

FBR Limited
Appendix 4D
Half year report

1. Company details

FBR Limited

ABN	Current period	Prior period
58 090 000 276	31 Dec 2021	31 Dec 2020

2. Results for announcement to the market

	% Change	\$
2.1 Revenues from ordinary activities	Up 322%	1,488,397
2.2 Loss from ordinary activities after tax attributable to members	Up 124%	9,108,967
2.3 Loss for period attributable to members	Up 124%	9,108,967
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. Revenue for the period was \$1,488,397 (2020: \$352,651) including Wall as a Service, Construction Services and Residential housing sales of \$537,017, R&D tax rebate income of \$935,967 and interest and sundry income of \$15,413. The loss for the period was \$9,108,967 (2020: \$4,075,241) including professional services, corporate administration, director and employee remuneration of \$4,066,481, Hadrian costs of \$2,731,040 and non-cash share-based payments, depreciation, amortisation and impairment of \$3,202,809.		

3. Net tangible assets per security

Dec 2021: \$0.01	Dec 2020: \$0.01
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Net Tangible Assets includes right-of-use assets with a carrying value of \$2,520,174 as at 31 December 2021.

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

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Where material, the profit or loss of such entities during the whole of the previous corresponding period	n/a
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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~~

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 \$9,108,967 during the half year ended 31 December 2021, and as of that date, the Group's cash outflows from operating and investing activities were \$6,049,738. 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.

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FBR Limited

Interim financial statements

For the half-year ended

31 December 2021

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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 2021.

Director details

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

Mr Michael Pivac (Chief Executive Officer and Managing Director)

Mr Mark Pivac (Chief Technical Officer and Executive Director)

Mr Richard Grellman AM (Chairman)

Mr Grant Anderson (Non-Executive Director)

Mr Greg Smith (Non-Executive Director)

Review of operations and financial results

During the period, the Group continued to operate its Hadrian X[®] prototype in the field and secured significant contracts for work demonstrating increasing market adoption of the FBR's robotic technology.

During the half, FBR completed the walls of two four-bedroom, two-bathroom homes in Wellard, Western Australia with its mobile robotic blocklaying machine and system, Hadrian X[®], consisting of a combined 7,799 concrete masonry unit (CMU) blocks or approximately 34,780 standard brick equivalents.

Additionally, in November 2021, FBR signed a contract with prominent Perth builder Inspired Homes to supply Wall as a Service[®] and concrete slabs for 16 townhouses in a development in Willagee, Western Australia. The project commenced in December 2021, with the contract value in excess of \$630,000. The Hadrian X[®] is making good progress on the construction activities at Willagee, having completed the first stages on both the north and south sides of the project.

Also in November 2021, FBR completed its first house structure using Wienerberger Porotherm clay blocks in an outdoor environment. Built on the outdoor test slab at FBR's premises, the house structure was built in a style commonly found in Europe, featuring gable ends approximately five metres high. The Wienerberger blocks used in the structure were the largest blocks ever used by the Hadrian X[®] and the largest produced by Wienerberger, and the first clay blocks to be passed through the robot.

FBR used two different block types – double leaf blocks for the external walls and single leaf blocks for the internal walls to form a monolithic wall system already approved for use in European markets. Each R25 Porotherm is equivalent to 12 standard bricks. While FBR and Wienerberger had

intended to complete a Pilot Building Program in Europe, the parties undertook an Australian-based Pilot Building Program to enable FBR and Wienerberger to continue to develop their collaboration within the limitations of the economic conditions and travel restrictions resulting from the COVID-19 pandemic, with a view to progressing the commercialisation of FBR's technology with Wienerberger's clay block products in key international territories by demonstrating the commercial operation of the Hadrian X[®] with Wienerberger clay blocks in Australia.

In October 2021, FBR signed a multi-home Wall as a Service[®] contract to supply Wall as a Service[®] to a third-party residential property developer using the Hadrian X[®] construction robot, on an 8-unit development site in St James, Western Australia. The value of the contract is approximately \$500,000. The project is due to commence shortly after all the necessary approvals have been granted. It is anticipated FBR's portion of the project will be completed using the newly upgraded Hadrian X[®]. Testing of the new system designed to generate zero waste on site is continuing in the lead up to deployment.

In November 2021, FBR executed a non-binding term sheet with GP Vivienda to supply Wall as a Service[®] for between 2,000 and 5,000 homes in Mexico using the Company's Hadrian X[®] construction robot. Subject to a number of milestones that must be completed within the first 24 months, FBR will supply WaaS[®] for a minimum of 2,000 and a maximum of 5,000 homes in Mexico (dependent on market conditions and GP Vivienda's pipeline of work). FBR will also supply all associated retaining walls and other brick and block structures on one or more greenfield residential development sites in Mexico within five years of completion of the milestones.

The order, timing and locations of all sites on which WaaS[®] will be supplied in Mexico is to be agreed between the parties beforehand to ensure that the Hadrian X[®] is deployed in a reasonably efficient manner and to minimise the time, cost and distance that the Hadrian X[®] is required to travel between development sites. For each site on which the Hadrian X[®] is deployed, the parties will commit to the supply of WaaS[®] on at least 100 homes. FBR will supply WaaS[®] at a rate that ensures the overall completed cost of the structural component of each home is commercially competitive. The works will be supplied by FBR or an affiliate, including a North American subsidiary or branch of FBR. The term sheet contains a binding exclusivity period of 24 months in which FBR and GP Vivienda will deal exclusively with each other in relation to the agreement in Mexico, with the remainder of the term sheet non-binding until formal documentation is completed. The milestones for completion include receiving confirmation that FBR's Hadrian X[®] and Fastbrick Wall System[®] are compliant with all relevant codes and regulations in Mexico, completion of a collaborative commercial model, completion of a pilot building program of 20 homes in Mexico with the Hadrian X[®] using concrete masonry unit (CMU) blocks, and COVID-19 travel restrictions easing.

In November 2021 FBR advised that the Memorandum of Understanding ('MOU') between FBR and the Kingdom of Saudi Arabia's Ministry of Housing has been discontinued, with a view to replacing it with a more suitable formal agreement with revised targets in due course. One of the original objectives of the MOU was to construct the walls of 50,000 homes using the Hadrian X[®] in Saudi Arabia by 2022, which now appears unfeasible in the timeframe, and the difficulties the parties have faced in converting the non-binding MOU to a binding contract caused in part by the uncertainty of COVID-19 restrictions has led to FBR and the Ministry of Housing mutually agreeing to discontinue the non-binding MOU effective immediately. The parties still intend to collaborate on FBR's market entry to Saudi Arabia and remain in ongoing dialogue about a new MOU with revised objectives.

Also in November 2021 FBR entered into a Memorandum of Understanding with the United Arab Emirates Ministry of Energy & Infrastructure. FBR and the Ministry have been exchanging information and collaborating and cooperating in relation to the application of modern building methods, smart support systems and other construction technologies in the housing and construction sectors of the UAE, with a particular focus on the Hadrian X[®] and what it could deliver to the region.

The MOU will see FBR and the Ministry identifying opportunities for the introduction and adoption of FBR's robotic construction technology, solutions and services to serve the construction sector in the UAE and exploring the potential for local manufacturing. FBR and the Ministry also intend to collaborate on the demonstration of the utility and the effectiveness of the Hadrian X[®] and other robotic technologies to various stakeholders in the UAE through the implementation of pilot building programs in Australia and/or the UAE.

FBR and the Ministry will complete a feasibility study of the Hadrian X[®] in the construction sector in the UAE, with a view to the Ministry becoming an early adopter of the Hadrian X[®] in the UAE. This feasibility study process is expected to take 12 months. In due course, FBR will establish a Wall as a Service[®] ('WaaS[®]') operating entity in the UAE to facilitate the introduction of a Hadrian X[®] to the GCC region, where the interest in FBR's technology has been strong, particularly during the COVID-19 pandemic. FBR will establish this operating entity at an appropriate time in order to meet the demand for robotically constructed walls in the region, likely in 24 to 36 months.

In November 2021, FBR announced that it had successfully secured a placement of 222,222,222 ordinary shares in the Company with a group of existing and new international and domestic institutional and sophisticated investors (Placement) at a price of \$0.045 per share, raising \$10 million. The new shares were quoted on the ASX on 3 December 2021. This followed on from the announcement earlier in November that FBR had received a research and development tax incentive cash refund of \$3,986,814 for the 12-month period ended 30 June 2021. After making a repayment of \$2,610,014 to Radium Capital for the advance payment received on 30 June 2021 secured against FBR's research and development tax incentive refund, the net cash received by FBR was \$1,376,800.

On 20 December 2021 FBR held its Annual General Meeting. Shareholder approval was received at the Annual General Meeting to extend the loan and escrow period on 25,000,000 Short Term Loan Funded Shares held by the Company's Managing Director and CEO Mr Michael Pivac, and 25,000,000 Short Term Loan Funded Shares held by the Company's Executive Director and CTO Mr Mark Pivac.

The Board of FBR takes the view that a cash-based incentive structure is inappropriate at the current stage of FBR's development, and that the non-cash loan structure provides a suitable incentive whilst avoiding the payment of a cash bonus. The terms and conditions of the incentive structure can be found in the Company's Notice of Meeting, released to the ASX on 18 November 2021.

Progress made in the period resulted in Hadrian X[®] being assessed as being "available for use" from the perspective of accounting standards and the asset is now being amortised over its expected useful life. The loss for the period was \$9,108,967 (2020: \$4,075,241) including professional services, corporate administration, directors' and employees' benefits of \$4,066,481, Hadrian costs of \$2,731,040, and non-cash share-based payments, depreciation, amortisation of development costs and impairment expenses of \$3,202,809. Income was \$1,488,397 for the period.

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Events subsequent to balance date

No matters or circumstances have arisen since the end of the half-year to the date of this report which have significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those qualifications or the state of affairs of the consolidated entity.

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

CHIEF EXECUTIVE OFFICER AND MANAGING DIRECTOR

24th February 2022

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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 half-year ended 31 December 2021, 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 D Dewhurst
Partner – Audit & Assurance

Sydney, 24 February 2022

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Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the half-year ended 31 December 2021

	Notes	31 December 2021 \$	31 December 2020 \$
Continuing operations			
Revenue	6	537,017	-
Cost of sales		(597,035)	-
Gross (loss)/profit		(60,018)	-
Other income	7	951,380	352,651
Professional services		(375,077)	(439,422)
Directors' and employees' benefits		(1,991,874)	(1,640,434)
Other expenses		(1,699,529)	(780,827)
Hadrian costs		(2,731,040)	-
Share-based payments		(1,277,773)	(736,587)
Depreciation	11, 12	(491,824)	(365,167)
Amortisation of development costs	14	(476,158)	-
Impairment expenses	10, 11	(957,054)	-
Loss before tax		(9,108,967)	(3,609,786)
Income tax expense		-	(465,455)
Loss for the period		(9,108,967)	(4,075,241)
Other comprehensive income for the period, net of tax		-	-
Total comprehensive income for the period		-	-
Total comprehensive loss for the period		(9,108,967)	(4,075,241)
Basic loss per share in cents per share	18	(0.40)	(0.20)
Diluted loss per share in cents per share	18	(0.40)	(0.20)

The accompanying notes form part of these financial statements.

Consolidated Statement of Financial Position

As at 31 December 2021

	Notes	31 December 2021 \$	30 June 2021 \$
Assets			
Current			
Cash and cash equivalents	8	12,937,749	11,128,151
Trade and other receivables	9	3,540,195	4,545,823
Inventories	10	1,244,020	1,462,536
Other current assets		482,327	858,348
Current assets		18,204,291	17,994,858
Non-current			
Property, plant and equipment	11	2,348,090	3,103,599
Right-of-use assets	12	2,520,174	1,094,076
Development costs	14	47,398,604	46,321,925
Non-current assets		52,266,868	50,519,600
Total assets		70,471,159	68,514,458
Liabilities			
Current			
Trade and other payables	15	2,211,747	1,869,425
Provisions	16	681,983	466,725
Lease liabilities	13	1,147,059	1,013,852
Borrowings	17	161,285	-
Research and development tax refund loan		-	2,474,327
Current liabilities		4,202,074	5,824,329
Non-current			
Provisions	16	611,585	300,815
Lease liabilities	13	1,328,028	20,858
Borrowings	17	741,394	-
Non-current liabilities		2,681,007	321,673
Total liabilities		6,883,081	6,146,002
Net assets		63,588,078	62,368,456
Equity			
<i>Equity attributable to owners of the parent:</i>			
Share capital	19	112,792,770	101,695,037
Reserves	21	2,143,526	4,481,204
Accumulated losses		(51,348,218)	(43,807,785)
Total equity		63,588,078	62,368,456

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity

For the half-year ended 31 December 2021

	Share capital	Performance right reserve	Share option reserve	Accumulated losses	Total equity
	\$	\$	\$	\$	\$
Balance at 1 July 2021	101,695,037	3,325,339	1,155,865	(43,807,785)	62,368,456
Prior period adjustments				(9,003)	(9,003)
Loss for the period	-	-	-	(9,108,967)	(9,108,967)
Other comprehensive income	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	(9,108,967)	(9,108,967)
<i>Transactions with owners:</i>					
Shares issued - Capital raising (refer to Note 19)	10,000,000	-	-	-	10,000,000
Capital raising costs (refer to Note 19)	(574,521)	-	-	-	(574,521)
Performance rights converted to shares (refer to Note 19)	1,672,254	(1,672,254)	-	-	-
Performance rights forfeited (refer to Note 21)	-	-	-	-	-
Performance rights expired (refer to Note 21)	-	(1,683,768)	-	1,270,574	(413,194)
Performance rights issued to employees and directors (refer to Note 21)	-	1,166,566	-	-	1,166,566
Options and loan funded shares issued to employees and directors (refer to Note 21)	-	-	498,404	-	498,404
Options and loan funded shares expired (refer to note 21)	-	-	(564,584)	257,738	(306,846)
Options and loan funded shares extended during the period (refer to Note 21)	-	-	(82,042)	49,225	(32,817)
Balance at 31 December 2021	112,792,770	1,135,883	1,007,643	(51,348,218)	63,588,078

Consolidated Statement of Changes in Equity

For the half-year ended 31 December 2020

	Share capital	Performance right reserve	Share option reserve	Accumulated losses	Total equity
	\$	\$	\$	\$	\$
Balance at 1 July 2020	86,528,413	827,448	2,007,041	(36,143,846)	53,219,056
Loss for the period	-	-	-	(4,075,241)	(4,075,241)
Other comprehensive income	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	(4,075,241)	(4,075,241)
<i>Transactions with owners:</i>					
Shares issued - Capital raising (refer to Note 19)	16,000,000	-	-	-	16,000,000
Capital raising costs (refer to Note 19)	(918,376)	-	-	-	(918,376)
Performance rights converted to shares (refer to Note 19)	85,000	(85,000)	-	-	-
Performance rights forfeited (refer to Note 21)	-	(4,616)	-	4,616	-
Performance rights expired (refer to Note 21)	-	-	-	-	-
Performance rights issued to employees and directors (refer to Note 21)	-	1,101,797	-	-	1,101,797
Options & loan funded shares issued to employees (refer to Note 21)	-	-	83,441	-	83,441
Shares issued upon exercise of options (refer to Note 21)	-	-	-	-	-
Balance at 31 December 2020	101,695,037	1,839,629	2,090,482	(40,214,471)	65,410,677

Consolidated Statement of Cash Flows

For the half-year ended 31 December 2021

	Notes	31 December 2021 \$	31 December 2020 \$
Operating activities			
Interest received		310	22,734
Receipts from customers		660,433	11,236
Payments to suppliers and employees		(4,156,512)	(2,802,819)
Hadrian costs		(2,766,038)	-
Interest paid		(158,942)	(88,184)
Government grants		-	337,000
Net cash used in operating activities		(6,420,748)	(2,520,033)
Investing activities			
Purchase of property, plant and equipment		(116,987)	(485,720)
Hadrian development costs		(3,498,817)	(3,179,879)
R&D tax credit		3,986,814	-
Net cash used in investing activities		371,010	(3,665,599)
Financing activities			
Proceeds from issue of share capital		10,000,000	16,000,000
Capital raising costs		(574,521)	(918,378)
Proceeds from borrowings		902,680	-
Repayment of borrowings		(2,468,822)	(2,800,000)
Net cash from financing activities		7,859,337	12,281,622
Net increase in cash and cash equivalents		1,809,598	6,095,990
Cash and cash equivalents, beginning of period		11,128,151	5,081,787
Exchange differences on cash and cash equivalents		-	-
Cash and cash equivalents, end of period	8	12,937,749	11,177,777

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 2021 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 2021 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 24 February 2022.

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 \$9,108,967 during the six months ended 31 December 2021, and as of that date, the Group’s net cash outflows from operating and investing activities totalled \$6,049,738. 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. Whilst the Directors are confident of the Group’s ability to continue as a going concern, due to the factors mentioned above, there is material uncertainty that may cast doubt on the Group’s ability to continue as a going concern. 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 \$12,937,749 and was working capital positive. The Group has receivables of \$3,540,195 at balance date. The Group has prepared a cash flow forecast for the next 12 months which demonstrates that with further equity raisings, continued access to the R&D tax incentive program and the existing cash reserves and receivables, 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 Changes in accounting policy and disclosure

A. Research and development, intangibles and intellectual property

During the period the group's development asset was assessed as being ready for use. Once an asset is ready for use it is required to be amortised over its expected useful life. The Directors and Management of the group have considered all available information and established a 16 year useful life for the asset. Given the industry the group is seeking to disrupt and the relative uniqueness of the group's Hadrian asset a significant amount of judgement has been involved in establishing this position. The factors considered as part of this judgement included the availability, protectability and applicability of the group patent portfolio, expected Hadrian machine lifetimes, comparable and competing industry technology and typical technology commercialisation cycles.

The transition from development stage to ready for use has also impacted the group's treatment of the Research and Development rebate. In prior periods the full rebate was offset against the costs capitalised, however in the current period a portion of the rebate has been recognised as other income as required by accounting standards.

5 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 2021, other than referred to above.

6 Revenue

	Consolidated	
	31 December 2021	31 December 2020
	\$	\$
Wall as a Service and Construction Services sales	45,352	-
Residential housing sales	491,665	-
	537,017	-

7 Other Income

	Consolidated	
	31 December 2021	31 December 2020
	\$	\$
Interest income	13,506	24,095
Commercial grants and other	1,907	114,056
JobKeeper income	-	214,500
R&D tax rebate	935,967	-
	951,380	352,651

8 Cash and cash equivalents

	Consolidated	
	31 December 2021	30 June 2021
	\$	\$
Cash at bank and on hand	12,937,749	11,128,151

9 Trade and other receivables

Trade and other receivables consist of the following:

	Consolidated	
	31 December 2021	30 June 2021
	\$	\$
Research and Development tax refund ¹	3,004,947	3,986,814
Trade debtors	49,608	-
GST receivable	266,422	100,980
Director loans ²	218,499	207,499
Interest receivable	646	227,322
Other receivables	73	23,208
	3,540,195	4,545,823

1. R&D tax refund is an accrual based on an estimated R&D tax refund for the 6 months ended 31 December 2021.
2. Includes \$190,000 loan to Mark Pivac (plus interest of \$28,499) in connection with Performance Rights issued under the Group's Performance Rights Plan. The loan has a maturity date of 30 June 2022 and an interest rate at the higher of 4.52% per annum and the highest interest rate payable by the Company to any financier of the company at the relevant time.

10 Inventories

Inventories include the following components:

	Consolidated	
	31 December 2021	30 June 2021
	\$	\$
Cost	1,449,232	1,747,166
Inventory impairment	(205,212)	(284,630)
Carrying amount at 31 December 2021	1,244,020	1,462,536

11 Property, plant and equipment

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

	PLANT & EQUIPMENT	FURNITURE & FITTINGS	ICT EQUIPMENT	TOTAL
	\$	\$	\$	\$
Gross carrying amount				
Balance at 1 July 2021	2,487,055	1,011,051	2,179,112	5,677,218
Additions	334,162	6,342	33,573	374,077
Disposals	-	-	(1,090)	(1,090)
Balance at 31 December 2021	2,821,217	1,017,393	2,211,595	6,050,205
Depreciation and impairment				
Balance at 1 July 2021	(616,124)	(833,153)	(1,124,342)	(2,573,619)
Disposals	-	-	667	667
Depreciation ¹	(176,339)	(83,722)	(117,260)	(377,321)
Impairment	-	-	(751,842)	(751,842)
Balance at 31 December 2021	(792,463)	(916,875)	(1,992,777)	(3,702,115)
Carrying amount at 31 December 2021	2,028,754	100,518	218,818	2,348,090

1. \$154,117 of depreciation charges for the current period have been capitalised to development costs.

12 Right-of-use assets

The following table below shows the net carrying amount of the right-of-use assets:

	LAND & BUILDINGS	ICT EQUIPMENT	TOTAL
	\$	\$	\$
Carrying amount at 1 July 2021	1,021,250	72,826	1,094,076
Depreciation	(603,075)	(26,571)	(629,646) ¹
Adjustment from lease modification	2,055,744	-	2,055,744
Carrying amount at 31 December 2021	2,473,919	46,255	2,520,174

1. \$361,025 of depreciation charges for the current period in relation to the right-of-use assets have been capitalised to development costs.

13 Lease Liabilities

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

	31 December 2021	30 June 2021
	\$	\$
Lease liabilities (current)	1,147,059	1,013,852
Lease liabilities (non-current)	1,328,028	20,858
	2,475,087	1,034,710

The lease liabilities are secured by the related underlying assets. Future minimum lease payments as at 31 December 2021 are as follows:

	Minimum lease payments due			Total
	Within one year	One to five years	After five years	
	\$	\$	\$	\$
31 December 2021				
Lease payments	1,242,257	1,368,610	-	2,610,867
Finance expenses	(95,197)	(40,583)	-	(135,780)
Net present values	1,147,060	1,328,027	-	2,475,087

14 Development costs

	31 December 2021	30 June 2021
	\$	\$
Gross carrying amount		
Opening Balance	46,321,925	43,236,917
Additions	3,621,817	10,008,907
R&D Tax Refund ¹	(2,068,980)	(6,923,899)
Amortisation expense	(476,158)	-
Closing Balance	47,398,604	46,321,925

1. The R&D tax refund is an accrual based on an estimated R&D tax refund for the 6 months ended 31 December 2021, for the portion of the period prior to the asset being available for use.

15 Trade and other payables

Trade and other payables consist of the following:

	Consolidated	
	31 December 2021	30 June 2021
	\$	\$
Trade creditors	1,550,880	1,600,925
Accrued expenses	195,597	108,682
Other payables	465,270	159,818
	2,211,747	1,869,425

16 Provisions

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

	Consolidated	
	31 December 2021 \$	30 June 2021 \$
Current		
Employee entitlements – Annual leave	497,579	466,725
Other provisions	184,404	-
	681,983	466,725
Non-current		
Employee entitlements – Annual leave	139,958	90,145
Employee entitlements – Long service leave	241,122	210,670
Other provisions	230,505	-
	611,585	300,815

17 Borrowings

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

	31 December 2021 \$	30 June 2021 \$
Chattel mortgage – Hadrian equipment (current)	161,285	-
Chattel mortgage – Hadrian equipment (non-current)	741,394	-
	902,679	-

18 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 2021 \$	31 December 2020 \$
Weighted average number of shares used in basic earnings per share	2,264,400,943	1,997,309,756
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	2,264,400,943	1,997,309,756

19 Share capital

a) Ordinary shares

	31 December 2021		30 June 2021	
	\$	No.	\$	No.
Ordinary shares, fully paid	112,792,770	2,428,806,314	101,695,037	2,179,170,092

The reconciliation is set out as follows:

	\$	No.
<i>Movement in ordinary shares on issue</i>		
Shares on issue at 1 July 2021	101,695,037	2,179,170,092
Capital Raising		
3 December 2021 Placement (at \$0.045 per share)	10,000,000	222,222,222
Capital Raising Costs	(574,521)	-
Performance Rights converted (7 July 2021)	1,672,254	27,414,000
Shares on issue at 31 December 2021	112,792,770	2,428,806,314

On 7 July 2021, the company completed the issue of 27,414,000 fully paid ordinary shares upon the exercise of unquoted performance rights that vested on achievement of performance milestones in accordance with the Company's Performance Rights Plan.

On 3 December 2021, the Company completed the issue of 222,222,222 fully paid ordinary shares to a group of domestic and international institutional and sophisticated investors.

b) Loan funded shares

On 24 December 2020, the Company issued 100,000,000 Loan Funded incentive shares as a director loan to the Executive Directors following the approval by the shareholders at the Annual General Meeting on 26 November 2020. The loan funded shares are provided under a limited resource, interest free loan. At the Annual General Meeting on 20 December 2021, the 25,000,000 short term loan funded shares related to each Executive Director, was voted to be extended for a further 12 months. The extension of the 50,000,000 loan funded shares have been adjusted to fair value as at 31 December 2021 (refer to note 21). The following table illustrates the outstanding loan funded shares granted, repaid and forfeited during the year.

19 Share capital (continued)

	31 December 2021 (6 months) Number	30 June 2021 (12 months) Number
Opening Balance	100,000,000	-
Granted during the period	-	100,000,000
Repaid during the period	-	-
Cancelled/forfeited during the period	-	-
Closing Balance	100,000,000	100,000,000

Loan funded shares do not have a par value and for all intents and purposes are identical to ordinary shares. Loan funded shares are eligible to receive dividends and repayment of capital. Loan funded shares are entitled to vote at the shareholders' meeting of FBR.

20 Share based payments

a) Performance shares

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

	31 December 2021 (6 months) Number	30 June 2021 (12 months) Number
Opening Balance	-	166,666,666
Granted during the year	-	-
Converted during the year	-	(21)
Cancelled/forfeited/consolidated during the year	-	(166,666,645)
Closing Balance	-	-

b) Performance rights

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

	31 December 2021 (6 months) Number	30 June 2021 (12 months) Number
Opening Balance	78,970,028	27,387,736
Granted during the period	38,620,000	61,220,000
Converted during the period	(27,414,000)	(500,000)
Expired during the period	(21,701,456)	(1,733,332)
Forfeited during the period	(5,554,572)	(7,404,376)
Closing Balance	62,920,000	78,970,028

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20 Share based payments (continued)

During the period, the Company issued 38,620,000 performance rights to the employees and Key Management Personnel of the Company and converted 27,414,000 performance rights to ordinary shares to key management personal and employees that vested on achievement of performance milestones.

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

c) Options

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

	31 December 2021		30 June 2021	
	Number	Weighted average exercise price (cents)	Number	Weighted average exercise price (cents)
Opening Balance	5,800,000	30	26,600,000	26
Granted during the period	-	-	-	-
Exercised during the period	-	-	(20,800,000)	25
Expired during the period	(5,800,000)	30	-	-
Closing Balance	-	-	5,800,000	30

No options were issued during the period.

21 Reserves

	31 December 2021	30 June 2021
	\$	\$
Performance right reserve	1,135,883	1,155,865
Share option reserve	1,007,643	3,325,339
	2,143,526	4,481,204

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

	31 December 2021	30 June 2021
	\$	\$
<i>Movement in performance rights reserve</i>		
Opening Balance	3,325,339	827,448
Performance rights converted to shares during the period	(1,672,254)	(85,000)
Performance rights issued during the period	1,166,566	3,293,492
Performance rights expired during the period	(1,359,490)	(270,174)
Performance rights forfeited during the period	(324,278)	(440,427)
Closing Balance	1,135,883	3,325,339

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

	31 December 2021	30 June 2021
	\$	\$
<i>Movement in share option reserve</i>		
Opening Balance	1,155,865	2,007,041
Options and loan funded shares vested during the period	498,404	665,512
Options expired during the period	(564,584)	(1,516,688)
Loan funded shares extended during the period	(82,042)	-
Closing Balance	1,007,643	1,155,865

22 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 2021 there has been no changes from prior periods in the measurement methods used to determine operating segments and reported segments' profit or loss.

23 Contingent liabilities

At the reporting date the Group had no pending legal claims or other contingent liabilities (2021: nil).

24 Events after the balance date

No matters or circumstances have arisen since the end of the half-year to the date of this report which have significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those qualifications or the state of affairs of the consolidated entity.

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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 2021 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

CHIEF EXECUTIVE OFFICER AND MANAGING DIRECTOR

Dated the 24th day of February 2022

Independent Auditor's Review 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 statement of financial position as at 31 December 2021, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated 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, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of FBR Limited does not comply with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the FBR Limited's financial position as at 31 December 2021 and of its performance for the half year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Material uncertainty related to going concern

We draw attention to Note 3 in the financial report, which indicates that the Group incurred a net loss of \$9,108,967 during the half year ended 31 December 2021, and as of that date, the Group's cash outflows from operating and investing activities were \$6,049,738. 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 significant doubt on the Group's ability to continue as a going concern. Our conclusion 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 2021 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*.

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.



Grant Thornton Audit Pty Ltd
Chartered Accountants



M D Dewhurst
Partner – Audit & Assurance

Sydney, 24 February 2022