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MEDIA RELEASE

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ABT TAKES THE BRAKES OFF WITH MAIDEN INTERIM PROFIT ON 81% JUMP IN SALES

Strong growth in sales across all areas including boost from key Xstrata sale

Vehicle braking systems company Advanced Braking Technology Ltd (ASX: **ABV**) has capped a successful first half which featured strong sales growth and a \$3 million capital raising by delivering its **maiden profit result**, for the six months to 31 December 2010.

The WA-based company – whose core business is the design, development, manufacture and sale of a range of products encompassing its internationally patented single rotor enclosed wet brake technology – said the maiden profit result was a key milestone and significant turning point in the Company's 10-year history.

The maiden profit comprises a pre tax profit of \$0.346 million that includes a write back of cost of sales expensed in prior periods of \$177k and when a R&D Tax rebate of \$307k is included this results in after tax profit of **\$0.653 million** (Dec 2009: loss of \$0.447 million)

The profit, the first since it was established in 2001, was struck on an **81% increase** in sales revenue to \$4.19 million (Dec 2009: \$2.32 million). The revenue for the six months was in fact just \$0.6 million below the revenue for the full 2009 financial year of \$4.7 million. Operating expenses remained in line with last year at \$2.628 million (Dec 2009: \$2.493 million).

“Even before these adjustments, the profitable result was very creditable and very positive for the Company – and provides a strong foundation for the rest of the 2011 financial year,” said ABT's CEO, Mr Ken Johnsen.

“The strong increase in revenue, in particular the strong performance of our Australian sales division, has provided the platform for the Company's first ever profit since it was established nearly 10 years ago,” he added. “That is a great credit to our team and a vindication of the strategy we have been pursuing to continue to grow our sales in the core mining market while at the same time diversifying into mainstream applications.”

The Company's principal market is the sale of its internationally patented Sealed Integrated Braking System (SIBS[®]) to mining customers across the globe – including some of the world's largest miners such as BHP Billiton, Xstrata and Rio Tinto.

Mr Johnsen said a key highlight of the first half was the sale of just under \$0.8 million worth of SIBS brake sets – 96 in total – to Xstrata Zinc, together with an improved performance across the entire product range.

“This included increased sales of the concrete agitator or “Agi” brake including a number which have now been fitted to trucks for carrying mining explosives. These sales demonstrate the important market need ABT is fulfilling in providing a safer braking solution for heavy rigid trucks” he added.

“Spare part sales also increased to \$1.1 million while the strongly improved sales revenue figure included \$500k worth of revenue related to our Garbage Truck Development Program.”

“Overall, this has provided us with a very strong sales pipeline moving forward,” he added. “This should provide a solid foundation for the 12 months to 30 June 2011, although we are not yet in a position to forecast our full year result.”

The Company’s Garbage Truck Development Program has entered its Production Validation phase following the award of a \$2 million pre-production contract in July 2010. Production-representative brake sets are currently nearing completion at the Company’s Thai manufacturing facility and will be available within a month for the start of the installation process ahead of the fleet test of five trucks in commercial waste collection rounds.

In these non-mining development applications, the SIBS technology is used in applications where frequency of operation causes high wear, where brake particle emissions are of concern or where there is a fail-to-safe requirement where braking temperatures may be an issue.

As a result of the \$3 million share placement which closed oversubscribed in August 2010 (187.5 million shares at 1.6 cents), ABT concluded the half year in a strong financial position – with cash reserves of \$2.74 million to underpin its continued growth and development and minor interest bearing liabilities amounting to just \$0.305 million

“It’s been a very positive period for the Company, with our market capitalisation increasing from \$13.85 million on 1 July last year to \$31.7 million at the end of the half-year,” Mr Johnsen said. “With continued strong sales growth and continued progress in the non-mining market, we are very positive about the outlook for the Company over the next few years.”

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Background Information – Advanced Braking Technology Ltd (ASX: ABV)

Perth-based Advanced Braking Technology Ltd (ASX: ABV) is dedicated to innovative braking systems. The Company’s key asset is the Sealed Integrated Braking System (SIBS™), a comprehensively patented Australian invention.

SIBS™ is a fully enclosed, single rotor, high speed wet brake. The brake rotor runs in a bath of oil that serves to cool the brake and minimize wear at the braking interface. An innovative fail safe feature is incorporated into the rear axle brake. As a result, the brakes are virtually wear and maintenance-free and may outlast the vehicles they are fitted to, unlike conventional drum and disc brakes. SIBS™ brakes deliver unparalleled safety, improved productivity and lower operating costs, and are engineered to survive the world’s harshest conditions.

The proven technology is also environmentally friendly, eliminating brake dust emissions and noise and squealing, and provides a wide-range of benefits for on-road, off-road and industrial applications in terms of safety, reliability, performance and adaptability.

Based in Perth, Western Australia, Advanced Braking has a manufacturing plant in Thailand, worldwide patents on its technology and an extensive reseller network.