



FBR LTD

**APPENDIX 4E
&
PRELIMINARY FINAL REPORT
YEAR ENDED 30 JUNE 2019**

(previous corresponding period being the year ended 30 June 2018)

Please find attached Appendix 4E and the preliminary final report as required pursuant to ASX Listing Rules.

Please note that this report has been prepared based upon unaudited financial information for the year ended 30 June 2019.

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APPENDIX 4E

Preliminary Final Report to the Australian Securities Exchange

Name of Entity	FBR LTD
ABN	58 090 000 276
Financial Year Ended	30 June 2019
Previous Corresponding Reporting Period	30 June 2018

Results for Announcement to the Market

	\$	Percentage increase / (decrease) over previous corresponding period
Revenue from Ordinary activities	431,355	(19%)
Profit / (loss) from ordinary activities after tax attributable to members	(9,141,554)	28%
Net profit / (loss) for the period attributable to members	(9,141,554)	28%
Dividends (distributions)	Amount per security	Franked amount per security
Final Dividend	nil	n/a
Interim Dividend	nil	n/a
Record date for determining entitlements to the dividends (if any)	n/a	
Brief explanation of any of the figures reported above necessary to enable the figures to be understood:		
The directors do not intend to declare a dividend as no profit was made during the year ended 30 June 2019. No dividends were paid during the financial year.		

Dividends

Date the dividend is payable	n/a
Record date to determine entitlement to the dividend	n/a
Amount per security	n/a



Total Dividend	Nil
Amount per security of foreign sourced dividend or distribution	n/a
Details of any dividend reinvestment plans in operation	None
The last date for receipt of an election notice for participation in any dividend reinvestment plans	n/a

Net Tangible Asset Backing

	Current Period	Previous Corresponding Period
Net tangible asset backing per ordinary security (cents per share)	1.74	2.72

Other Significant Information Needed by an Investor to Make an Informed Assessment of the Entity's Financial Performance and Financial Position

The net tangible asset backing per share has decreased primarily due to the company using working capital to further develop the Hadrian technology and intellectual property.

Commentary on the Results for the Period

Following completion of the mechanical assembly of the world's first Hadrian X® construction robot in June 2018, FBR's core Dynamic Stabilisation Technology™, or DST™, was put through a testing program in August 2018, demonstrating the functionality of DST™ with the Hadrian X® layhead and proving that the Hadrian X® was capable of placing a block with precision despite movement in the boom caused by external environmental forces. This phase of the testing program was also significant because it demonstrated that DST™ can be incorporated into other applications as an enabling technology of outdoor precision robotics.

In November 2018, FBR successfully demonstrated its robotic home building technology by building a 180m², three bedroom, two bathroom home structure in less than the targeted total elapsed time of three days, meeting a technical milestone that was set for the Company in 2015. This represented a world first achievement for the Company and was at that point the most significant technical milestone completed in the Hadrian X® programme.

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Following continued development and refinement of the Hadrian X® software and hardware, FBR completed its first outdoor structure in February 2019, known as Build1. FBR's first outdoor build of a three bedroom, two bathroom home structure was an important technical and commercial milestone for the Company, demonstrating that the Hadrian X® was capable of working in a range of environmental conditions with precision, including at night and in extreme heat and wind.

In September 2018, FBR announced it had entered into a Global Partnership Agreement with European blockmaking giant Wienerberger AG to develop, manufacture and test clay blocks optimised for the Hadrian X® construction robot, for introduction into global markets where Wienerberger is active. The newly developed clay blocks will be tested in a pilot project in Europe and will be launched in Wienerberger markets together with the Hadrian X®, upon successful completion. Wienerberger is the largest producer of clay blocks in the world and has 193 production sites across 30 countries and is the dominant incumbent in those markets.

In line with FBR's evolving strategic direction and its developing relationships with major block suppliers and building companies around the world, FBR and Caterpillar mutually agreed to discontinue all arrangements between the two companies in December 2018. In conjunction with this announcement, FBR unveiled its shift to a Wall as a Service® model whereby the Company would partner with brick and block manufacturers around the world to offer erected wall to builders, utilising the existing customer base of the brick and block manufacturers and maximising the ongoing revenue derived from FBR's Hadrian X® construction robots.

In February 2019, FBR signed a Memorandum of Understanding with Brickworks Building Products Pty Ltd, Australia's leading supplier of building products, under which the parties would jointly develop a concrete masonry unit block suitable for the construction of structural walls of residential buildings in Australia, as well as form a joint venture company called Fastbrick Australia Pty Ltd, which would supply Wall as a Service® to the Australian market with FBR supplying the blocklaying services via the Hadrian X® and Brickworks supplying the Hadrian-optimised blocks.

In May 2019, FBR officially commenced its Fastbrick Australia incorporated joint venture with Brickworks, wherein testing of the new Hadrian-optimised blocks commenced immediately.

To accelerate the commercialisation of FBR's technology and to prime the global market for adoption of robotic construction, FBR implemented a new corporate structure in June 2019, with the establishment of a Global Commercialisation Team led by Mr Mike Pivac as Managing Director & Chief Executive Officer – Global. Mr Simon Amos was appointed Chief Executive Officer – Australia, tasked with leading FBR's Australian operations and transitioning those operations from an inward-looking R&D program to a construction program as Wall as a Service® is rolled out across the country.

FBR's Strategic Collaboration Agreement ("SCA") with GP Vivienda, the housing division of one of Mexico's largest construction companies, Grupo GP, remains in place. The SCA extends for two years and contemplates the discussion of a pilot programme, as well as opportunities for future applications of FBR's DST™ and other commercial and business development opportunities.

FBR continues discussions with the Kingdom of Saudi Arabia's Ministry of Housing in relation to progressing the initiatives contained in the Memorandum of Understanding.

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In February 2019, the Company advised it had completed a \$17 million placement to international and domestic institutional and sophisticated investors.

The unaudited loss before tax expense for the 12 months to 30 June 2019 has increased to \$8,581,273 from the prior period loss of \$7,115,679. This was primarily due to an increase in staff costs and rent as the business expanded its workforce and entered into a lease of a new facility to accelerate the commercialisation of the Hadrian X®. The Company maintains an excellent financial position at the end of the period of \$24,401,990 in cash and receivables.

Returns to shareholders including distributions and buy backs:

n/a

Significant features of operating performance:

n/a

The results of segments that are significant to an understanding of the business as a whole:

n/a

Discussion of trends in performance:

n/a

Any other factor which has affected the results in the period or which are likely to affect results in the future, including those where the effect could not be quantified:

n/a

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Entities sold during the last financial year

Name of Entity	Date Control Lost	Details
Fastbrick Australia Pty Ltd	6 May 2019	50% of the entity was sold to Brickworks Building Products Pty Ltd a wholly owned subsidiary of Brickworks Limited as per the joint venture arrangements announced to the ASX on the 6 May 2019

Investments in Associates and Joint Ventures

Name	% Holding	Contribution to Profits / (Loss)	
		2019	2018
Fastbrick Australia Pty Ltd	50%	-	n/a

Audit/Review Status

This report is based on accounts to which one of the following applies: (Mark with "YES" or "NO")			
The accounts have been audited	NO	The accounts have been subject to review	NO
The accounts are in the process of being audited or subject to review	YES	The accounts have not yet been audited or reviewed	NO
This report is based on financial accounts for the year ended 30 June 2019, which are in the process of being audited.			
If the accounts have not yet been audited or subject to review and are likely to be subject to dispute or qualification, a description of the likely dispute or qualification:			
N/A			
If the accounts have been audited or subject to review and are subject to dispute or qualification, a description of the dispute or qualification:			
N/A			

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Attachments forming part of Appendix 4E

Attachment #	Details
1	Preliminary final report for FBR LTD for the year ended 30 June 2019 (unaudited)

Michael Pivac

Managing Director & Chief Executive Officer – Global

Date: 30 August 2019

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FBR LTD

Preliminary Final Report

For the year ended

30 June 2019

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TABLE OF CONTENTS

Consolidated Statement of Profit or Loss and Other Comprehensive Income..... 3
Consolidated Statement of Financial Position 4
Consolidated Statement of Changes in Equity..... 5
Consolidated Statement of Cash Flows..... 7
Notes to the Consolidated Financial Statements..... 8

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Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2019

	Notes	30 June 2019 \$	30 June 2018 \$
Income	3	431,355	535,486
Expenses			
Professional services	4.a	1,432,705	2,098,311
Directors' and employees' benefits	4.b	2,957,385	1,625,900
IP expenses		146,011	-
Other expenses	4.c	3,087,032	1,915,650
Share-based payments	13	1,173,071	1,994,763
Depreciation	8	216,426	16,541
Loss before tax		8,581,273	7,115,679
Income tax expense	5	560,281	-
Loss for the period		9,141,554	7,115,679
Other comprehensive income for the period, net of tax		-	-
Total comprehensive income for the period		-	-
Total comprehensive loss for the period		9,141,554	7,115,679
Basic loss per share in cents per share	14	0.73	0.75
Diluted loss per share in cents per share	14	0.73	0.75

Note: This statement should be read in conjunction with the notes to the financial statements.

Consolidated Statement of Financial Position

As at 30 June 2019

	Notes	30 June 2019 \$	30 June 2018 \$
Assets			
Current			
Cash and cash equivalents		14,426,343	21,956,657
Trade and other receivables	6	9,975,647	8,164,930
Other current assets		1,809,205	295,144
Current assets		26,211,195	30,416,732
Non-current			
Property, plant and equipment	8	1,868,248	1,269,940
Development costs	9	28,629,465	14,794,119
Non-current assets		30,497,712	16,064,059
Total assets		56,708,908	46,480,791
Liabilities			
Current			
Trade and other payables	10	2,169,325	2,273,431
Provisions	11	649,986	553,857
Finance lease		14,680	13,970
Current liabilities		2,833,991	2,841,258
Non-current			
Provisions	11	182,384	-
Finance lease		12,978	26,523
Deferred tax liabilities	5	560,281	-
Non-current liabilities		755,643	26,523
Total liabilities		3,589,634	2,867,781
Net assets		53,119,274	43,613,010
Equity			
<i>Equity attributable to owners of the parent:</i>			
Share capital	12	75,935,722	57,899,177
Reserves		3,134,515	2,747,220
Accumulated losses		(25,950,963)	(17,033,387)
Total equity		53,119,274	43,613,010

Note: This statement should be read in conjunction with the notes to the financial statements.

Consolidated Statement of Changes in Equity

For the year ended 30 June 2019

	SHARE CAPITAL \$	PERFORMANCE RIGHT RESERVE \$	SHARE OPTION RESERVE \$	ACCUMULATED LOSSES \$	TOTAL EQUITY \$
Balance at 1 July 2018	57,899,177	1,831,709	915,511	(17,033,387)	43,613,010
Loss for the period	-	-	-	(9,141,554)	(9,141,554)
Other comprehensive income	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	(9,141,554)	(9,141,554)
<i>Transactions with owners:</i>					
Shares issued – capital raising (refer to Note 12)	17,000,001	-	-	-	17,000,001
Capital raising costs – (refer to Note 12)	(968,606)	-	-	-	(968,606)
Performance rights converted to shares (refer to Note 13)	1,944,250	(1,944,250)	-	-	-
Performance rights issued to employees and directors (refer to Note 13)	-	1,833,696	-	-	1,833,696
Performance rights cancelled or forfeited	-	(297,988)	-	223,979	(74,009)
Options issued to employees (refer to Note 13)	-	-	795,836	-	795,836
Shares issued upon exercise of options (refer to Note 12)	60,900	-	-	-	60,900
Options cancelled or forfeited	-	-	-	-	-
Balance at 30 June 2019	75,935,722	1,423,168	1,711,347	(25,950,963)	53,119,274

Note: This statement should be read in conjunction with the notes to the financial statements.

Consolidated Statement of Changes in Equity

For the year ended 30 June 2018

	SHARE CAPITAL \$	PERFORMANCE RIGHT RESERVE \$	SHARE OPTION RESERVE \$	ACCUMULATED LOSSES \$	TOTAL EQUITY \$
Balance at 1 July 2017	19,303,138	914,071	1,211,436	(11,019,155)	10,409,490
Loss for the period	-	-	-	(7,115,679)	(7,115,679)
Other comprehensive income	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	(7,115,679)	(7,115,679)
<i>Transactions with owners:</i>					
Shares issued – capital raising	37,646,600	-	-	-	37,646,600
Capital raising costs	(1,773,378)	-	-	-	(1,773,378)
Performance rights vested (refer to Note 13)	1,161,666	(1,161,666)	-	-	-
Performance rights issued to employees and directors (refer to Note 13)	-	2,079,304	-	-	2,079,304
Options issued to employees (refer to Note 13)	-	-	805,522	-	805,522
Shares issued upon exercise of options	1,561,151	-	-	-	1,561,151
Options cancelled or forfeited	-	-	(1,101,447)	1,101,447	-
Balance at 30 June 2018	57,899,177	1,831,709	915,511	(17,033,387)	43,613,010

Note: This statement should be read in conjunction with the notes to the financial statements.

Consolidated Statement of Cash Flows

For the year ended 30 June 2019

	Notes	30 June 2019	30 June 2018
		\$	\$
Operating activities			
Interest received	3	332,206	423,240
Payments to suppliers and employees		(7,552,895)	(4,584,512)
Rental bond paid		-	(56,500)
Interest paid – finance lease		(1,849)	(2,588)
Government grants	3	131,870	77,897
Net cash used in operating activities		(7,090,668)	(4,142,463)
Investing activities			
Hadrian development costs	9	(22,769,674)	(19,672,336)
Research and development rebate received		7,376,139	972,623
Purchase of property, plant and equipment		(1,139,007)	(1,286,293)
Proceeds from disposals of property, plant and equipment		500	-
Net proceeds from sale of businesses and associates		99	-
		(16,531,943)	(19,986,006)
Net cash provided by investing activities			
Financing activities			
Proceeds from exercise of options		60,900	1,561,150
Purchase of property, plant and equipment under finance lease		-	-
Proceeds from issue of share capital	12	17,000,001	37,646,600
Capital raising costs	12	(968,606)	(1,773,378)
Net cash provided by financing activities		16,092,295	37,434,372
Net change in cash and cash equivalents		(7,530,315)	13,305,903
Cash and cash equivalents, beginning of period		21,956,658	8,650,755
Cash and cash equivalents, end of period		14,426,343	21,956,658

Note: This statement should be read in conjunction with the notes to the financial statements.

Notes to the Consolidated Financial Statements

1. Nature of Operations

FBR Limited and its controlled subsidiaries ('FBR' or 'the Company') is developing technology to build an automated robotic machine with the aim of it being capable of completing the brickwork of a Full Home Structure at potentially significantly lower cost and higher quality than traditional methods. The Company has secured patents to protect its intellectual property in its technology in key markets.

2. General information and statement of compliance

The consolidated general purpose financial statements of the Company have been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board (AASB). Compliance with Australian Accounting Standards results in full compliance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). FBR is a for-profit entity for the purpose of preparing the financial statements.

FBR is the Company's Ultimate Parent Company. FBR is a Public Company incorporated and domiciled in Australia. The address of its registered office and its principal place of business is 122 Sultana Road West, High Wycombe WA 6057.

3. Income

	Consolidated	
	30 June 2019	30 June 2018
	\$	\$
Interest income	312,168	457,589
Government grants	109,317	77,897
Gain on sale of share	99	-
Other	9,771	-
	431,355	535,486

4. Expenses

A. Professional services

	Consolidated	
	30 June 2019	30 June 2018
	\$	\$
Marketing	298,342	361,116
Accountancy	189,961	212,037
Corporate consultants	944,403	1,525,158
	1,432,705	2,098,311

4. Expenses (continued)

B. Directors' and employees' benefits

	Consolidated	
	30 June 2019	30 June 2018
	\$	\$
Wages, salaries and directors' fees	13,155,061	6,890,950
Superannuation	1,022,434	476,591
Annual leave entitlements	159,632	114,260
Long service leave entitlements	68,881	10,198
Recharge to Hadrian Development Costs	(11,448,623)	(5,866,099)
	2,957,385	1,625,900

C. Other expenses

	Consolidated	
	30 June 2019	30 June 2018
	\$	\$
Legal costs	457,053	240,574
Insurance	150,494	108,194
Travel expenses	746,797	521,417
Compliance costs	291,049	259,292
Subscriptions	299,943	108,214
Staff training costs	110,040	2,936
Other administration expenses	659,428	370,649
Recruitment costs	344,946	180,335
Website development costs	27,281	124,040
	3,087,032	1,915,651

5. Income tax expense

The major components of tax expense and the reconciliation of the expected tax expense based on the domestic effective tax rate of FBR Ltd at 27.5% (2018: 27.5%) and the reported tax expense in profit or loss are as follows:

	30 June 2019	30 June 2018
	\$	\$
Loss from continuing operations before income tax expense	(8,581,273)	(7,115,679)
- Prima facie tax benefit on loss from ordinary activities before income tax at 27.5%	(2,359,850)	(1,956,812)
Add (less) tax effect of:		
- Diminution in value of investment	-	-
- Non-taxable capital gain	-	-
- Listing fee on reverse takeover	-	-
- Pre-acquisition adjustments	-	-
- Non-deductible items (permanent)	889,556	766,019
- Temporary differences	(139,186)	(40,594)
- Current year losses brought to account as future income tax benefit	2,169,761	1,231,387*
Income tax expense	560,281	-

Deferred tax assets and liabilities recognised relate to the following:

	30 June 2019	30 June 2018
	\$	\$
DTA		
Tax losses (Company) - Gross \$21,041,693 - Note 1	5,786,466	4,176,985
Other temporary differences (DTA closing balance)	943,689	662,432
DTL		
Other temporary differences (DTL closing balance)	(7,290,435)	(3,372,394)
Net deferred tax liability recognised in 2019 at 27.5%.	(560,281)	1,467,021*

* Net deferred tax asset for 30 June 2018 not recognised at 27.5%

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5. Income tax expense (continued)

Note 1: FBR recognises a deferred tax asset arising from carried forward tax losses. The deferred tax asset at 27.5% which is attributable to tax losses carried forward at 30 June 2019 is \$5,786,466 (2018: \$4,176,985).

As the deferred tax liability exceeds the deferred tax assets at 30 June 2019, FBR has offset the deferred tax asset against the deferred tax liability and only recognised the net deferred tax liability in the consolidated statement of financial position and profit and loss.

6. Trade and other receivables

Trade and other receivables consist of the following:

	Consolidated	
	30 June 2019	30 June 2018
	\$	\$
Research and Development rebate	9,449,954	7,376,139
GST Receivable	510,474	730,570
Interest receivable	14,311	34,349
Other receivables	909	23,872
	9,975,647	8,164,930

All amounts are short-term. The net carrying value of trade and other receivables is considered a reasonable approximation of fair value.

7. Financial assets and liabilities

A. Categories of financial assets and liabilities

The carrying amounts of financial assets and financial liabilities in each category are as follows:

	Notes	Financial assets at amortised cost \$	Total \$
30 June 2019			
Financial assets			
Cash and cash equivalents		14,426,343	14,426,343
Trade and other receivables	6	9,975,647	9,975,647
		24,401,990	24,401,990
Financial liabilities			
Trade and other payables	10	2,169,325	2,169,325
Finance lease		27,658	27,658
		2,196,983	2,196,983

7. Financial assets and liabilities (continued)

	Notes	Financial assets at amortised cost \$	Total \$
30 June 2018			
Financial assets			
Cash and cash equivalents		21,956,657	21,956,657
Trade and other receivables	6	8,164,930	8,164,930
		<hr/>	<hr/>
		30,121,587	30,121,587
Financial liabilities			
Trade and other payables	10	2,273,432	2,273,432
Finance lease		40,493	40,493
		<hr/>	<hr/>
		2,313,925	2,313,925

B. Other financial instruments

The carrying amount of the following financial assets and liabilities is considered a reasonable approximation of fair value:

- trade and other receivables;
- cash and cash equivalents;
- trade and other payables; and
- lease payables.

8. Property, plant and equipment

Details of the Company's property, plant and equipment and their carrying amount are as follows:

	PLANT & EQUIPMENT	FURNITURE & FITTINGS	ICT EQUIPMENT	LEASEHOLD IMPROVEMENTS	LEASED PLANT & EQUIPMENT	WORK IN PROGRESS	TOTAL
	\$	\$	\$	\$	\$	\$	\$
Gross carrying amount							
Balance at 1 July 2018	472,110	107,174	620,574	295,251	52,235	-	1,547,345
Additions	528,976	39,002	329,801	115,160	-	105,476	1,118,414
Disposals	-	-	(3,596)	-	-	-	(3,596)
Balance at 30 June 2019	1,001,086	146,175	946,779	410,411	52,235	105,476	2,662,162
Depreciation and impairment							
Balance at 1 July 2018	(32,378)	(19,865)	(138,773)	(70,068)	(16,231)	-	(277,405)
Disposals	-	-	2,008	-	-	-	2,008
Depreciation*	(144,214)	(39,987)	(235,835)	(85,422)	(13,059)	-	(518,517)
Balance at 30 June 2019	(176,592)	(59,852)	(372,600)	(155,490)	(29,380)	-	(793,914)
Carrying amount at 30 June 2019	824,494	86,323	574,179	254,921	22,855	105,476	1,868,248

*\$304,453 of depreciation charges for the current year have been capitalised to development costs of the Hadrian X.

9. Development costs

Development costs are capitalised when it is probable that the project will be a success considering its commercial and technical feasibility, the consolidated entity is able to use or sell the asset, the consolidated entity has sufficient resources; and intent to complete the development and its costs can be measured reliably. Capitalised development costs are amortised over the period of their expected life. Patent costs that relate to projects that are in the development phase are capitalised.

9. Development costs (continued)

The following tables show the movements in development costs associated with the Hadrian X:

	Consolidated	
	30 June 2019	30 June 2018
	\$	\$
Gross carrying amount	14,794,119	1,345,329
Additions	23,285,300	21,145,957
R&D tax incentives	(9,449,954)	(7,697,167)
Disposals	-	-
	28,629,465	14,794,119
Additions		
Software development	-	16,585
Consultants	2,884,603	4,900,069
Employee benefits	11,448,623	5,909,932
Equipment hire	247,736	38,216
Materials	2,790,035	5,998,574
Occupancy expense	1,168,471	555,293
Share-based payments	1,382,453	890,063
Patents and trademarks	1,102,506	368,690
Overheads and other	2,260,875	2,468,535
Total additions	23,285,300	21,145,957
R&D Tax Incentives		
R&D tax incentives received and accrued	(9,449,954)	(7,697,167)

10. Trade and other payables

Trade and other payables consist of the following:

	Consolidated	
	30 June 2019	30 June 2018
	\$	\$
Trade creditors	1,165,888	1,010,600
Accrued expenses	223,798	335,559
Other payables	779,639	927,272
	2,169,325	2,273,431

All amounts are short-term. The carrying values of trade payables and other payables are considered to be a reasonable approximation of fair value.

11. Provisions

The carrying amounts and movements in the provisions account are as follows:

	Consolidated	
	30 June 2019	30 June 2018
	\$	\$
Current		
Employee entitlements – Annual leave	599,986	520,895
Employee entitlements – Long service leave	-	32,962
Other provisions	50,000	-
	649,986	553,857
Non-Current		
Employee entitlements – Annual leave	80,541	-
Employee entitlements – Long service leave	101,843	-
	182,384	-

The current portion of these liabilities represents the Company's obligations to its current and former employees that are expected to be settled during the next financial year.

12. Share capital

Ordinary shares

	2019		2018	
	\$	No.	\$	No.
Ordinary shares, fully paid	75,935,722	1,403,631,512	57,899,177	1,061,098,827

Movement in ordinary shares on issue

<i>Movement in ordinary shares on issue</i>	\$	No.
Shares on issue at 1 July 2018	57,899,177	1,061,098,827
Capital raising		
1 March 2019 (\$0.105 per share)	17,000,001	161,904,769
Capital raising costs	(968,605)	-
Option conversion		
13 August 2018 (at \$0.08 per option)	7,900	98,750
18 September 2018 (at \$0.08 per option)	53,000	662,500
Performance rights converted (28 September 2018)	972,125	6,600,000
Performance rights converted (13 November 2018)	972,125	6,600,000
Performance shares converted (13 November 2018)	-	166,666,666
Shares on issue at 30 June 2019	75,935,722	1,403,631,512

12. Share capital (continued)

Ordinary shares participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held and in proportion to the amount paid up on the shares held. At shareholders meetings, each ordinary share is entitled to one vote in proportion to the paid up amount of the share when a poll is called, otherwise each shareholder has one vote on a show of hands.

The share capital of FBR consists only of fully paid ordinary shares, and the shares do not have a par value. All ordinary shares are equally eligible to receive dividends and the repayment of capital and represent one vote at the shareholders' meeting of FBR.

Performance shares

There were no performance shares issued during the current year (2018: nil). There were 166,666,666 performance shares that converted to ordinary fully paid shares during the current year (2018: nil).

The following table illustrates the outstanding performance shares granted, converted and forfeited during the year.

	2019 Number	2018 Number
Outstanding at 1 July	499,999,998	499,999,998
Granted during the year	-	-
Converted during the year	(166,666,666)	-
Cancelled/forfeited during the year	-	-
Performance Shares at 30 June	333,333,332	499,999,998

Performance shares do not have a par value. Performance shares are not eligible to receive dividends or repayment of capital. Performance shares are not entitled to vote at the shareholders' meeting of FBR.

Each performance share converts to 1 ordinary share for nil consideration upon satisfaction of the vesting conditions detailed below.

Under the Goldwing Offer and pursuant to the prospectus dated 23 September 2015, the Company allotted 499,999,998 unquoted performance shares to the shareholders of FBR. These Performance Shares are split in the following categories classes:

166,666,666 Performance Shares Class A (fully converted as at 30 June 2019)

- i. Vesting condition for Class A; Upon successful demonstration of the Company's robotic building technology as proven by the construction of a 3 bedroom, 2 bathroom home structure within three (3) days from commencement of construction by the Company's robotic home building technology on the site. During the current financial year, all Class A Performance Shares were converted to ordinary shares;

12. Share capital (continued)

ii. 166,666,666 Performance Shares Class B

Vesting condition for Class B; Upon successful completion, being payment for service, of the Company's tenth home structure constructed under a commercial arm's length contract. If unconverted, Class B Performance Shares will expire after 48 months from the date of issue; and

iii. 166,666,666 Performance Shares Class C

Vesting condition for Class C; Upon achievement by the Company of reported annual operating revenue in a financial year attributable to the FBR technology (excluding grant receipts and R&D rebates received from the ATO) of at least \$10,000,000. If unconverted, Class C Performance Shares will expire after 60 months from the date of issue.

13. Share based payments

Ordinary shares

There were no ordinary shares granted as consideration for services provided to the Company during the year.

Options

On 20 July 2018, 4,000,000 options were granted to certain employees of the Company. These options have an exercise price of \$0.30 per option, and expiry date of 20 July 2021, and vest upon the option holder remaining employed with the Company on the following dates;

- 1/3 options vest on 31 December 2018 (vested as at 31 December 2018)
- 1/3 options vest on 31 December 2019
- 1/3 options vest on 31 December 2020

The Black-Scholes option pricing model was used to value these options. Inputs into the valuation model were as stated in the table above, and as follows:

- Spot price: The spot price of the Company's shares was \$0.185 per share at the close of trade on 20 July 2018, the closing price at the Valuation Date.
- Expected future volatility: The share price volatility of the Company at 103% for the securities, was calculated and based on assessing historical volatility over recent trading periods.
- Risk free rate: Determined based on volatility yields of Commonwealth bonds using a three-year bond, the period which most closely corresponds to the maximum life of the Options. The interest rates were measured as the closing rate on the day prior to the Valuation Date. A three (3) year bond yielded 2.1% on 20 July 2018, as disclosed by the Reserve Bank of Australia.
- Dividend yield: Assumed dividend yield of 0% as the Company does not have a history of paying dividends and is not expected to declare or pay any dividends over the life of the Rights.

The fair value of these 4,000,000 options granted during the year was \$404,536. \$130,515 was expensed for the current year, and a further \$144,253 capitalised, based on the number of options vested during the current year.

13. Share based payments (continued)

On 13 August 2018, 1,500,000 options were granted to the Chief Operating Officer of the Company. These options have an exercise price of \$0.30 per option, and expiry date of 12 August 2021, and vest upon the option holder remaining employed with the Company on the following dates;

- 1/3 options vest on 31 December 2018 (vested as at 31 December 2018)
- 1/3 options vest on 31 December 2019
- 1/3 options vest on 31 December 2020

The Black-Scholes option pricing model was used to value these options. Inputs into the valuation model were as stated in the table above, and as follows:

- Spot price: The spot price of the Company's shares was \$0.17 per share at the close of trade at the Valuation Date.
- Expected future volatility: The share price volatility of the Company at 103% for the securities, was calculated and based on assessing historical volatility over recent trading periods.
- Risk free rate: Determined based on volatility yields of Commonwealth bonds using a three-year bond, the period which most closely corresponds to the maximum life of the Options. The interest rates were measured as the closing rate on the day prior to the Valuation Date. A three (3) year bond yielded 2.03% on 13 August 2018, as disclosed by the Reserve Bank of Australia.
- Dividend yield: Assumed dividend yield of 0% as the Company does not have a history of paying dividends and is not expected to declare or pay any dividends over the life of the Rights.

The fair value of these 1,500,000 options granted during the year was \$134,949. \$27,046 was expensed for the current year, and a further \$63,108 capitalised, based on the number of options vested during the current year.

On 6 September 2018, 300,000 options were granted to an advisor of the Company. These options have an exercise price of \$0.325 per option, and expiry date of 5 September 2021, and vest upon the option holder remaining employed with the Company on the following dates;

- 1/3 options vest on 31 December 2018 (vested as at 31 December 2018)
- 1/3 options vest on 31 December 2019
- 1/3 options vest on 31 December 2020

The Black-Scholes option pricing model was used to value these options. Inputs into the valuation model were as stated in the table above, and as follows:

- Spot price: The spot price of the Company's shares was \$0.165 per share at the close of trade at the Valuation Date.
- Expected future volatility: The share price volatility of the Company at 103% for the securities, was calculated and based on assessing historical volatility over recent trading periods.
- Risk free rate: Determined based on volatility yields of Commonwealth bonds using a three-year bond, the period which most closely corresponds to the maximum life of the Options. The interest rates were measured as the closing rate on the day prior to the Valuation Date.

13. Share based payments (continued)

- A three (3) year bond yielded 1.99% on 6 September 2018, as disclosed by the Reserve Bank of Australia.
- Dividend yield: Assumed dividend yield of 0% as the Company does not have a history of paying dividends and is not expected to declare or pay any dividends over the life of the Rights.

The fair value of these 300,000 options granted during the year was \$25,099. \$16,466 was expensed for the current year, based on the number of options vested during the current year.

During the prior year, 6,750,000 options were granted to certain employees of the Company. These options have an exercise price of \$0.30 per option, and expiry date of 14 March 2021, and vest upon the option holder remaining employed with the Company on the following dates;

- 1/3 options vest on 1 July 2018 (vested as at 1 July 2018)
- 1/3 options vest on 1 July 2019
- 1/3 options vest on 1 July 2020

The Black-Scholes option pricing model was used to value these options. Inputs into the valuation model were as stated in the table above, and as follows:

- Spot price: The spot price of the Company's shares was \$0.155 per share at the close of trade on 1 March 2018, the closing price immediately prior to Valuation Date.
- Expected future volatility: The share price volatility of the Company at 103% for the securities, was calculated and based on assessing historical volatility over recent trading periods.
- Risk free rate: Determined based on volatility yields of Commonwealth bonds using a three-year bond, the period which most closely corresponds to the maximum life of the Options. The interest rates were measured as the closing rate on the day prior to the Valuation Date. A three (3) year bond yielded 2.09% on 1 March 2018, as disclosed by the Reserve Bank of Australia.
- Dividend yield: Assumed dividend yield of 0% as the Company does not have a history of paying dividends and is not expected to declare or pay any dividends over the life of the Rights.

The fair value of these 6,750,000 options granted during the prior year was \$563,207. \$184,514 has been expensed for the prior year, and a further \$74,959 capitalised, based on the number of options vested during the prior year. \$158,277 was expensed for the current year, and a further \$64,300 capitalised, based on the number of options vested during the current year.

During the prior year 4,050,000 options were granted to certain employees of the Company. 3,750,000 of these options have an exercise price of \$0.30 per option, an expiry date of 11 May 2021, and vest upon the option holder remaining employed with the Company on the following dates;

- 1/3 options vest on 1 July 2018 (vested as at 1 July 2018)
- 1/3 options vest on 1 July 2019
- 1/3 options vest on 1 July 2020

13. Share based payments (continued)

300,000 of these options have an exercise price of \$0.325 per option, an expiry date of 11 May 2021, and vest upon the commencement date of employment of the option holder.

The Black-Scholes option pricing model was used to value these options. Inputs into the valuation model were as stated in the table above, and as follows:

- Spot price: The spot price of the Company's shares was \$0.17 per share at the close of trade on 18 April 2018, the closing price immediately prior to Valuation Date.
- Expected future volatility: The share price volatility of the Company at 103% for the securities, was calculated and based on assessing historical volatility over recent trading periods.
- Risk free rate: Determined based on volatility yields of Commonwealth bonds using a three (3) year bond, the period which most closely corresponds to the maximum life of the Options. The interest rates were measured as the closing rate on the day prior to the Valuation Date. A three (3) year bond yielded 2.23% on 18 April 2018, as disclosed by the Reserve Bank of Australia.
- Dividend yield: Assumed dividend yield of 0% as the Company does not have a history of paying dividends and is not expected to declare or pay any dividends over the life of the Rights.

The fair value of these 4,050,000 options granted during the prior year was \$368,995. \$56,769 was expensed for the prior year, and a further \$111,741 capitalised, based on the number of options vested during the prior year. \$59,276 was expensed for the current year, and a further \$88,914 capitalised, based on the number of options vested during the current year.

During the prior year 75,000,000 options already on issue were released from escrow on 18 November 2017.

The following table illustrates the outstanding options granted, exercised and forfeited during the year.

	2019		2018	
	Number	Weighted average exercise price (cents)	Number	Weighted average exercise price (cents)
Outstanding at 1 July	23,937,500	23	87,636,250	4
Granted during the year	5,800,000	30	10,800,000	30
Exercised during the year	(761,250)	8	(74,498,750)	2
Expired or cancelled during the year	(688,750)	8	-	-
Outstanding as at 30 June	28,287,500	25	23,937,500	23

The weighted average remaining contractual life for the share-based payment options outstanding as at 30 June 2019, was 1.76 years (2018: 2.61 years).

The range of exercise prices for share-based payment options outstanding as at the end of the year was \$0.02 to \$0.325 (2018: \$0.02 to \$0.325).

13. Share based payments (continued)

Performance rights

There were 31,551,204 performance rights issued during the current year (2018: 15,150,000).

The weighted average fair value of the performance rights granted during the current year is \$0.08 (2018: \$0.16).

Performance rights do not have a par value. Performance rights are not eligible to receive dividends or repayment of capital. Performance rights are not entitled to vote at the shareholders' meeting of FBR.

The following table illustrates the outstanding performance rights granted, exercised and forfeited during the year.

	2019	2018
	Number	Number
Outstanding at 1 July	24,416,664	20,700,000
Granted during the year	31,551,204	15,150,000
Converted during the year	(13,200,000)	(11,333,336)
Forfeited during the year	(3,155,634)	(100,000)
Performance rights at 30 June	39,612,234	24,416,664

On 13 August 2018, the Company issued 1,000,000 unlisted retention performance rights to the Chief Operating Officer. These retention performance rights have no escrow period and are split in the following classes:

- i. 500,000 Retention Performance Rights Class A
Vesting condition for Class A; Continued employment until 1 August 2019
Milestone date is 1 August 2019.
If unconverted, Class A Retention Performance Rights will expire on the milestone date;
- ii. 500,000 Retention Performance Rights Class A
Vesting condition for Class B; Continued employment until 1 August 2020
Milestone date is 1 August 2020.
If unconverted, Class B Retention Performance Rights will expire on the milestone date;

The retention performance shares were valued using the spot price on grant date. The spot price was \$0.17 per share at the close of trade on 13 August 2018, being the date the performance shares were issued.

The fair value of these 1,000,000 retention performance rights granted during the year, assuming that 100% of the performance rights will vest, was \$170,000. \$78,455 was capitalised to development costs and \$33,624 was expensed in the current year based on the allocation of activities in the COO role.

13. Share based payments (continued)

On 20 May 2019, the Company issued 30,551,204 unlisted performance rights to the employees of FBR. These performance rights have no escrow period and are split in the following classes:

- i. 12,201,196 Performance Rights Class A
Vesting condition for Class A; Successful completion of business commercialisation goals
Milestone date is 31 December 2019
Expiry date is 30 March 2020
If unconverted, Class A Performance Rights will expire on the expiry date;
- ii. 12,201,196 Performance Rights Class B
Vesting condition for Class B; Successful completion of employee individual performance goals
Milestone date is 31 December 2019
Expiry date is 30 March 2020
If unconverted, Class B Performance Rights will expire on the expiry date;
- iii. 3,074,406 Performance Rights Class C
Vesting condition for Class C; Successful completion of long term business commercialisation goals
Milestone date is 31 December 2021
Expiry date is 30 March 2022
If unconverted, Class C Performance Rights will expire on the expiry date;
- iv. 3,074,406 Performance Rights Class D
Vesting condition for Class D; Successful completion of long term individual project goals
Milestone date is 31 December 2021
Expiry date is 30 March 2022
If unconverted, Class D Performance Rights will expire on the expiry date;

The performance rights were valued using the spot price on grant date. The spot price was \$0.073 per share at the close of trade on 3 May 2018, being the date the performance rights were offered to the employees.

The fair value of these 30,551,204 performance rights granted during the current year, assuming that 100% of the performance rights will vest, was \$2,230,238. \$321,764 was capitalised to development costs, based on the number of performance rights issued to technical and engineering employees and \$113,173 was expensed based on the number of performance rights issued to corporate employees during the current year.

13. Share based payments (continued)

In the prior year, on 27 November 2017, the shareholders approved the issue of 5,200,000 unlisted performance rights to the directors of FBR. These Performance Rights have no escrow period and are split in the following classes:

- i. 1,733,334 Performance Rights Class A (since expired on 31 December 2018)
Vesting condition for Class A; Upon the Company shares achieving a fifteen (15) day volume weighted average price ('VWAP') of \$0.325.
Escrow period applies if vesting hurdle met after grant date and before 1 July 2018.
Class A Performance Rights expired on 31 December 2018;
- ii. 1,733,334 Performance Rights Class B
Vesting condition for Class B; Upon the Company shares achieving a fifteen (15) day VWAP of \$0.425.
Escrow period applies if vesting hurdle met after grant date and before 1 July 2019.
If unconverted, Class B Performance Rights will expire on 31 December 2019; and
- iii. 1,733,332 Performance Rights Class C
Vesting condition for Class C; Upon the Company shares achieving a fifteen (15) day VWAP of \$0.525.
Escrow period applies if vesting hurdle met after grant date and before 1 July 2020.
If unconverted, Class C Performance Rights will expire on 31 December 2020.

The binomial pricing model was used to value these performance rights. Inputs into the valuation model were as stated in points (i) to (iii) above, and as follows:

- Spot price: The spot price of the Company's shares was \$0.20 per share at the close of trade on 27 November 2017, the last date the Company's shares traded prior to the Valuation Date.
- Expected future volatility: Assumed volatility of 100% for the securities. This is calculated based on historical volatility over recent trading periods.
- Risk free rate: Determined based on volatility yields of Commonwealth bonds using the period which most closely corresponds to the maximum lives of the Rights. The interest rates are measured as the closing rate on the day prior to the Valuation Date. The bond rates used were 1.72%, 1.76% and 1.91% as disclosed by the Reserve Bank of Australia.
- Dividend yield: Assumed a dividend yield of 0% as the Company does not have a history of paying dividends and is not expected to declare or pay any dividends over the life of the Rights.

The fair value of these 5,200,000 performance rights granted during the prior year, assuming that 100% of the performance rights will vest, was \$753,393. 3,580,000 performance rights were issued to Directors for their corporate services to the Company, and as such \$216,395 was expensed (2018: \$169,696) in the current year based on the number of performance rights vested during the current year. The remaining 1,620,000 performance rights were issued to directors for their technical and engineering contribution to the Company, and as such \$97,922 (2018: \$76,790) was capitalised to development costs, based on the number of performance rights vested during the current year.

13. Share based payments (continued)

In the prior year on 20 March 2017, a further 2,700,000 performance rights were awarded to employees of FBR. These performance rights have no escrow period and are split in the following classes:

- i. 1,350,000 Performance rights Class A
Vesting condition for Class A; Successful and fully operational completion of build of the Hadrian X by 31 December 2018. Hadrian X to successfully demonstrate key features as outlined in the Hadrian X launch Video.
On 28 September 2018, the outstanding Class A performance rights vested and were converted to ordinary shares.
- ii. 1,350,000 Performance rights Class B
Vesting condition for Class B; Upon successful demonstration of the Company's robotic home building technology as proven by the construction of a Full Home Structure within three (3) days from commencement of construction by the Company's robotic home building technology on the site.
On 13 November 2018, the outstanding Class B performance rights vested and were converted to ordinary shares.

The fair value of these 2,700,000 performance rights granted during the prior year was \$270,000, based on a closing share price of \$0.10 per share on 20 March 2017 (Grant Date). 2,550,000 performance rights were issued to technical and engineering employees and as such \$255,000 was capitalised to development costs in prior periods. The remaining 150,000 performance rights were issued to corporate staff and as such \$15,000 was expensed in prior periods.

In the prior year on 16 February 2018, the Company issued 3,500,000 unlisted performance rights to the employees of FBR. These performance rights have no escrow period and are split in the following classes:

- i. 1,750,000 Performance Rights Class A (*since converted to ordinary shares on 28 September 2018*)
Vesting condition for Class A; Successful and fully operational completion of build of the Hadrian X
Milestone date is 30 September 2018.
On 28 September 2018, the outstanding Class A performance rights vested and were converted to ordinary shares.
- ii. 1,750,000 Performance Rights Class B (*since converted to ordinary shares on 13 November 2018*)
Vesting condition for Class B; Upon successful demonstration of the Company's robotic home building technology as proven by the construction of a Full Home Structure
Milestone date is 12 November 2018.
On 13 November 2018, the outstanding Class B performance rights vested and were converted to ordinary shares.

The performance rights were valued using the spot price on grant date. The spot price was \$0.17 per share at the close of trade on 15 December 2017, being the date the performance rights were approved by the board of directors.

13. Share based payments (continued)

The fair value of these 3,500,000 performance rights granted during the prior year, assuming that 100% of the performance rights will vest, was \$577,500. 3,100,000 performance rights were issued to technical and engineering employees, and as such \$185,410 (2018: \$329,287) was capitalised to development costs, based on the number of performance rights vested during the current year. The remaining 400,000 performance rights were issued to corporate employees and as such \$20,933 (2018: \$42,489) was expensed in the current year based on the number of performance rights vested during the current year.

In the prior year, on 14 March 2018, the Company issued 4,000,000 unlisted performance rights to the employees of FBR. These Performance Rights have no escrow period and are split in the following classes:

- i. 2,000,000 Performance Rights Class A (*since converted to ordinary shares on 28 September 2018*)

Vesting condition for Class A; Successful and fully operational completion of build of the Hadrian X
Milestone date is 30 September 2018.

On 28 September 2018, the outstanding Class A performance rights vested and were converted to ordinary shares.

- ii. 2,000,000 Performance Rights Class B (*since converted to ordinary shares on 13 November 2018*)

Vesting condition for Class B; Upon successful demonstration of the Company's robotic home building technology as proven by the construction of a Full Home Structure
Milestone date is 12 November 2018.

On 13 November 2018, the outstanding Class B performance rights vested and were converted to ordinary shares.

The performance rights were valued using the spot price on grant date. The spot price was \$0.16 per share at the close of trade on 1 March 2018, being the date the performance rights were approved by the board.

The fair value of these 4,000,000 performance rights granted during the current year, assuming that 100% of the performance rights will vest, was \$640,000. 2,000,000 performance rights were issued to technical and engineering employees, and as such \$138,135 (2018: \$149,865) was capitalised to development costs, based on the number of performance rights vested during the current year. The remaining 2,000,000 performance rights were issued to corporate employees and as such \$168,831 (2018: \$183,169) was expensed in the current year based on the number of performance rights vested during the current year.

In the prior year, on 23 April 2018, the Company issued 2,450,000 unlisted performance rights to employees of FBR. These Performance Rights have no escrow period and are split in the following classes:

- i. 1,225,000 Performance Rights Class A (*since converted to ordinary shares on 28 September 2018*)

Vesting condition for Class A; Successful and fully operational completion of build of the Hadrian X

Milestone date is 30 September 2018.

13. Share based payments (continued)

On 28 September 2018, the outstanding Class A performance rights vested and were converted to ordinary shares.

- ii. 1,225,000 Performance Rights Class B (*since converted to ordinary shares on 13 November 2018*)

Vesting condition for Class B; Upon successful demonstration of the Company's robotic home building technology as proven by the construction of a Full Home Structure Milestone date is 12 November 2018.

On 13 November 2018, the outstanding Class B performance rights vested and were converted to ordinary shares.

The performance rights have been valued using the spot price on grant date. The spot price was \$0.17 per share at the close of trade on 18 April 2018, being the date the performance rights were approved by the board.

The fair value of these 2,450,000 performance rights granted during the prior year, assuming that 100% of the outstanding performance rights will vest, was \$416,500. 1,586,000 performance rights were issued to technical and engineering employees, and as such \$164,100 (2018: \$105,865) was capitalised to development costs, based on the number of performance rights vested during the current year. The remaining 864,000 performance rights were issued to corporate employees and as such \$87,178 (2018: \$57,672) was expensed in the current year based on the number of performance rights vested during the current year.

14. Earnings per share

Both the basic and diluted earnings per share have been calculated using the profit attributable to shareholders of the Legal Parent Company (FBR Limited) as the numerator, i.e. no adjustments to profits were necessary during the twelve (12) months period to 30 June 2019 and 30 June 2018.

The weighted average number of shares for the purposes of the calculation of diluted earnings per share can be reconciled to the weighted average number of ordinary shares used in the calculation of basic earnings per share as follows:

	30 June 2019	30 June 2018
	\$	\$
Weighted average number of shares used in basic earnings per share	1,255,669,624	954,126,071
Shares deemed to be issued for no consideration in respect of share-based payments	-	-
Weighted average number of shares used in diluted earnings per share	1,255,669,624	954,126,071

END OF PRELIMINARY FINAL REPORT.