FBR Limited

Appendix 4D

Half year report

1. Company details

FBR Limited

ABN	Current period	Prior period
58 090 000 276	31 Dec 2019	31 Dec 2018

2. Results for announcement to the market

	% Change	$
2.1 Revenues from ordinary activities	Down 48%	76,735
2.2 Loss from ordinary activities after tax attributable to members	Up 31%	5,941,767
2.3 Loss for period attributable to members	Up 31%	5,941,767
2.4 & 2.5 No dividends were proposed or paid in the current or prior period		
2.6 Explanations of any of the figures in 2.1 to 2.4 above necessary to enable the figure to be understood. The loss for the period was $5,941,767 (2018: $4,533,368) including professional services, corporate administration, director and employee remuneration of $3,986,268, IP expenses of $51,603, finance expenses of $10,579 and non-cash share-based payments and depreciation of $1,704,772.		

3. Net tangible assets per security

Dec 2019: $0.01	Dec 2018: $0.01

Net Tangible Assets includes right-of-use assets with a carrying value of $2,302,892 as at 31 December 2019.

4.1 Control over gained entities

Name of entity	n/a
The date of the gain of control	n/a
Where material, the contribution of such entities to the reporting entity's profit from ordinary activities during the period and the profit or loss of such entities during the whole of the previous corresponding period	n/a
Where material, the profit or loss of such entities during the whole of the previous corresponding period	n/a

4.2 Control loss over entities

Name of entity	n/a
The date of the loss of control	n/a
Where material, the contribution of such entities to the reporting entity's profit from ordinary activities during the period and the profit or loss of such entities during the whole of the previous corresponding period	n/a
Where material, the profit or loss of such entities during the whole of the previous corresponding period	n/a

5. Dividends

No dividends were proposed or paid in the current period or prior period. No dividend reinvestment plans were in effect in the current or prior period.

6. Associates and joint ventures

The group has not entered any new joint venture arrangements.

7. Foreign entities

Neither the parents nor its subsidiaries are foreign entities.

8. Audit qualification

Do the accounts contain an independent audit report or review that is subject to a modified opinion, or emphasis of matter or other matter paragraph?

Yes / ~~No~~

Description of the modified opinion, emphasis of matter or other matter paragraph: Material uncertainty regarding going concern (ref. note 3)

FBR Limited

Interim financial statements

For the half-year ended

31 December 2019

Directors' Report

The Directors of FBR Limited ("the Company") present their report together with the financial statements of the Consolidated Entity, being FBR ('the Company') and its controlled entities ('the Group') for the half-year ended 31 December 2019.

Director details

The following persons were Directors of the Company during or since the end of the financial half-year:

Mr Richard Grellman AM (Chairman)
Mr Michael Pivac (Managing Director & Chief Executive Officer – Global)
Mr Mark Pivac (Executive Director and Chief Technical Officer)
Mr Grant Anderson (Non-Executive Director – appointed 23 October 2019)
Mr Andrew Bloore (Non-Executive Director – resigned 23 October 2019)
Ms Nancy Milne OAM (Non-Executive Director – resigned 16 January 2020)

Review of operations and financial results

During the period, the Group made significant progress toward its corporate and commercial objectives and in the development and testing and commercialisation programme of the Hadrian X® commercial prototype.

A number of changes at both Board and Executive level were made during the period to position FBR to capitalise on the growth opportunities in front of it. Mr David Richardson was appointed to the position of Chief Financial Officer, with Mr Aidan Flynn moving into a role in the newly established Global Commercialisation Team. Mr Richardson is a highly experienced Chief Financial Officer in both large multinational corporations and smaller private businesses, having served as CFO of Schaffer Corporation, Gindalbie Metals, Doric Group and, most recently, Enviropacific Services.

Mr Grant Anderson was appointed as a Non-Executive Director of the Company and Chair of the Audit and Risk Committee following the retirement from the Board of Mr Andrew Bloore. Ms Rachelle Brunet was appointed Joint Company Secretary and subsequently became the sole Company Secretary following the retirement of Mr Aidan Flynn from the role of Joint Company Secretary.

In September, the Company received a research and development tax incentive cash refund of $9,449,954 for the 12 month period ended 30 June 2019.

Fastbrick Australia Pty Ltd, the Wall as a Service® ('WaaS®') joint venture established between FBR and Brickworks, entered into a Building Pilot Program Agreement with Western Australian based builder Archistruct Builders & Designers (Archistruct).

Further, FBR also entered into a Building Pilot Program Agreement with GP Vivienda, the housing division of Mexican construction giant Grupo GP. This Agreement represents the next stage of the Strategic Collaboration Agreement between FBR and GP Vivienda.

In October, Fastbrick Australia entered into a Building Pilot Program Agreement with Summit Homes Group, one of WA's most well-known builders.

In November, Fastbrick Australia completed the Demonstration Stage of the Building Pilot Program with Archistruct. Further FBR signed a building contract with Archistruct for the construction of the Display Home and entered into a contract to purchase the block of land on which the Display Home will be built.

The independent directors of FBR's Board determined that the performance condition attached to 166,666,666 Class B Performance Shares issued as part of the deferred consideration for the acquisition of FBR (formerly Fastbrick Robotics) contemplated in the Prospectus was met and, as a result, the Class B Performance Shares were converted to Ordinary Shares on a one for one basis. The performance condition was triggered by the receipt of the completion payment for the tenth (10th) Full Home Structure constructed under a commercial arm's length contract using FBR's robotic home building technology. The payments were received by the Fastbrick Australia joint venture.

In December, FBR successfully secured a placement of 122,222,223 ordinary shares in the Company with a small group of international and domestic institutional and sophisticated investors (Placement) at a price of $0.045 per share, raising $5.5 million, as well as a Share Purchase Plan to existing shareholders at the same price as the Placement, raising a further $3.0 million. The new shares were quoted on the ASX subsequent to the end of the period.

The loss for the period was $5,941,767 (2018: $4,533,368) including professional services, corporate administration, director and employee remuneration of $3,986,268, IP expenses of $51,603, finance expenses of $10,579 and non-cash share-based payments and depreciation of $1,704,772.

Events subsequent to balance date

Subsequent to the end of the period, Ms Nancy Milne announced her resignation from the Board on 16 January 2020. A search for a suitable replacement for Ms Milne has commenced.

Auditor's independence declaration

A copy of the Auditor's Independence Declaration as required under s307C of the *Corporations Act 2001* is included on the following page of this financial report and forms part of this Directors' Report.

Signed in accordance with a resolution of the Directors:

Michael Pivac
MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER – GLOBAL

27 February 2020

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Auditor's Independence Declaration

To the Directors of FBR Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the review of FBR Limited for the period ended 31 December 2019, I declare that, to the best of my knowledge and belief, there have been:

a no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

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

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

M J Hillgrove
Partner – Audit & Assurance

Perth, 27 February 2020

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the half-year ended 31 December 2019

	Notes	31 December 2019 $	31 December 2018 $
Other Income	7	76,735	146,563
Expenses			
Professional services		672,050	797,460
Administration expenses		1,282,839	1,859,453
Directors' and employees' benefits		2,031,379	1,278,891
IP expenses		51,603	-
Finance expenses	11	10,579	1,019
Depreciation	10	273,614	101,151
Share based payments		1,431,158	641,957
Loss before tax		**5,676,487**	**4,533,368**
Income tax expense		265,280	-
Loss for the period		**5,941,767**	**4,533,368**
Other comprehensive income for the period, net of tax		-	-
Total comprehensive income for the period		**-**	**-**
Total comprehensive loss for the period		**5,941,767**	**4,533,368**
Basic loss per share in cents per share	14	(0.41)	(0.41)
Diluted loss per share in cents per share	14	(0.41)	(0.41)

The accompanying notes form part of these financial statements.

Consolidated Statement of Financial Position

As at 31 December 2019

	Notes	31 December 2019 $	30 June 2019 $
Assets			
Current			
Cash and cash equivalents	8	16,024,561	14,426,343
Trade and other receivables	9	3,919,917	9,975,647
Other current assets		678,893	1,809,205
Current assets		**20,623,371**	**26,211,195**
Non-current			
Property, plant and equipment	10	5,747,897	1,868,248
Development costs	12	37,438,069	28,629,465
Investment in Associates		1	-
Non-current assets		**43,185,967**	**30,497,712**
Total assets		**63,809,338**	**56,708,908**
Liabilities			
Current			
Trade and other payables	13	2,564,220	2,169,325
Provisions		576,129	649,986
Lease liabilities	11	715,699	14,680
Current liabilities		**3,856,048**	**2,833,991**
Non-current			
Provisions		220,173	182,384
Lease liabilities	11	1,213,527	12,978
Deferred tax liabilities		825,561	560,281
Non-current liabilities		**2,259,261**	**755,643**
Total liabilities		**6,115,309**	**3,589,634**
Net assets		**57,694,029**	**53,119,274**
Equity			
Equity attributable to owners of the parent:			
Share capital	15	84,184,200	75,935,722
Reserves	17	4,705,145	3,134,515
Accumulated losses		(31,195,316)	(25,950,963)
Total equity		**57,694,029**	**53,119,274**

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity

For the half-year ended 31 December 2019

	Share capital	Performance right reserve	Share option reserve	Accumulated losses	Total equity
	$	$	$	$	$
Balance at 1 July 2019	75,935,722	1,423,168	1,711,347	(25,950,963)	**53,119,274**
Adjustment for adoption of AASB 16 Leases (refer to Note 4)				(12,302)	**(12,302)**
Balance at 1 July 2019 (adjusted)	**75,935,722**	**1,423,168**	**1,711,347**	**(25,963,265)**	**53,106,972**
Loss for the period	-	-	-	(5,941,767)	**(5,941,767)**
Other comprehensive income	-	-	-	-	**-**
Total comprehensive loss for the period	**-**	**-**	**-**	**(5,941,767)**	**(5,941,767)**
Transactions with owners:					
Shares issued - Capital raising (refer to Note 15)	8,495,000	-	-	-	**8,495,000**
Capital raising costs (refer to Note 15)	(365,272)	-	-	-	**(365,272)**
Performance rights converted to shares (refer to Note 15)	85,000	(85,000)	-	-	**-**
Performance rights forfeited (refer to Note 17)	-	(319,031)	-	-	**(319,031)**
Performance rights expired (refer to Note 17)	-	(876,989)		684,363	**(192,626)**
Performance rights issued to employees and directors (refer to Note 17)	-	2,682,217	-	-	**2,682,217**
Options issued to employees	-	-	194,786	-	**194,786**
Shares issued upon exercise of options (refer to Note 15)	33,750	-	(25,353)	25,353	**33,750**
Balance at 31 December 2019	**84,184,200**	**2,824,365**	**1,880,780**	**(31,195,316)**	**57,694,029**
Balance at 1 July 2018	57,899,177	1,831,709	915,511	(17,033,387)	**43,613,010**
Loss for the period	-	-	-	(4,533,368)	**(4,533,368)**
Other comprehensive income	-	-	-	-	**-**
Total comprehensive loss for the period	**-**	**-**	**-**	**(4,533,368)**	**(4,533,368)**
Transactions with owners:					
Performance rights converted to shares	1,944,250	(1,944,250)	-	-	**-**
Performance rights forfeited	-	(297,987)	-	79,578	**(218,410)**
Performance rights issued to employees and directors	-	1,129,158	-	-	**1,129,158**
Options issued to employees	-	-	488,028	-	**488,028**
Shares issued upon exercise of options	60,900	-	-	-	**60,900**
Balance at 31 December 2018	**59,904,326**	**718,630**	**1,403,539**	**(21,487,177)**	**40,539,318**

The accompanying notes form part of these financial statements.

Consolidated Statement of Cash Flows

For the half-year ended 31 December 2019

	Notes	31 December 2019 $	31 December 2018 $
Operating activities			
Interest received		79,660	180,935
Payments to suppliers and employees		(3,526,424)	(3,858,096)
Finance expenses		(8,845)	(1,019)
Net cash from / (used in) operating activities		**(3,455,609)**	**(3,678,181)**
Investing activities			
Purchase of property, plant and equipment		(1,768,205)	(344,365)
Technology development costs		(10,609,557)	(10,716,682)
R&D tax credit		9,449,954	7,376,139
Loans to related parties	9	(165,000)	(150,000)
Net cash used in investing activities		**(3,092,808)**	**(3,834,908)**
Financing activities			
Exercise of options	15	33,750	60,900
Proceeds from issue of share capital		8,495,000	-
Capital raising costs		(365,272)	-
Repayment of borrowings		(16,843)	-
Net cash from financing activities		**8,146,635**	**60,900**
Net change in cash and cash equivalents		**1,598,218**	**(7,452,189)**
Cash and cash equivalents, beginning of period		14,426,343	21,956,658
Exchange differences on cash and cash equivalents		-	-
Cash and cash equivalents, end of period	8	**16,024,561**	**14,504,469**

The accompanying notes form part of these financial statements.

Notes to the Condensed Interim Consolidated Financial Statements

1 Nature of operations

FBR Limited ("the Company") and its controlled subsidiaries ("the Group") is developing technology to build an automated robotic bricklaying machine capable of completing brickwork at potentially significantly lower cost and higher quality than traditional methods. FBR has secured patents to protect its intellectual property rights in its technology in key markets.

2 General information and basis of preparation

The interim consolidated financial statements ('the interim financial statements') of the Group are for the six (6) months ended 31 December 2019 and are presented in Australian Dollars ($AUD), which is the functional currency of the Parent Company.

These general purpose interim financial statements have been prepared in accordance with the requirements of the *Corporations Act 2001* and AASB 134 *Interim Financial Reporting*. They do not include all of the information required in annual financial statements in accordance with Australian Accounting Standards, and should be read in conjunction with the financial report for the year ended 30 June 2019 as well as any public announcements made by the Company during the half-year in accordance with continuous disclosure requirements arising under the Australian Securities Exchange Listing Rules and the *Corporations Act 2001*.

The interim financial statements have been approved and authorised for issue by the Board of Directors on 28 February 2020.

3 Going Concern

The Consolidated Financial Report has been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

The Group incurred a net loss of $5,941,767 during the six months ended 31 December 2019, and as of that date, the Group's net cash outflows from operating & investing activities totalled $6,548,417. The ability for the Group to continue as a going concern and to fund its ongoing Hadrian X programme is dependent upon the Group successfully raising additional capital and continuing to be eligible for receipt of government R&D tax incentives. If the Group is unable to continue as a going concern, it may be required to realise its assets and or settle its liabilities other than in the ordinary course of business and at amounts different from those stated in the financial report.

The Group held cash and cash equivalents at balance date of $16,024,561 and was working capital positive. The Group has prepared a cash flow forecast for the next 12 months which demonstrates that with additional equity raising, continued access to the R&D tax incentive program and the existing cash reserves, there is the necessary working capital for the Group to continue its ongoing Hadrian X programme and to provide the necessary working capital to cover its corporate costs over the next year.

4 New standards adopted as at 1 July 2019

AASB 16 Leases ("AASB 16") introduced a single, on-balance sheet accounting model for lessees. As a result, the Group, as a lessee, have recognised right-of-use assets representing its right to use the underlying assets and lease liabilities representing its obligations to make lease payments. AASB 16 required the Group to recognise substantially all its operating leases on the statement of financial position.

The Group has applied AASB 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 July 2019. Accordingly, the comparative information presented for the period 1 July 2018 to 31 Dec 2018 has not been restated – it is presented, as previously reported, under AASB 117 and related interpretations.

The following table summarises the impact, net of tax, on transition to AASB 16 on the opening balance of retained earnings at 1 July 2019.

Retained earnings

	1 July 2019 $
Lease liabilities recognised	1,719,625
Right-of-use assets recognised	(2,726,164)
Derecognition due to prepaid rent	1,018,841
Retrospective impact on retained earnings	**12,302**

At transition, the lease liabilities were measured at the present value of the remaining lease payments using the Group's incremental borrowing rate added on the 10-year Government Bonds Rate as at 1 July 2019. The right-of-use assets were measured at their carrying amount as if AASB 16 had been applied since the lease commencement date and discounted using the Group's incremental borrowing rate as at 1 July 2019

On transition to AASB 16 the weighted average incremental borrowing rate applied to lease liabilities recognised under AASB 16 was 4.31%.

Lease accounting policy (as lessee)

The Group leases certain assets, including properties and office equipment. At the inception of a contract, the Group assesses whether a contract is, or contains, a lease based on the whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group recognised a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at the cost less any accumulated depreciation and impairment losses and adjusted for certain re-measurements of lease liability. The assets are depreciated over the term of the lease on a straight-line basis. The Group has applied judgement to determine the lease term for some lease contracts in which it is a lease that includes renewal options. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liability and right-of-use asset recognised.

4 New standards adopted as at 1 July 2019 (continued)

The lease liability is initially measured at the present value of the lease payments (fixed payments less any lease incentives receivables and variable lease payments) that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate as the discount rate. Lease liability is re-measured when there is a change in future lease payments arising from change in an index rate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The Group has elected to use the exemption not to recognise right-of-use assets and lease liabilities for the short-term leases that have a lease term of 12 months or less and lease of low-value assets. There were no payments associated with these leases in the period.

Investments in associates and joint ventures

Investments in associates and joint ventures are accounted for using the equity method. The carrying amount of the investment in associates and joint ventures is increased or decreased to recognise the Group's share of the profit or loss and other comprehensive income of the associate and joint venture, adjusted where necessary to ensure consistency with the accounting policies of the Group.

Unrealised gains and losses on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in those entities. Where unrealised losses are eliminated, the underlying asset is also tested for impairment.

New Standards and interpretations not yet adopted

Other new standards, amendments to standards and interpretations that became effective for the annual periods beginning after 1 July 2019 have not been applied in preparing these consolidated interim financial statements. None of these standards are expected to have significant effect on the Group's financial statements.

5 Changes in accounting policy and disclosure

Other than those identified above, there have been no other standards coming into effect for the first time during the half-year ended 31 December 2019.

6 Estimates

When preparing the interim financial statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

The judgements, estimates and assumptions applied in the interim financial statements, including the key sources of estimation uncertainty were the same as those applied in the last annual financial statements for the year ended 30 June 2019.

7 Other Income

	Consolidated	
	31 December 2019 $	31 December 2018 $
Interest income	76,735	169,116
Commercial grants and other	-	(22,553)
	76,735	**146,563**

8 Cash and cash equivalents

	Consolidated	
	31 December 2019 $	30 June 2019 $
Cash at bank and on hand	**16,024,561**	**14,426,343**

9 Trade and other receivables

	Consolidated	
	31 December 2019 $	30 June 2019 $
Research and Development tax rebate [1]	3,423,593	9,449,954
GST receivable	306,561	510,473
Director loans [2]	167,047	-
Interest receivable	9,338	14,311
Other receivables	13,378	909
	3,919,917	**9,975,647**

1. R&D tax rebate is an accrual based on an estimated R&D tax refund as per the proposed amendments under the R&D Tax Incentive that is currently before Parliament.
2. Includes $165,000 loan to a Director (plus interest of $2,047) in connection with Performance Rights issued under the Company's Performance Rights Plan.

Segment reporting

The Group has identified one operating segment based on the internal reports that are reviewed and used by the executive management team (the chief operating decision makers) in assessing performance and in determining the allocation of resources.

The Group operates in Australia (building technology) and prepares reports internally by this location.

Other prospective opportunities outside of this geographical location are also considered from time to time, and if they are secured, will then be attributed to the geographical location where they are located.

All of the Group's non-current assets are held in Australia and all interest revenue is derived from funds invested in short-term money market instruments, all of which are held within Australia.

During the six month period to 31 December 2019 there has been no changes from prior periods in the measurement methods used to determine operating segments and reported segments' profit or loss.

10 Property, plant and equipment

The following tables show the movements in property, plant and equipment:

	LAND & BUILDINGS	PLANT & EQUIPMENT [1]	FURNITURE & FITTINGS [2]	ICT EQUIPMENT	WORK IN PROGRESS	TOTAL
	$	$	$	$	$	$
Gross carrying amount						
Balance at 1 July 2019	-	1,053,321	556,587	946,779	105,476	**2,662,163**
Adjustment on transition to AASB 116 Leases	3,537,822	-	-	-	-	**3,537,822**
Additions	267,000	346,372	402,807	1,105,436	72,982	**2,194,597**
Transfers [3]	-	-	-	105,476	(105,476)	**-**
Disposals	-	-	-	-	-	-
Balance at 31 December 2019	**3,804,822**	**1,399,693**	**959,394**	**2,157,691**	**72,982**	**8,394,582**
Depreciation and impairment						
Balance at 1 July 2019	-	(205,970)	(215,342)	(372,603)	-	(793,915)
Adjustment on transition to AASB 116 Leases	(859,511)	-	-	-	-	(859,511)
Disposals	-	-	-	-	-	-
Depreciation [4]	(544,121)	(117,477)	(128,467)	(203,194)	-	(993,259)
Balance at 31 December 2019	**(1,403,632)**	**(323,447)**	**(343,809)**	**(575,797)**	**-**	**(2,646,685)**
Carrying amount at 31 December 2019	**2,401,190**	**1,076,246**	**615,585**	**1,581,894**	**72,982**	**5,747,897**

	LAND & BUILDINGS	PLANT & EQUIPMENT	FURNITURE & FITTINGS	ICT EQUIPMENT	WORK IN PROGRESS	TOTAL
		$	$	$	$	$
Gross carrying amount						
Balance at 1 July 2018	-	524,345	402,425	620,574	-	**1,547,344**
Additions	-	528,976	154,162	329,801	105,476	**1,118,415**
Disposals	-	-	-	(3,596)	-	**(3,596)**
Balance at 30 June 2019	**-**	**1,053,321**	**556,587**	**946,779**	**105,476**	**2,662,163**
Depreciation and impairment						
Balance at 1 July 2018	-	(48,699)	(89,933)	(138,773)	-	**(277,405)**
Disposals	-	-	-	2,008	-	**2,008**
Depreciation	-	(157,273)	(125,409)	(235,836)	-	**(518,518)**
Balance at 30 June 2019	**-**	**(205,972)**	**(215,342)**	**(372,601)**	**-**	**(793,915)**
Carrying amount at 30 June 2019	**-**	**847,349**	**341,245**	**574,178**	**105,476**	**1,868,248**

1. Plant and Equipment includes $16,329 carrying value of right-of-use assets for leased vehicle previously disclosed as Leased Plant & Equipment.
2. Leasehold Improvements previously disclosed as a separate asset class has been reclassified under Furniture & Fittings.
3. Work in Progress of $105,476 as at 30 June 2019 related to Enterprise Resource Planning System has been transferred to ICT Equipment.
4. $719,645 of depreciation charges for the current period have been capitalised to development costs.

10 Property, plant and equipment (continued)

Included in the net carrying amount of property, plant and equipment are right-of-use assets as follows:

	LAND & BUILDINGS	PLANT & EQUIP-MENT	ICT EQUIPMENT	TOTAL
	$	$	$	$
Gross carrying amount	3,537,822	52,235	161,392	**3,751,449**
Acc. depreciation	(1,403,632)	(35,906)	(9,019)	**(1,448,557)**
Carrying amount at 31 December 2019	**2,134,190**	**16,329**	**152,373**	**2,302,892**

11 Leasing

Lease liabilities are presented in the statement of financial position within borrowings as follows:

	31 December 2019	30 June 2019 [1]
	$	$
Lease liabilities (current)	715,699	14,680
Lease liabilities (non-current)	1,213,527	12,978
	1,929,226	**27,658**

1. The 30 June 2019 amounts pertain to the lease liabilities for the assets under a finance lease arrangement. No retrospective impact of AASB 16 Leases for the operating leases have been included in these amounts.

The Group has leases in respect of an office, workshop, plant & equipment and ICT equipment. The lease liabilities are secured by the related underlying assets. Future minimum lease payments as at 31 December 2019 are as follows:

	Minimum lease payments due			
	Within one year	One to five years	After five years	Total
31 December 2019				
Lease payments	792,559	1,247,906	-	2,040,465
Finance expenses [2]	(76,860)	(34,379)	-	(111,239)
Net present values	**715,699**	**1,213,527**	**-**	**1,929,226**

2. $36,311 of finance expenses for the current period have been capitalised to development costs.

12 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 useful life. Patents costs that relate to projects that are in the development phase are capitalised. The Group includes Research & Development rebates accrued and received within the capitalised Development Costs.

12 Development costs (continued)

The following table shows the movements in development costs associated with the Hadrian X:

	31 December 2019 $	30 June 2019 $
Gross carrying amount		
Opening Balance	28,629,465	14,794,119
Additions	12,232,197	23,285,300
R&D Tax Rebate [1]	(3,423,593)	(9,449,954)
Closing Balance	**37,438,069**	**28,629,465**

1. The R&D tax rebate the period is an accrual based on an estimated R&D tax refund as per the proposed amendments under the R&D Tax Incentive that is currently before Parliament.

13 Trade and other payables

	Consolidated	
	31 December 2019 $	30 June 2019 $
Trade creditors	1,407,008	1,165,888
Accrued expenses	584,243	223,798
Other payables	572,969	779,639
	2,564,220	**2,169,325**

14 Earnings per share

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:

	31 December 2019 $	31 December 2018 $
Weighted average number of shares used in basic earnings per share	1,453,378,495	1,110,388,034
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	**1,453,378,495**	**1,110,388,034**

15 Share capital

Ordinary shares

	31 December 2019		30 June 2019	
	$	**No.**	**$**	**No.**
Ordinary shares, fully paid	**84,184,200**	**1,761,263,872**	**75,935,722**	**1,403,631,512**

The reconciliation is set out as follows:

	$	**No.**
Movement in ordinary shares on issue		
Shares on issue at 1 July 2019	75,935,722	1,403,631,512
Capital Raising		
12 December 2019 Placement (at $0.045 per share)	5,500,000	122,222,223
30 December 2019 SPP (at $0.045 per share)	2,995,000	66,555,971
Capital Raising Cost	(365,272)	-
Option Exercise		
20 November 2019 (at $0.02 per option)	33,750	1,687,500
Conversion of Performance Rights		
20 November 2019	85,000	500,000
Conversion of Performance Shares		
19 November 2019 (Class B)	-	166,666,666
Shares on issue at 31 December 2019	**84,184,200**	**1,761,263,872**

On 12 December 2019, the Company completed the issue of 122,222,223 fully paid ordinary shares to a group of domestic and international institutional and sophisticated investors. On 30 December 2019 the company issued a further 66,555,971 fully paid ordinary shares, pursuant to the Share Purchase Plan announced on 6 December 2019.

On 20 November 2019, the Company issued 1,687,500 fully paid ordinary shares as a result of the exercise of options and issued 500,000 fully paid ordinary shares as a result of vesting of retention performance rights issued to the Chief Operating Officer.

On 19 November 166,666,666 Class B Performance shares were converted to fully paid ordinary shares pursuant to the successful achievement of the milestone pursuant to the Class B Performance shares. The Class B Performance shares were issued as a deferred consideration for the acquisition of FBR under the Prospectus dated 23 September 2015.

16 Share based payments

a) Performance shares

The following table illustrates the outstanding performance shares converted during the period.

	31 December 2019 (6 months) Number	30 June 2019 (12 months) Number
Opening Balance	333,333,332	499,999,998
Granted during the year		-
Converted during the year	(166,666,666)	(166,666,666)
Cancelled/forfeited during the year	-	-
Closing Balance	**166,666,666**	**333,333,332**

b) Performance rights

The following table illustrates the outstanding performance rights granted, converted, expired and forfeited during the period.

	31 December 2019 (6 months) Number	30 June 2019 (12 months) Number
Opening Balance	39,612,234	24,416,664
Granted during the period	36,746,104	31,551,204
Converted during the period	(500,000)	(13,200,000)
Expired during the period	(7,399,998)	(1,733,334)
Forfeited during the period	(1,997,346)	(1,422,300)
Closing Balance	**66,460,994**	**39,612,234**

During the period, the Company issued 36,746,104 performance rights to the employees and Key Management Personnel of the Company and converted 500,000 retention performance rights to shares to the Chief Operating Officer.

No other performance rights were issued to Directors or other Key Management Personnel during the period.

16 Share based payments (continued)

c) Options

The following table illustrates the outstanding options granted, exercised and expired during the period.

	31 December 2019		30 June 2019	
	Number	Weighted average exercise price (cents)	Number	Weighted average exercise price (cents)
Opening Balance	28,287,500	25	23,937,500	23
Granted during the period	-	-	5,800,000	30
Exercised during the period	(1,687,500)	2	(761,250)	8
Expired during the period	-	-	(688,750)	8
Closing Balance	**26,600,000**	**26**	**28,287,500**	**25**

No options were issued during the period.

17 Reserves

	31 December 2019 $	30 June 2019 $
Performance right reserve	2,824,365	1,423,168
Share option reserve	1,880,780	1,711,347
	4,705,145	**3,134,515**

Performance rights reserve includes the expensed value of issued performance rights during the period. The reconciliation is set out as follows:

	31 December 2019 $	30 June 2019 $
Movement in performance rights reserve		
Opening Balance	1,423,168	1,831,709
Performance rights converted to shares during the period	(85,000)	(1,944,250)
Performance rights expensed during the period	2,682,217	1,833,697
Performance rights expired during the period	(876,989)	(229,563)
Performance rights forfeited during the period	(319,031)	(68,425)
Closing Balance	**2,824,365**	**1,423,168**

17 Reserves (continued)

Share options reserve includes the expensed value of vested options during the period. The reconciliation is set out as follows:

	31 December 2019 $	30 June 2019 $
Movement in share option reserve		
Opening Balance	1,711,347	915,511
Options expensed during the period	194,786	795,836
Options exercised during the period	(25,353)	-
Closing Balance	**1,880,780**	**1,711,347**

18 Contingent liabilities

At the reporting date the Group had no pending legal claims or other contingent liabilities (2019: nil).

19 Events after the balance date

On 16 January 2020, Ms Nancy Milne resigned as a Non-Executive Director of the Company, a search for a suitable replacement for Ms Milne is underway.

Directors' Declaration

In the opinion of the Directors of FBR Limited:

a The consolidated financial statements and notes of FBR Limited are in accordance with the *Corporations Act 2001*, including:

  i Giving a true and fair view of its financial position as at 31 December 2019 and of its performance for the half-year ended on that date; and

  ii Complying with Accounting Standard AASB 134 *Interim Financial Reporting*; and

b There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors:

Michael Pivac
MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER – GLOBAL

Dated the 27th day of February 2020

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Independent Auditor's Report

To the Members of FBR Limited

Report on the review of the half year financial report

Conclusion

We have reviewed the accompanying half year financial report of FBR Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated condensed statement of financial position as at 31 December 2019, and the consolidated condensed statement of profit or loss and other comprehensive income, consolidated condensed statement of changes in equity and consolidated condensed statement of cash flows for the half year ended on that date, a description of accounting policies, other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half year financial report of FBR Limited does not give a true and fair view of the financial position of the Group as at 31 December 2019, and of its financial performance and its cash flows for the half year ended on that date, in accordance with the Corporations Act 2001, including complying with Accounting Standard AASB 134 Interim Financial Reporting.

Material uncertainty related to going concern

We draw attention to Note 3 in the financial statements, which indicates that the Group incurred a net loss of $5,941,767 during the half year ended 31 December 2019, and as of that date, the Group had cash outflows of $6,548,417. As stated in Note 3, these events or conditions, along with other matters as set forth in Note 3, indicate that a material uncertainty exists that may cast doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Directors' responsibility for the half year financial report

The Directors of the Company are responsible for the preparation of the half year 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 half year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the Group's financial position as at 31 December 2019 and its performance for the half year ended on that date, and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of FBR Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

M J Hillgrove
Partner – Audit & Assurance

Perth, 27 February 2020