total allocated to Share-based Payment Reserve	**(41)**	**109**

(b) Options issued during the period

1. Pursuant to ABT's Share Option Plan, 5,958,109 unlisted options lapsed upon resignation of Mr Tony Van Litsenborgh.
2. Pursuant to ABT's Share Option Plan, key management personnel, Mr Andrew Booth was granted and issued a total of 5,958,109 unlisted options which have an exercise price of $0.04 per share which are subject to vesting conditions (KMP Options).
3. 5,000,000 consultant options were not exercised before expiry and lapsed on 30 June 2022

The KMP Options were issued on 18 February 2021 and are subject to the following vesting conditions:

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

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

4. During the period, 5,958,109 unlisted options issued to a KMP in 2020 were not able to meet the vesting conditions, due to the resignation of KMP Mr Tony Van Litsenborgh on 16 April 2021. An amount of $55,000 was reversed in relation to the total valuation of the KMP options amortised to his resignation date, comprised of $26,000 and $29,000 related to the amortisation during the years ended 30 June 2020 and 30 June 2021 respectively.
5. During the period, 5,958,109 unlisted options issued to a KMP in 2020 were not able to meet the vesting conditions, due to the resignation of KMP Mr J Annand on 11 April 2022. An amount of $83,000 was reversed in relation to the total valuation of the KMP options amortised to his resignation date, comprised of $22,000, $36,000 and $25,000 related to the amortisation during the years ended 30 June 2020, 30 June 2021 and 30 June 2022 respectively.
6. During the period, 2,979,055 unlisted options issued to a KMP in 2020 were not able to meet the vesting conditions, due to the resignation of KMP Ms P Exley on 12 May 2022. An amount of $41,000 was reversed in relation to the total valuation of the KMP options amortised to her resignation date, comprised of $11,000 , $18,000 and $12,000 related to the amortisation during the years ended 30 June 2020, 30 June 2021 and 30 June 2022 respectively.
7. During the period, 4,468,582 unlisted options issued to a KMP in 2021 were not able to meet the vesting conditions, due to the resignation of KMP Mr B Suda on 22 May 2022. An amount of $48,000 was reversed in relation to the total

valuation of the KMP options amortised to his resignation date, comprised of $17,000 and $31,000 related to the amortisation during the years ended 30 June 2021 and 30 June 2022 respectively.

(c) Unlisted options valuation

The fair value of the equity settled share options granted during the period are estimated at the date of grant using a Black-Scholes model taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used for the year ended 30 June 2022

	KMP Options Tranche 1	**KMP Options Tranche 2**	**KMP Options Tranche 3**
Fair value at grant date	$0.0097	$0.014	$0.0172
Share price at grant date	$0.036	$0.036	$0.036
Exercise price	$0.04	$0.04	$0.04
Expected volatility	111%	111%	111%
Expected life	1 year	2 years	3 years
Expected dividends	Nil	Nil	Ni
Risk-free interest rate	0.1%	0.05%	0.27%
Number of options issued	1,489,527	1,489,527	2,979,055
Valuation	**$14,411**	**$20,895**	**$51,239**

The total value of the KMP Options is $86,545 at the date they were granted. The KMP Options are subject to vesting conditions:

- Ongoing service and
- Vest in three tranches at 1,2 and 3 years from the date of issue.

The KMP Option valuations are amortised over the period of vesting for each tranche, as follows:

2021 KMP Options	**FY2022**	**FY2023**	**FY2024**	**FY2025**	**Total**
Tranche 1	$10,739	$3,671	-	-	$14,410
Tranche 2	$7,786	$10,448	$2,662	-	$20,896
Tranche 3	$12,715	$17,064	$17,111	$4,349	$51,239
Total	**$31,240**	**$31,183**	**$19,773**	**$4,349**	**$86,545**

23 SEGMENT REPORTING

The Consolidated Group's principal activities are research and development, commercialisation and manufacture of Failsafe wet sealed braking systems and the 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	
	2022 $'000	**2021 $'000**
Australia	6,525	6,683
Oversea / Export	4,563	3,018
Total revenue from trading activities	**11,088**	**9,701**

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23 SEGMENT REPORTING (continued)

(b) Assets by geographical region

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

Australia	7,658	6,832
Total assets	**7,658**	**6,832**

(c) Major customers

The Group has several customers to whom it provides both products and services. The four most significant customers comprise:

Significance	2022 % of total revenue from trading activities	2021 % of total revenue from trading activities
1st	11.1%	9.6%
2nd	10.8%	8.3%
3rd	8.5%	8.0%
4th	6.7%	7.9%

24 CASH FLOW INFORMATION	CONSOLIDATED GROUP 2022 $'000	2021 $'000
(a) Reconciliation of Cash Flow from operations with profit / (loss) after income tax		
Profit / (loss) from ordinary activities after income tax	644	620
(Profit) / loss on disposal of property, plant and equipment	-	-
Share-based payment expense	(41)	109
Non-cash flows in loss from ordinary activities		
Depreciation and impairment	203	180
Amortisation of IP	64	64
Other	(26)	221
Changes in assets and liabilities		
(Increase) / decrease in trade and other receivables	(610)	(150)
(Increase) / decrease in inventories	(471)	229
(Increase) / decrease in other current assets	(87)	(29)
Increase / (decrease) in trade and other payables	706	198
Increase / (decrease) in provisions	16	(9)
Cash inflows / (outflows) from operations	**398**	**1,212**

(b) Non-cash financing and investing activities

2022

During the year to 30 June 2022

On 8 November 2021, pursuant to the Share Option Plan, key management personnel were granted and issued a total of 5,958,109 unlisted options (KMP Options). 2,979,054 unlisted options have an exercise price of $0.04 per share and an expiry date of 30 June 2024, subject to vesting conditions and a further 2,979,055 unlisted options exercisable at $0.04 and an expiry date of 30 June 2025, subject to vesting conditions.

2021

During the year to 30 June 2021

On 18 February 2021, pursuant to the Share Option Plan, key management personnel were granted and issued a total of 5,958,109 unlisted options (KMP Options). 2,979,054 unlisted options have an exercise price of $0.04 per share and an expiry date of 30 June 2023, subject to vesting conditions and a further 2,979,055 unlisted options exercisable at $0.04 and an expiry date of 30 June 2024, subject to vesting conditions.

25 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 the reporting period the Company made payments of $32,714 to Rockwell Bates Pty Ltd T/A Rockwell Bates for legal services on an arms-length basis at commercial rates. Rockwell Bates is a related party of Director, Adam Levine of which he is a director and shareholder.

(ii) During the reporting period the Company made payments totalling $45,398 to Rockwell Group Holdings Pty Ltd for director's fees for Adam Levine for FY22. Rockwell Group Holdings Pty Ltd 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 $40,130 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.

(iv) During 2022, no securities were issued to directors as remuneration.

26 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Overview

The Company and its Subsidiary ("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:

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

(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
2022						
Financial assets						
Cash	0.27%	1,739	-	-	-	1,739
Receivables - current	-	-	-	-	1,993	1,993
Other receivables (note 11)						
R&D Tax incentive	-	-	-	-	400	400
Total financial assets		1,739	-	-	2,393	4,132
Financial liabilities						
Payables	-	-	-	-	1,851	1,851
Interest Payable	-	-	-	-	-	-
Insurance Premium funding	4.3%	-	191	-	-	191
Finance lease liabilities		-	-	-	-	-
Total financial liabilities		-	191	-	1,851	2,042
Net Financial Assets / (Liabilities)		1,739	(191)	-	542	2,090

	Average Interest Rate %	Floating Interest Rate $'000	Within 1 Year $'000	1 to 5 Years $'000	Non-Interest Bearing $'000	Total $'000
2021						
Financial assets						
Cash	0.34%	1,411	-	-	-	1,411
Receivables - current	-	-	-	-	1,426	1,426
Other receivables (note 11)						
R&D Tax incentive	-	-	-	-	512	512
Total financial assets		1,411	-	-	1,938	3,349
Financial liabilities						
Payables	-	-	-	-	1,147	1,147
Interest Payable	-	-	-	-	-	-
Insurance Premium funding	4.43%	-	214	-	-	214
Finance lease liabilities	7.91%	-	69	406	-	475
Total financial liabilities		-	283	406	1,147	1,836
Net Financial Assets / (Liabilities)		1,411	(283)	(406)	791	1,513

As at 30 June 2022 Advanced Braking Pty Ltd was entitled to interest on deposits at the National Australia Bank at rates at the weighted average of 0.27% per annum (2021: 0.34% per annum).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

The sensitivity analysis below is based on the interest rate risk exposure in existence at the balance sheet date. The 0.25% (2021: 0.25%) 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.

	CONSOLIDATED GROUP	
	2022	2021
	$'000	$'000
Possible movements before tax:		
+0.25% (2021: 0.5%) per annum	4	4
-0.25% (2021: -0.5%) per annum	(4)	(4)

	CONSOLIDATED GROUP	
	2022	2021
	$'000	$'000
Net financial (liabilities)/assets as above	2,090	1,513
Non-financial assets and liabilities		
-Inventories	2,244	1,773
-Property, plant & equipment	383	450
-Right-of-use assets	-	422
-Intangible Assets	543	607
-Other current assets-prepayments (note 11)	313	231
Refundable deposits	43	-
-Provisions - Current	(285)	(256)
-Provisions - Non-current	(6)	(18)
Net (liabilities)/assets as per the Balance Sheet	5,325	4,722

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 2022, the Company does not have any forward foreign exchange contracts in place. As at 30 June 2022 the Group had the following exposure to foreign currency:

	CONSOLIDATED GROUP	
	2022	2021
Financial Asset	$'000	$'000
Cash and cash equivalents	-	-
Trade and other receivables	-	-
	-	-
Financial Liabilities		
Payables	(6)	(17)
Net Exposure	(6)	(17)

The following sensitivity analysis is based on the foreign currency risk exposure in existence at the balance sheet date. The 11% (2021: 11%) 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 2022, 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	
	2022	2021
	$'000	$'000
Possible movements before tax:		
Pre-Tax Profit – higher/(lower)		
+11% (2021: +7%) per annum	(1)	(2)
-11% (2021: -7%) per annum	1	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	
	2022	2021
	$'000	$'000
The following are the contractual maturities of financial liabilities, including estimated interest payments:		
0 – 6 months	96	136
6 – 12 months	95	147
1 – 5 years	-	286
	191	569

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

CONSOLIDATED GROUP AS AT 30 JUNE 2022

	< 6 Mths	6 - 12 Mths	1 - 5 Years	Total
	$'000	$'000	$'000	$'000
Financial Assets				
Cash and cash equivalents	1,739	-	-	1,739
Trade and other receivables	1,993	-	-	1,993
Accrued Income				
R&D tax incentive	400	-	-	400
Total financial assets	4,132	-	-	4,132
Financial Liabilities				
Payables	1,851	-	-	1,851
Lease liabilities	-	-	-	-
Insurance Premium funding	96	95	-	191
Total financial liabilities	1,947	95	-	2,042
Net exposure	**2,185**	**(95)**	**-**	**2,090**

CONSOLIDATED GROUP AS AT 30 JUNE 2021

	< 6 Mths $'000	6 - 12 Mths $'000	1 - 5 Years $'000	Total $'000
Financial Assets				
Cash and cash equivalents	1,411	-	-	1,411
Trade and other receivables	1,426	-	-	1,426
Accrued Income				
R&D tax incentive	512	-	-	512
Total financial assets	3,349	-	-	3,349
Financial Liabilities				
Payables	1,147	-	-	1,147
Lease liabilities	29	40	286	355
Insurance Premium funding	107	107	-	214
Total financial liabilities	1,283	147	286	1,716
Net exposure	**2,066**	**(147)**	**(286)**	**1,633**

(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:

CONSOLIDATED

	2022 $'000	2021 $'000
Australia	1,993	1,426
	1,993	1,426

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 2022 resulted in no adjustment to the provision for obsolete inventory.

Intangible assets as at 30 June 2022 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.

27 CONTINGENT LIABILITIES

There are no contingent liabilities.

28 EVENTS SUBSEQUENT TO BALANCE DATE

The impact of the Coronavirus (COVID-19) pandemic is ongoing, and the Company continues to monitor risks associated with the impacts that the pandemic is having both domestically and globally.
No other matter or circumstance has arisen since 30 June 2022 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

29 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	
	2022	2021
STATEMENT OF FINANCIAL POSITION	$'000	$'000
ASSETS		
Current assets	35	30
Non-current assets	6,993	7,309
TOTAL ASSETS	7,028	7,339
LIABILITIES		
Current liabilities	72	63
Non-current liabilities	-	-
TOTAL LIABILITIES	72	63
EQUITY		
Issued Capital	55,819	55,819
Other reserves	237	278
Accumulated losses	(49,100)	(48,821)
TOTAL EQUITY	6,956	7,276

	PARENT ENTITY	
	2022	2021
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	$'000	$'000
Total profit/(loss) after tax	(279)	(115)
Total Comprehensive Income/(Loss)	(279)	(115)

Guarantees

At 30 June 2022, 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.

Contractual Commitments

As at 30 June 2022, Advanced Braking Technology Ltd had not entered into any contractual commitments for the acquisition of property, plant and equipment (2021: Nil).

ADVANCED BRAKING TECHNOLOGY

DIRECTORS' DECLARATION

The Directors of the Company declare that:

1. The financial statements and notes, as set out on pages 22 to 57, 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 2022 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
30th August 2022

Moore Australia Audit (WA)

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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 subsidiary (the "Group"), which comprises the consolidated statement of financial position as at 30 June 2022, 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 2022 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 (including Independence Standards)* (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)

<table>
<tr><th colspan="2">Valuation of Failsafe (WET) Brake Technology</th></tr>
<tr><th colspan="2">Refer to Notes 1(n), (u) key estimates – recoverability of intangible assets & 15 Intangibles</th></tr>
<tr><td>The carrying value of the Group's Failsafe Brake Technology as at 30 June 2022 was $543,397 and the related amortisation charge for the year ended 30 June 2022 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.</td><td>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.

• 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.

• Assessment of any impairment triggers by comparing the market capitalisation of the Company against the carrying value of its total net assets at balance date. The year-end market capitalisation of $13.27 million far exceeded the net asset value. There were no other impairment triggers based on the Group's improved financial performance and position during the year and its future budgeted performance.

• 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.</td></tr>
</table>

<table>
<tr><th colspan="2">Existence and Valuation of Inventories</th></tr>
<tr><th colspan="2">Refer to Note 10 Inventories</th></tr>
<tr><td>The carrying value of inventory as at 30 June 2022 was $2.24 million. 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 Group's single largest asset, we have therefore identified inventory existence and valuation as a key audit matter.</td><td>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 and undertaking our own test counts.

• 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.</td></tr>
</table>

Valuation of Receivables	
Refer to Note 9 Trade Receivables	
Valuation of trade receivables is a key area of audit focus due to the size of the account balances and the judgements required in determining their carrying value, and hence is a key audit matter. Trade debtors amounted to $2.0 million as at 30 June 2022. The Group assesses periodically and at each year end the expected credit loss associated with its receivables. When there is expected credit loss impairment, the amount and timing of future cash flows are estimated based on historical, current and forward-looking loss experience for assets with similar credit risk characteristics.	Our procedures included, amongst others: • Review of the level of export trade credit insurance cover for relevant debtors, subsequent receipt collections from debtors and ageing analysis post year end. • Review of expected credit loss workings and assessments prepared by management in relation to trade receivables, including an analysis of the credit risk characteristics attributed to significant trade debtors as part of our assessment of the adequacy of impairment provisions. • Discussion with management and the directors as to the existence of any arrears/disputes with debtors and the impact these factors have had on the assessment of impairment provisions by management. • Review of disclosures made in the notes to 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 2022, 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.

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.

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

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.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:
https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf. This description forms part of our audit report.

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 2022.

In our opinion, the Remuneration Report of Advanced Braking Technology Limited, for the year ended 30 June 2022 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.

WEN-SHIEN CHAI
PARTNER

MOORE AUSTRALIA AUDIT (WA)
CHARTERED ACCOUNTANTS

Signed at Perth this 30th day of August 2022.

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 23 August 2022.

(a) Distribution of fully paid ordinary shares

Size of Holding			Number of Shareholders	Shares Held	% Units
1	-	1,000	230	132,701	0.03
1,001	-	5,000	295	809,044	0.21
5,001	-	10,000	151	1,158,353	0.31
10,001	-	100,000	473	18,215,604	4.80
100,001	and	Over	235	358,833,064	94.64
Total			**1,384**	**379,148,766**	**100.00**

(b) There are 793 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 23 August 2022:

Mr Keith Knowles	34.70%	131,581,728 ordinary shares
Mr David Slack	18.24%	69,169,252 ordinary shares
Mr Craig Chapman <NAMPAC DISCRETIONARY A/C>	5.26%	19,961,975 ordinary shares

3. Shareholders

The twenty largest Shareholders hold 70.54% of the total issued ordinary shares in the Company as at 23 August 2022.

4. Share Options on issue at 23 August 2022

The Company has the following unquoted equity securities on issue:

- 2,979,054 unlisted options, exercisable at $0.04 on or before 30 June 2024, which are held by 1 holder who is a member of Key Management Personnel and are subject to vesting conditions. Refer to Note 22 for more information.
- 2,979,054 unlisted options, exercisable at $0.04 on or before 30 June 2025, which are held by 1 holder who is a member of Key Management Personnel and are subject to vesting conditions. Refer to Note 22 for more information.

The options held by Key Management Personnel were issued pursuant to an employee incentive scheme.

5. On-market buy-back.

There is no current on-market buy-back.

6. Quotation

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

SHAREHOLDER INFORMATION

8. Largest Fully Paid Ordinary Shareholders

The names of the twenty largest Shareholders at 23 August 2022, who hold 70.54% of the fully paid ordinary shares in the Company, are:

Rank	Name	Number of Shares	% of Issued Shares
1	MR KEITH KNOWLES	69,120,277	18.23
2	PARKS AUSTRALIA PTY LTD	58,170,986	15.34
3	DASI INVESTMENTS PTY LTD	26,523,588	7.00
4	MR CRAIG GRAEME CHAPMAN <NAMPAC DISCRETIONARY A/C>	19,961,975	5.26
5	WINDPAC PTY LTD <THE SLACK FAMILY A/C>	19,622,167	5.18
6	WINDPAC PTY LTD <DAVID EARL SLACK S/F A/C>	18,981,633	5.01
7	RP INVEST PTY LTD <PALMER FAMILY RETIRE A/C>	8,600,000	2.27
8	MR PETER RODNEY BOWER	8,141,590	2.15
9	HIMSTEDT & CO PTY LTD <THE HIMSTEDT FAMILY A/C>	5,000,000	1.32
10	MR EVAN PHILIP CLUCAS + MS LEANNE JANE WESTON <KURANGA NURSERY SUPER A/C>	4,606,250	1.21
11	MR KEITH KNOWLES	4,378,967	1.15
12	MR DAVID EARL SLACK	4,041,864	1.07
13	MR KYM FRAHN + MRS WENDY LEANNE FRAHN <THE FRAHN SUPER FUND A/C>	3,398,504	0.90
14	TOKEN NOMINEES PTY LTD	2,533,334	0.67
15	ONKAPARINGA HOLDINGS PTY LTD <T & K HIMSTEDT FAMILY A/C>	2,500,000	0.66
16	MYALL RESOURCES PTY LTD <MYALL GROUP SUPER FUND A/C>	2,450,000	0.65
17	M/S TRACEY-ANN PALMER	2,414,490	0.64
18	MR COLIN JAMES SHARP	2,400,000	0.63
19	MRS TERESA ELIZEABETH WILLIAMS	2,328,500	0.61
20	KIZOGO PTY LTD <BERGAN EXEC RETIREMENT A/C>	2,276,741	0.60
Total		**267,450,866**	**70.54**

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ADVANCED BRAKING TECHNOLOGY

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ANNUAL REPORT 2022

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