Appendix 4E

Full Year report

Name of Entity:	**Advanced Braking Technology Ltd**
ABN:	**66 099 107 623**
Reporting period:	**Year ended 30 June 2023**
Previous corresponding period:	**Year ended 30 June 2022**

Results for announcement to the market

			30-Jun-23 $A'000	**30-Jun-22 $A'000**
Revenue from ordinary activities	Up	25.12%	14,690	11,741
Profit / (Loss) from ordinary activities after income tax attributable to members	Up	128.85%	1,474	644
Net Profit / (loss) for the period attributable to members	Up	128.85%	1,474	644

Dividends

There is no proposal to pay dividents for the year ended 30 June 2023

Net tangible assets	**30-Jun-23** cents	**30-Jun-22** cents
Net tangible assets per share (cents)	1.41	1.26

This report is based on accounts which have been audited.

The commentary on the results for the period is contained in the release accompanying this statement.

ANNUAL REPORT 2023

ABN 66 099 107 623

ABT

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

CORPORATE DIRECTORY

Directors
Dagmar Parsons
David Slack
Adam Levine

Chief Executive Officer
Andrew Booth

Chief Financial Officer
Angela Godbeer

Company Secretary
Kaitlin Smith

Registered Office
73 Inspiration Drive
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

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,

On behalf of the Board, I am pleased to share with you our 2023 Annual Report. FY23 has been a year where Advanced Braking Technology Limited (ABT) has accomplished a number of transformative achievements to further position the business for expansion and scale:

- We have strengthened ABT's Blue Chip Customer relationships via strategic business planning and execution with our Customers and International Distribution Partners
- We jointly with Glencore embarked on the new Heavy Vehicle Sealed Integrated Brake System (SIBS) development for the VOLVO FMX
- We invested in our People and Talent with a Human Resources training and development program
- We strengthened our Risk, Finance and IT capability with a new ERP Platform, and
- We opened our new Head Office and Factory in Wangara, Western Australia

The ABT Board thank our shareholders for their trust and support in making these investments to deliver value for your Company now and in the future. Return on these investments is yielded over time and this year, our CEO Andrew Booth and his team have delivered strong operational and financial performance through a period of challenging inflationary global supply chains and cost pressures. This achievement is underpinned by our disciplined approach to strategy execution - continuously monitoring market forces, revising strategic tactics accordingly as well as leveraging our increasing organisational capabilities.

Our People and Our Culture

The ABT Board and the Leadership Team sets the direction and tone for our workplace culture. During the year, we continued to give particular attention to supporting our people to feel safe, included and valued at work. Our enduring aim at ABT is for our work to be undertaken consistently embracing our Values and Code of Conduct. At the heart of ABT is a strong commitment to foster a culture where our people live the Values founded by:

- Respect – We care for and we listen to each other
- Integrity – We do what we say we are going to do
- Accountability – We take ownership of all of our tasks and take pride in our work
- Teamwork – We build opportunities to collaborate across teams

Creating Value via R&D Innovation

During FY23, ABT and Glencore entered into an agreement for the development of a Sealed Integrated Braking System (SIBS) for Heavy Vehicle mine haulage fleet. The design solution includes Intellectual Property developed by ABT and is related to the proven and trusted Failsafe brake for light commercial vehicles, that has been used extensively within both the Australian and international mining sectors over many years. The brake system offers a key solution to ruggedise and adapt the Volvo FMX haul truck for mining specification. The development costs were shared between both parties recognising a mutual commitment to the success of the solution for the Volvo FMX Haul Truck, and for further market expansion by ABT into the medium term.

CHAIR'S REVIEW

In February 2023, ABT and Glencore agreed to vary the 'Joint Production Development Agreement' to enable ABT to more rapidly commercialise the SIBS wheel end for the Volvo Haul Truck. The variation allowed for ABT to enter into agreements with other mining companies regarding their participation in the development project. Mining Operators have expressed interest in the ABT HV SIBS to support smaller, lighter more efficient vehicles.

Creating Value via Performance

The ABT team has delivered a record Year End result in both Product Sales and Total Revenue. These results mark a number of milestones for ABT in Revenue, Product Sales, Gross Margin, Operating Cashflow and Profitability. We ended the financial year with a net cash balance of $2.05M, a 17.8% increase on pip, and a Net Profit After Tax of $1.47M, a 129% increase on FY22 NPAT.

The ABT brand remains synonymous with an innovative failsafe and cost-effective brake safety solution to protect our customers' people, the operating environment, and their assets. It is important at this point in ABTs growth journey, that we continue to reinvest this value accretion into our business model to sustain our aspiring growth roadmap ahead.

ABT Board Succession

We welcomed Les Guthrie to the ABT Board as independent Non-executive Director. Les has over 45 years' experience in the development and delivery of projects across the mining, infrastructure and energy sectors. He has held senior project management and corporate executive roles for major engineering and resources companies in Australia, North America, Asia and the UK. We are delighted to welcome Les.

At the other end of the succession process, we farewelled Mark Lindh at the conclusion of the 2022 Annual General Meeting. On behalf of the ABT Board, I would like to thank Mark for his contribution to the ABT journey.

Outlook

As we embrace the New Financial Year with a keen focus on executing our strategic roadmap, we continue to strive to deliver outstanding value to our customers and stakeholders. To achieve this continued focus on customer lead product innovation and the expansion of our international customer base is key.

ABT remains invested in developing our dedicated team of people. We are proud of our ABT culture which fosters innovation, growth, creativity and collaboration. We stay focused on building on our 20+ years of experience as the original manufacturer of sealed wet brake technology, continuing to protect people, equipment and the environment. We will continue to deliver on innovation, safety and environmental responsibility as a reflection of ABT's ethos.

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

Dagmar Parsons
Chairman

CHIEF EXECUTIVE OFFICER'S REVIEW

Dear Shareholder,

ABT performed well in FY23. The strategic customer engagement and focused operational and supply chain management allowed us to capture the growth in international Mining, delivering unprecedented results for our stakeholders.

Our FY23 agenda was underpinned by 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. We made important progress in key strategic initiatives aimed at strengthening our foundations for future scale and growth. This strategic roadmap included:

- Drive Mining Market Penetration of Failsafe SIBS across our Global Bluechip Customer Base
- Diversify SIBS applications across a broader range of Vehicle Types and Markets
- Position ABT to take advantage of automotive megatrends (Autonomous/Electric/Connected)
- Safety and Environment remain core to how we do business
- Investing in our people through training and development
- Focusing on initiatives to enhance innovation and revenue diversification

Most importantly, we did so safely and sustainably and as a result we were more engaged and more reliable and more productive; as we harnessed the experience, passion and ingenuity of our talented and dedicated team.

The International Energy Agency estimates the demand for minerals used for electric vehicles and battery storage will grow tenfold by 2040.1 This market dynamic is boosting continued and unprecedented investment and growth in underground and other mining formats. Since the global pandemic, the industry has seen an accelerated focus on Environment, Social and Governance (ESG) focus in the form of safety, compliance and technology driven environmental solutioning as a key driver for innovation.

At ABT innovation and safety remains core to our brand, Our ethos and is central to everything we do. Our high performing failsafe brakes protect our customers' people, assets and the environment in which they are operating. As an Original Equipment Manufacturer (OEM) of Failsafe Braking solutions, ABT's strategic roadmap remains clear. We will continue to maintain and deepen our market presence combined with a pursuit to innovate for further vehicle diversification in both Light and Heavy Vehicle applications which expand our channels and markets. For example, ABT continues to progress development of the Heavy Vehicle (HV) Sealed Integrated Brake (SIBS) range. ABT's HV Strategy targets road trucks 'mine spec'd' for ore haulage application in the mine operation. Effective braking systems are critical for the safe use of mobile and transportable plant. Following the announcement of the SIBS Product Development Agreement with Glencore in March 2023, ABT is partnering with an ASX listed international mining company to validate the Failsafe Emergency and the HV SIBS systems. Further mining operators have expressed interest in the ABT HV SIBS to support smaller, lighter more efficient road vehicles. And ABT HV SIBS Brake 'ruggedises' the vehicle to provide unprecedented confidence in safety and maximises vehicle uptime for a superior Return on Investment.

1. International Energy Agency: The Role of Critical Minerals In Clean Energy Transitions.

CHIEF EXECUTIVE OFFICER'S REVIEW

The FY23 year-end further marks a number of milestones for ABT in revenue, product sales, gross margin, operating cashflow and profit. Importantly however, the year-end yields ABT a highly engaged team, who are passionate about solutioning our customers' needs and the continuous improvement and innovation that foundations the company for strong future growth. I remain immensely proud of the talented ABT team that we have built and the team of external partners who have supported the ABT journey.

Full Year highlights include:

- Year End Revenue Growth +28% (+$3.06M)
- Year End Gross Margin 50.2% vs. Prior Year 44.4% and Budget 45.6%
- Gross Margin YOY Growth +44% (+$2.18M)
- EBITDA YOY Growth +83% (+$793k)
- NPAT YOY Growth +129% (+$830k)

I want to thank our ABT Team and all those who supported us in delivering these FY23 outcomes.

In May 2023 we appointed Benjamin Weetman to the role of Sales and Marketing Director. Ben brings to ABT significant experience in multinational Mining and Mining Equipment, Technology and Services (METS) environments and a successful track record within bluechip organisations supplying equipment and services into Tier 1 mining companies globally. I am very pleased to welcome Ben to the ABT Team.

In June 2023, ABT completed the final stages of our relocation into the impressive new 'Inspiration Drive Headquarters'. This building offers our team a standard of facility that symbolises the success of the business in FY23 as well as the growth aspirations for FY24 and beyond.

The new Financial Year offers ABT an exciting year of opportunities ahead. We will embrace and navigate this with a keen focus on executing our strategic roadmap whilst striving to deliver outstanding value to our customers and our stakeholders. A focus on customer lead product innovation and the expansion of our international customer base will continue to be key.

ABT remains invested in developing our dedicated team of people. We are proud of our ABT culture which fosters innovation, growth, creativity and collaboration. Combined with our valuable global customer base, ABT's future journey in FY24 and beyond is promising.

To the ABT Board and our valued Shareholders, thank you for your ongoing trust and support.

Andrew Booth
CEO

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 revenue from continuing operations 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 COVID-19 impacted supply chains.

During FY23, ABT offered the following 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.

During FY23, 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;
- Focusing on support for our 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 2023, with revenue from ordinary activities of $14.69m (FY22: $11.74m), which represents a 25% increase on the prior year. The net profit for the year of $1.47m (FY22: $0.64m) was achieved through an increase in sales revenue and controlled expense.

The Company reports a balance sheet with cash and receivables of $3.99m (FY22: $3.73m). Net assets as at 30 June 2023 have increased 32% from FY22 to $6.95m. Increases in inventory holdings have been the main contributor to the increase in net assets as the Company increased inventory holdings to service open orders and hold safety stock levels akin to the sales increases.

Cash balance of $2.05m, is up from the $1.74m at 30 June 2023. ABT experienced a small increase in trade and other payables$0.41m. Trade receivables remains constant at $1.9m (FY22: $1.9m).

ADVANCED BRAKING TECHNOLOGY

OPERATING AND FINANCIAL REVIEW

Revenue

Revenue from continuing operations in FY23 of $14.15m (FY22: $11.1m) was achieved primarily from sales of the Company's core Failsafe products and associated spares and consumables predominately in the mining industry.

The gross margin for revenue from continuing operations for FY23 is 50.2% (FY22: 44.4%). The increased gross margin is a culmination of improved cost control measures, economies of scale, higher margin domestic sales and improved inventory management. Achieving ISO9001 accreditation provided an opportunity for process improvement implementations which resulted in increased productivity, efficiency and costs control measures.

The estimated research and development (R&D) tax incentive refund for the year of $480k (FY22: $400k) is higher than prior year. The Company engaged in a product R&D program with a core customer who funded a portion of the R&D program. The Company continues to invest in new product development which will deliver revenue diversification and scale opportunities.

During FY23, ABT received funds of $0.007m (FY22: $0.12m) in relation to a Defence Global Competitiveness Grant.

Expenses

Expenses for FY23 totalled $6.17m (FY22: $4.93m) representing a 25% increase on prior year. The increases in expenses are in line with the Company's 2025 strategic horizon to support a step change in growth. Total expenses are 44% of revenue from continuing operations (FY22: 45%) and aligned to the revenue growth achieved through the year.

Cash

The cash balance of $2.05m (FY22: $1.7m) has increased on prior year due to higher revenue, and the Company reports a positive operating cash flow of $0.9m (FY22: $0.4m). The Company continues to take a proactive approach to minimise disruption of delivery to customers by purchasing inventory in advance and holding higher stock levels than previously required. The Company has a solid sales pipeline on which to place orders, 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 sustained financial and operational performance achieved during FY23, ABT continues to focus on the ongoing methodical execution of its strategic roadmap.

The growth strategy will be implemented through:

- Organic growth of our existing business via focused sales and marketing engagement with ABT's international customer base;
- Product innovation and continuous improvement to deliver vehicle diversification and pace with technology advancement;
- 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 FY24 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 partners: Suppliers, Installation and Service Providers, and International Distributors.

OPERATING AND FINANCIAL REVIEW

With a focus on leveraging our core SIBS intellectual property and existing product range as well as capitalising on our perpetual R&D investment, the Company is positioned to grow sales during FY24 to a broader range of customers and geographic regions. For example, ABT has been actively engaging with a number of international mining operators in Ghana, requiring Failsafe brake systems for their respective Light Vehicle fleets.

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. An example of this diversification is the development of the Heavy Vehicle (HV) Sealed Integrated Brake (SIBS) range. ABT's HV Strategy targets road trucks 'mine spec'd' for ore haulage application in the mine operation. Effective braking systems are critical for the safe use of mobile and transportable plant and this includes adequate braking measures in the event of the failure of the primary braking system. The ABT HV range solutions a secondary brake system in the form of Failsafe Emergency as well as solutioning for Operational Excellence by preventing contamination to the braking system through the SIBS HV Wheelend Brake system.

The range will include:

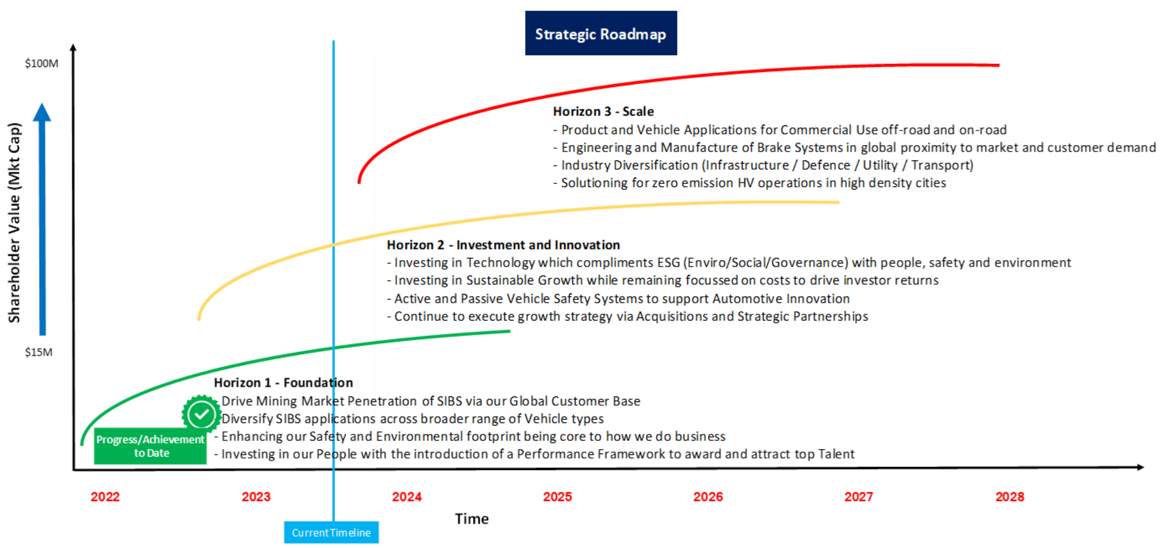
- A Driveline Brake offering an Emergency Failsafe Brake solution required for Heavy Road Vehicles in Underground applications.
- And the other being the SIBS HV Wheelend Brake which ruggedises road vehicles for mining applications.

"We are very pleased with the development progress of the HV strategy and are confident of the successful upcoming trial of the Driveline Emergency Brake, partnering with a major ASX listed international mining company to validate the system. Likewise, Ghana and the region of West Africa presents exciting growth opportunities for ABT as we deepen our engagement with a number of operators adopting Failsafe Brake Systems and in turn strengthening their ESG compliance." Andrew Booth, Chief Executive Officer.

ABT's 2027 strategic horizon model illustrates the themes over a medium-term time band. FY24 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 will continue to allocate resources towards the creation and enhancement of new technologies, products and processes through Research and Development (R&D). Investment in R&D is important for the Company to remain competitive, foster innovation and drive long term growth.

ABT's 2027 Strategic Horizon



OPERATING AND FINANCIAL REVIEW

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 - refers to the potential losses or adverse impacts the Company may face as a result of its internal processes, systems, people, or external events. These risks arise from the day-to-day operations and activities of the Company. Operational risks can affect various aspects of the Company, including its reputation, efficiency, profitability, and compliance with regulations. The current and future operations of the Company, including development, assembly, manufacturing and sales may be affected by a range of operational factors.

(b) Performance Risk - refers to the uncertainties and potential adverse outcomes that can affect the ability of the Company to achieve the desired objectives, goals, or performance targets. These risks can impact different areas of the Company, hindering the organisations success or causing suboptimal performance. Performance risks can arise from various sources and may include internal and external factors.

(c) Currency Risk - The Company trades with over ninety percent (90%) of its suppliers in Australian dollars therefore currency risk on purchases is negligible. The Company sells product into foreign markets in Australian dollars only and is therefore considered to also have a negligible risk. Overall, the Company, 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, where 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. The Company 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 the safety needs of our customers operating in both developed and developing markets globally. This is founded upon 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 is currently assessing key initiatives to drive scale, revenue diversification and enhanced innovation for the business.

DIRECTOR'S 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 2023. For the purposes of the Corporations Act 2001, the Directors provide the report as follows:

The following persons were Directors of the Company during the financial year are as follows:

Name	Position	Appointment Date	Resignation Date
Dagmar Parsons	Chairman	22-Apr-18	-
David Slack	Non-Executive Director	9-Sep-09	-
Adam Levine	Non-Executive Director	9-Apr-13	-
Mark Lindh	Non-Executive Director	27-Jun-17	16-Nov-22

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 2023 were a net profit from continuing operations, after income tax, of $1,474,000 (2022: net profit $644,000). Revenues from continuing operations were $14,150,000 (2022: $11,088,000). Revenues from other activities were $540,000 (2022: $653,000).

Dividends

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

Summary of Material Transactions

Issue of Securities

In 2021, the Company issued 5,958,109 unlisted options to a key management personnel. Refer to Note 19 for further details.

During the period, the Company issued 17,874,327 unlisted options. Refer to Note 19 for further details.

Recognition of Right of Use Asset and Liability

On 8 March 2023, the Group signed a building lease agreement. The lease will initially run 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, is included when adopted under AASB 16. Refer to Note 1 and 14 for further details.

DIRECTOR'S REPORT

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. ABT fully received the remainder of the grant in FY23.

FY21 - $0.1m (received)
FY22 - $0.12m (received)
FY23 - $0.007m (received)

Research and Development tax incentive

ABT received $439,000 as a refundable tax offset for eligible research and development expenditure relating to the development of its innovative braking solutions during FY23, following the lodgement of the Company's FY22 income tax return.

Significant Changes in the State of Affairs

Mr Mark Lindh resigned his position as Non Executive Director on the 16 November 2022.

Events subsequent to balance date

Mr Les Guthrie was appointed as Non -Executive Director effective 1 August 2023.

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 FY24 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.

DIRECTOR’S REPORT

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 a Non-Executive Director of Laserbond 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.

During the past three years, Ms Dagmar Parsons held the following directorships in other ASX listed companies:

- Non-Executive Director of Greenvale Mining Ltd (ASX Code: GRV)
- *Period of Directorship June 2021 to August 2022*
- Non-Executive Director of Laserbond Ltd (ASX: LBL)
- *Period of Directorship 30 January 2023 to current*

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.

Mr Slack is the Chair of the Audit & Risk Committee. He has a Bachelor of Economics with Honours and is a fellow of FINSIA. He is also 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 Remuneration Committee. 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.

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, Mr Booth 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; Mr Booth 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.

Mr Booth 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.

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

Ms Godbeer 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.

ADVANCED BRAKING TECHNOLOGY

DIRECTOR'S REPORT

Directors' & Other Key Management's Interest in the Company

The following table sets out each current Director's and other KMP's relevant interest in shares, options to acquire shares of the Company or a related body corporate as at 30 June 2023.

Directors	Fully paid Ordinary Shares	Unlisted Options
D Parsons	840,000	
D Slack	75,156,743	
A Levine	777,778	
Subtotal	76,774,521	
Other Key Management		
A Booth	308,127	11,916,218
A Godbeer		5,958,109
Subtotal	308,127	17,874,327
Total	**77,082,648**	**17,874,327**

Directors' meetings

During the financial year there were 19 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 & Risk Committee		Remuneration & Nomination Committee	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
D Parsons	12	12	4	4	3	3
D Slack	12	12	4	4	3	2
A Levine	12	12	4	4	3	3
M Lindh[1]	5	5	2	2	2	2

1 M Lindh ceased employment on 16 November 2022.

DIRECTOR'S REPORT

REMUNERATION REPORT (AUDITED)

This remuneration report for the year ended 30 June 2023 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.

A change has been made to the Key Management Personnel (KMP) disclosure in the current year. The change in the KMP disclosure has been made due to a re-assessment of KMPs during the year and from this reassessment only Directors, Chief Executive Officer and Chief Financial Officer are considered KMP.

As a result of the change, the KMP information for the prior year has been restated to exclude individuals who no longer meet the updated criteria for KMP.

This change affects the prior year reported remuneration and benefits disclosed in Note 5.

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	Chairman	22-Apr-18	-
D Slack	Non-Executive Director	9-Sep-09	-
A Levine	Non-Executive Director	9-Apr-13	-
M Lindh	Non-Executive Director	27-Jun-17	16-Nov-22

Executives

Name	Position	Appointment Date	Resignation Date
A Booth	Chief Executive Officer	15-Mar-22	-
A Godbeer	Chief Financial Officer	2-May-22	-

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.

DIRECTOR'S REPORT

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-Jun-23	30-Jun-22	30-Jun-21	30-Jun-20	30-Jun-19
Total Revenue ($'000)	14,690	11,741	10,448	9,079	7,430
Net profit / (loss) ($'000)	1,474	644	620	171	(1,713)
ABV Share price	3.8 cents	2.6 cents	3.5 cents	2.4 cents	1.9 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 2022 Annual General Meeting (AGM) held on November 2022 when Shareholders approved an aggregate fee pool of $500,000 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 2022 Annual General Meeting

At the Company's most recent Annual General Meeting held in November 2022, over 99.40% of eligible votes were cast for the adoption of the 30 June 2022 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 2023, the executive remuneration framework consisted of the following components:

-Fixed remuneration; and

-Variable remuneration

DIRECTOR'S REPORT

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 and/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:

Ordinary Shares

Directors	Balance at 1 July 2022	Granted as compensation during year	Exercise of options during year	Other movement during year	Held at date of resignation	Balance at 30 June 2023
D Parsons	840,000	-	-	-	-	840,000
D Slack[2 3]	69,169,252	-	-	5,987,491	-	75,156,743
A Levine	777,778	-	-	-	-	777,778
M Lindh[1]	3,033,334	-	-	-	3,033,334	-
Sub-total	**73,820,364**	**-**	**-**	**5,987,491**	**3,033,334**	**76,774,521**
Executives						
A Booth[4]	285,400	22,727	-	-	-	308,127
A Godbeer	-	-	-	-	-	-
Sub-total	**285,400**	**22,727**	**-**	**-**	**-**	**308,127**
Total	**74,105,764**	**22,727**	**-**	**5,987,491**	**3,033,334**	**77,082,648**

1 M Lindh ceased employment on 16 November 2022.
2 D Slack acquired shares on market on 21 November 2022 and 28 November 2022.
3 D Slack acquired shares off market on 12 December 2022.
4 During the period, management granted employee shares to eligible employees. Refer to Note 22 for further details.

DIRECTOR'S REPORT

Unlisted Options

Directors	Balance at 1 July 2022	Granted during the period as compensation [1]	Lapsed during the period	Balance at 30 June 2023 (or date of resignation)	Vested and exercisable at 30 June 2023
D Parsons	-	-	-	-	-
D Slack	-	-	-	-	-
A Levine	-	-	-	-	-
Total	-	-	-	-	-
Executives					
A Booth	5,958,109	5,958,109	-	11,916,218	1,489,527
A Godbeer	-	5,958,109	-	5,958,109	1,489,527
J Annand[2]	11,916,217	-	11,916,217	-	-
P Exley[2]	5,958,109	-	5,958,109	-	-
Total	23,832,435	11,916,218	17,874,326	17,874,327	2,979,054

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. 5,958109 unlisted options lapsed on 12/8/2022 following Ms Paige Exley'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:

		Short Term benefits			Post Employ-ment	Share Based payments		
	Year	*Salary & Fees* $000's	*Accrued Bonus* $000's	*Total* $000's	*Super* $000's	*Share Based Payment* $000's	*Total Remuneration* $000's	*Performance-based remuneration* $000's
Directors								
A Levine	**2023**	***61***	**-**	**61**	***-***	**-**	***61***	*0%*
	2022	*62*	-	62	*-*	-	*62*	*0%*
D Slack	**2023**	***55***	**-**	**55**	***6***	**-**	***61***	*0%*
	2022	*55*	-	55	*5*	-	*60*	*0%*
D Parsons	**2023**	***85***	**-**	**85**	***9***	**-**	***94***	*0%*
	2022	*85*	-	85	*9*	-	*94*	*0%*
M Lindh[1]	**2023**	***23***	**-**	**23**	***2***	**-**	***25***	*0%*
	2022	*55*	-	55	*5*	-	*60*	*0%*
Total	**2023**	***224***	**-**	***224***	***17***	**-**	***241***	*0%*
Total	2022	*257*	-	257	*19*	-	*276*	*0%*

DIRECTOR'S REPORT

	Year	Short Term benefits *Salary & Fees* $000's	*Bonus* $000's	*Total* $000's	Post Employ-ment *Super* $000's	Share Based payments *Share Based Payment* $000's	*Total Remuneration* $000's	*Performance-based remuneration* $000's
Executives								
A Booth	**2023**	***319***	**58**	**377**	***28***	***74***	***479***	*15%*
	2022	*244*	-	244	*24*	31	*299*	*10%*
A Godbeer	**2023**	***212***	**39**	**251**	***22***	***36***	***309***	*12%*
	2022	*33*	-	33	*3*	-	*36*	*0%*
J Annand2	**2023**	-	-	-	-	-	-	*0%*
	2022	*276*	-	276	*18*	(49)	*245*	*(20%)*
P Exley3	**2023**	-	-	-	-	-	-	*0%*
	2022	*164*	-	164	*16*	(24)	*156*	*(15%)*
Total	**2023**	***531***	***97***	**628**	***50***	***110***	***788***	***14%***
Total	2022	*717*	-	*717*	*61*	*(42)*	*736*	*(6%)*

1 M Lindh ceased employment on 16 November 2022.

2 J Annand ceased employment on 11 April 2022.

3 P Exley ceased employment on 12 May 2022.

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

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

Short term incentives

$97K were accrued for STI during the financial year's 2023. (2022: $Nil)

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 2024	Total KMP Options on Expiring 30 June 2025
J Annand 1	26-Feb-20	$0.04	2,979,054	2,979,054	5,958,109		
P Exley 2	26-Feb-20	$0.04	1,489,527	1,489,527	2,979,055		
A Booth	8-Nov-21	$0.04	1,489,527	1,489,527	2,979,055	2,979,054	2,979,055
A Booth	1-Dec-22	$0.06	1,489,527	1,489,527	2,979,055		5,958,109
A Godbeer	4-Jan-23	$0.06	1,489,527	1,489,527	2,979,055		5,958,109
		Total	**8,937,162**	**8,937,162**	**17,874,329**	**2,979,054**	**14,895,273**

1 11,916,217 unlisted options lapsed on 11/7/2022 following Mr J Annand's resignation.

2 5,958,109 unlisted options lapsed on 12/8/2022 following Ms P Exley'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.

Other Equity Plans

Eligible employees are offered shares in the Company, at no cost to the employees, to the value of $1,000 per annum under the terms of the Company's Employee Share Plan. There are no performance conditions, because the plan is designed to align the interests of participating employees with those of shareholders. 1 Key Management Personnel, being A Booth participated in the share plan in 2023 (2022: Nil). Refer to Note 19 & 22.

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

On 1 December 2022, The Company issued Andrew Booth 5,958,109 unlisted options with the following vesting conditions:

- 1,489,527 unlisted options exercisable at $0.06 and expiring 30 June 2025 with a vesting date being 31 December 2022.
- 1,489,527 unlisted options exercisable at $0.06 and expiring 30 June 2025 with a vesting date being 31 December 2023.
- 2,979,054 unlisted options exercisable at $0.06 and expiring 30 June 2025 with a vesting date being 31 December 2024.

On 4 January 2023, The Company issued Angela Godbeer 5,958,109 unlisted options with the following vesting conditions:

- 1,489,527 unlisted options exercisable at $0.06 and expiring 30 June 2025 with a vesting date being 30 April 2023.
- 1,489,527 unlisted options exercisable at $0.06 and expiring 30 June 2025 with a vesting date being 30 April 2024.
- 2,979,054 unlisted options exercisable at $0.06 and expiring 30 June 2025 with a vesting date being 30 April 2025.

The unlisted options above were valued using Black Scholes, the inputs have been disclosed in Note 22.

No other performance incentive-based options were issued as remunerations to Directors or KMP during the period.

Indemnification and Insurance of Directors, Officers and Auditor

During the course of the year the Company has paid $35,341 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.

DIRECTOR'S REPORT

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	
AUDITOR'S REMUNERATION	**2023**	**2022**
Remuneration of the auditor:		
Moore Australia Audit (WA) Pty Ltd		
-Audit or review of the financial statements	55	50
Moore Australia (WA) Pty Ltd		
-Taxation services	14	10
	69	60

Rounding of Amounts

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

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

Dagmar Parsons
Chairman
29 August 2023

Moore Australia Audit (WA)

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AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C 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 2023, 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 29th day of August 2023

ABT
ADVANCED BRAKING TECHNOLOGY

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR YEAR ENDED 30 JUNE 2023

	Notes	CONSOLIDATED GROUP	
		Jun-23 $'000	Jun-22 $'000
Revenue from continuing operations		14,150	11,088
Cost of sales	3	(7,043)	(6,163)
Gross Profit		**7,107**	**4,925**
Revenue from other activities	2	540	653
Expenses			
Amortisation of Intellectual property		(64)	(64)
Audit and accounting fees		(69)	(58)
Bad and doubtful debts		20	(20)
Consulting fees	3	(551)	(248)
Consumables and minor equipment		(56)	(121)
Depreciation expense	3	(195)	(203)
Employee expenses		(3,626)	(3,042)
Finance expenses	3	(70)	(85)
Information technology expenses		(175)	(127)
Insurance		(276)	(254)
Inventory obsolescence expense	3	(203)	(80)
Legal fees		(41)	(32)
Marketing and advertising expenses		(95)	(57)
Patent expense		(32)	(46)
Property expenses		(163)	(51)
Telephone and other communication		(29)	(32)
Travel and accommodation		(260)	(107)
Other expenses	3	(288)	(307)
Total expenses		**(6,173)**	**(4,934)**
Profit / (loss) before income tax		**1,474**	**644**
Income tax	4	-	-
Profit / (loss) after income tax		**1,474**	**644**
Other comprehensive income / (loss)			
Items that may be reclassified subsequently to profit or loss		-	-
Total comprehensive profit / (loss) for the period		**1,474**	**644**
		Cents	**Cents**
Basic profit / (loss) per share (cents)	7	0.389	0.170
Diluted earnings per share (cents)	7	0.364	0.155

The above should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023

	Notes	CONSOLIDATED GROUP	
		Jun-23 $'000	Jun-22 $'000
CURRENT ASSETS			
Cash and cash equivalents	8	2,048	1,739
Trade and other receivables	9	1,939	1,993
Inventories	10	3,425	2,244
Other assets	11	1,057	756
Total current assets		**8,469**	**6,732**
NON-CURRENT ASSETS			
Property, plant and equipment	13	882	383
Right of use assets	14	1,128	-
Intangible assets	15	480	543
Total non-current assets		**2,490**	**926**
TOTAL ASSETS		**10,959**	**7,658**
CURRENT LIABILITIES			
Trade and other payables	16	2,027	1,810
Interest bearing liabilities	17	223	191
Lease liabilities	14	41	-
Provisions	18	571	326
Total current liabilities		**2,862**	**2,327**
NON-CURRENT LIABILITIES			
Lease liabilities	14	1,116	-
Provisions	18	34	6
Total non-current liabilities		1,150	6
TOTAL LIABILITIES		**4,012**	**2,333**
NET ASSETS		**6,947**	**5,325**
EQUITY			
Issued capital	19	55,833	55,819
Reserves	20	371	237
Accumulated losses	21	(49,257)	(50,731)
TOTAL EQUITY		**6,947**	**5,325**

The above should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2023

	Issued Capital	Accumulated losses	Reserves	Total
	$'000	**$'000**	**$'000**	**$'000**
Balance at 1 July 2022	55,819	(50,731)	237	5,325
Profit for the period	-	1,474	-	1,474
Subtotal	**55,819**	**(49,257)**	**237**	**6,799**
Share-based payments	14	-	134	148
Balance at 30 June 2023	**55,833**	**(49,257)**	**371**	**6,948**
Balance at 1 July 2021	55,819	(51,375)	278	4,722
Profit for the period	-	644	-	644
Subtotal	**55,819**	**(50,731)**	**278**	**5,366**
Share-based payments	-	-	(41)	(41)
Balance at 30 June 2022	**55,819**	**(50,731)**	**237**	**5,325**

The above should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR YEAR ENDED 30 JUNE 2023

	Notes	CONSOLIDATED GROUP	
		Jun-23 $'000	**Jun-22 $'000**
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		15,175	11,164
Payments to suppliers and employees		(14,667)	(11,413)
Interest received		18	4
GST paid		(1)	(1)
Finance costs		8	(10)
Proceeds from grants and research & development incentive		447	654
Net cash generated by / (used in) operating activities	24	980	398
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of non-current assets		-	26
Purchase of property, plant and equipment		(665)	(54)
Net cash generated by / (used in) investing activities		(665)	(28)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		246	-
Repayment of borrowings		(213)	(22)
Borrowing costs		(39)	(20)
Proceeds from issue of shares		-	-
Share issue costs		-	-
Net cash generated by / (used in) financing activities		(6)	(42)
Net increase in cash held		**309**	**328**
Cash and cash equivalents at beginning of period		**1,739**	**1,411**
Cash and cash equivalents at end of period	8	**2,048**	**1,739**

The above should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

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 29 August 2023.

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.

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.

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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 and 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 simplified approach to impairment, as applicable under AASB 9: Financial Instruments:

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.

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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.
The Group's weighted average incremental borrowing rate applied to the lease liabilities was 8.41%.

Lease make good provision

A provision has been made for the present value of anticipated costs for future restoration of leased premises. The provision includes future cost estimates associated with closure of the premises. The calculation of this provision requires assumptions such as application of closure dates and cost estimates. The provision recognised for each site is periodically reviewed and updated based on the facts and circumstances available at the time. Changes to the estimated future costs for sites are recognised in the statement of financial position by adjusting the asset and the provision. Reductions in the provision that exceed the carrying amount of the asset will be recognised in profit or loss.

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:

Plant and equipment	2-10 years
Motor vehicles	3-15 years
Office equipment and furniture	2-10 years
Software	3-5 years
Leasehold improvements	1-10 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.

Provision of Inventory obsolescence

Provisions can be recognised for all components of inventories, including raw materials, work in progress and finished goods. The Group considers a number of factors when determining the appropriate level of inventory provisioning, including regulatory approvals and future demand for Group's products.

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.

Key Estimates - Lease Term and Option to Extend under AASB 16

The lease term is defined as the non-cancellable period of a lease together with both periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and also periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option. The decision on whether or not the options to extend are reasonably going to be exercised is a key management judgement that the entity will make. The Group determines the likeliness to exercise looking at the various factors such as which assets are strategic and which are key to future strategy of the entity.

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 2023 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 2023, the Group recorded a profit after tax of $1.474m (2021: $0.644m) and reported operating cash inflows of $0.980m (2022: inflows $0.398m). At balance date and as detailed in Note 17, the Company has current borrowings of $0.264m (2021: $0.191m).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

2 REVENUES FROM OTHER ACTIVITIES

	Jun-23	Jun-22
Other activities	$'000	$'000
- interest received	18	4
- net foreign exchange (loss) / gain	(7)	(6)
- profit / (loss) sale of fixed asset	-	26
- R&D Tax Incentive	519	425
- CDIC defence grant	7	117
- Gain on derecognition of right of use asset / liability	-	73
- Other income	3	14
Total revenue from other activities	**540**	**653**

3 PROFIT / (LOSS) BEFORE INCOME TAX

Profit / (Loss) before income tax has been determined after deducting the following expenses:

	Jun-23	Jun-22
	$'000	$'000
Cost of sales	7,043	6,163
Bad and doubtful debts	(20)	20
Consulting fees	551	248
Depreciation of non-current assets		
- plant and equipment	67	84
- motor vehicles	-	8
- office equipment and furniture	38	19
- leasehold improvements	59	10
- software	2	-
- right of use assets	29	82
	195	**203**
Finance expenses	70	85
Inventory Obsolescence expense	203	80
Other Expenses		
- Due Diligence	73	129
- Shareholder and Listing fee	58	61
- Provisions	31	21
- Office, Insurance and Admin	96	96
- Office Relocation	30	-
	288	307

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

4 INCOME TAX EXPENSE

		Jun-23	Jun-22
a.	**The components of tax expense comprise:**	**$'000**	**$'000**
	Current tax	-	-
	Deferred tax	-	-
	Recoupment of prior year tax losses not previously recognised	-	-
	Income tax	-	-

b. **The prima facie tax benefit on loss from ordinary activities before income tax is reconciled to the income tax as follows:**

	Prima facie tax benefit on loss from ordinary activities before income tax at 25% (2022:25%)	368	161
	Add tax effect of:		
	- Non-allowable items	411	276
	- Revenue losses and other deferred tax balances not recognised	187	133
	- Recoupment of prior year losses not previously recognised	(836)	(452)
	- R&D tax incentive / offset	(130)	(107)
	- Non-assessable items	-	(11)
	Income tax	-	-
c.	**Deferred tax recognised as 25% (2022:25%) 1**		
	Deferred tax liabilities:		
	Intangibles - IP	(120)	(136)
	Leasehold improvements	-	(1)
	Right of use asset	(282)	-
	Deferred tax assets:		
	Carry forward revenue losses	54	80
	Intangibles assets	69	57
	Interest bearing liabilities	279	-
	Net deferred tax	-	-
d.	**Unrecognised deferred tax assets:1**		
	Carry forward revenue losses	1,058	4,198
	Carry forward capital losses	76	76
	Capital raising costs	2	11
	Provisions and accruals	334	179
	Intangible assets	17	29
	Other	55	37
		1,542	**4,530**

Note 1 - 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.

Note 2 – The 2022 comparatives figures have been restated to meet legislative requirements. The overall tax position has not changed.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

5	Key Management Personnel Compensation	Jun-23	Jun-22
		$'000	$'000
	Short-term employee benefits	755	1,167
	Post-employment benefits	67	99
	Share-based payments	110	(67)
	Total KMP compensation	**932**	**1,199**

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.

6	AUDITOR'S REMUNERATION	Jun-23	Jun-22
	Remuneration of the auditor of the Consolidated Group for:	$'000	$'000
	Audit or review of the financial statements	55	50
	Other services	14	10
		69	**60**

7	EARNINGS PER SHARE	Jun-23	Jun-22
	Basic Earnings per share	$'000	$'000
	Net (loss) ($'000's)	1,474	644
	Weighted average number of ordinary shares during the year used in calculation of basic EPS (in '000's)	379,261	379,149
	Basic profit / (loss) per share (cents)	0.39	0.17
	Weighted average number of options during the year used in calculation of basic EPS (in '000's)	25,388	34,791
	Diluted profit / (loss) per share (cents)	0.36	0.16

		Jun-23	Jun-22
8	CASH AND CASH EQUIVALENTS	$'000	$'000
	Cash at bank	2,048	1,739

The effective interest rate on short-term bank deposits was 0.18% (2022: 0.18%) 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	2,048	1,739

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.

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 & OTHER RECEIVABLES	Jun-23	Jun-22
	Current	$'000	$'000
	Trade debtors	1,959	2,033
	Allowance for credit loss	(20)	(40)
	Total current	**1,939**	**1,993**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

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.

Lifetime Expected Credit Loss: Credit Impaired in $000s	**Opening balance under AASB 139**	**Adjustment for AASB 9**	**Net measure-ment of loss allowance**	**Amounts written off**	**Closing balance**
	1-Jul-22				**30-Jun-23**
Current trade receivables	(40)	-	20	-	(20)

Lifetime Expected Credit Loss: Credit Impaired in $000s	**Opening balance under AASB 139**	**Adjustment for AASB 9**	**Net measure-ment of loss allowance**	**Amounts written off**	**Closing balance**
	1-Jul-21				**30-Jun-22**
Current trade receivables	(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 2023 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.

in $000s	**Current**	**>30 days past due**	**>60 days past due**	**>90 days past due**	**Total**
2023					
Expected loss rate	0%	0%	48%	0%	1.02%
Gross carrying amount	1,357	560	42	-	1,959
Loss allowing provision	-	-	(20)	-	(20)

in $000s	**Current**	**>30 days past due**	**>60 days past due**	**>90 days past due**	**Total**
2022					
Expected loss rate	0%	0%	47%	0%	1.97%
Gross carrying amount	967	749	85	232	2,033
Loss allowing provision	-	-	(40)	-	(40)

10 INVENTORIES

	Jun-23	**Jun-22**
	$'000	**$'000**
Components and WIP	3,697	2,318
Less: provision for obsolescence	(272)	(74)
	3,425	**2,244**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

11	OTHER CURRENT ASSETS	Jun-23 $'000	Jun-22 $'000
	Prepayments	472	313
	Refundable deposits paid	105	43
	Other receivables - R&D Tax incentive	480	400
		1,057	**756**

12	CONTROLLED ENTITIES	Jun-23 Number	Jun-22 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	Jun-23 $'000	Jun-22 $'000
	Plant and equipment at cost	1,039	889
	Less: accumulated depreciation	(672)	(604)
		367	**285**
	Motor vehicles at cost	45	44
	Less: accumulated depreciation	(44)	(44)
		1	**-**
	Leasehold improvements	463	97
	Less: accumulated depreciation	(61)	(44)
	Less: Disposals	(43)	-
		359	**53**
	Office equipment and furniture at cost	201	131
	Less: accumulated depreciation	(79)	(86)
		122	**45**
	Software at cost	115	80
	Less: accumulated depreciation	(82)	(80)
		33	**-**
	Total at net written down value	**882**	**383**

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ADVANCED BRAKING TECHNOLOGY

Reconciliation - Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the financial year:

CONSOLIDATED GROUP	Plant & Equipment	Motor Vehicles	Leasehold improve-ments	Office Equipment & Furniture	Software	Total
2023						
Balance at the beginning of year	285	-	53	45	-	383
Additions	149	1	365	115	35	665
Written-off	-	-	(43)	-	-	(43)
Depreciation expense	(67)	-	(16)	(38)	(2)	(123)
Carrying amount at the end of year	**367**	**1**	**359**	**122**	**33**	**882**
2022						
Balance at the beginning of year	354	8	59	29	-	450
Additions	15	-	4	38	-	57
Disposals	-	-	-	(3)	-	(3)
Depreciation expense	(84)	(8)	(10)	(19)	-	(121)
Carrying amount at the end of year	**285**	**-**	**53**	**45**	**-**	**383**

The increase of property, plant and equipment is driven by additions of $665,000 which includes leasehold improvements of $365,000 in the new premises.

14 LEASES

The Group has signed a lease on a property on 8 March 2023. The lease will run for a 5 year period, with an reasonable certainty to renew for a further 5 year, on a 4 month rent free basis but will be liable for outgoings from the start of the lease.

The Company recognises the right of use asset and liability on the Balance Sheet from the date of commencement of the lease. Right-of-use assets are depreciated using the straight line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

	Jun-23	Jun-22
(i) AASB 16 related amounts recognised in the balance sheet	**$'000**	**$'000**
Leased building	1,371	544
Accumulated depreciation	(243)	(214)
Derecognition of right of use assets	-	(330)
	1,128	**-**
Recognised on initial application of AASB 16 (previously classified as operating leases under AASB 117)		
Depreciation expense for the year ended	29	83
(ii) AASB 16 related amounts recognised in the statement of profit or loss		
Total cash outflows for leases	**$'000**	**$'000**
- Financing cash outflow (principal repaid)	-	90
- Operating cash outflow (finance costs)	24	35
	24	**125**

	Jun-23	Jun-22
Lease Liability	**$'000**	**$'000**
Current	41	-
Non Current	1,116	-
Total	**1,157**	**-**

ADVANCED BRAKING TECHNOLOGY

Future Lease payments	Within 1 year	1 - 5 years	Over 5 years	Total contractual cashflow	Carrying amount
	$'000	$'000	$'000	$'000	$'000
Lease Payments	177	998	894	2,069	1,157

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 2023.

15 INTANGIBLE ASSETS

	$'000	$'000
Wet Brake technology assigned from Safe Effect Technologies International Ltd	2,984	2,984
Less : Accumulated amortisation	(2,504)	(2,441)
Carrying amount at the end of year	**480**	**543**

Reconciliation - Movement in the carrying amounts	Jun-23	Jun-22
	$'000	$'000
Balance at the beginning of year	543	607
Amortisation expense	(63)	(64)
Carrying amount at the end of year	**480**	**543**

16 TRADE & OTHER PAYABLES

	Jun-23	Jun-22
Current	$'000	$'000
Trade creditors	1,830	1,448
Other payables	(129)	70
Accrued expenses	326	293
Total current	**2,027**	**1,811**

17 INTEREST BEARING LIABILITIES

	Jun-23	Jun-22
(a) **Current**	$'000	$'000
Insurance Premium Funding	223	191
Total current	**223**	**191**

The insurance premium funding is an unsecured finance arrangement for the Company's annual insurance premiums with Momentum Premium (FY22 : Attvest Finance Pty Ltd). The amount outstanding for the remaining period, being 10 months is $223,000. The interest rate is a flat rate of 4.45% pa. (FY22: 4.5%)

18 PROVISIONS

	Jun-23	Jun-22
(a) **Current**	$'000	$'000
Employee entitlements	430	216
Warranty	141	110
Total current	**571**	**326**
Non-current		
Employee entitlements	9	6
Make Good	25	-
Total non-current	**34**	**6**

(b) **Number of Employees**

Number of employees at year-end		
Australia	27	23

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

	Warranties	Employee Entitlements	Make Good	Total
Consolidated Group	$000	$000	$000	**$000**
Opening balance as at 1 July 2022	**110**	**181**	**-**	**291**
Additional Provisions	31	439	25	495
Amounts Used	-	(160)	-	(160)
Unused amounts reversed	-	(21)	-	(21)
Balance as at June 2023	**141**	**439**	**25**	**605**

	Warranties	Employee Entitlements	Make Good	Total
Consolidated Group	$000	$000	$000	**$000**
Opening balance as at 1 July 2021	**96**	**178**	**-**	**274**
Additional Provisions	14	193	-	207
Amounts Used	-	(128)	-	(128)
Unused amounts reversed	-	(61)	-	(61)
Time and effect of any change in the discount rate	-	(1)	-	(1)
Balance as at June 2022	**110**	**182**	**-**	**291**

19 ISSUED CAPITAL

(a) Ordinary Shares

Number of Shares	2023 Number of Shares	$'000	2022 Number of Shares	$'000
Balance at beginning of the financial year 1 July	379,148,766	55,819	379,148,766	55,819
Employee Share Issue	318,178	14	-	-
Balance at end of financial period / year	**379,466,944**	**55,833**	**379,148,766**	**55,819**

(b) Options

Unlisted Options	Number of options	Exercise price	Expiry date
Balance at beginning of the financial period 1 July 2022[1]	29,790,544		WAEP(i)
11 July 2022 – Lapse of KMP Options	(11,916,217)	0.04	30-Jun-23
12 August 2022 – Lapse of KMP Options	(5,958,109)	0.04	30-Jun-23
20 August 2022 – Lapse of KMP Options	(5,958,109)	0.04	30-Jun-23
25 October 2022 – Issue of Options	5,958,109	0.06	30-Jun-25
1 December 2022 – Issue KMP Options	5,958,109	0.06	30-Jun-25
9 January 2023 – Issue KMP Options	5,958,109	0.06	30-Jun-25
Balance at the end of the financial period 30 June 2023[1]	**23,832,436**	**0.049**	**WAEP(i)**

1 Weighted Average exercise price of options on issue

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

Number	Exercise Price	Vesting condition	Expiry Date
1,489,527	$0.04	1 Year Vesting	30-Jun-24
1,489,527	$0.04	2 Year Vesting	30-Jun-24
2,979,055	$0.04	3 Year Vesting	30-Jun-25

On 25 October 2022, the Company granted 5,958,109 unlisted options to employee pursuant to the Company's share option plan approved by shareholders at the Company's AGM held 16 November 2022. The unlisted options were subsequently issued on 9 January 2023. The terms of the options are:

Number	Exercise Price	Vesting condition	Expiry Date
1,489,527	$0.06	2 month Vesting	30-Jun-25
1,489,527	$0.06	1 Year Vesting	30-Jun-25
2,979,055	$0.06	2 Year Vesting	30-Jun-25

On 1 December 2022, the Company granted 5,958,109 unlisted options to employee and key management personnel, Mr Andrew Booth pursuant to the Company's share option plan approved by shareholders at the Company's AGM held 16 November 2022. The unlisted options were subsequently issued on 9 January 2023. The terms of the options are:

Number	Exercise Price	Vesting condition	Expiry Date
1,489,527	$0.06	1 Month Vesting	30-Jun-25
1,489,527	$0.06	1 Year Vesting	30-Jun-25
2,979,055	$0.06	2 Year Vesting	30-Jun-25

On 4 January 2023, the Company granted 5,958,109 unlisted options to employee and key management personnel, Ms A Godbeer pursuant to the Company's share option plan approved by shareholders at the Company's AGM held 16 November 2022. The unlisted options were subsequently issued on 9 January 2023. The terms of the options are:

Number	Exercise Price	Vesting condition	Expiry Date
1,489,527	$0.06	4 Month Vesting	30-Jun-25
1,489,527	$0.06	1.5 Year Vesting	30-Jun-25
2,979,055	$0.06	2.5 Year Vesting	30-Jun-25

(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.

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FOR THE YEAR ENDED 30 JUNE 2023

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 2023 and 30 June 2022 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.

Gearing ratio

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.

	Jun-23	Jun-22
	$'000	$'000
Gearing ratio	(10.6%)	(41.0%)

As the Group's gearing ratio has dropped significantly in 2023 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:

	Jun-23	Jun-22
	$'000	$'000
Cash and Cash equivalents	2,048	1,739
Trade and other Receivables	1,939	1,993
Other current assets	1,057	756
Trade and other Payables	(2,027)	(1,810)
Current liabilities	(223)	(191)
Current provisions	(571)	(326)
Working Capital position	**2,223**	**2,161**

		Jun-23	Jun-22
20	**RESERVE**	**$'000**	**$'000**
	Option reserve	64	64
	Share based payment reserve	307	173
	Total reserves at the end of the financial period / year	**371**	**237**

		Jun-23	Jun-22
21	**ACCUMULATED LOSSES**	**$'000**	**$'000**
	Accumulated losses at the beginning of the financial period / year	(50,731)	(51,375)
	Net profit attributable to members of the parent entity	1,474	644
	Accumulated losses at the end of the financial period / year	**(49,257)**	**(50,731)**

		Jun-23	Jun-22
22	**SHARE-BASED PAYMENT EXPENSE**	**$'000**	**$'000**
(a)	**Share based payment expense during the period**	134	(41)
	Schedule of share-based payments		
	Employee Share Plan[1]	14	-
	Total allocated to Share Based payments	**14**	**-**

The group provides benefits to its employees in the form of share based payments in which the employees render services for ordinary shares in the Group. Under the plan, each eligible employee is offered fully paid ordinary shares to a maximum value of $1,000 per annum.

1 For the year ended 30 June 2023, 318,178 ordinary shares (2022: nil) were issued on at a market value at the date of issue of $14,000 (2022: nil).

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

ii) Options	**Jun-23**	**Jun-22**
	$'000	**$'000**
8 November 2021 – Issue of 5,958,109 unlisted options to KMP[1]	31	31
11 April 2022 - Lapse of 5,958,109 unlisted options to KMP	-	(48)
12 May 2022 - Lapse of 2,979,055 unlisted options to KMP	-	(23)
22 May 2022 - Lapse of 4,468,582 unlisted options to KMP	-	(1)
25 October 2022 - Issue of 5,958,109 unlisted options to employee[2]	24	-
1 December 2022 - Issue of 5,958,109 unlisted options to KMP[3]	43	-
4 January 2023 - Issue of 5,958,109 unlisted options to KMP[4]	36	-
Total allocated to Share Based Payment Reserve	**134**	**(41)**

1 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).

2 On 25 October 2022, the Company granted 5,958,109 unlisted options to employee pursuant to the Company's share option plan approved by shareholders at the Company's AGM held 16 November 2022. The unlisted options were subsequently issued on 9 January 2023.

3 On 1 December 2022, the Company granted 5,958,109 unlisted options to employee and key management personnel, Mr Andrew Booth pursuant to the Company's share option plan approved by shareholders at the Company's AGM held 16 November 2022. The unlisted options were subsequently issued on 9 January 2023.

4 On 4 January 2023, the Company granted 5,958,109 unlisted options to employee and key management personnel, Ms Angela Godbeer pursuant to the Company's share option plan approved by shareholders at the Company's AGM held 16 November 2022. The unlisted options were subsequently issued on 9 January 2023.

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

Pursuant to ABT's Share Option Plan, an employee was granted and issued a total of 5,958,109 unlisted options which have an exercise price of $0.06 per share which are subject to vesting conditions.

The Options were granted on 25 October 2022 and are subject to the following vesting conditions:

- Ongoing employment; and
- Vesting in 3 tranches over a 2-year period, as below.

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

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 $0.06 per share which are subject to vesting conditions (KMP Options).

The KMP Options were granted on 1 December 2022 and are subject to the following vesting conditions:

- Ongoing employment; and
- Vesting in 3 tranches over a 2-year period, as below.

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

Pursuant to ABT's Share Option Plan, key management personnel, Ms Angela Godbeer was granted and issued a total of 5,958,109 unlisted options which have an exercise price of $0.06 per share which are subject to vesting conditions (KMP Options).

The KMP Options were granted on 4 January 2023 and are subject to the following vesting conditions:

- Ongoing employment; and
- Vesting in 3 tranches over a 2-year period, as below.

KMP Options Vesting 4 months from issue date (Tranche 1) 25%	KMP Options Vesting 1 year from issue date (Tranche 2) 25%	KMP Options Vesting 2 years from issue date (Tranche 3) 50%	Total
1,489,527	1,489,527	2,979,055	5,958,109

(c) Unlisted options valuation

The fair value of the equity settled share options granted during the period are estimated at the date of grant using a Black-Scholes model taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used for the period ending 30 June 2023.

Employee	**Options Tranche 1**	**Options Tranche 2**	**Options Tranche 3**
Fair value at grant date	$0.01	$0.01	$0.01
Share price at grant date	$0.03	$0.03	$0.03
Exercise price	$0.06	$0.06	$0.06
Expected volatility	73.46%	73.46%	73.46%
Expected life	2 months	1 year	2 years
Expected dividends	Nil	Nil	Nil
Risk-free interest rate	0.04%	0.04%	0.04%
Number of options issued	1,489,527	1,489,527	2,979,055
Valuation	**$11,079**	**$11,079**	**$22,158**

Andrew Booth	**KMP Options Tranche 1**	**KMP Options Tranche 2**	**KMP Options Tranche 3**
Fair value at grant date	$0.01	$0.01	$0.01
Share price at grant date	$0.04	$0.04	$0.04
Exercise price	$0.06	$0.06	$0.06
Expected volatility	72.00%	72.00%	72.00%
Expected life	1 month	1 year	2 years
Expected dividends	Nil	Nil	Nil
Risk-free interest rate	0.03%	0.03%	0.03%
Number of options issued	1,489,527	1,489,527	2,979,055
Valuation	**$20,539**	**$20,539**	**$41,078**

Angela Godbeer	**KMP Options Tranche 1**	**KMP Options Tranche 2**	**KMP Options Tranche 3**
Fair value at grant date	$0.01	$0.01	$0.01
Share price at grant date	$0.04	$0.04	$0.04
Exercise price	$0.06	$0.06	$0.06
Expected volatility	72.00%	72.00%	72.00%
Expected life	4 months	1 year	2 years
Expected dividends	Nil	Nil	Nil
Risk-free interest rate	0.03%	0.03%	0.03%
Number of options issued	1,489,527	1,489,527	2,979,055
Valuation	**$20,166**	**$20,166**	**$40,332**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

23 SEGMENT REPORTING

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

For management purposes, the Group is organised into one main operating segment. All the Group's activities are interrelated, and discrete financial information is reported to the Board (Chief Operating Decision Maker) as a single segment. The financial results from this segment are equivalent to the financial statements of the Group.

The performance of the operating segment is evaluated based on profit before tax and net finance costs (profit before interest and tax) and is measured in accordance with the Group's accounting policies. The Group's financing requirements, finance income, finance costs and taxes are managed on a group basis.

(a) Revenue by geographical region

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

	Jun-23 $'000	Jun-22 $'000
Australia	9,624	6,525
Overseas / Export	4,526	4,563
Total revenue from continuing operations	**14,150**	**11,088**

(b) Assets by geographical region

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

	Jun-23 $'000	Jun-22 $'000
Australia	10,959	7,658
Total assets	**10,959**	**7,658**

Intangible assets are treated as located in Australia.

(c) Major customers

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

	2023	2022
Significance	% of Total Revenue from trading activities	% of Total Revenue from trading activities
1st	12.2%	11.1%
2nd	7.6%	10.8%
3rd	7.1%	8.5%
4th	5.9%	6.7%

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

		Jun-23	Jun-22
24	**CASH FLOW INFORMATION**	**Jun-23**	**Jun-22**
(a)	**Reconciliation of Cash Flow from operations with profit / (loss) after income tax**	**$'000**	**$'000**
	Profit / (Loss) from ordinary activities after income tax	1,474	644
	(Profit) / loss on disposal of property, plant and equipment	(43)	-
	Share-based payment expense	148	(41)
	Non-cash flows in loss from ordinary activities		
	Depreciation and impairment	195	203
	Amortisation of IP	64	64
	Other	43	(26)
	Changes in assets and liabilities		
	(Increase) / decrease in trade and other receivable	(32)	(610)
	(Increase) / decrease in inventories	(1,181)	(471)
	(Increase) / decrease in other current assets	(201)	(87)
	Increase / (decrease) in trade and other payables	432	706
	Increase / (decrease) in provisions	81	16
	Cash inflows / (outflows) from operations	**980**	**398**

(b) **Non-cash finance and investing activities**

2023

During the year to 30 June 2023, the Group issued a total of 17,874,327 unlisted options. Refer to Note 22 for further details.

During the financial year the Company leased a building for its office which is under agreement. As a result, a right-of-use asset of $1.1m was recognised at the commencement date of the lease.

In May 2023, in pursant to the Employee Share Plan, 318,178 shares were granted to eligible employee. Refer to Note 22 for further details.

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.

25 RELATED PARTY TRANSACTION

(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 totalling $60,802 to Rockwell Group Holdings Pty Ltd for director's fees for Adam Levine for FY23. Rockwell Group Holdings Pty Ltd is a related party of Director, Adam Levine of which he is a director and shareholder.

(ii) During the year to 30 June 2023, Key management personnel were granted and issued a total of 11,916,218 unlisted options (KMP Options). Refer to Note 22 for further details.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

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 Board of Directors have overall responsibility for the establishment and oversight of the Group's risk management framework. The Audit Committee, established by the Directors, is responsible for development and monitoring of risk management strategy, policy and key risk parameters. 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:

(i) 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	Within 1 Year	1 to 5 Years	Over 5 years	Non-Interest Bearing	Total
	%	$'000	$'000	$'000	$'000	$'000	$'000
2023							
Financial assets							
Cash	0.57%	2,048	-	-	-	-	2,048
Receivables - current		-	-	-	-	1,939	1,939
Other receivables (note 11)							
Government Grants		-	-	-	-	-	-
R&D Tax incentive		-	-	-	-	480	480
Total financial assets		2,048	-	-	-	2,419	4,467
Financial liabilities							
Payables		-	-	-	-	2,027	2,027
Interest Payable		-	-	-	-	-	-
Insurance premium funding	4.45%	-	223	-	-	-	223
Finance lease liabilities	8.14%	-	41	291	825	-	1,157
Convertible notes		-	-	-	-	-	-
Total financial liabilities		-	264	291	825	2,027	3,407
Net Financial Assets / (Liabilities)		**2,048**	**(264)**	**(291)**	**(825)**	**392**	**1,060**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

	Average Interest Rate	Floating Interest Rate	Within 1 Year	1 to 5 Years	Non-Interest Bearing	Total
	%	$'000	$'000	$'000	$'000	$'000
2022						
Financial assets						
Cash	0.27%	1,739	-	-	-	1,739
Receivables - current		-	-	-	1,993	1,993
Other receivables (note 11)						
Government Grants		-	-	-	-	-
R&D Tax incentive		-	-	-	400	400
Total financial assets		1,739	-	-	2,393	4,132
Financial liabilities						
Payables		-	-	-	1,811	1,811
Interest Payable		-	-	-	-	-
Insurance premium funding	4.30%	-	191	-	-	191
Finance lease liabilities		-	-	-	-	-
Convertible notes		-	-	-	-	-
Total financial liabilities		-	191	-	1,811	2,002
Net Financial Assets / (Liabilities)		**1,739**	**(191)**	**-**	**582**	**2,130**

As at 30 June 2023 Advanced Braking Pty Ltd was entitled to interest on deposits at various banks at rates up to 0.57% per annum (2022: 0.27%).

The sensitivity analysis below is based on the interest rate risk exposure in existence at the balance sheet date. The 0.25% (2022: 0.5%) 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.

	Jun-23	Jun-22
Possible movements before tax:	$’000	$’000
0.25% (2022: 0.25%) per annum	5	4
-0.25% (2022: -0.25%) per annum	(5)	(4)

	Jun-23	Jun-22
Reconciliation of net financial assets to net assets	$’000	$’000
Net financial (liabilities)/assets as above	1,060	2,130
Non-financial assets and liabilities		
-Inventories	3,425	2,244
-Property, plant & equipment	882	383
-Right of use assets	1,128	-
-Intangible Assets	480	543
-Other current assets-prepayments (note 11)	472	313
-Refundable deposits	105	43
-Provisions-Current	(571)	(326)
-Provisions-Non current	(34)	(6)
Net (liabilities)/assets as per the Balance Sheet	**6,947**	**5,324**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

Foreign Currency Risk

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

As at 30 June 2023, the Company does not have any forward foreign exchange contracts in place. As at 30 June 2023 the Group had the following exposure to foreign currency:

	Jun-23	Jun-22
Financial Liabilities	**$'000**	**$'000**
Payables	(864)	(6)
Net Exposure	**(864)**	**(6)**

The following sensitivity analysis is based on the foreign currency risk exposure in existence at the balance sheet date. The 11% (2022: 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 2023, 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:

Possible movements before tax:	**$'000**	**$'000**
(2022: +11%) per annum	(95)	(1)
(2022: -11%) per annum	95	1

(ii) 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.

The following are the contractual maturities of financial liabilities, including estimated interest payments:

	Jun-23	Jun-22
	$'000	**$'000**
0 - 6 months	132	96
6 - 12 months	131	95
1 - 5 years	291	-
Over 5 years	825	-
	1,379	**191**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

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

	< 6 Mths $'000	6 - 12 Mths $'000	1 to 5 Years $'000	Over 5 years $'000	Total $'000
2023					
Financial assets					
Cash and cash equivalents	2,048	-	-	-	2,048
Trade and other receivables	1,939	-	-	-	1,939
Accrued Income					
Government Grants	-	-	-	-	-
R&D Tax incentive	480	-	-	-	480
Total financial assets	4,467	-	-	-	4,467

	< 6 Mths $'000	6 - 12 Mths $'000	1 to 5 Years $'000	Over 5 years $'000	Total $'000
Financial liabilities					
Payables	2,027	-	-	-	2,027
Insurance Premium Funding	112	111	-	-	223
Lease liabilities	21	21	291	824	1,157
Total financial liabilities	2,159	131	291	824	3,407
Net exposure	2,308	(131)	(291)	(824)	1,060

	< 6 Mths $'000	6 - 12 Mths $'000	1 to 5 Years $'000	Total $'000
2022				
Financial assets				
Cash and cash equivalents	1,739	-	-	1,739
Trade and other receivables	1,993			1,993
Accrued Income	-	-	-	-
Government Grants	-	-	-	-
R&D Tax incentive	400	-	-	400
Total financial assets	4,132	-	-	4,132
Financial liabilities				
Payables	1,811	-	-	1,811
Insurance Premium Funding	96	95	-	191
Lease liabilities	-	-	-	-
Total financial liabilities	1,907	95	-	2,002
Net exposure	**2,226**	**(95)**	**-**	**2,130**

(iii) 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	**Jun-23**	**Jun-22**
	$'000	**$'000**
Australia	1,939	1,993
	1,939	**1,993**

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.

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 2023 resulted in no adjustment to the provision for obsolete inventory.

Intangible assets as at 30 June 2023 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 2023 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

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.

STATEMENT OF FINANCIAL POSITION	**Jun-23**	**Jun-22**
ASSETS	**$'000**	**$'000**
Current Assets	41	35
Non-current Assets	6,790	6,993
TOTAL ASSETS	**6,831**	**7,028**
LIABILITIES		
Current Liabilities	52	72
Non-current Liabilities	-	-
TOTAL LIABILITIES	**52**	**72**
EQUITY		
Issued Capital	55,833	55,819
Reserves	371	237
Accumulated losses	(49,425)	(49,100)
TOTAL EQUITY	**6,779**	**6,956**

	Jun-23	**Jun-22**
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	**$'000**	**$'000**
Total profit/(loss) after tax	(325)	(279)
Total Comprehensive Income/(loss)	**(325)**	**(279)**

Guarantees

At 30 June 2023, 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 2023, Advanced Braking Technology Ltd had not entered into any contractual commitments for the acquisition of property, plant and equipment (2022: Nil).

DIRECTOR'S DECLARATION

The Directors of the Company declare that:

1. The financial statements and notes, as set out on pages 25 to 62, 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 2023 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
29 August 2023

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 2023, 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 2023 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.

MOORE

<table>
<tr><th colspan="2">Valuation of Failsafe (WET) Brake Technology</th></tr>
<tr><th colspan="2">Refer to Notes 1N., U. Key estimates - Recoverability of Intangible Assets & 15 Intangible Assets</th></tr>
<tr><td>The carrying value of the Group's Failsafe Brake Technology as at 30 June 2023 was $479,571 and the related amortisation charge for the year ended 30 June 2023 was $63,826.

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 intangible assets.

• Tested the amortisation expense recorded and ensured consistency with the accounting policy.

• Assessment of any impairment triggers were evident during the period and against the Group's financial performance and position during the year including review of budgets and market capitalisation.

• 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 2023 was $3.42 million which components and WIP.

Inventories are valued at the lower of cost and net realisable value (NRV).

A provision for obsolete and slow-moving inventory ($272,000) 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, inventory existence and valuation have been identified as a key audit matter.</td><td>Our procedures 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>

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

Valuation of Trade Receivables	
Refer to Note 9 Trade Receivables	
Trade debtors net of allowance for credit loss amounted to $1.94 million as at 30 June 2023. 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. 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 including expected credit loss, and hence is a key audit matter.	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
Right of Use Assets and Lease Liabilities	
Refer to Note 14 Right of Use Assets and Lease Liabilities	
At 30 June 2023, the Group recognised $1.1 million in Right-of-Use assets and $1.2 million in lease liabilities. This is in relation to the leasing arrangement for the new premises in Wangara. Significant judgement is required in the assumptions and estimates used in order to apply the definition of lease, application of discount rate/ incremental borrowing rate, and lease term for computation of ROU asset and lease liability. This is a key audit matter due to the significance of the balance and inherently judgmental nature to determine the lease liabilities upon initial recognition of new lease.	Our procedures included, amongst others: • Obtained copy of agreement and ascertained lease rental arrangements, especially the terms and conditions related to the payments, lease incentives, and any indirect costs, dismantling and restoration, option to extend the lease or not to terminate the lease. • Obtained management's calculations of the right-of-use assets and lease liabilities and tested the accuracy of key data inputs. • Reviewed the adequacy of disclosures which were made in the financial statements including disclosure of significant judgements.

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 2023, but does not include the financial report and our auditor's report thereon.

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

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report, or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Responsibilities of the Directors for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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 2023.

In our opinion, the Remuneration Report of Advanced Braking Technology Limited, for the year ended 30 June 2023 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 29th day of August 2023.

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 01 August 2023.

A. Distribution of fully paid ordinary shares

Size of Holding			Number of Shareholders	Shares Held	% Units
1	-	1,000	228	131,751	0.03
1,001	-	5,000	291	792,440	0.21
5,001	-	10,000	152	1,164,853	0.31
10,001	-	100,000	498	19,010,460	5.01
100,001	and	Over	250	358,367,440	94.44
Total			**1,419**	**379,466,944**	**100.00**

B. There are 700 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 01 August 2023:

Mr Keith Knowles	29.15%	110,531,244 ordinary shares
Mr David Slack	19.82%	75,156,743 ordinary shares
Mr Craig Chapman <NAMPAC DISCRETIONARY A/C>	5.26%	19,961,975 ordinary shares

3. Shareholders

The twenty largest Shareholders hold 67.99% of the total issued ordinary shares in the Company as at 01 August 2023.

4. Share Options on issue at 01 August 2023

The Company has the following unquoted equity securities on issue:

- 2,979,054 unlisted options held by 1 holder who is a member of Key Management Personnel, exercisable at $0.04 on or before 30 June 2024, which are subject to vesting conditions. Refer to Note 22 for more information.
- 2,979,055 unlisted options held by 1 holder who is a member of Key Management Personnel, exercisable at $0.04 on or before 30 June 2025, which are subject to vesting conditions. Refer to Note 22 for more information.
- 17,874,327 unlisted options held by 3 holders, two of which are member of Key Management Personnel, exercisable at $0.06 on or before 30 June 2025, which are subject to vesting conditions. Refer to Note 22 for more information.

SHAREHOLDER INFORMATION

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).

7. Largest Fully Paid Ordinary Shareholders

The names of the twenty largest Shareholders at 01 August 2023, who hold 67.99% of the fully paid ordinary shares in the Company, are:

Rank	Name	Number of Shares	% of Issued Shares
1	PARKS AUSTRALIA PTY LTD	60,304,734	15.89
2	MR KEITH KNOWLES	45,549,341	12.00
3	DASI INVESTMENTS PTY LTD	32,511,079	8.57
4	MR CRAIG GRAEME CHAPMAN <NAMPAC DISCRETIONARY A/C>	19,951,332	5.26
5	WINDPAC PTY LTD <THE SLACK FAMILY A/C>	19,622,167	5.17
6	WINDPAC PTY LTD <DAVID EARL SLACK S/F A/C>	18,981,633	5.00
7	DMX CAPITAL PARTNERS LIMITED	12,000,000	3.16
8	RP INVEST PTY LTD <PALMER FAMILY RETIRE A/C>	8,600,000	2.27
9	MR PETER RODNEY BOWER	8,141,590	2.15
10	MR KEITH KNOWLES	4,378,967	1.15
11	MR DAVID EARL SLACK	4,041,864	1.07
12	NATIONAL NOMINEES LIMITED	3,000,000	0.79
13	MRS TERESA ELIZEABETH WILLIAMS	2,883,200	0.76
14	MRS JENNIFER ANNE HURLEY + MR JUSTIN JOHN HURLEY <NO 2 A/C>	2,557,059	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 VENUGOPALAN THEKKINIYIL	2,095,794	0.55
19	MR STEPHEN ROBIN CONNORS	2,025,000	0.53
20	MR GRAEME JOHN MEDHURST	2,000,000	0.53
20	MR COLIN JAMES SHARP	2,000,000	0.53
Total		**258,008,250**	**67.99**

ADVANCED BRAKING TECHNOLOGY

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ANNUAL REPORT 2023

ABN 66 099 107 623

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