FBR LIMITED

Financial Statements

For the year ended 30 June 2020

FBR LIMITED (ASX:FBR) | ABN 58 090 000 276

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Directors' Report

The Directors present their report together with the financial statements of FBR Limited ('FBR' or the 'Company') and its controlled entities ('the Group') for the year ended 30 June 2020.

Directors' details

The following persons were directors of the Company during or since the end of the financial year:

Mr Richard Grellman AM

Non-Executive Chairman
Appointed: 15 July 2018
Qualifications: FCA

Experience and expertise: Mr Grellman previously worked with accounting firm KPMG for 32 years and was a member of KPMG's National Board from 1995 to 1997 and a member of the National Executive Committee from 1997 to 2000.

In 2007, Mr Grellman was appointed a member of the Order of Australia for service to the community (particularly through leadership roles with Mission Australia and fundraising with Variety, The Children's Charity) and to the finance and insurance sectors.

Other current directorships: Non-Executive Chairman of ASX-listed IPH Limited (ASX: IPH). Chairman of Bisalloy Steel Group Limited (ASX: BIS)

Director of the National Health Medical Research Council for Institute for Dementia Research

Former directorships (last 3 years): Chairman of the AMP Foundation (2012-2018)

Special responsibilities: Remuneration Committee Chair and Audit Committee member

Interests in shares: Nil
Interests in Performance shares: Nil
Interests in Performance rights: Nil

Mr Michael Pivac

Managing Director & Chief Executive Officer
Appointed: 18 November 2015
Qualifications: Business Management

Experience and expertise: Michael Pivac is the Managing Director and Chief Executive Officer of FBR. He spent 20 years in the aviation sector as an Airborne Mission Coordinator with Australian Border Protection and Search and Rescue, specializing in Electronic Detection Systems and strategic and tactical mission planning, working closely with Australian and International Government and Military Agencies. He has been key to developing FBR's technology, business plan and machine development strategy, and has forged relationships with investors, builders, product suppliers and future customers.

Other current directorships: Nil

Former directorships (last 3 years): Nil

Special responsibilities: Nil

Interests in shares:	77,589,370
Interests in Performance shares:	25,339,072
Interests in Performance rights:	666,666

Mr Mark Pivac

Chief Technical Officer, Executive Director and Founder
Appointed: 18 November 2015
Qualifications: B.Eng (Aero) Hons.

Experience and expertise: Mark Pivac is the primary inventor of FBR's automated bricklaying technology. He is an aeronautical and mechanical engineer with over 25 years' experience working on the development of high technology equipment ranging from lightweight aircraft to heavy off road equipment. Mr Pivac has 21 years' experience of pro/engineer 3D CAD software. He also has high level mathematical experience including matrix mathematics, robot transformations and vector mathematics for machine motion. In addition, he has extensive design, commissioning and fault finding experience on servo controlled motion systems achieving very high dynamic performance. Other current directorships: Nil

Former directorships (last 3 years): Nil

Special responsibilities: Nil

Interests in shares: 283,205,166
Interests in performance shares: 92,442,670
Interests in performance rights: 600,000

Mr Grant Anderson

Non-Executive Director
Appointed: 23 October 2019
Qualifications: FAICD, CPM - AMI

Experience and expertise: Grant Anderson has over 40 years of experience in the design and manufacturing sectors, at the level of executive, CEO and managing director for a number of public and private best practice international companies. Grant also has extensive Board experience in both ASX-listed and private companies across multiple industries including automation, technology and robotics. He has experience as a Director in multiple countries including joint venture companies. Previous Board experience has included Berklee Limited (Deputy Chairman), Techni Waterjet Pty Ltd. (Chairman) and The ANCA Group Pty Ltd. which included multiple international subsidiaries.

Grant is a Fellow of the Australian Institute of Company Directors, a Fellow of the Australian Marketing Institute, and a life member of the FAPM.

Other current directorships: Executive Director of the Industry Capability Network Victoria, a Non-Executive Director of Sutton Tools Pty Ltd. and Chair of the Audit and Risk Committee. He is also Non-Executive Chairman of Effusiontech Pty Ltd trading as SPEE3D a metal 3D printing company

Former directorships (last 3 years): ANCA Group

Special responsibilities: Audit Committee chair and Remuneration Committee member

Interests in shares: 716,667
Interests in performance shares: Nil
Interests in performance rights: Nil

Mr Greg Smith

Non-Executive Director
Appointed: 10 August 2018
Qualifications: MBA, Grad Dip Management

Experience and expertise: Greg Smith has 39 years' experience in the building products industry in manufacturing, technical and sales across the clay and concrete products sectors.

Greg specialises in operations and project management, safety transformation leadership, lean implementation and contract negotiation.

Mr Smith holds a Master of Business Administration (Exec) from the University of Queensland, a Graduate Diploma in Management from the University of Queensland, a Certificate of Applied Science – Industrial Ceramics from the Holmesglen College of TAFE, a Certificate in Quality Control from the School of Mines Ballarat TAFE, and is a graduate of the Company Directors Course run by the Australian Institute of Company Directors.

Other current directorships: Nil

Former directorships (last 3 years): directorships at Think Brick Australia, the Concrete Masonry Association of Australia, and Phillips Bricks and Pottery Pty Ltd

Special responsibilities: Audit Committee member and Remuneration Committee member

Interests in shares: Nil
Interests in performance shares: Nil
Interests in performance rights: Nil

Mr Andrew Bloore

Non-Executive Director
Appointed: 10 August 2018
Resigned: 23 October 2019

Special responsibilities at time of retirement: Audit Committee Chair and Remuneration Committee member

Interests in shares at time of retirement: Nil

Interests in performance shares at time of retirement: Nil

Interests in performance rights at time of retirement: Nil

Ms Nancy Milne OAM

B. Law, FAICD

Non-Executive Director
Appointed: 10 August 2018
Resigned: 16 January 2020

Special responsibilities at time of retirement: Remuneration Committee Chair and Audit Committee member

Interests in shares at time of retirement: Nil

Interests in performance shares at time of retirement: Nil

Interests in performance rights at time of retirement: Nil

Company Secretary

Ms Rachelle Brunet, MBA, Grad Cert Bus, Cert Governance Practice

Mr Aidan Flynn (ceased 31 July 2019) B Comm, B Sc, CPA, Dip Energy, Grad Dip Applied Corporate Governance

Ms Brunet is the Executive Officer of the Company and was appointed as joint Company Secretary on 8 March 2019. Mr Flynn is the Chief Financial Officer of the Company and was the joint Company Secretary with Ms Brunet until 31 July 2019. Ms Brunet continues as sole Company Secretary.

Principal activities

FBR is the inventor of the Hadrian X®, the world's first automated end-to-end bricklaying robot. Functioning like a 3D printer, the Hadrian X® builds brick structures in situ, course by course, using adhesive to bond the bricks together. The Hadrian X® is capable of working in outdoor environments thanks to the unique Dynamic Stabilisation Technology®, or DST®, which rapidly measures and adjusts for dynamic interference caused by uncontrolled environmental conditions. The Hadrian X® completed its first suburban builds in mid-2020 and has demonstrated its ability to build brick structures safer, faster, and more accurately than traditional bricklaying methods while producing far less waste.

Significant changes in the state of affairs

In November 2019, FBR received the completion payment for the tenth Full Home Structure constructed under a commercial arm's length contract using FBR's robotic home building technology, the Hadrian X®. The receipt of this completion payment met the performance condition for 166,666,666 Class B Performance Shares issued as part of the deferred consideration for the acquisition of FBR under the Prospectus and approved by shareholders on 6 October 2015.

FBR also completed a placement of 122,222,223 fully paid ordinary shares in the capital of the Company with a small number of international and domestic institutional and sophisticated investors. The shares were allotted in December 2019 at $0.045 per share and raised a total of $5.5 million. FBR also invited its shareholders to participate in a Share Purchase Plan, issuing a further 66,489,304 fully paid ordinary shares at a price of $0.045 per share to raise a further $3.0 million. The funds were raised to continue the development and testing program for the Hadrian X® and to provide the working capital necessary to demonstrate the capabilities of the Hadrian X® in a suburban environment.

No other significant changes were made in the state of affairs during the period.

Review of operations and financial results

In September 2019, FBR announced that Fastbrick Australia had entered into a three-stage Building Pilot Program Agreement with Western Australian-based builder Archistruct Builders & Designers (Archistruct Agreement), building upon the Framework Agreement between FBR and Archistruct announced to the ASX on 6 September 2016. FBR completed 11 homes under the Demonstration Stage of the Archistruct Agreement, with each structure signed off by an independent building engineer, accepted by Archistruct (as the customer) and paid for by Archistruct.

Following completion of the Demonstration Stage of the Archistruct Agreement, FBR and Archistruct commenced preparations for the Display Home Stage. FBR entered into a contract to purchase a block of land on which the Display Home would be constructed by Archistruct at FBR's cost. FBR and

Archistruct entered into a residential building contract under which Archistruct would build a display home using Fastbrick Australia's blocklaying services. Subsequent to the end of the period, this Agreement was amended to allow FBR to provide the blocklaying services to Archistruct directly rather than through the Fastbrick Australia joint venture, which was dissolved in June 2020.

FBR also announced in September 2019 that it had 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 announced to the ASX on 20 June 2018 (Vivienda Agreement).

The Vivienda Agreement is also a three-stage agreement. In the Pilot Program Stage, FBR will supply Wall as a Service ("WaaS®") for between one and five house structures on FBR premises using a range of common Mexican designs supplied by GP Vivienda. This stage of the Vivienda Agreement was completed subsequent to the end of the period.

In the Block Testing Stage, GP Vivienda and FBR will work together to test the performance of FBR's adhesive with concrete blocks that are commonly used in Mexico. FBR and GP Vivienda have engaged a structural engineer to work with the University of Monterrey to complete the Block Testing Stage.

In the Collaboration Stage, GP Vivienda and FBR will consult to collate and assess the learnings from the Pilot Program Stage and the Block Testing Stage and identify, scope and schedule the next steps in the Strategic Collaboration Agreement.

In October 2019, FBR announced that Fastbrick Australia and Summit Homes had entered into an agreement with a similar structure to the Archistruct Agreement, with the Demonstration Stage commencing on FBR premises and work orders for the first two builds issued and accepted. Under the agreement, Fastbrick Australia was paid for each of the structures built under the Summit agreement at the prevailing market rate for bricklaying services in Western Australia.

On 18 March 2020, FBR released a corporate strategy update to the ASX in light of the COVID-19 pandemic, which included the announcement of a cost rationalisation program. FBR undertook a strategic resizing of the team designed to protect the Company's financial position and its valuable portfolio of intellectual property through a significant reduction in payroll costs of approximately $10 million per annum. Critically, FBR maintained a core team with the capability to both continue the Hadrian X® testing and development program as well as deploy and operate Hadrian X® robots once global conditions have improved.

As part of the strategy update, FBR announced that the decision had been made to postpone the first display home build using the Hadrian X® under the Archistruct Agreement. This decision came during final testing outdoors at FBR's facility in Perth prior to deployment and was driven primarily by health considerations and an estimation of return on investment at the time given global conditions. Soon after the decision was made to postpone the build, Government directives on social distancing and working from home policies were released which would have required FBR to cease the outdoor build program mid-stream to comply. For the wellbeing of FBR's staff and marketing reasons given the global media landscape, FBR made the decision to postpone the first display home build until July 2020.

Following postponement of the display home build, FBR's technical team implemented significant speed and reliability upgrades on the Hadrian X® robots. Hadrian 2 was kept in a steady state ready to be demonstrated or deployed on short notice, and in June 2020 it achieved a peak lay speed of over 200 blocks per hour, representing a major milestone in the commercialisation journey of the Hadrian X®.

The top speed of over 200 blocks per hour was achieved periodically during routine testing as part of FBR's continuous improvement program. A sustained laying rate of over 200 blocks per hour throughout the course of a full house build makes the Hadrian X® commercially competitive and its use case highly compelling when measured against traditional manual bricklaying in most markets around the world.

Hadrian 1 is receiving a significant upgrade of both mechanical componentry and software, with testing results expected to be available early in the 2021 calendar year.

In June 2020 it was announced that FBR and Brickworks had mutually agreed to discontinue the Fastbrick Australia joint venture, citing uncertainty in the residential construction market and the broader economy stemming from the COVID-19 pandemic, and the escalating nature of the obligations of each party under the joint venture agreements.

FBR has received increasing attention and demand for its technology from Northern Hemisphere markets during the COVID-19 crisis, and the dissolution of Fastbrick Australia freed up equipment and resources previously committed to the joint venture, enabling FBR to accelerate the progress of its global opportunities.

In September 2019, FBR received a research and development tax incentive cash refund of $9,449,954 for the 12-month period ended 30 June 2019. The R&D tax incentive program is jointly administered by the Australian Tax Office and the Department of Innovation, Industry and Science on behalf of Innovation and Science Australia.

In June 2020, FBR received an advance payment from Radium Capital secured against the Company's research and development tax incentive refund for the year ended 30 June 2020. Issued at an annual interest rate of 15% per annum, the agreement with Radium Capital saw the Company receive a $2.8 million portion of its anticipated R&D tax incentive rebate. FBR repaid the advanced funds issued subsequent to the end of the period.

The net consolidated loss of the Group for the financial period was $10,996,775 (2019: loss of $9,141,554). The audited net consolidated loss of the Group is greater than the net consolidated loss of the Group provided in the Appendix 4E & Preliminary Final Report by $1,699,646. This is primarily due to a determination that certain development costs did not fully meet the recognition criteria of AASB 138 intangible assets.

Dividends

No dividends were proposed or paid during the period or up to the date of signing this report.

Events arising since the end of the reporting period

2 July 2020 – The Company signed a contract with Archistruct Builders & Designers to supply blocklaying services for the construction of a display home in Western Australia, with the display home to be purchased by FBR.

The new contract replaced the previous agreement between Archistruct and Fastbrick Australia following the announcement of the discontinuation of the Fastbrick Australia joint venture.

11 July 2020 – On Saturday, 11 July 2020, the Hadrian X® finished building the structural walls of its first display home in Dayton, Western Australia. 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, demobilising back to FBR's facilities on 11 July.

Completion of the build using the Hadrian X® represented a significant step forward for digital construction, with FBR at the forefront of construction robotics globally.

5 August 2020 – FBR announced the appointment of Mr Greg Smith to the Board of FBR as a Non-Executive Director. Mr Smith has 39 years' experience in the building products industry in manufacturing, technical and sales across the clay and concrete products sectors. Mr Smith was the General Manager of Midland Brick, at the time Boral's Western Australian clay and concrete product operations, and has worked for Selkirk Brick Pty Ltd, The Austral Brick Company, and Metro Brick across his career. Mr Smith specialises in operations and project management, safety transformation leadership, lean implementation and contract negotiation. His previous Board positions include directorships at Think Brick Australia, the Concrete Masonry Association of Australia, and Phillips Bricks and Pottery Pty Ltd. Mr Smith holds a Master of Business Administration (Exec) and a Graduate Diploma in Management from the University of Queensland, a Certificate of Applied Science – Industrial Ceramics from the Holmesglen College of TAFE, a Certificate in Quality Control from the School of Mines Ballarat TAFE, and is a graduate of the Company Directors Course run by the Australian Institute of Company Directors.

19 August 2020 – FBR completed a placement of 280,701,765 fully paid ordinary shares at $0.057, raising $16 million through existing and new institutional and sophisticated investors in Australia and overseas.

25 August 2020 – The Pilot Program Stage of the Building Pilot Program Agreement between FBR and GP Vivienda was completed. 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.

Having completed the Pilot Program Stage, FBR and GP Vivienda intend to progress the Block Development Stage before planning for the establishment of a North American Wall as a Service® operating entity and market entry for the Hadrian X® in North America.

4 September 2020 – FBR repaid in full the advance payment of $2.8 million it received from Radium Capital secured against FBR's research and development tax incentive refund for the year ended 30 June 2020.

9 September 2020 – FBR completed the structural walls of a commercial and community centre in Byford, Western Australia, using the Hadrian X®. This was the first non-residential structure the Hadrian X® had built, and the first time the Hadrian X® had built both the internal and external leaf of a double brick cavity wall with 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.

Over the duration of the build, the Hadrian X® achieved an average laying speed during uptime of approximately 174 blocks per hour, or approximately 800 standard brick equivalents per hour, bettering the results achieved during the display home build in Dayton, Western Australia. A peak laying speed of 228 blocks per hour, or 1,049 standard brick equivalents per hour was demonstrated during the build. The Hadrian X® also worked in hail for the first time, as well as high winds and heavy rain.

Construction commenced on Tuesday 1 September 2020, with the Hadrian X® returning to FBR's headquarters on the weekend before completing the structure on Tuesday, 8 September 2020. The completed structure is 15 courses high, including slab step-down, or approximately one and a half storeys, with brick ties manually installed.

24 September 2020 – FBR provided notification of the issue of 61,220,000 securities issued on 21 September 2020 under an employee incentive scheme that are not being immediately quoted on ASX.

Likely developments, business strategies and prospects

FBR's commercial strategy is to create Wall as a Service® ('WaaS®') operating entities around the world that deliver erected walls on demand to customers (builders, contractors, government bodies etc). These global WaaS® operating entities will be rapidly scaled by allowing strategic partners to buy in to the WaaS® operation in that region. Funds from strategic partners will be used to procure more Hadrian X® robots.

WaaS® is the servitisation and digitalisation of the old way of selling bricks and bricklaying labour separately. Sold as a fixed price single delivered service to customers, the WaaS® operating entity will supply the blocks and robotically constructs walls onsite to the precise specification of a digital architectural plan.

WaaS® allows customers to access the benefits of robotic construction such as improvements in speed, accuracy, safety and waste, without having to build robotics capability into their businesses. The benefits of the Hadrian X® methodology and output improve the commerciality of brick and block structures, helping manufacturers to sell more blocks and compete against alternative building products and methodologies.

WaaS® provides a digitalisation and software driven pathway for house construction and completion, and enables more efficient and certain scheduling for customers, who can organise subsequent trades based on single data source service provision. The end user (e.g. a homebuyer) receives delivery of a higher quality structure quicker, as well as all the other flow-on benefits of digital construction.

FBR currently maintains 100% ownership and control of its global intellectual property and global commercial opportunity, giving the Company a monopoly position as the only enabling technology for autonomous brick and block wall construction.

FBR will have initial control over the Hadrian X® product, supply chain, operation, maintenance and brand reputation during the scaling period. The Company has identified the need to establish WaaS® operating entities in North America, Europe and the GCC region, and has commenced preparatory works to register these subsidiaries.

FBR is also continuously improving the Hadrian X® design, with the next iteration of the technology expected to be commissioned in the first half of 2021. This will complement the Hadrian X® currently operating in the field, generating income through the delivery of WaaS® in Western Australia. FBR's continuous improvement program will ensure it maintains its position at the forefront of construction robotics globally.

Key Relationships – In parallel with the Hadrian X® program, FBR will continue to develop its existing relationships with key partners as well as attracting new partners to help deliver on strategic objectives.

During and subsequent to the period, FBR completed its Pilot Program with Archistruct Builders & Designers and the Pilot Program Stage of its Building Pilot Program Agreement with GP Vivienda. FBR also completed house structures for Summit Homes, and completed a Commercial and Community Centre for a client in Byford, Western Australia.

Intellectual Property Portfolio – FBR's proprietary Hadrian X®, DST® and Fastbrick Wall System™ technology is protected by a broad and expanding portfolio of intellectual property rights in key markets including Australia, USA, Europe and the GCC region.

FBR's global IP portfolio comprises 29 patent families, 145 patent applications (16 granted), 60 design applications/registrations, and 85 trademark applications/registrations.

In 2019, FBR was the third highest resident corporate filer of patent applications in Australia. FBR has recently secured grant of patents in the United States covering the Hadrian X® and associated boom delivery system.

New IP is currently being developed around advanced metrology solutions for outdoor robotics and enhancements to the Hadrian X®.

FBR Employees – FBR undertook a strategic resizing during FY20 that saw staff costs reduced significantly while maintaining the adequate skillsets to continue with the testing, deployment and improvement of the Hadrian X®. As FBR progresses the commercialisation of the Hadrian X® technology, it anticipates increasing staff numbers, notably in the area of machine operators.

New Applications for FBR's core technology

Subject to successfully executing key components of the Company's Hadrian X® program, FBR intends to seed new Research & Development projects to utilise the Company's core DST™. In the immediate term, FBR remains focussed on delivering on the Hadrian X® program, however at an appropriate time the Company will allocate resources to progress some of the new applications and commercialisation opportunities for DST®.

Directors' meetings

The number of Directors' Meetings (including meetings of Committees of Directors) held during the year, and the number of meetings attended by each Director is as follows:

Director	Board Meetings		Audit Committee		Remuneration Committee	
	A	B	A	B	A	B
Mr Richard Grellman	6	6	7	7	5	5
Mr Michael Pivac	6	6	N/A	N/A	N/A	N/A
Mr Mark Pivac	6	6	N/A	N/A	N/A	N/A
Mr Andrew Bloore[1]	3	3	5	5	3	3
Mr Grant Anderson[2]	4	4	3	3	2	2
Ms Nancy Milne[3]	4	4	6	6	4	4
Mr Greg Smith[4]	0	0	0	0	0	0

1. *Mr Andrew Bloore resigned as a Non-Executive Director on 23 October 2019*
2. *Mr Grant Anderson was appointed as a Non-Executive Director on 23 October 2019*
3. *Ms Nancy Milne resigned as a Non-Executive Director on 16 January 2020*
4. *Mr Greg Smith was appointed as a Non-Executive Director on 5 August 2020*

Audit Committee meetings are usually held as part of the main part of Board meetings with external auditors invited to the meetings to present their findings. The Audit Committee was previously comprised of Andrew Bloore (Chair of Audit Committee), Richard Grellman and Nancy Milne.

The Remuneration Committee was previously comprised of Nancy Milne (Chair of Remuneration Committee), Richard Grellman and Andrew Bloore.

The current Audit Committee and Remuneration Committee consists of Richard Grellman (Chair of Remuneration Committee), Grant Anderson (Chair of Audit Committee) and Greg Smith. The executives are invited to the Committee meetings at the discretion of the respective Committee Chair.

Where:

- **column A** is the number of meetings the Director was entitled to attend
- **column B** is the number of meetings the Director attended

Unissued shares under option

Unissued ordinary shares of FBR under option at the date of this report are:

Date options granted	Expiry date	Exercise price of shares	Number under option
21 April 2017	20 April 2021	$0.200	10,000,000
15 March 2018	14 March 2021	$0.300	6,750,000
11 May 2018	11 May 2021	$0.300	3,750,000
11 May 2018	11 May 2021	$0.325	300,000
20 July 2018	20 July 2021	$0.300	4,000,000
13 August 2018	12 August 2021	$0.300	1,500,000
6 September 2018	5 September 2021	$0.325	300,000
			26,600,000

These options do not entitle the holder to participate in any share issue of the Company. Refer to note 19 for key terms of the options.

Shares issued during or since the end of the year as a result of exercise of options

During the period 1,687,500 options were exercised at a price of $0.02 per option, raising gross proceeds of $33,750.

Remuneration Report

On behalf of the Directors of FBR Limited, I am pleased to present the Remuneration Report for the year ended 30 June 2020.

The Board is committed to a Remuneration framework that drives superior performance, attracts and appropriately rewards and retains high performing Executives, delivers shareholder value and encourages decision-making focused on the longer term.

Short and long term incentive targets have been set at challenging levels designed to drive innovation, continual value creation and long term business sustainability and growth. The Board exercises its discretion to recognise outstanding levels of achievement.

The information provided in the Remuneration Report has been prepared in accordance with the requirements under the Corporations Act 2001, ASX Corporate Governance Principles and Recommendations and Accounting Standards.

Richard Grellman

Chair of Remuneration Committee

Remuneration Report - *CONTINUED*

The Directors of FBR Limited ('FBR' or 'the Company') present the Remuneration Report for the year ended 30 June 2020, for the Non-Executive Directors, Executive Directors and other Key Management Personnel, prepared in accordance with the Corporations Act 2001 and the Corporations Regulations 2001.

The Remuneration Report is set out under the following main headings:

a. Principles used to determine the nature and amount of remuneration;
b. Details of remuneration;
c. Service agreements;
d. Share-based remuneration; and
e. Bonuses included in remuneration
f. Other information.

a Principles used to determine the nature and amount of remuneration

Key Management Personal are responsible for the management, planning and execution of the activities of FBR and other executives. The Key Management Personal for FBR, in accordance with S300A of the *Corporations Act 2001*, are outlined on page 19.

FBR's remuneration strategy has been designed to a build a high performance culture and attract, retain and motivate its employees, encouraging them to meet their full potential. In line with this strategy, FBR provides market competitive fixed remuneration and incentives.

The principles of FBR's executive strategy and supporting incentive programs and frameworks are:

- to align rewards to business outcomes that deliver value to shareholders;
- to drive a high performance culture by setting challenging objectives and rewarding high performing individuals; and
- to ensure remuneration is competitive in the relevant employment marketplace to support the attraction, motivation and retention of executive talent.

FBR has a remuneration framework that is market competitive and complementary to the reward strategy of the Company.

The Board, with the assistance and guidance of the Remuneration Committee, who operate in accordance with its Board approved charter, is responsible for determining and reviewing compensation arrangements for the Company.

The Remuneration and Nomination Committee is chaired by Mr Richard Grellman and is comprised of two (2) other Independent Non-Executive Directors. The Remuneration Committee met five (5) times during the year.

The remuneration structure that has been adopted by the Company consists of the following components:

- Fixed remuneration being annual salary;
- Employee Loan Facility; and
- Incentive Schemes.

a Principles used to determine the nature and amount of remuneration - *CONTINUED*

The Non-Executive Directors on the Board assess the appropriateness of the nature and amount of remuneration on a periodic basis by reference to recent employment market conditions, with the overall objective of ensuring maximum stakeholder benefit by the retention of a high quality Board, as well as a high retention of overall employees, Key Management Personnel and other Executives.

The payment of bonuses share options and other incentive payments are to be reviewed by the Non-Executive Directors annually as part of the review of executive remuneration. All bonuses, options and incentives must be linked to predetermined performance criteria.

Fixed Remuneration

Fixed Remuneration consists of base remuneration (which is calculated on a total cost basis), as well as employer contributions to superannuation funds. Fixed Remuneration is reviewed against relevant market benchmarking of comparator companies, in addition to considering the individual contribution and competence levels.

Employee Loan Facility

The Company offered a loan facility to FBR's employees (Employee Loan Facility) for the purpose of assisting the Company's employees and officers with meeting any tax liabilities which may become due and payable as a result of the Company issuing the employee equity-based incentives.

The Board engaged external law firm Bellanhouse Lawyers to provide independent written legal advice to ensure the Employee Loan Facility was permissible under Australian law, including the *Corporations Act 2001* (Cth) (the Act) and the ASX Listing Rules.

Leave Loyalty Program

As the Company is committed to providing benefits that encourage both engagement and well-being, it implemented a Loyalty Leave Program that provides employees with an additional type of leave benefit called "Loyalty Leave", which is over and above existing annual leave and careers leave entitlements.

The Leave Loyalty Program is designed to reward FBR employees' tenure with the Company through the provision of additional leave each year in reflection of the length of time they have been with the Company. For ever year of employment an employee will earn one (1) additional day of leave per year, which is awarded on the anniversary of an employee's start date.

Short Term Incentive (STI)

STI awards to KMP and executives are made under the performance share plan rules and are delivered in the form of Performance Rights (Rights). Each Right entitles the holder (subject to achievement of the specified performance conditions) to one fully paid ordinary share in the Company for nil consideration.

The purpose of the equity-based Short Term Incentive (STI) is to incentivise and reward FBR employees (including KMP) for achieving Company and individual performance objectives that drive shareholder value.

a Principles used to determine the nature and amount of remuneration - *CONTINUED*

The STI is awarded based on an annual assessment of Company and Individual performance linked to the Company's performance and strategic development, focusing on core drivers of shareholder value, to drive both a short and long term perspective on performance, and protect the long term interests of the shareholders.

FBR presently does not have a financial STI objective in place, however it does monitor staff performance to ensure key objectives are being met. The performance measures involve the use of annual performance objectives, metrics, performance appraisals and continuing emphasis on living the Company values.

As part of the continued growth of the Company, it will look to introduce financial performance incentives whereby performance measures will be set annually after consultation with the Directors and Executives and will be specifically tailored to the areas where each executive has a level of control. The measures will target areas the Board believes hold the greatest potential for expansion and profit and cover financial and non-financial measures.

The Key Performance Indicators (KPI's) for the Executive Team are summarised as follows:

- **financial** – not applicable for FY20, however it is expected future financial years will have revenues, operating profit and earnings per share; and
- **non-financial** – safety, culture, strategic growth and development and corporate goals set individually based on job descriptions and the attainment of the Company's overall strategic and corporate objectives.

The Board may, at its discretion, award bonuses for exceptional performance in relation to each individual.

The number of share rights granted in respect to the FY20 STI is determined based on the VWAP at the start of the performance period.

- If the share price at the time of award is higher, KMP and executives will receive higher value per share right
- If the share price at the time of award is lower, the value to KMP and executives is decreased.

The value of share rights is therefore aligned with shareholder interests as executives receive value consistent with share price movements. Value is not realised until the vested rights are exercised into shares.

Performance objectives are set by the FBR Board in line with the annual business planning and budgeting process. The weighting for each target is reviewed annually and may vary from year to year to reflect its criticality, effort to achieve and impact on the business.

In FY20, Company objectives account for 50% of the performance objectives with personal objectives accounting for the remaining 50%.

Long Term Incentive (LTI)

LTI awards to KMP and executives are made under the performance share plan rules and are delivered in the form of Performance Rights (Rights). Each Right entitles the holder (subject to a **Principles used to determine the nature and amount of remuneration** - *CONTINUED*

achievement of the specified performance conditions) to one fully paid ordinary share in the Company for nil consideration.

The LTI has been designed to provide alignment with shareholder outcomes by linking the value of the LTI to share price movement over the performance period.

The performance period for the FY20 LTI is from 1 January 2020 to 31 June 2023. Share Rights are granted at the commencement of the three (3) year period with awards vesting to shares at the end of the three year performance period, subject to performance against the specified performance conditions.

In the event of a change of control of the Company, the performance period end date will be generally accelerated and brought forward to the date of the change of control and awards will vest over this shortened period, subject to ultimate Board discretion.

Non-Executive Directors

Total remuneration for all Non-Executive Directors, last voted upon by shareholders at the Annual General Meeting in November 2016, is not to exceed A$350,000 per annum and is set based on advice from external advisors with reference to the fees paid to other Non-Executive Directors of comparable companies. Non-Executive Directors' base fees are presently up to A$290,000 per annum.

Non-Executive Directors do not receive performance related remuneration. Directors' fees cover all main Board and Committee activities.

Executive Directors

Executive Director fees are disclosed in part (b) of the Remuneration Report.

Use of remuneration consultants

Remuneration is compared with the external market by industry salary surveys and during recruitment activities generally. During the period, the Board engaged consulting firm The Reward Practice Pty Ltd to provide independent advice in the form of a written report detailing benchmarking of executive remuneration to support a review to ensure the effective alignment with business requirements, market practice and key shareholder group expectations.

During the period no remuneration recommendations, as defined by the Corporations Act, were provided by The Reward Practice Pty Ltd.

Voting and comments made at the Company's last Annual General Meeting

FBR received 94.65% of 'FOR' votes on its Remuneration Report for the 2019 Annual General Meeting.

Remuneration Report - *CONTINUED*

a Principles used to determine the nature and amount of remuneration - *CONTINUED*

Consequences of performance on shareholder wealth

In considering the Company's performance and benefits for shareholder wealth, the Board have regard to the following indices in respect of the current financial year and the previous two (2) financial years since reverse acquisition of the Company in November 2015:

ITEM	2020	2019	2018
EPS loss (cents)	**0.68**	0.73	0.75
Dividends (cents per share)	**-**	-	-
Net loss ('000)	**10,997**	9,142	7,116
Share price	**$0.032**	$0.074	$0.180

b Details of remuneration

Details of the nature and amount of each element of the remuneration of each Key Management Personnel (KMP) of each entity are shown in the following tables:

b Details of remuneration - *CONTINUED*

DIRECTOR AND OTHER KEY MANAGEMENT PERSONNEL REMUNERATION

EMPLOYEE	YEAR	SHORT-TERM EMPLOYEE BENEFITS			POST-EMPLOYMENT BENEFITS	LONG-TERM BENEFITS	TERMINATION BENEFITS	SHARE-BASED PAYMENTS		TOTAL ($)	PERFORMANCE BASED PERCENTAGE OF REMUNERATION
		CASH SALARY AND FEES ($)	CASH BONUS ($)	OTHER BENEFITS ($)	SUPERANNUATION ($)	ANNUAL LEAVE & LONG SERVICE LEAVE ($)	TERMINATION ($)	Value of Short-Term Incentives ($)	Value of Long-Term Incentives ($)		
Executive Directors											
Mr Michael Pivac	2020	375,000	-	-	25,000	27,893	-	-	81,765	509,658	16%
Managing Director & CEO - Global	2019	375,000	-	-	25,000	34,608	-	-	182,002	616,610	30%
Mr Mark Pivac	2020	450,000	-	857	25,000	33,472	-	-	76,050	585,379	13%
Executive Director & CTO	2019	416,667	-	1,543	25,000	(13,636)	-	-	169,913	599,487	28%
Non-Executive Directors											
Mr Richard Grellman	2020	130,000	-	-	12,350	-	-	-	-	142,350	0%
Non-Executive Chairman	2019	101,237	-	-	9,618	-	-	-	-	110,855	0%
Mr Grant Anderson	2020	55,269	-	-	5,251	-	-	-	-	60,520	0%
Executive											
Mr Simon Amos	2020	360,000	-	1,181	25,000	21,365	-	178,425	127,254	713,225	43%
CEO of Australia	2019	257,166	-	559	22,945	6,603	-	67,423	69,961	424,657	32%
Mr Marcus Gracey	2020	**343,958**	-	**649**	**25,000**	**15,192**	-	**169,580**	**152,241**	**706,620**	**46%**
CCDO	2019	308,374	-	-	25,000	(16,588)	-	77,425	141,922	536,133	27%
Mr Mark Sheridan	2020	**333,501**	-	**9,522**	**25,000**	**8,752**	-	**254,580**	**125,745**	**757,100**	**50%**
COO	2019	295,648	-	21,211	25,000	17,121	-	196,820	131,616	687,416	27%
Mr Aidan Flynn	2020	**247,327**		**1,321**	**24,914**	**7,925**	-	**115,290**	**66,924**	**463,701**	**39%**
CFO	2019	238,350	-	1,321	20,531	1,109	-	77,083	49,119	387,513	20%
Mr Jonathan Lawe Davies	2020	208,300	-	-	19,643	9,986	-	83,265	57,565	378,759	37%
General Counsel	2019	169,108	-	-	16,065	2,857	-	617	58,659	247,306	24%
Mr Steve Pierz	2020	**153,014**	-	-	-	-	-	-	**20,861**	**173,875**	**12%**
CIO	2019	162,813	-	914	-	-	-	617	58,659	223,003	24%
Former Directors											
Mr Andrew Bloore	2020	26,667	-	-	2,533	-	-	-	-	29,200	0%
Non-Executive Director	2019	56,882	-	-	5,404	-	-	-	-	62,286	0%
Ms Nancy Milne	2020	43,441	-	-	4,127	-	-	-	-	47,568	0%
Non-Executive Director	2019	56,882	-	-	5,404	-	-	-	-	62,286	0%
Ms Shannon Robinson Independent	2019	4,000	-	-	380	-	-	-	42,778	47,158	91%
Mr Gabriel Chiappini Independent	2019	8,000	-	-	-	-	-	-	127,401	135,401	94%
2020 Total	**2020**	**2,726,477**	-	**13,530**	**193,818**	**124,585**	-	**801,140**	**708,405**	**4,567,954**	**33%**
2019 Total	2019	2,450,125	-	25,548	180,347	32,074	-	419,985	1,032,030	4,140,109	35%

b Details of remuneration - *CONTINUED*

i. *Ms Nancy Milne resigned as Non-Executive director on 16 January 2020.*
ii. *Mr Grant Anderson was appointed as Non-Executive director on 23 October 2019.*
iii. *Mr Andrew Bloore resigned as Non-Executive director on 23 October 2019.*
iv. *Mr Marcus Gracey, appointed to the position of Chief Corporate Development Officer on 10 August 2018, was given notice of termination on 20 March 2020, and finished up with the Company on 20 September 2020.*
v. *Mr Mark Sheridan, appointed to the position of Chief Operations Officer on 10 August 2018, was given notice of termination on 20 March 2020, and finished up with the Company on 20 September 2020.*
vi. *Mr Aidan Flynn was appointed as Company Secretary on 17 July 2018, and held the position until 31 July 2019.*
vii. *Mr Steve Pierz was appointed to the position of Chief Innovation Officer on 10 July 2018 and was previously consulting to FBR, as the Director of BD Americas, through the entity Exponential Insights LLC.*
viii. *Mr Simon Amos, appointed to the position of Chief Executive Officer - Australia on 3 June 2019, was given notice of termination on 20 March 2020, and finished up with the Company on 20 September 2020.*
ix. *Mr Jonathan Lawe Davies, originally Chief IP Counsel, was appointed to the position of General Counsel on 3 June 2019.*

The relative proportions of remuneration that are linked to performance and those that are fixed are as follows:

Name	Fixed remuneration	At risk – STI	At risk – Equity Plan
Executive Directors			
Mr Michael Pivac	$375,000 + statutory superannuation	Nil	666,666 Performance Rights
Mr Mark Pivac	$450,000 + statutory superannuation	Nil	600,000 Performance Rights
Non-Executive Directors			
Mr Richard Grellman[1]	$130,000 + statutory superannuation	Nil	Nil
Mr Grant Anderson[2]	$80,000 + statutory superannuation	Nil	Nil

1. *Mr Richard Grellman was appointed as Non-Executive Chairman on 15 July 2018.*
2. *Mr Grant Anderson was appointed as Non-Executive Directors on 23 October 2019.*

The Company is reviewing its salary mix to ensure the Company's Executives and Non-Executives are benchmarked to its peers and comparable technology companies. The Board acknowledges that the above two Executives have a substantial equity position and are incentivised via their performance shares, which were issued as part of the acquisition of FBR in 2015 and forms part of the deferred consideration for the acquisition.

Remuneration Report – *CONTINUED*

c Service agreements

Remuneration and other terms of employment for the Executive Directors and other Key Management Personnel are formalised in an Executive Service Agreement or employment contract. The major provisions of the agreements relating to remuneration are set out below:

Employee	Base salary	Term of agreement	Notice period
Executive Directors			
Mr Michael Pivac	$375,000	Unspecified	Six months
Mr Mark Pivac	$450,000	Unspecified	Six months
Non-Executive Directors			
Mr Richard Grellman	$130,000	Unspecified	None
Mr Grant Anderson	$80,000	Unspecified	None
Executives			
Mr Simon Amos	$360,000	Unspecified	Six months
Mr Mark Sheridan	$341,250	Unspecified	Six months
Mr Marcus Gracey	$341,250	Unspecified	Six months
Mr Jonathan Lawe Davies*	$273,772	Unspecified	Three months
Mr Aidan Flynn	$252,000	Unspecified	Three months
Mr Steve Pierz	$120,000 (US)	Unspecified	Three months

**Base salary is based on normal full time working hours and is pro rated depending on the hours worked.*

d Share-based remuneration

During the year, the Company issued 12,240,000 fully paid ordinary shares as a result of the achievement of the vesting conditions associated with the performance rights issued to the Key Management Personnel of FBR.

Options Approved by the Board during the year

There were no options issued or approved by the board during the year.

Performance rights granted during the year

No new performance rights were issued to Directors during the year.

During the year, the Company issued 28,040,000 unlisted performance rights to the Key Management Personnel of FBR. These performance rights have no escrow period and are split in the following classes

CLASS A	NUMBER ISSUED	GRANT DATE	EXPIRY DATE	EXERCISE PRICE (CENTS)	FAIR VALUE AT GRANT DATE (CENTS)
Mr Simon Amos	1,462,500	30 October 2019	30 March 2020	Nil	6
Mr Marcus Gracey	1,390,000	30 October 2019	30 March 2020	Nil	6
Mr Mark Sheridan	1,390,000	30 October 2019	30 March 2020	Nil	6
Mr Aidan Flynn	945,000	30 October 2019	30 March 2020	Nil	6

Jonathan Lawe Davies	682,500	30 October 2019	30 March 2020	Nil	6

CLASS B	NUMBER ISSUED	GRANT DATE	EXPIRY DATE	EXERCISE PRICE (CENTS)	FAIR VALUE AT GRANT DATE (CENTS)
Mr Simon Amos	1,462,500	30 October 2019	30 March 2020	Nil	6
Mr Marcus Gracey	1,390,000	30 October 2019	30 March 2020	Nil	6
Mr Mark Sheridan	1,390,000	30 October 2019	30 March 2020	Nil	6
Mr Aidan Flynn	945,000	30 October 2019	30 March 2020	Nil	6
Mr Jonathan Lawe Davies	682,500	30 October 2019	30 March 2020	Nil	6

CLASS D	NUMBER ISSUED	GRANT DATE	EXPIRY DATE	EXERCISE PRICE (CENTS)	FAIR VALUE AT GRANT DATE (CENTS)
Mr Simon Amos	4,050,000	30 October 2019	31 March 2022	Nil	6
Mr Marcus Gracey	3,850,000	30 October 2019	31 March 2022	Nil	6
Mr Mark Sheridan	3,850,000	30 October 2019	31 March 2022	Nil	6
Mr Aidan Flynn	2,600,000	30 October 2019	31 March 2022	Nil	6
Mr Jonathan Lawe Davies	1,950,000	30 October 2019	31 March 2022	Nil	6

i. 5,870,000 Performance Rights Class A

Vesting condition for Class A; Successful completion of business commercialisation goals
Milestone date is 31 December 2019
Expiry date is 30 March 2020
If unconverted, Class A Performance Rights will expire on the expiry date;

ii. 5,870,000 Performance Rights Class B

Vesting condition for Class B; Successful completion of employee individual performance goals
Milestone date is 31 December 2019
Expiry date is 30 March 2020
If unconverted, Class B Performance Rights will expire on the expiry date;

iii. 16,300,000 Performance Rights Class D

Vesting condition for Class D; Successful completion of long term business commercialisation goals
Milestone date is 31 December 2021
Expiry date is 30 March 2022
If unconverted, Class D Performance Rights will expire on the expiry date

d Share-based remuneration (continued)

The performance rights were valued using the spot price on grant date. The spot price was $0.061 per share at the close of trade on 30 October 2019, being the date the performance rights were issued.

The fair value of these 28,040,000 performance rights granted during the current year, assuming that 100% of the performance rights will vest, was $1,710,440. $193,637 was capitalised to development costs, based on the number of performance rights issued to technical and engineering employees and $829,308 was expensed based on the number of performance rights issued to corporate and commercial employees during the current year.

Performance shares granted during the year

No performance shares were granted during the year.

e Bonuses included in remuneration

Short-term incentive (STI) cash bonuses of $15,033 were awarded during the period or up to the date of signing this report. At present, the Company does not have a cash STI structure in place, as the Company continues to mature, it may review whether a cash STI plan is suitable.

f Other information

Options held by Key Management Personnel

No options were issued during the year by the Company to Key Management Personnel, including their related parties, as set out below:

YEAR ENDED 30 JUNE 2020

PERSONNEL	BALANCE AT START OF YEAR	GRANTED AS REMUNERATION	EXERCISED	OTHER CHANGES	HELD AT THE END OF REPORTING PERIOD
Mr Michael Pivac	-	-	-	-	-
Mr Mark Pivac	-	-	-	-	-
Mr Simon Amos	**2,000,000**	-	-	-	**2,000,000**
Mr Marcus Gracey	**13,000,000**	-	-	-	**13,000,000**
Mr Mark Sheridan	**3,000,000**	-	-	-	**3,000,000**
Mr Aidan Flynn	**1,500,000**	-	-	-	**1,500,000**
Mr Jonathan Lawe Davies	**1,500,000**	-	-	-	**1,500,000**
Mr Steve Pierz	**1,500,000**	-	-	-	**1,500,000**
Total	**22,500,000**	-	-	-	**22,500,000**

f Other information - *CONTINUED*

Shares held by Key Management Personnel

The number of ordinary shares in the Company during the 2020 reporting period held by each of the Company's Key Management Personnel, including their related parties, is set out below:

YEAR ENDED 30 JUNE 2020

PERSONNEL	BALANCE AT START OF YEAR	GRANTED AS REMUNERATION	RECEIVED ON EXERCISE OF OPTIONS OR RIGHTS	OTHER CHANGES	HELD AT THE END OF REPORTING PERIOD
Mr Richard Grellman	-	-	-	-	**-**
Mr Grant Anderson	**50,000**	-	-	666,667	**716,667**
Mr Michael Pivac	**52,250,298**	-	-	25,339,072	**77,589,370**
Mr Mark Pivac	**190,762,487**	-	-	92,442,679	**283,205,166**
Mr Simon Amos	**408,692**	-	2,925,000	-	**3,333,692**
Mr Marcus Gracey	-	-	2,780,000	(1,000,000)	**1,780,000**
Mr Mark Sheridan	**1,000,000**	-	3,280,000	(1,500,000)	**2,780,000**
Mr Aidan Flynn	**50,000**	-	1,890,000	-	**1,940,000**
Mr Jonathan Lawe Davies	**52,058**	-	1,365,000	(52,058)	**1,365,000**
Mr Steve Pierz	**176,900**	-	-	-	**176,900**
Total	**244,750,435**	**-**	**12,240,000**	**115,896,360**	**372,886,795**

Performance Shares held by Key Management Personnel

The number of Performance Shares held in the Company during the 2020 reporting period held by each of the Company's Key Management Personnel, including their related parties, is set out below:

YEAR ENDED 30 JUNE 2020

PERSONNEL	BALANCE AT START OF YEAR	GRANTED AS REMUNERATION	CONVERTED TO ORDINARY SHARES	OTHER CHANGES	HELD AT THE END OF REPORTING PERIOD
Mr Michael Pivac	**50,678,144**	-	**(25,359,072)**[1]	-	**25,339,072**
Mr Mark Pivac	**184,885,358**	-	**(92,442,679)**[1]	-	**92,442,679**
Mr Simon Amos	-	-	-	-	-
Mr Marcus Gracey	-	-	-	-	-
Mr Mark Sheridan	-	-	-	-	-
Mr Aidan Flynn	-	-	-	-	-
Mr Jonathan Lawe Davies	-	-	-	-	-
Mr Steve Pierz	-	-	-	-	-
Total	**235,563,502**	**-**	**(117,781,751)**	**-**	**117,781,751**

1 – *During the year the vesting condition for Class B performance shares, being payment for service, of the Company's tenth home structure constructed under a commercial arm's length contract was met. Accordingly all Class B Performance Shares were converted to ordinary shares.*

f Other information - *CONTINUED*

Performance Rights held by Key Management Personnel

The number of Performance Rights held in the Company during the 2020 reporting period held by each of the Company's Key Management Personnel, including their related parties, is set out below:

YEAR ENDED 30 JUNE 2020

PERSONNEL	BALANCE AT START OF YEAR	GRANTED AS REMUNERATION	EXCERCISED DURING THE YEAR	OTHER CHANGES	HELD AT THE END OF REPORTING PERIOD
Mr Michael Pivac	**2,999,999**	-	-	(2,333,333)	**666,666**
Mr Mark Pivac	**2,866,666**	-	-	(2,266,666)	**600,000**
Mr Simon Amos	-	6,975,000	(2,925,000)	-	**4,050,000**
Mr Marcus Gracey	-	6,630,000	(2,780,000)	-	**3,850,000**
Mr Mark Sheridan	**1,000,000**	6,630,000	(3,280,000)	-	**4,350,000**
Mr Aidan Flynn	-	4,490,000	(1,890,000)	-	**2,600,000**
Mr Jonathan Lawe Davies	-	3,315,000	(1,365,000)	-	**1,950,000**
Mr Steve Pierz	-	-	-	-	-
Total	**6,866,665**	**28,040,000**	**(12,240,000)**	**(4,599,999)**	**18,066,666**

1. *Mr Simon Amos received 2,925,000 converted rights upon successful completion of "A & B Milestone" Performance Conditions in accordance with the Company's Performance Rights Plan approved by shareholders on 21 November 2018*
2. *Mr Marcus Gracey received 2,780,000 converted rights upon successful completion of "A & B Milestone" Performance Conditions in accordance with the Company's Performance Rights Plan approved by shareholders on 21 November 2018*
3. *Mr Mark Sheridan received 3,280,000 converted rights upon successful completion of "A & B Milestone and Retention milestone" Performance Conditions in accordance with the Company's Performance Rights Plan approved by shareholders on 21 November 2018.*
4. *Mr Aidan Flynn received 1,890,000 converted rights upon successful completion of "A & B Milestone" Performance Conditions in accordance with the Company's Performance Rights Plan approved by shareholders on 21 November 2018.*
5. *Mr Jonathan Lawe Davies received 1,365,000 converted rights upon successful completion of "A & B Milestone" Performance Conditions in accordance with the Company's Performance Rights Plan approved by shareholders on 21 November 2018*

f Other information - *CONTINUED*

Other transactions with Key Management Personnel

LAURUS CORPORATE SERVICES AGREEMENT

In the prior period an agreement existed between the Company and Laurus Corporate Services Pty Ltd, an entity related to Mr Gabriel Chiappini, to provide director, financial, company secretarial and administrative services to the Company. The services were provided for a fee of $10,500 per month (excluding GST) and the services could be terminated by either party with six (6) months written notice. The agreement was terminated during the prior year. During the prior year the Company paid $4,000 to Laurus Corporate Services Pty Ltd for corporate services provided in addition to the non-executive director fees, at arm's length rates and on normal commercial terms.

EXPONENTIAL INSIGHTS SERVICES AGREEMENT

During the period Exponential Insights, an entity related to Mr Steve Pierz provided consulting services to the Company for a fee of US$10,000 per month for business development in North America. During the period, the Company paid $153,014 to Exponential Insights LLC (2019: $162,813).

DIRECTOR LOAN AGREEMENT

During the twelve (12) month period the Company paid $190,000 as an unsecured interest bearing loan to Mark Pivac in relation to tax payments relating to Performance Rights issued under the Company's Performance Rights Plan. The amount (plus $6,674 interest) remains outstanding at 30 June 2020.

GUARANTEES

There have been no guarantees provided or received for any related parties.

End of audited Remuneration Report.

Environmental legislation

FBR is required to carry out its activities in accordance with the laws and regulations in the areas in which it undertakes its activities. There have been no known significant breaches of these laws and regulations.

Indemnities given to, and insurance premiums paid for directors and officers

Insurance of officers

During the year, FBR paid a premium to insure officers of the Company. The officers of the Company covered by the insurance policy include all Directors.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the Company, and any other payments arising from liabilities incurred by the officers in connection with such proceedings, other than where such liabilities arise out of conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else to cause detriment to the Company.

Details of the amount of the premium paid in respect of insurance policies are not disclosed as such disclosure is prohibited under the terms of the contract.

The Company has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify any current or former officer of the Company against a liability incurred as such by an officer.

Non-audit services

During the year, Grant Thornton Audit Pty Ltd, the Company's auditors, did not perform any other services in addition to their statutory audit duties.

Details of the amounts paid to the auditors of the Company, Grant Thornton Audit Pty Ltd, for audit services provided during the year are set out in Note 23 to the financial statements.

A copy of the Auditor's Independence Declaration as required under s307C of the Corporations Act 2001 is included on page 28 of this financial report and forms part of this Directors' Report.

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

Signed in accordance with a resolution of the Directors

Michael Pivac
Managing Director and Chief Executive Officer

30 September 2020

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Auditor's Independence Declaration

To the Directors of FBR Ltd

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of FBR Ltd for the year ended 30 June 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 audit; and

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

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

M D Dewhurst
Partner – Audit & Assurance

Perth, 30 September 2020

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2020

	Notes	30 June 2020	30 June 2019
		$	$
Interest Income		115,631	312,168
Other Income	7	377,276	119,187
Expenses			
Professional services	8.a	1,220,583	1,432,705
Directors' and employees' benefits	8.b	5,934,490	2,957,385
Intellectual property expenses		18,727	146,011
Other expenses	8.c	2,563,699	3,087,032
Share-based payments		1,699,361	1,173,071
Depreciation	14	613,103	216,426
Loss before tax		**11,557,056**	**8,581,273**
Income tax (benefit)/expense	9	(560,281)	560,281
Loss for the period		**10,996,775**	**9,141,554**
Other comprehensive income for the period, net of tax		-	-
Total comprehensive income for the period		**-**	**-**
Total comprehensive loss for the period		**10,996,775**	**9,141,554**
Basic loss per share in cents per share	21	0.68	0.73
Diluted loss per share in cents per share	21	0.68	0.73

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

Consolidated Statement of Financial Position

As at 30 June 2020

	Notes	30 June 2020 $	30 June 2019 $
Assets			
Current			
Cash and cash equivalents	10	5,081,787	14,426,343
Trade and other receivables	11	4,518,830	9,975,647
Other current assets	12	643,103	1,809,205
Current assets		**10,243,720**	**26,211,195**
Non-current			
Property, plant and equipment	14	4,375,651	1,868,248
Development costs	15	43,236,917	28,629,465
Non-current assets		**47,612,568**	**30,497,712**
Total assets		**57,856,288**	**56,708,908**
Liabilities			
Current			
Trade and other payables	16	1,047,974	2,169,325
Provisions	17	453,140	649,986
Lease liabilities		52,998	14,680
Research & development tax refund loan		2,807,000	-
Current liabilities		**4,361,112**	**2,833,991**
Non-current			
Provisions	17	205,577	182,384
Lease liabilities		70,543	12,978
Deferred tax liabilities	9	-	560,281
Non-current liabilities		**276,120**	**755,643**
Total liabilities		**4,637,232**	**3,589,634**
Net assets		**53,219,056**	**53,119,274**
Equity			
Equity attributable to owners of the parent:			
Share capital	18	86,528,414	75,935,722
Reserves	20	2,834,489	3,134,515
Accumulated losses		(36,143,846)	(25,950,963)
Total equity		**53,219,056**	**53,119,274**

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

Consolidated Statement of Changes in Equity

For the year ended 30 June 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	(25,950,963)	**53,119,274**
Adjustment for adoption of AASB 16 Leases				(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	-	-	-	(10,996,775)	**(10,996,775)**
Other comprehensive income	-	-	-	-	**-**
Total comprehensive loss for the period	**-**	**-**	**-**	**(10,996,775)**	**(10,996,775)**
Transactions with owners:					
Shares issued – capital raising (refer to Note 18)	8,607,500	-	-	-	**8,607,500**
Capital raising costs – (refer to Note 18)	(438,815)	-	-	-	**(438,815)**
Performance rights converted to shares (refer to Note 20)	2,390,257	(2,390,257)	-	-	**-**
Performance rights issued to employees and directors (refer to Note 19)	-	3,097,136	-	-	**3,097,136**
Performance rights expired (refer to Note 20)	-	(876,989)	-	698,383	**(178,606)**
Performance rights forfeited (refer to Note 20)	-	(425,610)	-	92,458	**(333,152)**
Options issued to employees (refer to Note 20)	-		321,047	-	**321,047**
Shares issued upon exercise of options (refer to Note 18)	33,750	-	(25,353)	25,353	**33,750**
Balance at 30 June 2020	**86,528,414**	**827,448**	**2,007,041**	**(36,143,847)**	**53,219,056**

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

Consolidated Statement of Changes in Equity

For the year ended 30 June 2019

	SHARE CAPITAL	PERFORMANCE RIGHT RESERVE	SHARE OPTION RESERVE	ACCUMULATED LOSSES	TOTAL EQUITY
	$	$	$	$	$
Balance at 1 July 2018	**57,899,177**	**1,831,709**	**915,511**	**(17,033,387)**	**43,613,010**
Loss for the period	-	-	-	(9,141,554)	**(9,141,554)**
Other comprehensive income	-	-	-	-	**-**
Total comprehensive loss for the period	**57,899,177**	**1,831,709**	**915,511**	**(9,141,554)**	**(9,141,554)**
Transactions with owners:					
Shares issued – capital raising (refer to Note 18)	17,000,001	-	-	-	**17,000,001**
Capital raising costs – (refer to Note 18)	(968,606)	-	-	-	**(968,606)**
Performance rights converted to shares (refer to Note 19)	1,944,250	(1,944,250)	-	-	**-**
Performance rights issued to employees and directors (refer to Note 19)	-	1,833,697	-	-	**1,833,697**
Performance rights expired (refer to Note 20)	-	(229,563)	-	229,563	**-**
Performance rights forfeited (refer to Note 20)	-	(68,425)	-	(5,585)	**(74,010)**
Options issued to employees (refer to Note 19)	-		795,836	-	**795,836**
Shares issued upon exercise of options (refer to Note 18)	60,900	-	-	-	**60,900**
Balance at 30 June 2019	**75,935,722**	**1,423,168**	**1,711,347**	**(25,950,963)**	**53,119,274**

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

Consolidated Statement of Cash Flows

For the year ended 30 June 2020

	Notes	30 June 2020	30 June 2019
		$	$
Operating activities			
Interest received		118,094	332,206
Payments to suppliers and employees		(9,721,878)	(7,552,893)
Interest paid		(17,475)	(1,849)
Government grants		256,500	131,870
Net cash used in operating activities	22	**(9,364,759)**	**(7,090,666)**
Investing activities			
Hadrian development costs		(18,006,281)	(22,769,674)
Research and development rebate received		9,449,954	7,376,139
Purchase of property, plant and equipment		(2,225,718)	(1,139,007)
Loan to director		(190,000)	-
Proceeds from disposals of property, plant and equipment		20,909	500
Net proceeds from sale of businesses and associates		-	99
Net cash provided by investing activities		**(10,951,136)**	**(16,531,943)**
Financing activities			
Proceeds from exercise of options		33,750	60,900
Purchase of property, plant and equipment under finance		-	-
Proceeds from loans		2,800,000	-
Repayment of loans		(61,017)	-
Proceeds from issue of share capital	18	8,494,999	17,000,001
Capital raising costs	18	(296,393)	(968,605)
Net cash provided by financing activities		**10,971,339**	**16,092,295**
Net change in cash and cash equivalents		**(9,344,556)**	**(7,530,314)**
Cash and cash equivalents, beginning of period		14,426,343	21,956,657
Cash and cash equivalents, end of period	10	**5,081,787**	**14,426,343**

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

Notes to the Consolidated Financial Statements

1. Nature of operations

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

2. General information and statement of compliance

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

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

The consolidated financial statements for the year ended 30 June 2020 have been approved and authorised for issue by the Board of Directors.

3. Going concern

The Consolidated Financial Report for the Group 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 $10,996,775 during the year ended 30 June 2020, and as of that date, the Group's net cash outflows from operating & investing activities totalled $20,315,895. The ability for the Company to continue as a going concern and to fund its ongoing Hadrian X programme is dependent upon the Group accessing strategic funding 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.

During 2020 the Group undertook a cost rationalisation program which resulted in the Group's annual payroll decreasing by approximately $10 million per year. The Group held cash and cash equivalents at balance date of $5,081,787, trade and other receivables of $4,518,830 and was working capital positive. In August 2020 the Group completed a $16,000,000 equity raising. Based on this the Group has prepared a cash flow forecast for the next 12 months which provides for the continuation of commercial operations of the first two Hadrian X construction robots. The Group's forecast demonstrates that with continued access to the research & development tax incentive program and the existing cash reserves, there is the necessary working capital for the Company 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 policies

A. New and revised standards that are effective for these financial statements

In the financial year ended 30 June 2020, the Company has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2019.

AASB 16 'Leases'

AASB 16 'Leases' replaces AASB 117 'Leases' along with three Interpretations (IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC 15 'Operating Leases-Incentives' and SIC 27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'). The adoption of this new Standard has resulted in the Group recognising a right-of-use asset and related lease liability in connection with all former operating leases except for those identified as low-value or having a remaining lease term of less than 12 months from the date of initial application.

The new Standard has been applied using the modified retrospective approach, with the cumulative effect of adopting AASB 16 being recognised in equity as an adjustment to the opening balance of retained earnings for the current period. Prior periods have not been restated.

For contracts in place at the date of initial application, the Group has elected to apply the definition of a lease from AASB 17 and IFRIC 4 and has not applied AASB 16 to arrangements that were previously not identified as lease under AASB 17 and IFRIC 4.

The Group has elected not to include initial direct costs in the measurement of the right-of-use asset for operating leases in existence at the date of initial application of AASB 16, being 1 July 2019. At this date, the Group has also elected to measure the right-of-use assets at an amount equal to the lease liability adjusted for any prepaid or accrued lease payments that existed at the date of transition.

Instead of performing an impairment review on the right-of-use assets at the date of initial application, the Group has relied on its historic assessment as to whether leases were onerous immediately before the date of initial application of AASB 16.

On transition, for leases previously accounted for as operating leases with a remaining lease term of less than 12 months and for leases of low-value assets the Group has applied the optional exemptions to not recognise right-of-use assets but to account for the lease expense on a straightline basis over the remaining lease term.

For those leases previously classified as finance leases, the right-of-use asset and lease liability are measured at the date of initial application at the same amounts as under AASB 117 immediately before the date of initial application.

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**

The following is a reconciliation of total operating lease commitments at 30 June 2019 (as disclosed in the financial statements to 30 June 2019) to the lease liabilities recognised at 1 July 2019:

Total operating lease commitments disclosed at 30 June 2019		1,568,118
Recognition exemptions:		
• Leases of low value assets	-	
• Leases with remaining lease term of less than 12 months	-	
Variable lease payments not recognised	-	
Other minor adjustments relating to commitment disclosures	(1,163)	
		(1,163)
Operating lease liabilities before discounting		1,566,955
Discounted using incremental borrowing rate		(135,441)
Operating lease liabilities		1,431,514
Reasonably certain extension options		286,949
Finance Lease obligations (Note 13)		27,658
Total lease liabilities recognised under AASB 16 at 1 July 2019		**1,746,121**

At transition, the lease liabilities were measured at the present value of the remaining lease payments using the Group's weighted average incremental borrowing rate of 4.31%. 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.

B. Accounting Standards issued but not yet effective and not been adopted early by the Group

The Group has also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the financial year ended 30 June 2020. As a result of this review, the Directors have determined that the following new Standards and Interpretations will not impact, material or otherwise, the accounting policies of the Group:

Other Standards and Amendments that are not yet effective and have not been adopted early by the Company include:

- AASB 2018-6 Amendments to Australian Accounting Standards – Definition of a Business
- AASB 2018-7 Amendments to Australian Accounting Standards – Definition of Material
- AASB 2019-1 Amendments to Australian Accounting Standards – References to the Conceptual Framework
- AASB 2019-5 Amendments to Australian Accounting Standards – Disclosure of the Effect of New IFRS Standards Not Yet Issued in Australia
- AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current

The Company is in the process of evaluating the impact of the new standards with no material impact expected.

5. Summary of accounting policies

A. Basis of consolidation

The Group financial statements consolidate those of the Parent Company and all of its subsidiaries as of 30 June 2020. The Parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. All subsidiaries have a reporting date of 30 June and the functional and presentation currency of the Group is Australia Dollars.

All transactions and balances between FBR companies are eliminated on consolidation, including unrealised gains and losses on transactions between FBR companies. Where unrealised losses on intra-Company asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a Group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

B. 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.

C. Income

Interest and dividend income

Interest income and expenses are reported on an accrual basis using the effective interest method. Dividends, other than those from investments in associates, are recognised at the time the right to receive payment is established.

Government grants

Government grants are treated as income and are reported on an accrual basis and recognised at the time the right to receive payment is established.

D. Operating expenses

Operating expenses are recognised in profit or loss upon utilisation of the service or at the date of their origin.

E. Leased assets

For any new contracts entered into on or after 1 July 2019, the Group considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'.

To apply this definition the Group assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group.
- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract.
- the Group has the right to direct the use of the identified asset throughout the period of use. The Group assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee

At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

On the statement of financial position, right-of-use assets have been included in property, plant and equipment and lease liabilities have been disclosed in current and non-current liabilities.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership.

Leased assets (Comparative period 30 June 2019)

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period. Leased assets are depreciated on a straight-line basis over their estimated useful lives. Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as expenses in the periods in which they are incurred.

F. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash within three (3) months or less and which are subject to an insignificant risk of changes in value.

G. Property, plant and equipment

Plant and Equipment

All plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the profit or loss during the reporting period in which they are incurred.

Depreciation is calculated over the estimated useful life of the asset as follows:

Asset Class	Method	Useful Lives
Plant and equipment	Straight Line	2-10 years
Furniture and fittings	Straight Line	2-10 years
ICT equipment	Straight Line	2-5 years
Leasehold improvements	Straight Line	2-4 years
Plant and equipment – leased	Straight Line	3-4 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

H. Impairment testing of property, plant and equipment

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

All individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount, which is the higher of fair value less costs to sell and value-in-use. To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of future reorganisations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect management's assessment of respective risk profiles, such as market and asset-specific risks factors.

Impairment losses for cash-generating units are charged pro rata to the other assets in the cash-generating unit. All assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment charge is reversed if the cash-generating unit's recoverable amount exceeds its carrying amount.

I. Research and development, intangibles and intellectual property

Research costs are expensed in the period in which they are incurred. Patents costs that relate to projects that are in the research phase are expensed.

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, when the asset is determined available for use. Patents costs that relate to projects that are in the development phase are capitalised. Research and development grants receivable are matched to their classification of expenditure. In the periods where research costs are expensed, the related research and development grant is reported in the Consolidated Statement of Profit or Loss and Other Comprehensive Income as other income. In periods where the Group incurs Development Costs, the related Research and Development grant is recognised as a credit to capitalised development costs, reported in the Consolidated Statement of Financial Position.

The carrying value of development expenditure, intangible assets and intellectual property is tested for impairment annually when the asset is not yet available for use or more frequently when an indication of impairment arises during the reporting period.

An impairment loss is recognised for the amount by which the capitalised development carrying amount exceeds its recoverable amount, which is the higher of fair value less costs of disposal and value-in-use. To determine the recoverable amount, management have used fair value less costs of disposal. The fair value is calculated using a replacement cost methodology through a cost approach model. The key assumptions of the replacement cost calculation are:

- All costs incurred directly or indirectly on designing, manufacturing and testing the Hadrian 105 prototype were removed from the replacement cost calculation.
- More than 5% of all materials and parts used in the development of the Hadrian 109 were removed from the replacement cost calculation.
- 16 full-time personnel's annualised salary of professional engineering and manufacturing labour costs were removed from the replacement cost calculation.
- Management estimates were used to add to the replacement cost calculation a margin mark-up to the costs that the Group had incurred, to reflect what the costs would be if the Group had paid a 3rd party to reproduce the work.
- The tax effect, at 30% was removed from the replacement cost calculation.

J. Financial instruments

Recognition and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with AASB 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortised cost
- fair value through profit or loss (FVTPL)
- fair value through other comprehensive income (FVOCI).

In the periods presented the corporation does not have any financial assets categorised as FVOCI. The classification is determined by both:

- the entity's business model for managing the financial asset
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Subsequent measurement of financial assets at amortised cost.

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments as well as listed bonds that were previously classified as held-to-maturity under AASB 139.

Impairment of financial assets

AASB 9's impairment requirements use more forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'. This replaces AASB 139's 'incurred loss model'. Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under AASB 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

Recognition of credit losses is no longer dependent on the Group first identifying a credit loss event. Instead the Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

K. Income taxes

Tax expense recognised in profit or loss comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, the Australian Taxation Office (ATO) and other fiscal authorities relating to the current or prior reporting periods that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with investments in subsidiaries and joint ventures is not provided if reversal of these temporary differences can be controlled by the Group and it is probable that reversal will not occur in the foreseeable future.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognised to the extent that it is probable that they will be able to be utilised against future taxable income, based on the Group's forecast of future operating results which is adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. Deferred tax liabilities are always provided for in full.

Deferred tax assets and liabilities are offset only when the Group has a right and intention to set off current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognised as a component of tax income or expense in profit or loss, except where they relate to items that are recognised in other comprehensive income (such as the revaluation of land) or directly in equity, in which case the related deferred tax is also recognised in other comprehensive income or equity, respectively.

FBR and all its wholly owned Australian controlled entities are a tax consolidated group. As a consequence, these entities are taxed as a single entity and the deferred tax assets and liabilities of these entities are to be set off in the consolidated financial statements.

L. Equity, reserves and dividend payments

Share capital represents the fair value of shares that have been issued. Any transaction costs associated with the issuing of shares are deducted from share capital, net of any related income tax benefits.

Other components of equity include the following:

- Share options reserve comprises the expense of vested share-based payments.
- Retained earnings include all current and prior period retained profits.

All transactions with owners of the parent are recorded separately within equity.

M. Employee benefits

Short-term employee benefits

Short-term employee benefits are benefits, other than termination benefits, that are expected to be settled wholly within twelve (12) months after the end of the period in which the employees render the related service. Examples of such benefits include wages and salaries, non-monetary benefits and accumulating personal leave. Short-term employee benefits are measured at the undiscounted amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The Group's liabilities for annual leave and long service leave are included in other long term benefits as they are not expected to be settled wholly within twelve (12) months after the end of the period in which the employees render the related service. They are measured at the present value of the expected future payments to be made to employees. The expected future payments incorporate anticipated future wage and salary levels, experience of employee departures and periods of service, and are discounted at rates determined by reference to market yields at the end of the reporting period on high quality corporate bonds that have maturity dates that approximate the timing of the estimated future cash outflows. Any re-measurements arising from experience adjustments and changes in assumptions are recognised in profit or loss in the periods in which the changes occur.

The Group presents employee benefit obligations as current liabilities in the statement of financial position if the Group does not have an unconditional right to defer settlement for at least twelve (12) months after the reporting period, irrespective of when the actual settlement is expected to take place.

N. Share-based payments

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled.

If the terms of an equity-settled award are modified, as a minimum, an expense is recognised as if the terms had not been modified. An additional expense is recognised for any modification that increases the total fair value of the share-based arrangement, or is otherwise beneficial to the recipient, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of diluted loss per share.

O. Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST components of investing and financing activities, which are disclosed as operating cash flows.

P. Significant management judgement and estimates in applying accounting policies

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.

Additional significant estimates and judgements include:

Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value of the options issued during the reporting period has been determined by using various models as appropriate. Details of the estimates used to determine the fair value are detailed in Note 19.

Capitalised development costs

Distinguishing the research and development phases of the project and determining whether the recognition requirements phases of the project and determining whether the recognition requirements for the capitalisation of development costs are met requires judgement. After capitalisation, management monitors whether recognition requirements continue to be met and whether there are any indicators that capitalised costs may be impaired.

Management reviews its carrying value of capitalised development and intellectual property annually by comparing the carrying value against fair value less costs of disposal using an internal cost approach model of replacement cost. The replacement cost approach is a valuation technique that reflects the amount that would be required to replace the asset.

Useful lives of depreciable assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technological obsolescence that may change the utility of certain software and IT equipment.

6. 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.

7. Other Income

	Consolidated	
	30 June 2020	**30 June 2019**
	$	**$**
Government grants	366,250	109,317
Gain on sale of share in joint venture	-	99
Other	11,026	9,771
	377,276	**119,187**

8. Expenses

A. Professional services

	Consolidated	
	30 June 2020	**30 June 2019**
	$	**$**
Marketing	23,005	298,342
Accountancy, audit and tax	368,407	189,961
Corporate consultants	829,171	944,402
	1,220,583	**1,432,705**

B. Directors' and employees' benefits

	Consolidated	
	30 June 2020	**30 June 2019**
	$	**$**
Wages, salaries and directors' fees	14,784,716	13,155,061
Superannuation	1,209,996	1,022,434
Annual leave entitlements	(171,214)	159,632
Long service leave entitlements	47,561	68,881
Recharge to Hadrian development costs	(9,936,569)	(11,448,623)
	5,934,490	**2,957,385**

C. Other expenses

	Consolidated	
	30 June 2020	**30 June 2019**
	$	**$**
Legal costs	500,867	457,053
Insurance	150,999	150,494
Travel expenses	458,873	746,797
Compliance costs	257,593	291,049
Subscriptions	145,912	299,943
Staff training costs	49,144	110,040
Other administration expenses	876,526	659,429
Recruitment costs	122,423	344,946
Website development costs	1,362	27,281
	2,563,699	**3,087,032**

9. Income tax expense

The major components of tax expense and the reconciliation of the expected tax expense based on the domestic effective tax rate of FBR Limited at 27.5% (2019: 27.5%) and the reported tax expense in profit or loss are as follows:

	30 June 2020 $	**30 June 2019 $**
Loss from continuing operations before income tax expense	(11,557,057)	(8,581,273)
- Prima facie tax benefit on loss from ordinary activities before income tax at 27.5%	(3,178,191)	(2,359,850)
Add (less) tax effect of:		
- Non-deductible items (permanent) - Entertainment	7,214	7,649
- Non-deductible items (permanent) – Share/Option Based Payments expensed	467,324	322,594
- Non-deductible items (permanent) – Share/Option Based Payments capitalised	332,457	360,507
- Non-assessable income (permanent) - Cashflow boost	(34,375)	-
- Permanent differences relating to R&D costs	792,831	3,934,553
- s40-880 costs recognised in equity	(114,091)	(266,367)
- Change in tax rate	64,624	-
- Prior period over/under	-	(16,504)
- Movement in temporary differences not recognised	1,101,926	44,719
- Prior year net unrecognised deferred tax asset now recognised	-	(1,467,021)
Income tax expense	**(560,281)**	**560,281**

9. **Income tax expense** (continued)

Deferred tax assets and liabilities recognised relate to the following:

	30 June 2020 $	30 June 2019 $
DTA		
Tax losses & non-refundable offsets (Group) - Note 2	10,252,559	5,786,466
Other temporary differences (DTA closing balance)		
Patent Costs	50,667	53,590
Domain registrations	884	935
In-house software	347,741	94,086
Blackhole expenditure	6,867	13,904
Lease cancellation costs	19,435	20,557
Accruals & other payables	14,664	8,250
Finance lease liability	32,121	-
Provisions	162,522	225,464
Capital Raising Costs through equity	426,807	526,903
DTL		
Other temporary differences (DTL closing balance)		
Cash assets	(343)	(2,987)
Trade receivables	(1,465)	(3,935)
Prepayments	(165,696)	(491,674)
Investment in Hadrian	(9,334,784)	(6,585,015)
Right of Use assets	(319,381)	-
Property, plant & equipment	(390,672)	(206,825)
Net deferred tax asset not recognised at 26% (2019: Net deferred tax liability recognised at 27.5%) - Note 1	**1,101,926**	**(560,281)**

Note 1: The net deferred tax asset in 2020, not recognised is at a 26% tax rate, being FBRs likely tax rate for the 2021 year. The net deferred tax liability in 2019, recognised was at a 27.5% tax rate, being FBRs likely tax rate for the 2020 year.

FBR is classified as a small business entity and base rate entity for the year ended 30 June 2020. The income tax rate for base rate entities for the year ended 30 June 2020 is 27.5%.

Note 2: The deferred tax asset at 26% which is attributable to tax losses carried forward at 30 June 2020 is $7,398,353 (2019: $5,786,466 at 27.5% rate).

As the deferred tax asset exceeds the deferred tax liability at 30 June 2020, FBR has partially offset the deferred tax asset against the deferred tax liability and not recognised the net deferred tax asset in the consolidated statement of financial position and profit and loss.

10. Cash and cash equivalents

Cash and cash equivalents include the following components:

	Consolidated	
	30 June 2020	30 June 2019
	$	$
Cash at bank and on deposit	**5,081,787**	**14,426,343**

Security deposits held by the Group's bank in relation to credit card facilities and rental properties total $832,313 (2019: $832,313).

11. Trade and other receivables

Trade and other receivables consist of the following:

	Consolidated	
	30 June 2020	30 June 2019
	$	$
Research and Development tax rebate	4,000,000	9,449,954
GST receivable	191,568	510,473
Interest receivable	5,634	14,311
Director loans	196,674	-
Other receivables	124,954	909
	4,518,830	**9,975,647**

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

The carrying amount of trade and other receivables is considered a reasonable approximation of fair value as this financial asset (which is measured at amortised cost) is expected to be settled within six (6) months, such that the time value of money is not significant. The research and development tax rebate is an accrual capped at $4 million as per the proposed amendments under the R&D tax incentive that are currently before parliament. Director loans includes $190,000 loan to a director (plus interest of $6,674) in connection with Performance Rights issued under the Group's Performance Rights Plan.

All of the Group's trade and other receivables have been reviewed for indicators of impairment with none being noted.

12. Other current assets

Other current assets consist of the following:

	Consolidated	
	30 June 2020	30 June 2019
	$	$
Prepayments	643,103	1,809,205
	643,103	**1,809,205**

13. Financial assets and liabilities

A. Categories of financial assets and liabilities

Note 5 J) provides a description of each category of financial assets and financial liabilities and the related accounting policies.

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

	Notes	Financial assets at amortised cost $	Total $
30 June 2020			
Financial assets			
Cash and cash equivalents	10	5,081,787	5,081,787
Trade and other receivables		518,830	518,830
		5,600,617	**5,600,617**
Financial liabilities			
Trade and other payables	16	1,047,974	1,047,974
Lease liabilities		123,541	123,541
Research & development tax refund loan		2,807,000	2,807,000
		3,978,515	**3,978,515**

	Notes	Financial assets at amortised cost $	Total $
30 June 2019			
Financial assets			
Cash and cash equivalents	10	14,426,343	14,426,343
Trade and other receivables		15,220	15,220
		14,441,563	**14,441,563**
Financial liabilities			
Trade and other payables	16	2,169,325	2,169,325
Lease liabilities		27,658	27,658
		2,196,983	**2,196,983**

The methods used to measure financial assets and liabilities reported at fair value are described in Note 28.

13. Financial assets and liabilities (continued)

Other financial instruments

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

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

14. Property, plant and equipment

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

	LAND & BUILDINGS	PLANT & EQUIPMENT	FURNITURE & FITTINGS	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	-	-	161,392	-	3,699,214
Additions	256,962	370,064	423,641	1,063,974	112,982	2,227,623
Transfers	-	-	-	105,476	(105,476)	-
Disposals^	(487,066)	(54,140)	-	-	-	(541,206)
Balance at 30 June 2020	**3,307,718**	**1,369,245**	**980,228**	**2,277,621**	**112,982**	**8,047,794**
Depreciation and impairment						
Balance at 1 July 2019	-	(205,970)	(215,342)	(372,602)	-	(793,914)
Adjustment on transition to AASB 116 Leases	(859,511)	-	-	-	-	(859,511)
Disposals	-	42,291	-	656	-	42,947
Depreciation*	(1,088,661)	(226,474)	(296,770)	(449,760)	-	(2,061,665)
Balance at 30 June 2020	**(1,948,172)**	**(390,153)**	**(512,112)**	**(821,706)**	**-**	**(3,672,143)**
Carrying amount at 30 June 2020	**1,359,546**	**979,092**	**468,116**	**1,455,915**	**112,982**	**4,375,651**

*$1,448,562 of depreciation charges for the current year have been capitalised to development costs of the Hadrian X.

^ Disposals for land & buildings includes $487,066 that relates to right of use asset modification due to shortening of lease term.

15. Development costs

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

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

	Consolidated	
	30 June 2020	**30 June 2019**
	$	**$**
Gross carrying amount	28,629,465	14,794,119
Additions	18,607,452	23,285,300
R&D tax incentives	(4,000,000)	(9,449,954)
Disposals	-	-
	43,236,917	**28,629,465**
Additions		
Consultants	412,904	2,884,603
Employee benefits	10,389,893	11,448,623
Equipment hire	219,163	247,736
Materials	2,595,992	2,790,035
Occupancy expense	1,440,201	1,168,471
Share-based payments	1,207,165	1,382,453
Patents and trademarks	757,688	1,102,506
Overheads and other	1,584,446	2,260,873
Total additions	**18,607,452**	**23,285,300**
R&D Tax Incentives		
R&D tax incentives received and accrued	**(4,000,000)**	**(9,449,954)**

16. Trade and other payables

Trade and other payables consist of the following:

	Consolidated	
	30 June 2020	**30 June 2019**
	$	**$**
Trade creditors	813,342	1,165,888
Accrued expenses	95,029	223,798
Other payables	139,603	779,639
	1,047,974	**2,169,325**

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

17. Provisions

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

	Consolidated	
	30 June 2020	30 June 2019
	$	$
Current		
Employee entitlements – Annual leave	453,140	599,986
Employee entitlements – Long service leave	-	-
Other provisions	-	50,000
	453,140	**649,986**
Non-current		
Employee entitlements – Annual leave	56,173	80,541
Employee entitlements – Long service leave	149,404	101,843
	205,577	**182,384**

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

18. Share capital

Ordinary shares

	2020		2019	
	$	No.	$	No.
Ordinary shares, fully paid	**86,528,414**	**1,797,968,316**	**75,935,722**	**1,403,631,512**

Movement in ordinary shares on issue

Movement in ordinary shares on issue	**$**	**No.**
Shares on issue at 1 July 2019	75,935,722	1,403,631,512
Capital raising		
12 December 2019 Placement ($0.045 per share)	5,612,500	124,722,223
30 December 2019 SPP (at $0.045 per share)	2,995,000	66,555,971
Capital Raising Costs	(438,815)	-
Option conversion		
19 November 2019 (at $0.02 per option)	33,750	1,687,500
Performance rights converted (30 October 2019)	85,000	500,000
Performance rights converted (25 March 2020)	2,305,257	34,204,444
Performance shares converted (20 November 2019)	-	166,666,666
Shares on issue at 30 June 2020	**86,528,414**	**1,797,968,316**

18. Share capital (continued)

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

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

Performance shares

There were no performance shares issued during the current year (2019: nil). There were 166,666,666 performance shares that converted to ordinary fully paid shares during the current year (2019: 166,666,666).

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

	2020 Number	2019 Number
Outstanding at 1 July	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	-	-
Performance Shares at 30 June	**166,666,666**	**333,333,332**

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

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

Under the Goldwing Offer and pursuant to the prospectus dated 23 September 2015, the Company allotted 499,999,998 unquoted performance shares to the shareholders of FBR.

i. 166,666,666 Performance Shares Class A

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

ii. 166,666,666 Performance Shares Class B

   Vesting condition for Class B; Upon successful completion, being payment for service, of the Company's tenth home structure constructed under a commercial arm's length contract. During the current financial year, all Class B Performance Shares were converted to ordinary shares; and

18. Share capital (continued)

iii. 166,666,666 Performance Shares Class C

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

19. Share based payments

Ordinary shares

There were 2,500,000 ordinary shares granted as consideration for capital raising services provided by a consultant to the Group during the year.

Options

There were no options issued by the Company during the year.

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

	2020		**2019**	
	Number	**Weighted average exercise price (cents)**	**Number**	**Weighted average exercise price (cents)**
Outstanding at 1 July	28,287,500	25	23,937,500	23
Granted during the year	-	-	5,800,000	30
Exercised during the year	(1,687,500)	2	(761,250)	8
Expired during the year	-	-	(688,750)	8
Forfeited during the year	-	-	-	-
Outstanding as at 30 June	**26,600,000**	**26**	**28,287,500**	**25**

The weighted average remaining contractual life for the share-based payment options outstanding as at 30 June 2020, was 0.84 years (2019: 1.76 years).

The range of exercise prices for share-based payment options outstanding as at the end of the year was $0.200 to $0.325 (2019: $0.020 to $0.325).

19. Share based payments (continued)

Performance rights

There were 36,746,104 performance rights issued during the current year (2019: 31,551,204).

The weighted average fair value of the performance rights granted during the current year is $0.06 (2019: $0.08).

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

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

	2020 Number	2019 Number
Outstanding at 1 July	39,612,234	24,416,664
Granted during the year	36,746,104	31,551,204
Converted during the year	(34,704,444)	(13,200,000)
Expired during the year	(7,399,998)	(1,733,334)
Forfeited during the year	(6,866,160)	(1,422,300)
Performance rights at 30 June	**27,387,736**	**39,612,234**

On 30 October 2019, the Company issued 36,746,104 unlisted performance rights to the employees of FBR. These performance rights have no escrow period and are split in the following classes:

iv. 8,049,867 Performance Rights Class A (since either converted to ordinary shares on 25 March 2020 or cancelled or forfeited)

Vesting condition for Class A; Successful completion of business commercialisation goals

Milestone date is 31 December 2019
Expiry date is 30 March 2020
If unconverted, Class A Performance Rights will expire on the expiry date;

v. 8,049,867 Performance Rights Class B (since either converted to ordinary shares on 25 March 2020 or cancelled or forfeited)

Vesting condition for Class B; Successful completion of employee individual performance goals

Milestone date is 31 December 2019
Expiry date is 30 March 2020
If unconverted, Class B Performance Rights will expire on the expiry date;

vi. 388,185 Performance Rights Class C

Vesting condition for Class C; Successful completion of long term individual project goals

Milestone date is 31 December 2021
Expiry date is 30 March 2022
If unconverted, Class C Performance Rights will expire on the expiry date;

19. **Share based payments** (continued)

vii. 20,258,185 Performance Rights Class D

Vesting condition for Class D; Successful completion of long term business commercialisation goals

Milestone date is 31 December 2021
Expiry date is 30 March 2022
If unconverted, Class D Performance Rights will expire on the expiry date;

The performance rights were valued using the spot price on grant date. The spot price was $0.061 per share at the close of trade on 30 October 2019, being the date the performance rights were issued.

The fair value of these 36,746,104 performance rights granted during the current year, assuming that 100% of the performance rights will vest, was $2,241,512. $452,398 was capitalised to development costs, based on the number of performance rights issued to technical and engineering employees and $1,789,115 was expensed based on the number of performance rights issued to corporate and commercial employees during the current year.

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

viii. 500,000 Retention Performance Rights Class A (since converted to ordinary shares on 30 October 2019)

Vesting condition for Class A; Continued employment until 1 August 2019
Milestone date is 1 August 2019.
If unconverted, Class A Retention Performance Rights will expire on the milestone date;

ix. 500,000 Retention Performance Rights Class A

Vesting condition for Class B; Continued employment until 1 August 2020
Milestone date is 1 August 2020.
If unconverted, Class B Retention Performance Rights will expire on the milestone date;

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

The fair value of these 1,000,000 retention performance rights granted during the prior year, assuming that 100% of the performance rights will vest, was $170,000. $36,963 (2019: $78,455) was capitalised to development costs and $15,841 (2019: $33,624) was expensed based on the allocation of activities in the COO role.

19. Share based payments (continued)

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

x. 12,201,196 Performance Rights Class A (since either converted to ordinary shares on 25 March 2020 or cancelled or forfeited)

   Vesting condition for Class A; Successful completion of business commercialisation goals

   Milestone date is 31 December 2019
   Expiry date is 30 March 2020
   If unconverted, Class A Performance Rights will expire on the expiry date;

xi. 12,201,196 Performance Rights Class B (since either converted to ordinary shares on 25 March 2020 or cancelled or forfeited)

   Vesting condition for Class B; Successful completion of employee individual performance goals

   Milestone date is 31 December 2019
   Expiry date is 30 March 2020
   If unconverted, Class B Performance Rights will expire on the expiry date;

xii. 3,074,406 Performance Rights Class C

   Vesting condition for Class C; Successful completion of long term business commercialisation goals

   Milestone date is 31 December 2021
   Expiry date is 30 March 2022
   If unconverted, Class C Performance Rights will expire on the expiry date;

xiii. 3,074,406 Performance Rights Class D

   Vesting condition for Class D; Successful completion of long term individual project goals

   Milestone date is 31 December 2021
   Expiry date is 30 March 2022
   If unconverted, Class D Performance Rights will expire on the expiry date;

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

The fair value of these 30,551,204 performance rights granted during the prior year, assuming that 100% of the performance rights will vest, was $2,230,238. $1,056,166 (2019: $321,764) was capitalised to development costs, based on the number of performance rights issued to technical and engineering employees and $385,189 (2019: $113,173) was expensed based on the number of performance rights issued to corporate employees during the prior year.

20. Reserves

	2020	2019
	$	$
Share option reserve	2,007,041	1,711,347
Performance right reserve	827,448	1,423,168
	2,834,489	**3,134,515**

Share option reserve comprises the expense of vested option share-based payments. The reconciliation is set out as follows:

	Notes	2020	2019
		$	$
Movement in option reserve			
Opening at 1 July		1,711,347	915,511
Options vested during the year		321,047	795,836
Options exercised during the year		(25,353)	-
Closing at 30 June		**2,007,041**	**1,711,347**

Performance rights reserve comprises the expense of vested performance right share-based payments. The reconciliation is set out as follows:

	Notes	2020	2019
		$	$
Movement in performance right reserve			
Opening at 1 July		1,423,168	1,831,709
Performance rights converted to shares during the year		(2,390,257)	(1,944,250)
Performance rights issued during the year		3,097,136	1,833,697
Performance rights expired during the period		(876,989)	(229,563)
Performance rights forfeited during the period		(425,610)	(68,425)
Closing at 30 June		**827,448**	**1,423,168**

21. Earnings per share

Both the basic and diluted earnings per share have been calculated using the profit attributable to shareholders of the Legal Parent Company (FBR Limited) as the numerator, i.e. no adjustments to profits were necessary during the twelve (12) months periods to 30 June 2020 and 30 June 2019.

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

	30 June 2020 $	30 June 2019 $
Weighted average number of shares used in basic earnings per share	1,628,240,569	1,255,669,624
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	**1,628,240,569**	**1,255,669,624**

22. Reconciliation of cash flows from operating activities

Reconciliation of cash flows from operating activities:

	30 June 2020 $	30 June 2019 $
Cash flows from operating activities		
Loss for the period after income tax expense	(10,996,775)	(9,141,554)
Adjustments for:		
• depreciation, amortisation and impairment	613,103	216,426
• share-based payments	1,699,361	1,173,071
• interest receivable	8,676	(20,039)
Net changes in working capital:		
• change in trade and other receivables	(112,922)	(23,822)
• change in other assets	25,055	203,526
• change in trade and other payables	(40,976)	(58,555)
• change in deferred tax liabilities	(560,281)	560,281
Net cash from operating activities	**(9,364,759)**	**(7,090,666)**

23. Auditor remuneration

	30 June 2020 $	30 June 2019 $
Audit services remuneration paid to Grant Thornton Audit Pty Ltd, the auditor of the Group:		
Audit and review of financial statements	75,225	50,000
Remuneration for audit and review of financial statements	**75,225**	**50,000**

There were no non-audit services provided during the period by the Auditor.

24. Related party transactions

The Group's related parties include its Key Management Personnel.

Unless otherwise stated, none of the transactions incorporate special terms and conditions and no guarantees were given or received. Outstanding balances are usually settled in cash.

The consolidated financial statements include the financial statements of FBR Ltd, and the entities listed in the following table.

		% Equity interest	
	Country of incorporation	**June 2020**	**June 2019**
Fastbrick IP Pty Ltd (1)	Australia	100%	100%
Fastbrick Engineering Pty Ltd (1)	Australia	100%	100%
The Architectural Designer Pty Ltd (1)	Australia	100%	100%
Fastbrick Operations Pty Ltd (1)	Australia	100%	100%

1) equity interest is held directly by FBR Limited.
2) Fastbrick Australia Pty Ltd which Fastbrick Operations Pty Ltd previously owned 50% of was wound up during the period.

Key Management Personnel remuneration

Key Management Personnel of the Group are the members of FBR's Board of Directors and members of the Executive Team. Key Management Personnel remuneration includes the following expenses:

	Consolidated	
	30 June 2020 $	**30 June 2019 $**
Short-term employee benefits	2,740,006	2,475,673
Post-employment benefits	193,818	180,347
Long-term benefits	124,585	32,074
Share based payments – Short Term Incentive	801,140	419,985
Share based payments – Long Term Incentive	708,405	1,032,030
	4,567,954	**4,140,109**

24. Related party transactions (continued)

Agreements with Directors or Related Parties

Laurus Agreement

In the prior year a consultancy agreement existed between the Company and Laurus Corporate Services Pty Ltd, an entity related to Mr Gabriel Chiappini, to provide director, financial, company secretarial and administrative services to the Company. The services were provided for a fee of $10,500 per month (excluding GST) and the services could be terminated by either party with six (6) months written notice. The agreement was terminated during the previous year. During the previous year the Company paid $4,000 to Laurus Corporate Services Pty Ltd for corporate services provided in addition to the non-executive director fees, at arm’s length rates and on normal commercial terms.

Exponential Insights Services Agreement

During the period Exponential Insights, an entity related to Mr Steve Pierz provided consulting services to the Company for a fee of US$10,000 per month for business development in North America. During the period, the Company paid $153,014 to Exponential Insights LLC (2019: $162,813).

Director Loan Agreement

During the twelve (12) month period the Company paid $190,000 as an unsecured interest bearing loan to Mark Pivac in relation to tax payments relating to Performance Rights issued under the Company’s Performance Rights Plan. The amount (plus $6,674 interest) remains outstanding at 30 June 2020.

Guarantees

There have been no guarantees provided or received for any related parties.

25. Contingent liabilities

At the reporting date the Group had no material contingent liabilities (2019: nil).

26. Leases

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

	30 June 2020	30 June 2019
	$	$
Current	52,998	14,680
Non-current	70,543	12,978
	123,541	**27,658**

As at 30 June 2020, the Group operates leases in respect of an office, 3 workshops and ICT equipment.

The lease contract for the head office and workshop has been prepaid and has a non-cancellable term of nine (9) months and expires 31 March 2021.

The lease contract for the second office and workshop has been prepaid and has a non-cancellable term of twelve (12) months and expires 30 June 2021.

The lease contract for the third workshop has been prepaid and has a non-cancellable term of seven (7) months and expires 31 January 2021.

With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the balance sheet as a right-of-use asset and a lease liability. Variable lease payments which do not depend on an index or a rate (such as lease payments based on a percentage of Group sales) are excluded from the initial measurement of the lease liability and asset. The Group classifies its right-of-use assets in a consistent manner to its property, plant and equipment (see Note 14).

Each lease generally imposes a restriction that, unless there is a contractual right for the Group to sublet the asset to another party, the right-of-use asset can only be used by the Group. Leases are either non-cancellable or may only be cancelled by incurring a substantive termination fee. Some leases contain an option to purchase the underlying leased asset outright at the end of the lease, or to extend the lease for a further term. The Group is prohibited from selling or pledging the underlying leased assets as security. For leases over office buildings and factory premises the Group must keep those properties in a good state of repair and return the properties in their original condition at the end of the lease. Further, the Group must insure items of property, plant and equipment and incur maintenance fees on such items in accordance with the lease contracts.

The table below describes the nature of the Group's leasing activities by type of right-of-use asset recognised on balance sheet:

Right of use asset	**No of right-of use assets leased**	**Range of remaining term**	**Average remaining term**	**No of leases with extension options**	**No of leases with options to purchase**	**No of lease with variable payments linked to an index**	**No of leases with termination options**
Office building, warehouse and related facilities	3	0 – 1 years	0.8 years	2	0	-	-
ICT equipment	2	2 - 4 years	2.8 years	-	1	-	-

The lease liabilities are secured by the related underlying assets. Future minimum lease payments at 30 June 2020 were as follows:

Minimum lease payments due							
	Within 1 year	**1-2 years**	**2-3 years**	**3-4 years**	**4-5 years**	**After 5 years**	**Total**
	$	**$**	**$**	**$**	**$**	**$**	**$**
30 June 2020							
Lease payments	57,491	57,491	20,619	545	-	-	**136,148**
Finance charges	(9,560)	(2,740)	(302)	(5)	-	-	**(12,707)**
Net present values	**47,932**	**54,752**	**20,317**	**540**	**-**	**-**	**123,541**
30 June 2019							
Lease payments	15,882	11,912	-	-	-	-	**27,794**
Finance charges	(111)	(25)	-	-	-	-	**(136)**
Net present values	**15,771**	**11,887**	**-**	**-**	**-**	**-**	**27,658**

Lease payments not recognised as a liability

The group has elected not to recognise a lease liability for short term leases (leases with an expected term of 12 months or less) or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis. In addition, certain variable lease payments are not permitted to be recognised as lease liabilities and are expensed as incurred.

For the current year there are no expenses relating to payments not included in the measurement of the lease liability.

At 30 June 2020 the Group was not committed to any short-term leases.

Variable lease payments expensed on the basis that they are not recognised as a lease liability include rentals based on revenue from the use of the underlying asset and excess use charges on office equipment. Variable payment terms are used for a variety of reasons, including minimising costs for IT equipment with infrequent use. Variable lease payments are expensed in the period they are incurred.

At 30 June 2020 the Group had not committed to any leases which had not yet commenced.

Total cash outflow for leases for the year ended 30 June 2020 was $1,145,719 (2019: $1,534,080).

Additional information on the right-of-use assets by class of assets is as follows:

	Carrying amount (note 14)	Depreciation expense	Impairment
	$	$	$
Land & Buildings	1,102,585	1,088,660	-
ICT equipment	125,802	35,590	-
Total right of use assets	**1,228,387**	**1,124,250**	**-**

The right-of-use assets are included in the same line item as where the corresponding underlying assets would be presented if they were owned.

27. Financial instrument risk

A. Risk management objectives and policies

The Group is exposed to various risks in relation to financial instruments. The Group's financial assets and liabilities are summarised by category in Note 13. The main types of risks are market risk, credit risk and liquidity risk.

The Group's risk management is coordinated at its headquarters, in close cooperation with the Board of Directors, and focuses on actively securing the Group's short to medium-term cash flows by minimising the exposure to financial markets. Long-term financial investments are managed to generate lasting returns.

The Group does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Group is exposed are described below.

B. Market risk analysis

The Group is exposed to market risk, specifically interest rate risk, through the investment of excess working capital into the short term money market.

Interest rate sensitivity

The consolidated entity's only exposure to interest rate risk is in relation to deposits held. Deposits are held with reputable banking financial institutions.

	2020		2019	
	Weighted average interest rate	Balance	Weighted average interest rate	Balance
	%	$	%	$
Cash at bank	0.55%	4,249,474	0.26%	3,594,030
Cash on deposit	1.67%	832,313	2.03%	10,832,313
		5,081,787		**14,426,343**

The following table illustrates the sensitivity of profit and equity to a reasonably possible change in interest rates of +/- 0.5% (2019: +/- 0.5%). These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on a change in the average market interest rate for each period, and the financial instruments held at each reporting date that are sensitive to changes in interest rates. All other variables are held constant.

	Profit for the year		Equity	
	$	$	$	$
	0.50%	-0.50%	0.50%	-0.50%
Cash at bank				
30-Jun-20	21,247	(21,247)	21,247	(21,247)
30-Jun-19	17,970	(17,970)	17,970	(17,970)
Cash on deposit				
30-Jun-20	4,162	(4,162)	4,162	(4,162)
30-Jun-19	54,162	(54,162)	54,162	(54,162)

C. Credit risk analysis

Credit risk is the risk that a counterparty fails to discharge an obligation to the Group. The Group is exposed to this risk for various financial instruments, for example by granting loans and receivables to customers, placing deposits, investment in bonds etc. The Group's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at the reporting date, as summarised below:

	2020	2019
	$	$
Classes of financial assets		
Carrying amounts:		
• Cash and cash equivalents	5,081,787	14,426,343
• Trade and other receivables	327,262	15,220
	5,409,049	**14,441,563**

The Group continuously monitors defaults of counterparties, identified either individually or by Group and incorporates this information into its credit risk controls. The Group's policy is to deal only with creditworthy counterparties.

The Group's management considers that all of the above financial assets that are not impaired or past due for each of the 30 June reporting dates under review are of good credit quality.

Trade and other receivables consist of Grants and Interest Receivable, Director Loans and Trade Debtors. Based on historical information about customer default rates management consider the credit quality of trade receivables that are not past due or impaired to be good.

The credit risk for cash and cash equivalents is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

D. Liquidity risk analysis

Liquidity risk is the risk that the Group might be unable to meet its obligations. The Group manages its liquidity needs by monitoring forecast cash inflows and outflows due in day-to-day business. The data used for analysing these cash flows is consistent with that used in the contractual maturity analysis below. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30 day projection. Long-term liquidity needs for a 180 day and a 360 day lookout period are identified monthly. Net cash requirements are compared to available borrowing facilities in order to determine headroom or any shortfalls. This analysis shows that available borrowing facilities are expected to be sufficient over the lookout period.

The Group's objective is to maintain cash and marketable securities to meet its liquidity requirements for 30 day periods at a minimum. This objective was met for the reporting periods. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the ability to sell long-term financial assets.

The Group considers expected cash flows from financial assets in assessing and managing liquidity risk, in particular its cash resources and trade receivables. The Group's existing cash resources and trade receivables (see Statement of Financial Position) significantly exceed the current cash outflow requirements. Cash flows from other receivables are all due within six (6) months.

As at 30 June 2020, the Group's non-derivative financial liabilities have contractual maturities (including interest payments where applicable) as summarised below:

	Current		**Non-current**	
	Within 6 months $	**6 - 12 months $**	**1 - 5 years $**	**5+ years $**
30 June 2020				
Trade and other payables	1,047,974	-	-	-
Lease liabilities	26,499	26,499	70,543	-
Total	**1,074,472**	**26,499**	**70,543**	**-**

This compares to the maturity of the Group's non-derivative financial liabilities in the previous reporting periods as follows:

	Current		**Non-current**	
	Within 6 months $	**6 - 12 months $**	**1 - 5 years $**	**5+ years $**
30 June 2019				
Trade and other payables	2,169,328	-	-	-
Lease liabilities	7,340	7,340	12,978	-
Total	**2,176,668**	**7,340**	**12,978**	**-**

The above amounts reflect the contractual undiscounted cash flows, which may differ to the carrying values of the liabilities at the reporting date.

28. Fair value measurement

Fair value measurement of financial instruments

The Directors have performed a review of the financial assets and liabilities as at 30 June 2020 and have concluded that the fair value of those assets and liabilities are not materially different to book values. The methods and assumptions used to estimate the fair value of financial instruments were:

- Cash - The carrying amount is fair value due to the liquid nature of these assets.
- Receivables/payables - Due to the short term nature of these financial rights and obligations, their carrying values are estimated to represent their fair values and equals the amount to be settled by the contracting party.

29. Events after the reporting date

2 July 2020 – The Company signed a contract with Archistruct Builders & Designers to supply blocklaying services for the construction of a display home in Western Australia, with the display home to be purchased by FBR.

The new contract replaced the previous agreement between Archistruct and Fastbrick Australia following the announcement of the discontinuation of the Fastbrick Australia joint venture.

11 July 2020 – On Saturday, 11 July 2020, the Hadrian X® finished building the structural walls of its first display home in Dayton, Western Australia. 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, demobilising back to FBR's facilities on 11 July.

Completion of the build using the Hadrian X® represented a significant step forward for digital construction, with FBR at the forefront of construction robotics globally.

5 August 2020 – FBR announced the appointment of Mr Greg Smith to the Board of FBR as a Non-Executive Director. Mr Smith has 39 years' experience in the building products industry in manufacturing, technical and sales across the clay and concrete products sectors. Mr Smith was the General Manager of Midland Brick, Boral's Western Australian clay and concrete product operations, and has worked for Selkirk Brick Pty Ltd, The Austral Brick Company, and Metro Brick across his career. Mr Smith specialises in operations and project management, safety transformation leadership, lean implementation and contract negotiation. His previous Board positions include directorships at Think Brick Australia, the Concrete Masonry Association of Australia, and Phillips Bricks and Pottery Pty Ltd. Mr Smith holds a Master of Business Administration (Exec) and a Graduate Diploma in Management from the University of Queensland, a Certificate of Applied Science – Industrial Ceramics from the Holmesglen College of TAFE, a Certificate in Quality Control from the School of Mines Ballarat TAFE, and is a graduate of the Company Directors Course run by the Australian Institute of Company Directors.

19 August 2020 – FBR completed a placement of 280,701,765 fully paid ordinary shares at $0.057, raising $16 million through existing and new institutional and sophisticated investors in Australia and overseas.

25 August 2020 – The Pilot Program Stage of the Building Pilot Program Agreement between FBR and GP Vivienda was completed. 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.

Having completed the Pilot Program Stage, FBR and GP Vivienda intend to progress the Block Development Stage before planning for the establishment of a North American Wall as a Service® operating entity and market entry for the Hadrian X® in North America.

4 September 2020 – FBR repaid in full the advance payment of $2.8 million it received from Radium Capital secured against FBR's research and development tax incentive refund for the year ended 30 June 2020.

9 September 2020 – FBR completed the structural walls of a commercial and community centre in Byford, Western Australia, using the Hadrian X®. This was the first non-residential structure the Hadrian X® had built, and the first time the Hadrian X® had built both the internal and external leaf of a double brick cavity wall with 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.

Over the duration of the build, the Hadrian X® achieved an average laying speed during uptime of approximately 174 blocks per hour, or approximately 800 standard brick equivalents per hour, bettering the results achieved during the display home build in Dayton, Western Australia. A peak laying speed of 228 blocks per hour, or 1,049 standard brick equivalents per hour was demonstrated during the build. The Hadrian X® also worked in hail for the first time, as well as high winds and heavy rain.

Construction commenced on Tuesday 1 September 2020, with the Hadrian X® returning to FBR's headquarters on the weekend before completing the structure on Tuesday, 8 September 2020. The completed structure is 15 courses high, including slab step-down, or approximately one and a half storeys, with brick ties manually installed.

24 September 2020 – FBR provided notification of the issue of 61,220,000 securities issued on 21 September 2020 under an employee incentive scheme that are not being immediately quoted on ASX.

30. Parent entity information

The following information relates to the legal parent entity of the Company, being FBR Limited ('the Parent Entity'). The information presented has been prepared using consistent accounting policies as presented in Note 5.

	2020	**2019**
	$	**$**
Statement of financial position		
Current assets	4,370,674	12,783,858
Non- current assets	1,013,851	107,928
Total assets	5,384,525	12,891,786
Current liabilities	3,532,656	874,624
Non- current liability	215,372	43,008
Total liabilities	3,748,028	917,632
Net assets	**1,636,498**	**11,974,154**

Issued capital	109,115,279	98,522,585
Share option reserve	2,834,489	3,134,515
Retained losses	(110,313,270)	(89,682,946)
Total equity	**1,636,498**	**11,974,154**
Statement of profit or loss and other comprehensive income:		
Loss for the year	20,630,324	25,879,125
Other comprehensive income	-	-
Total comprehensive income	**20,630,324**	**25,876,125**

The Parent Entity has no capital commitments (2019: Nil).

The Parent Entity has not entered into a Deed of Cross Guarantee nor are there any contingent liabilities at the year end.

Directors' Declaration

1 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 30 June 2020, and of its performance for the financial year ended on that date; and

      Complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and

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

2 The Directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the Chief Executive Officer and Chief Financial Officer equivalent for the financial year ended 30 June 2020.

3 Note 2 confirms that the consolidated financial statements also comply with International Financial Reporting Standards.

Signed in accordance with a resolution of the Directors

Michael Pivac

MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER - GLOBAL

Dated the 30th day of September 2020

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Independent Auditor's Report

To the Members of FBR Ltd

Report on the audit of the financial report

Opinion

We have audited the financial report of FBR Ltd (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2020, 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 year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the Directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

a giving a true and fair view of the Group's financial position as at 30 June 2020 and of its performance for the year ended on that date; and

b complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group 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* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
Recognition of development costs asset – Note 15	
The Group has capitalised development costs in relation to the Hadrian X project. There is a risk that costs that have been capitalised may not comply with the recognition requirements relevant to AASB 138 *Intangible Assets*. Management judgement is required to assess the commercial and technical feasibility of the Hadrian X project, including the future economic benefits. This area is a key audit matter due to the subjectivity involved in assessing the recognition criteria for capitalised development costs.	Our procedures included, amongst others: • assessing the appropriateness of management's policy for capitalising development costs pursuant to AASB 138; • assessing management's paper on the current stage of development of the asset, including whether or not the asset is available for use; • testing the mathematical accuracy of management's development costs model; • selecting a sample of capitalised costs and agreeing to third party support to identity whether they have been appropriately capitalised in accordance with accounting policies; • examining existing patents held by the Group that support project activities; • examining MOU agreements in place to support technical and commercial feasibility; and • assessing the appropriateness of financial statement disclosures.
Impairment of development costs asset - Note 15	
The Group holds $43,236,917 of intangible assets on the statement of financial position. This intangible asset is defined as not available for use. No impairment expense has been recognised during the period. AASB 136 *Impairment of Assets* requires intangible assets not yet available for use to be tested for impairment annually. This area is a key audit matter due to the management judgement involved in assessing the assumptions and inputs required to prepare a fair value less costs of disposal model and to satisfy the impairment testing requirements of AASB 136.	Our procedures included, amongst others: • obtaining evidence to support the key assumptions used by management in the model and challenging those assumptions; • evaluating the model against the requirements of AASB 136, including engaging an internal valuation expert to assess management's impairment methodology; • performing sensitivity analysis to stress test the key assumptions used in the fair value less cost of disposal model, including mark-up rate and obsolesence rate; and • assessing the appropriateness of financial statement disclosures.
Recognition of R&D tax incentive – Note 11	
Under the research and development (R&D) tax incentive scheme, the Group receives a 43.5% refundable tax offset (2019: 43.5%) of eligible expenditure if its turnover is less than $20 million per annum, provided it is not controlled by income tax exempt entities. An R&D plan is filed with AusIndustry in the following financial year and, based on this filing, the Group receives the incentive in cash. Management performed a detailed review of the Group's total R&D expenditure to estimate the refundable tax offset receivable under the R&D tax incentive legislation. As at 30 June 2020, a receivable of $4,000,000 has been recorded. This area is a key audit matter due to the size of the accrual and the degree of judgement and interpretation of the R&D tax legislation required by management to assess the eligibility of the R&D expenditure under the scheme.	Our procedures included, amongst others: • comparing the nature of the R&D expenditure included in the current year estimate to the prior year claim; • utilising an internal R&D tax specialist to review the expenditure methodology employed by management for consistency with the R&D tax offset rules; • considering the nature of the expenditure against the eligibility criteria of the R&D tax incentive scheme to form a view about whether the expenses included in the estimate were likely to meet the eligibility criteria; • comparing the eligible expenditure used in the receivable calculation to the expenditure recorded in the general ledger; • inspecting copies of relevant correspondence with AusIndustry and the ATO related to historic claims; and; • assessing the appropriateness of financial statement disclosures.

Going Concern - Note 3

As disclosed in Note 3, the Group generated a loss of $10,996,775 for the year ended 30 June 2020 and has used cash in operations of $20,315,895 as at 30 June 2020. The Group is applying the going concern basis of accounting and the associated extent of uncertainty is a key audit matter due to the high level of judgment required in evaluating the Group's assessment of going concern. Management have determined that the use of the going concern basis of accounting is appropriate in preparing the financial report. Their assessment of going concern was based on cash flow projections. This area is a key audit matter due to the perception of these projections incorporated a number of assumptions and judgements regarding the extent of future research and development activities.	Our procedures included, amongst others: • obtaining and reviewing management's cash flow forecast to assess whether current cash levels can sustain operations for a period of at least 12 months from the proposed date of signing the financial statements; • agreeing year end cash balances to third party independent confirmations received to gain comfort around the opening balances used in the cash flow forecast; • assessing the Group's current level of funding and expenditure against management's forecast for consistency of relationships and trends to the historical results, and results since year end; • analysing continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business; and • assessing the adequacy of the related disclosures within the financial report.

Information other than the financial report and auditor's report thereon

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2020, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the financial report

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

In preparing the financial report, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/auditors_responsibilites/ar1_2020.pdf. This description forms part of our auditor's report.

Report on the remuneration report

Opinion on the remuneration report

We have audited the Remuneration Report included in pages 13 to 26 of the Directors' report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of FBR Ltd, for the year ended 30 June 2020 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

M D Dewhurst
Partner – Audit & Assurance

Perth, 30 September 2020