

FBR Limited
Appendix 4D
Half year report

1. Company details

FBR Limited

ABN	Current period	Prior period
58 090 000 276	31 Dec 2020	31 Dec 2019

2. Results for announcement to the market

	% Change	\$
2.1 Revenues from ordinary activities	Up 360%	352,651
2.2 Loss from ordinary activities after tax attributable to members	Down 31%	4,075,241
2.3 Loss for period attributable to members	Down 31%	4,075,241
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 \$4,075,241 (2019: \$5,941,767) including professional services, corporate administration, director and employee remuneration of \$2,778,739, finance expenses of \$81,944 and non-cash share-based payments and depreciation of \$1,101,754.		

3. Net tangible assets per security

Dec 2020: \$0.01	Dec 2019: \$0.02
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Net Tangible Assets includes right-of-use assets with a carrying value of \$1,712,053 as at 31 December 2020.

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~~

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 \$4,075,241 during the half year ended 31 December 2020, and as of that date, the Group's cash outflows from operating and investing activities were \$6,185,632. 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.



FBR Limited

Interim financial statements

For the half-year ended

31 December 2020

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 2020.

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) (Appointed 5th August 2020)

Review of operations and financial results

During the period, the Group demonstrated its cutting-edge robotic technology in the field for the first time and made significant progress toward its corporate and commercial objectives.

July 2020 saw FBR deploy the Hadrian X[®] to a residential building site in Dayton, Western Australia, to construct the structural walls of the Company's first display home. The Hadrian X[®] was deployed to the Dayton site on the afternoon of Tuesday, 7 July 2020 in preparation for commencement of building activities the following morning, and completed the structure in three and a half standard shifts. The Dayton display home is now held by FBR as inventory, and the Company intends to open it to the public for a short time before listing it for sale.

Following successful construction of the display home, FBR deployed the Hadrian X[®] to Byford, Western Australia, to build a commercial and community centre. This was the first time the Hadrian X[®] had demonstrated its ability to build both the internal and external leaf of a double brick cavity wall with a slab step-down. The project was completed as the third and final stage of FBR's Building Pilot Program Agreement with Archistruct Builders & Designers following the amendment of the Agreement to encompass commercial structures in addition to residential structures. This building is now tenanted.

The structures completed in Dayton and Byford demonstrate the progress FBR has made in the development of its technology, and represent key steps in FBR's continuing progress towards commerciality.

In August 2020, FBR announced the completion of its Pilot Program with GP Vivienda, a building company based in Mexico. In the Pilot Program, FBR constructed four Mexican-style two-bedroom, one-bathroom house structures using the Hadrian X[®] at FBR's premises, with each structure taking less than one standard shift on average to complete. Two of the structures were built indoors at FBR's facility, with the remaining two structures built simultaneously side by side outdoors to

emulate the most economical operating process for a Hadrian X[®] in a residential development in Mexico.

Subsequently, FBR completed its first two storey structure using the Hadrian X[®], built in a style commonly found around the world in developing markets, including in key FBR markets such as Mexico, the MENA and GCC region and throughout Asia. This was the first time FBR had demonstrated the Hadrian X[®]'s ability to build two storey structures, as well as working with design elements like steel reinforced concrete columns, suspended concrete slabs and rebar. FBR crane-lifted a precast concrete slab onto the structure the day after the first storey was completed, with the Hadrian X[®] commencing building of the second storey immediately after the crane left FBR's premises. In large greenfields developments it is likely the Hadrian X[®] would continue building the first levels of the adjacent buildings in the development while the second storey slabs are formed and poured, before returning to build the second storey of each structure once the slabs have cured.

In August 2020, FBR appointed Mr Greg Smith as a Non-Executive Director of the Company following the retirement of Ms Nancy Milne from the Board. Mr Smith has significant experience in the building products industry and specialises in operations and project management, safety transformation leadership, lean implementation and contract negotiation.

In August, FBR successfully secured a placement of 280,701,765 ordinary shares in the Company with a small group of international and domestic institutional and sophisticated investors (Placement) at a price of \$0.057 per share, raising \$16 million. The new shares were quoted on the ASX on 25 August 2020.

On 26 November 2020 FBR held its Annual General Meeting. Shareholder approval was received at the Annual General Meeting in accordance with Listing Rule 10.11 for the purpose of the Company's Managing Director and CEO Mr Michael Pivac, and Executive Director and CTO Mr Mark Pivac, subscribing for up to 25,000,000 Short Term Loan Funded Shares and 25,000,000 Long Term Loan Funded Shares, respectively, pursuant to the terms and conditions set out in the Company's Notice of Meeting. Accordingly, FBR issued 100,000,000 shares on 24 December 2020. Following the issue of the 100,000,000 shares, Mr Michael Pivac became a substantial holder of FBR shares, holding 5.86% of shares on issue. Mr Mark Pivac now holds 15.29% of shares on issue.

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 30 October 2020.

In December 2020, FBR announced that the expiry date of the Class C Performance Shares issued as part of the deferred consideration for the acquisition of Fastbrick Robotics under FBR's November 2015 Prospectus had passed without the Performance Condition having been met. As a result, 166,666,666 Performance Shares were consolidated to one Performance Share for each of the 21 Shareholders who held the Performance Shares, and then converted into ordinary shares on a one for one basis in accordance with the terms of the Performance Shares as provided in the Prospectus.

The loss for the period was \$4,075,241 (2019: \$5,941,767) including professional services, corporate administration, director and employee remuneration of \$2,778,739, finance expenses of \$81,944 and non-cash share-based payments and depreciation of \$1,101,754.

Events subsequent to balance date

Subsequent to the end of the period, FBR announced it had entered into a Pilot Program with Xella, a multi-billion dollar international business that specialises in the manufacture and supply of innovative building products, including Ytong autoclaved aerated concrete blocks and Silka calcium silicate blocks.

The purpose of the Australian Pilot Program is to enable FBR and Xella to develop a practical understanding of the capabilities of each other's products, within the limitations of the economic conditions and travel restrictions resulting from the COVID-19 pandemic. Xella will deliver a number of AAC and CSU blocks to FBR, which FBR will use to construct at least two buildings at FBR's premises using the Hadrian X[®]. After completion of the Pilot Program, FBR and Xella will consult with one another on any changes to the AAC or CSU blocks, adhesives or the Hadrian X[®] that may be beneficial to progress the commercialisation of the Hadrian X[®] with Xella blocks in Europe, as well as a European pilot building program.

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

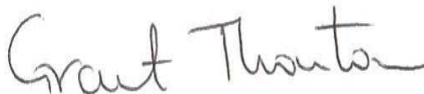
25 February 2021

Auditor's Independence Declaration

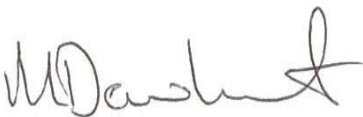
To the Directors of FBR Limited

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 2020, 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

Perth, 25 February 2021

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the half-year ended 31 December 2020

	Notes	31 December 2020 \$	31 December 2019 \$
Income	6	352,651	76,735
Expenses			
Professional services		439,422	672,050
Administration expenses		698,883	1,282,839
Directors' and employees' benefits		1,640,434	2,031,379
IP expenses		-	51,603
Finance expenses		81,944	10,579
Depreciation	9	365,167	273,614
Share based payments		736,587	1,431,158
Loss before tax		3,609,786	5,676,487
Income tax expense		465,455	265,280
Loss for the period		4,075,241	5,941,767
Other comprehensive income for the period, net of tax		-	-
Total comprehensive income for the period		-	-
Total comprehensive loss for the period		4,075,241	5,941,767
Basic loss per share in cents per share	15	(0.20)	(0.41)
Diluted loss per share in cents per share	15	(0.20)	(0.41)

The accompanying notes form part of these financial statements.

Consolidated Statement of Financial Position

As at 31 December 2020

	Notes	31 December 2020 \$	30 June 2020 \$
Assets			
Current			
Cash and cash equivalents	7	11,177,777	5,081,787
Trade and other receivables	8	9,681,352	4,518,830
Inventory		651,814	-
Other current assets		764,617	643,103
Current assets		22,275,560	10,243,720
Non-current			
Property, plant and equipment	9	2,353,948	3,147,263
Right-of-use assets	10	1,712,053	1,228,388
Development costs	12	42,607,371	43,236,917
Non-current assets		46,673,372	47,612,568
Total assets		68,948,932	57,856,288
Liabilities			
Current			
Trade and other payables	13	1,375,575	1,047,974
Provisions	14	343,715	453,140
Lease liabilities	11	675,825	52,998
Research and development tax refund loan		-	2,807,000
Current liabilities		2,395,115	4,361,112
Non-current			
Provisions	14	238,307	205,577
Lease liabilities	11	439,378	70,543
Deferred tax liabilities		465,455	-
Non-current liabilities		1,143,140	276,120
Total liabilities		3,538,255	4,637,262
Net assets		65,410,677	53,219,056
Equity			
<i>Equity attributable to owners of the parent:</i>			
Share capital	16	101,695,037	86,528,414
Reserves	18	3,930,111	2,834,489
Accumulated losses		(40,214,471)	(36,143,846)
Total equity		65,410,677	53,219,056

The accompanying notes form part of these financial statements.

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 17)	16,000,000	-	-	-	16,000,000
Capital raising costs (refer to Note 17)	(918,376)	-	-	-	(918,376)
Performance rights converted to shares (refer to Note 17)	85,000	(85,000)	-	-	-
Performance rights forfeited (refer to Note 18)	-	(4,616)	-	4,616	-
Performance rights expired (refer to Note 18)	-	-	-	-	-
Performance rights issued to employees and directors (refer to Note 18)	-	1,101,797	-	-	1,101,797
Options & Loan Funded shares issued to employees	-	-	83,441	-	83,441
Shares issued upon exercise of options (refer to Note 18)	-	-	-	-	-
Balance at 31 December 2020	101,695,037	1,839,629	2,090,482	(40,214,471)	65,410,677

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 2019	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)
<i>Transactions with owners:</i>					
Shares issued - Capital raising	8,495,000	-	-	-	8,495,000
Capital raising costs	(365,272)	-	-	-	(365,272)
Performance rights converted to shares	85,000	(85,000)	-	-	-
Performance rights forfeited	-	(319,031)	-	-	(319,031)
Performance rights expired	-	(876,989)	-	684,363	(192,626)
Performance rights issued to employees and directors	-	2,682,217	-	-	2,682,217
Options issued to employees	-	-	194,786	-	194,786
Shares issued upon exercise of options	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

The accompanying notes form part of these financial statements.

Consolidated Statement of Cash Flows

For the half-year ended 31 December 2020

	Notes	31 December 2020 \$	31 December 2019 \$
Operating activities			
Interest received		22,734	79,660
Receipts from customers		11,236	-
Payments to suppliers and employees		(2,802,819)	(3,526,424)
Finance expenses		(88,184)	(8,845)
Government grants		337,000	-
Net cash from / (used in) operating activities		(2,520,033)	(3,455,609)
Investing activities			
Purchase of property, plant and equipment		(485,720)	(1,768,205)
Technology development costs		(3,179,879)	(10,609,557)
R&D tax credit		-	9,449,954
Loans to related parties		-	(165,000)
Net cash used in investing activities		(3,665,599)	(3,092,808)
Financing activities			
Exercise of options		-	33,750
Proceeds from issue of share capital		16,000,000	8,495,000
Capital raising costs		(918,378)	(365,272)
Repayment of borrowings		(2,800,000)	(16,843)
Net cash from financing activities		12,281,622	8,146,635
Net change in cash and cash equivalents		6,095,990	1,598,218
Cash and cash equivalents, beginning of period		5,081,787	14,426,343
Exchange differences on cash and cash equivalents		-	-
Cash and cash equivalents, end of period	7	11,177, 777	16,024,561

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 2020 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 2020 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 25 February 2021.

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 \$4,075,241 during the six months ended 31 December 2020, and as of that date, the Group’s net cash outflows from operating and investing activities totalled \$6,185,632. 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 \$11,177,777 and was working capital positive. The Group has receivables of \$9,681,352 at balance date. The Group has prepared a cash flow forecast for the next 12 months which demonstrates that with 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 without the requirement for additional equity raising.

4 Changes in accounting policy and disclosure

A. Inventories

Inventories are stated at the lower of cost and net realisable value. Cost includes all expenses directly attributable to the building process as well as suitable portions of related production overheads, based on normal operating capacity. Costs of ordinarily interchangeable items are assigned using the first in, first out cost formula. Net realisable value is the estimated selling price in the ordinary course of business less any applicable selling expenses.

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 2020.

6 Income

	Consolidated	
	31 December 2020	31 December 2019
	\$	\$
Interest income	24,095	76,735
Commercial grants and other	114,056	-
JobKeeper income	214,500	-
	352,651	76,735

7 Cash and cash equivalents

	Consolidated	
	31 December 2020	30 June 2020
	\$	\$
Cash at bank and on hand	11,177,777	5,081,787

8 Trade and other receivables

	Consolidated	
	31 December 2020	30 June 2020
	\$	\$
Research and Development tax refund ¹	9,185,194	4,000,000
GST receivable	191,269	191,568
Director loans ²	202,058	196,674
Interest receivable	2,831	5,634
Other receivables	100,000	124,954
	9,681,352	4,518,830

1. R&D tax refund is the combination of the refund amount relating to the tax return already lodged for the year ended 30 June 2020 and an accrual based on an estimated R&D tax refund for the 6 months ended 31 December 2020.
2. Includes \$190,000 loan to a Director (plus interest of \$12,058) in connection with Performance Rights issued under the Company's Performance Rights Plan.

9 Property, plant and equipment

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

	LAND & BUILDINGS	PLANT & EQUIPMENT	FURNITURE & FITTINGS	ICT EQUIPMENT	WIP	TOTAL
	\$	\$	\$	\$	\$	\$
Gross carrying amount						
Balance at 1 July 2020	256,962 ²	1,369,245	980,228	2,115,431 ³	112,982	4,834,848
Additions	-	40,000	9,233	7,141	-	56,374
Transfers from WIP	112,982	-	-	-	(112,982)	-
Transfers to Inventory	(369,944)	-	-	-	-	(369,944)
Disposals	-	-	-	(890)	-	(890)
Balance at 31 December 2020	-	1,409,245	989,461	2,121,682	-	4,520,388
Depreciation and impairment						
Balance at 1 July 2020	- ²	(390,153)	(512,112)	(785,319) ³	-	(1,687,584)
Disposals	-	-	-	446	-	446
Depreciation ¹	-	(115,031)	(167,882)	(196,389)	-	(479,302)
Balance at 31 December 2020	-	(505,184)	(679,994)	(981,262)	-	(2,166,440)
Carrying amount at 31 December 2020	-	904,061	309,467	1,140,420	-	2,353,948

1. \$195,940 of depreciation charges for the current period have been capitalised to development costs.
2. The ROU asset at 30 June 2020 has been transferred out of the opening balance of land and buildings. The opening cost as at 30 June 2020 that has been transferred is \$3,050,756 and opening accumulated depreciation as at 30 June 2020 is \$1,948,172
3. The ROU asset at 30 June 2020 has been transferred out of the opening balance of ICT Equipment. The opening cost as at 30 June 2020 that has been transferred is \$162,190 and opening accumulated depreciation as at 30 June 2020 is \$36,387

10 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 2020	1,102,585	125,803	1,228,388
Depreciation	(594,122)	(26,570)	(620,692)
Adjustment from lease modification	1,104,357	-	1,104,357
Carrying amount at 31 December 2020	1,612,820	99,233	1,712,053

- \$538,887 of depreciation charges for the current period in relation to the right-of-use assets have been capitalised to development costs, with \$81,805 being expensed for the period.

11 Lease Liabilities

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

	31 December 2020	30 June 2020
	\$	\$
Lease liabilities (current)	675,825	52,998
Lease liabilities (non-current)	439,378	70,543
	1,115,203	123,541

The Group has leases in respect of an office, workshop and ICT equipment. The lease liabilities are secured by the related underlying assets. Future minimum lease payments as at 31 December 2020 are as follows:

	Minimum lease payments due			Total
	Within one year	One to five years	After five years	
	\$	\$	\$	\$
31 December 2020				
Lease payments	714,723	444,092	-	1,158,815
Finance expenses	(38,898)	(4,714)	-	(43,612)
Net present values	675,825	439,378	-	1,115,203

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 2020	30 June 2020
	\$	\$
Gross carrying amount		
Opening Balance	43,236,917	28,629,465
Additions	4,555,648	18,607,452
R&D Tax Refund ¹	(5,185,194)	(4,000,000)
Closing Balance	42,607,371	43,236,917

1. The R&D tax refund is the combination of the refund amount relating to the tax return already lodged for the year ended 30 June 2020 and an accrual based on an estimated R&D tax refund for the 6 months ended 31 December 2020.

13 Trade and other payables

	Consolidated	
	31 December 2020	30 June 2020
	\$	\$
Trade creditors	1,012,192	813,342
Accrued expenses	70,411	95,029
Other payables	292,972	139,603
	1,375,575	1,047,974

14 Provisions

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

	Consolidated	
	31 December 2020	30 June 2020
	\$	\$
Current		
Employee entitlements – Annual leave	343,715	453,140
	343,715	453,140
Non-current		
Employee entitlements – Annual leave	63,112	56,173
Employee entitlements – Long service leave	175,195	149,404
	238,307	205,577

15 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 2020	31 December 2019
	\$	\$
Weighted average number of shares used in basic earnings per share	1,997,309,756	1,453,378,495
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	1,997,309,756	1,453,378,495

16 Share capital

Ordinary shares

	31 December 2020		30 June 2020	
	\$	No.	\$	No.
Ordinary shares, fully paid	101,695,037	2,179,170,092	86,528,414	1,797,968,316

The reconciliation is set out as follows:

	\$	No.
<i>Movement in ordinary shares on issue</i>		
Shares on issue at 1 July 2020	86,528,413	1,797,968,316
Capital Raising		
25 August 2020 Placement (at \$0.057 per share)	16,000,000	280,701,765
Capital Raising Cost	(918,376)	-
Performance Rights converted (24 September 2020)	85,000	500,000
Milestone C Performance Shares consolidated then converted	-	21
Loan funded shares issued to Executive Directors	-	100,000,000
Shares on issue at 31 December 2020	101,695,037	2,179,170,102

On 24 December 2020, the Company issued 100,000,000 Loan Funded incentive shares to the Executive Directors following approval by the shareholders at the Annual General Meeting on 26 November 2020.

On 15 December 2020, 166,666,666 Class C Performance shares were consolidated into one Performance Share for each of the 21 Shareholders who held the Performance Shares and then converted to fully paid ordinary shares on a one for one basis in accordance with the terms of the Performance Shares as provided in the Prospectus. The Class C Performance shares were originally issued as deferred consideration for the acquisition of FBR under the Prospectus dated 23 September 2015.

On 24 September 2020, the Company issued 500,000 fully paid ordinary shares as a result of vesting of retention performance rights issued to the Chief Operating Officer.

On 25 August 2020, the Company completed the issue of 280,701,755 fully paid ordinary shares to a group of domestic and international institutional and sophisticated investors.

17 Share based payments

a) Performance shares

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

	31 December 2020 (6 months) Number	30 June 2020 (12 months) Number
Opening Balance	166,666,666	333,333,332
Granted during the year		-
Converted during the year	(21)	(166,666,666)
Cancelled/forfeited/consolidated during the year	(166,666,645)	-
Closing Balance	-	166,666,666

b) Performance rights

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

	31 December 2020 (6 months) Number	30 June 2020 (12 months) Number
Opening Balance	27,387,736	39,612,234
Granted during the period	61,220,000	36,746,104
Converted during the period	(500,000)	(34,704,444)
Expired during the period	-	(7,399,998)
Forfeited during the period	-	(6,866,160)
Closing Balance	88,107,736	27,387,736

During the period, the Company issued 61,220,000 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.

17 Share based payments (continued)

c) Options

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

	31 December 2020		30 June 2020	
	Number	Weighted average exercise price (cents)	Number	Weighted average exercise price (cents)
Opening Balance	26,600,000	26	28,287,500	26
Granted during the period	-	-	-	-
Exercised during the period	-	-	(1,687,500)	2
Expired during the period	-	-	-	-
Closing Balance	26,600,000	26	26,600,000	26

No options were issued during the period.

18 Reserves

	31 December 2020	30 June 2020
	\$	\$
Performance right reserve	1,839,629	827,448
Share option reserve	2,090,482	2,007,041
	3,930,111	2,834,489

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

	31 December 2020	30 June 2020
	\$	\$
<i>Movement in performance rights reserve</i>		
Opening Balance	827,448	1,423,168
Performance rights capitalised during the period	418,489	(2,390,257)
Performance rights expensed during the period	683,308	3,097,136
Performance rights vested during the period	(85,000)	(876,989)
Performance rights forfeited during the period	(4,616)	(425,610)
Closing Balance	1,839,629	827,448

18 Reserves (continued)

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

	31 December 2020	30 June 2020
	\$	\$
<i>Movement in share option reserve</i>		
Opening Balance	2,007,041	1,711,347
Options and loan funded shares expensed or capitalised during the period	83,441	321,047
Options and loan funded shares exercised during the period	-	(25,353)
Closing Balance	2,090,482	2,007,041

19 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 2020 there has been no changes from prior periods in the measurement methods used to determine operating segments and reported segments' profit or loss.

20 Contingent liabilities

At the reporting date the Group had no pending legal claims or other contingent liabilities (2020: nil).

21 Events after the balance date

Subsequent to the end of the period, FBR announced it had entered into a Pilot Program with Xella, a multi-billion dollar international business that specialises in the manufacture and supply of innovative building products, including Ytong autoclaved aerated concrete blocks and Silka calcium silicate blocks.

The purpose of the Australian Pilot Program is to enable FBR and Xella to develop a practical understanding of the capabilities of each other's products, within the limitations of the economic conditions and travel restrictions resulting from the COVID-19 pandemic. Xella will deliver a number of AAC and CSU blocks to FBR, which FBR will use to construct at least two buildings at FBR's premises using the Hadrian X[®]. After completion of the Pilot Program, FBR and Xella will consult with one another on any changes to the AAC or CSU blocks, adhesives or the Hadrian X[®] that may be beneficial to progress the commercialisation of the Hadrian X[®] with Xella blocks in Europe, as well as a European pilot building program.

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 2020 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 25th day of February 2021

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 2020, 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 financial position as at 31 December 2020 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 statements, which indicates that the Group incurred a net loss of \$4,075,241 during the half year ended 31 December 2020, and as of that date, the Group's cash outflows from operating and investing activities were \$6,185,632. 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.

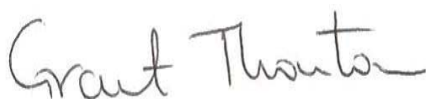
Directors' responsibility for the half year financial report

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 2020 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

Perth, 25 February 2021