Fastbrick Robotics Ltd
Appendix 4D

Half year report

1. Company Details

Fastbrick Robotics Ltd

ABN		Current period		Prior period
58 090 000 276		31 Dec 2016		31 Dec 2015

2. Results for announcement to the market

2.1 Revenues from ordinary activities	Up 249% to $663,732
2.2 Loss from ordinary activities after tax attributable to members	Down 94% to $273,162
2.3 Loss for the period attributable to members	Down 94% to $273,162
2.4 & 2.5 No dividends were proposed or paid in the current or prior period	
2.6 Explanations of any of the figures in 2.1 to 2.4 above necessary to enable the figure to be understood. The loss for the period was $273,162 (prior period $4,704,197) comprising and R&D rebate and government grant revenue totalling $644,824 offset by costs associated with professional services, corporate administration, director and employee remuneration, Hadrian patents and a non- cash share based payment all of which totalled $929,498.	

3. Net tangible assets per security

Dec 2016:	$0.01		Dec 2015: $0.01

4.1 Control gained over entities

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

4.2 Control loss over entities

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

5. Dividends

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

6. Associates and joint ventures

The Group does not have any associates nor has it entered into joint venture arrangements.

7. Foreign entities

Neither the parent nor its subsidiaries are foreign entities.

8. Audit qualification

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

~~Yes/~~ No

Description of the modified opinion, emphasis of matter or other matter paragraph: N/A

Fastbrick Robotics Limited

Interim financial statements

For the half-year ended 31 December 2016

Directors' Report

The Directors of Fastbrick Robotics Limited ("the Company") present their report together with the financial statements of the Consolidated Entity, being Fastbrick ('the Company') and its controlled entities ('the Group') for the half-year ended 31 December 2016.

Director details

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

- Mr Gabriel Chiappini
- Mr Mark Pivac
- Mr Mike Pivac
- Mrs Shannon Robinson

Review of operations and financial results

During the period the Group launched the Hadrian X development programme with the Group's main focus for the immediate future being completion of the Hadrian X. The Group has continued to expand its management team and expertise to ensure the Hadrian X programme is well resourced and to de-risk the project.

During the period the group significantly de-risked its capital requirements by raising $8 million via an equity injection, which was secured through a share placement at 8.1c per share to cornerstone investor Hunter Hall Investment Management Limited. Following the issue of shares to Hunter Hall, their holding in FBR represents 17.2% of shares on issue. The funds, which were raised prudently at a 6.9% discount to the 6 December 2016 closing price and without an intermediary broker, which means that Fastbrick Robotics is fully funded through to 2018 and will be well-positioned to ramp up and execute its domestic and global marketing strategies following the completion of construction of the Hadrian X.

The Company is continually assessing its commercialisation options both locally and abroad with continued interest being shown from potential distribution partners on both fronts. Additionally, while the Company's priority is the completion and delivery of the Hadrian X, alternative uses for its technology are being explored.

Following the Company's progression to the finals of the 2016 WA Innovator of the Year awards in 1Q17, Fastbrick Robotics was named as the overall winner, receiving a prize of $75,000 and affirming its status as a leader in technological innovation in Western Australia.

The loss for the period was $273,162 (prior period $4,704,195) comprising R&D rebate and government grant revenue totalling $644,824 offset by costs associated with professional services, corporate administration, director and employee remuneration, Hadrian patents and a non- cash share based payment all of which totalled $929,498.

Events subsequent to balance date

No matters or circumstances have arisen since the end of the reporting period which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future years.

Auditor's independence declaration

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

Signed in accordance with a resolution of the Directors:



Mike Pivac
Director

27 February 2017

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Auditor's Independence Declaration
To The Directors of Fastbrick Robotics Ltd

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of Fastbrick Robotics Ltd for the half-year ended 31 December 2016, I declare that, to the best of my knowledge and belief, there have been:

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

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

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

P W Warr
Partner - Audit & Assurance

Perth, 27 February 2017

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Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the half-year ended 31 December 2016

	Notes	31 December 2016 $	31 December 2015 $
Other Income	6	663,732	266,477
Expenses			
Professional services		191,868	58,276
Administration expenses		305,717	52,435
Directors' and employees benefits		215,845	49,819
Patent costs		106,272	22,080
Hadrian research costs		-	603,856
ASX Listing fee and Reverse Takeover costs	18	-	4,184,206
Depreciation		7,396	-
Share based payments	15	109,796	-
Loss before tax		**273,162**	**4,704,195**
Income tax expense		-	-
Loss for the period		**273,162**	**4,704,195**
Other comprehensive income for the period, net of tax		-	-
Total comprehensive income for the period		**-**	**-**
Total comprehensive loss for the period		**273,162**	**4,704,195**
Basic loss per share in cents per share	12	(0.04)	(2.68)
Diluted loss per share in cents per share	12	(0.04)	(2.68)

The accompanying notes form part of these financial statements.

Consolidated Statement of Financial Position

As at 31 December 2016

	Notes	31 December 2016 $	30 June 2016 $
Assets			
Current			
Cash and cash equivalents	7	10,466,129	3,821,407
Trade and other receivables		455,314	29,262
Other current assets		52,478	8,942
Current assets		**10,973,921**	**3,859,611**
Non-current			
Property, plant and equipment	9	81,395	61,970
Development costs	10	940,032	-
Non-current assets		**1,021,427**	**61,970**
Total assets		**11,995,348**	**3,921,581**
Liabilities			
Current			
Trade and other payables	11	158,607	126,048
Provisions		75,516	26,743
Current liabilities		**234,123**	**152,791**
Total liabilities		**234,123**	**152,791**
Net assets		**11,761,225**	**3,768,790**
Equity			
Equity attributable to owners of the parent:			
Share capital	13	19,269,839	11,094,038
Share option reserve	14	1,216,596	1,126,800
Accumulated losses		(8,725,210)	(8,452,048)
Total equity		**11,761,225**	**3,768,790**

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity

For the half-year ended 31 December 2016

	Share capital	Share option reserve	Accumulated Losses	Total equity
	$	$	$	$
Balance at 1 July 2016	11,094,038	1,126,800	(8,452,048)	3,768,790
Loss for the period	-	-	(273,162)	(273,162)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the period	**11,094,038**	**1,126,800**	**(8,725,210)**	**3,495,628**
Transactions with owners:				
Performance rights issued to directors	-	-	-	-
Shares issued to consultants	20,000	89,796	-	109,796
Shares to cornerstone investor	8,000,000	-	-	8,000,000
Shares issued upon exercise of options	155,801	-	-	155,801
Balance at 31 December 2016	**19,269,839**	**1,216,596**	**(8,725,210)**	**11,761,225**
Balance at 1 July 2015	2,349,114	-	(2,672,913)	(323,799)
Loss for the period	-	-	(4,704,195)	(4,704,197)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the period	**-**	**-**	**(4,704,195)**	**(4,704,197)**
Transactions with owners:				
Shares issued by Fastbrick IP to Seed Investor	4,000	-	-	4,000
Shares issued by Fastbrick Robotics under the Goldwing offer (refer to Note 14)	3,000,000	-	-	3,000,000
Shares issued by Fastbrick Robotics under the Public offer (refer to Note 14)	5,750,000	-	-	5,750,000
Capital raising costs	(1,512,296)	-	-	(1,512,296)
Shares issued by Fastbrick Robotics under the Pivac offer (refer to Note 14)	294,721	-	-	294,721
Reverse acquisition	4,208,499	-	-	4,208,499
Fastbrick IP shares cancelled on acquisition	(3,000,000)	-	-	(3,000,000)
Consultant share-based payment options	-	1,126,800	-	1,126,800
Balance at 31 December 2015	**11,094,038**	**1,126,800**	**(7,377,108)**	**4,843,730**

The accompanying notes form part of these financial statements.

Consolidated Statement of Cash Flows

For the half-year ended 31 December 2016

	Notes	31 December 2016 $	31 December 2015 $
Operating activities			
Interest received	6	18,908	13,977
Payments to suppliers and employees		(793,925)	(262,802)
R&D tax credit	8	121,834	226,517
Government grants		108,957	-
Option fee received as payment for Fastbrick IP	6	-	250,000
Net cash from / (used in) operating activities		**(544,226)**	**227,693**
Investing activities			
Purchase of property, plant and equipment	11	(26,821)	(46,990)
Proceeds from disposals of property, plant and equipment		-	2,500
Cash acquired via Fastbrick IP transaction	18	-	82,343
Hadrian development costs		(940,032)	(290,427)
Net cash used in investing activities		**(966,853)**	**(252,574)**
Financing activities			
Exercise of options	13	155,801	-
Repayments of loans	12	-	(266,935)
Proceeds from issue of share capital	13	8,000,000	5,754,000
Capital raising costs	14	-	(385,497)
Net cash from financing activities		**8,155,801**	**5,101,568**
Net change in cash and cash equivalents		**6,644,722**	**5,076,867**
Cash and cash equivalents, beginning of period		3,821,407	1,765
Exchange differences on cash and cash equivalents		-	-
Cash and cash equivalents, end of period	**7**	**10,466,129**	**5,078,632**

The accompanying notes form part of these financial statements.

Notes to the Condensed Interim Consolidated Financial Statements

1 Nature of operations

Fastbrick Robotics Limited ("the Company") and its controlled subsidiaries ("the Group") 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 in approximately 3 days at potentially significantly lower cost and higher quality than traditional methods. Fastbrick Robotics has secured patents to protect its intellectual property rights in its technology in key markets.

2 General information and basis of preparation

The interim consolidated financial statements ('the interim financial statements') of the Group are for the six (6) months ended 31 December 2016 and are presented in Australian Dollars ($AUD), which is the functional currency of the Parent Company.

These general purpose interim financial statements have been prepared in accordance with the requirements of the *Corporations Act 2001* and AASB 134 *Interim Financial Reporting*. They do not include all of the information required in annual financial statements in accordance with Australian Accounting Standards, and should be read in conjunction with the financial report for the year ended 30 June 2016 as well as any public announcements made by the Company during the half-year in accordance with continuous disclosure requirements arising under the Australian Securities Exchange Listing Rules and the *Corporations Act 2001*.

The interim financial statements have been approved and authorised for issue by the Board of Directors on 27 February 2017.

3 Significant accounting policies

The interim financial statements have been prepared in accordance with the same accounting policies adopted in the annual financial statements for the year ended 30 June 2016.

The accounting policies have been applied consistently throughout the Group for the purposes of preparation of these interim financial statements, except as stated below:

a) Research and development

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. 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.

3 Significant accounting policies (continued)

b) Adoption of New and Revised Accounting Standards

In the half year ended 31 December 2016, the Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to its operations and effective for the current reporting period. These include:

- AASB 2014-4 Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation
- AASB 2015-1 Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012–2014 Cycle
- AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101
- AASB 2015-9 Amendments to Australian Accounting Standards – Scope and Application Paragraphs
- AASB 2015-10 Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128
- AASB 1057 Application of Australian Accounting Standards

The adoption of all these new and revised Standards and Interpretations has not resulted in any changes to the Company's accounting policies and has no effect on the amounts reported for the current or prior periods. The Directors consider that these new and revised Standards and Interpretations has not had a material impact and therefore it has not resulted in changes to the Company's presentation of, or disclosure in, its half year financial statements.

c) 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.

d) 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:

	Method	**Useful Lives**
Plant and equipment	Straight Line	3 years
Office fitout and equipment	Straight Line	2-10 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.

e) Basis of Consolidation

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee ;
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption, and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary. Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

4 Estimates

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

The judgements, estimates and assumptions applied in the interim financial statements, including the key sources of estimation uncertainty were the same as those applied in the last annual financial statements for the year ended 30 June 2016.

Additional significant estimates and judgements include:

Key estimate – 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 the Binomial formula. Details of the estimates used to determine the fair value are detailed in Note 15.

5 Significant events and transactions

During the period the Group launched the Hadrian X development programme with the Group's main focus for the immediate future being completion of the Hadrian X. The Group has continued to expand its management team and expertise to ensure the Hadrian X programme is well resourced and to de-risk the project.

During the period the group significantly de-risked its capital requirements by raising $8 million via an equity injection, which was secured through a share placement at 8.1c/share to cornerstone investor Hunter Hall Investment Management Limited. Following the issue of shares to Hunter Hall, their holding in FBR represents 17.2% of shares on issue. The funds, which were raised prudently at a 6.9% discount to the 6 December 2016 closing price and without an intermediary broker, mean that Fastbrick Robotics is fully funded through to 2018 and will be well-positioned to ramp up and execute its domestic and global marketing strategies following the completion of construction of the Hadrian X.

The Company is continually assessing its commercialisation options both locally and abroad with continued interest being shown from potential distribution partners on both fronts. Additionally, while the Company's priority is the completion and delivery of the Hadrian X, alternative uses for its technology are being explored.

Following the Company's progression to the finals of the 2016 WA Innovator of the Year awards in 1Q17, Fastbrick Robotics was named as the overall winner, receiving a prize of $75,000 and affirming its status as a leader in technological innovation in Western Australia.

6 Other Income

		Consolidated	
		31 December 2016	31 December 2015
		$	$
Option fee income	(a)	-	250,000
Interest received		18,908	16,477
Profit on sale of assets		-	2,500
Research and development grants revenue		535,867	-
Commercial grants and other		108,957	-
		663,732	**266,477**

(a) During the prior 6 month reporting period, Fastbrick IP received option fee income of $250,000 from DMY Capital Limited.

7 Cash and cash equivalents

	Consolidated	
	31 December 2016 $	30 June 2016 $
Cash at bank and on hand	**10,466,129**	**3,821,407**

8 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.

9 Property, plant and equipment

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

	Workshop equipment $	Office fit out $	Total $
Gross carrying amount			
Balance at 1 July 2016	23,382	43,490	66,872
Additions	5,327	21,494	26,821
Disposals	-	-	-
Balance at 31 December 2016	**28,709**	**64,984**	**93,693**
Depreciation and impairment			
Balance at 1 July 2016	(1,936)	(2,966)	(4,902)
Disposals	-	-	-
Depreciation	(2,838)	(4,558)	(7,396)
Balance at 31 December 2016	**(4,774)**	**(7,524)**	**(12,298)**
Carrying amount at 31 December 2016	**23,935**	**57,460**	**81,395**

10 Development costs

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

The following tables show the movements in development costs associated with the Hadrian 109:

	2016	2015
	$	$
Gross carrying amount		
Balance at 1 July	-	-
Additions	940,032	-
Disposals	-	-
Balance at 31 December	**940,032**	**-**

11 Trade and other payables

	Consolidated	
	31 December 2016	30 June 2016
	$	$
Trade creditors	67,848	50,749
Accrued expenses	10,000	10,000
Other payables	80,759	65,299
	158,607	**126,048**

12 Earnings per share

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

	31 December 2016	31 December 2015
	$	$
Weighted average number of shares used in basic earnings per share	672,931,171	175,740,529
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	**770,541,768**	**262,874,339**

13 Share capital

Ordinary shares

	2016		2015	
	$	No.	$	No.
Ordinary shares, fully paid	19,269,839	764,173,965	11,094,038	662,661,033

The reconciliation is set out as follows:

	$	No.
Movement in ordinary shares on issue		
Shares on issue at 1 July 2016	11,094,038	662,661,033
Shares issued to Hunter Hall Investment Management Limited	8,000,000	98,765,432
Shares issued upon exercise of the options	155,801	1,947,500
Shares issued to consultants	20,000	800,000
Shares on issue at 31 December 2016	**19,269,839**	**764,173,965**

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.

126,975,702 ordinary shares are escrowed until 12 November 2017.

13 Share capital (continued)

Performance shares

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

	2016	2015
Outstanding at 1 July	499,999,998	-
Granted during the year	17,000,000	499,999,998
Outstanding as at 31 December	**516,999,998**	**499,999,998**

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, Fastbrick Robotics allotted 499,999,998 unquoted performance shares to the shareholders of Fastbrick Robotics. These Performance Shares have the following escrow period and are split in the following categories classes:

a) 12 month escrow 76,747,668

b) 24 month escrow 423,252,330

(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 3 days from commencement of construction by the Company's robotic home building technology on the site. If unconverted, Class A Performance Shares will expire after 36 months from the date of issue;

(ii) **166,666,666 Performance Shares Class B**
Vesting condition for Class B; Upon successful completion, being payment for service, of the Company's tenth home structure constructed under a commercial arm's length contract. If unconverted, Class B Performance Shares will expire after 48 months from the date of issue; and

(iii) **166,666,666 Performance Shares Class C**
Vesting condition for Class C; Upon achievement by the Company of reported annual operating revenue in a financial year attributable to the Fastbrick Robotics technology (excluding grant receipts and R&D rebates received from the ATO) of at least $10,000,000. If unconverted, Class C Performance Shares will expire after 60 months from the date of issue.

13 Share capital (continued)

On 24 November 2016 the shareholders approved the issue of 17,000,000 unquoted performance shares to employees and directors of Fastbrick Robotics. These Performance Shares have no escrow period and are split in the following classes:

(i) **5,666,668 Performance Shares Class A**
Vesting condition for Class A; Upon the Company shares achieving a 10 day VWAP $0.20.
Milestone date is 3 years from the date of grant.
Expiry date is 10 business days from the applicable milestone date.
If unconverted, Class A Performance Shares will expire after 36 months from the date of issue

(ii) **5,666,668 Performance Shares Class B**
Vesting condition for Class B; Upon the Company shares achieving a 10 day VWAP $0.25.
Milestone date is 3 years from the date of grant.
Expiry date is 10 business days from the applicable milestone date.
If unconverted, Class B Performance Shares will expire after 36 months from the date of issue.

(iii) **5,666,664 Performance Shares Class C**
Vesting condition for Class C; Upon the Company signing a binding global partnering agreement with a major global partner for the sale, distribution, licensing and/ or manufacturing of the Company's IP and/ or commercial bricklaying machine.
Milestone date is 3 years from the date of grant.
Expiry date is 10 business days from the applicable milestone date.
If unconverted, Class C Performance Shares will expire after 36 months from the date of issue.

Options

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

	2016		2015	
	Number	**Weighted average exercise price**	**Number**	**Weighted average exercise price**
Outstanding at 1 July	80,000,000	3 cents	5,000,000	8 cents
Granted during the period	-	-	75,000,000	2 cents
Exercised during the period	(1,947,500)	2 cents	-	-
Outstanding as at 31 December	**78,052,500**	**3 cents**	**80,000,000**	**3 cents**

No options were forfeited or granted during the period.

75,000,000 options with an exercise price of $0.02 expiring on 12 November 2019 are escrowed until 12 November 2017.

The weighted average remaining contractual life for the share-based payment options outstanding as at 31 December 2016 was 2.82 years (2015: 2.14).

The range of exercise prices for share-based payment options outstanding as at the end of the period year was $0.02 to $0.08 (2015: $0.02 to $0.08).

No options were issued to directors or other key management personnel during the current year.

14 Share option reserve

	31 December 2016	31 December 2015
	$	$
Share option reserve	**1,216,596**	**1,126,800**

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

	2016	2015
Movement in share option reserve		
Opening – 1 July	1,126,800	-
Performance shares vested during the period	89,796	-
Options vested during the period	-	1,126,800
Closing - 31 December	**1,216,596**	**1,126,800**

15 Share based payments

The following share-based payment arrangements were granted during the reporting period:

Security	Number Issued	Grant Date	Expiry Date	Exercise Price	Fair Value at Grant Date
Ordinary shares	800,000	24 November 2016	Not applicable	Not applicable	$0.025
Performance shares – Class A	5,666,668	23 December 2016	10 December 2019	Not applicable	$0.101
Performance shares – Class B	5,666,668	23 December 2016	10 December 2019	Not applicable	$0.104
Performance shares – Class C	5,666,664	23 December 2016	10 December 2019	Not applicable	$0.11

Ordinary shares

The fair value of ordinary shares granted during the current year was $20,000 (2015: nil). The ordinary shares were issued as consideration for services provided. The weighted average fair value of the ordinary shares granted during the current year was $0.025 being the market value of the shares at date of grant being 13th April 2016 (2015: Nil).

Performance shares

The fair value of performance shares granted during the current period was $1,785,000 (2015: Nil). The accounting expense recognised in the period is $89,796 being the portion of performance shares which vested during the period. The performance shares were issued as consideration for

services provided from Directors and Employees and have vesting conditions as set out below. Holders of performance shares do not have any voting or dividend rights in relation to the options. The weighted average fair value of the performance shares granted during the current year is $0.105 (2015: Nil). Performance shares were valued using the Hoadley model and taking into account the following assumptions:

- Valuation date – As the Rights were approved by shareholders on 24 November 2016 we have assumed this to be the Valuation Date.
- Spot price – The spot price of the Company's shares was $0.11 per share at the close of trade on 23 November 2016, the last date the Company's shares traded prior to the Valuation Date.
- Vesting target – The Class A and B Rights vest upon the Company achieving a target share price of $0.20 and $0.25 respectively, based on a 10-day VWAP. The Class C securities do not have a market based target, therefore there is no vesting target included in the valuation assumptions.
- Expiry period – Rights have a 3 year expiry period.
- Expected future volatility – We have assumed a volatility of 120% for the securities. This is calculated and based on historical volatility over recent trading periods.
- Risk free rate - We have determined this based on the yields of Commonwealth bonds using three-year bonds, the period which most closely corresponds to the lives of the Rights. The interest rates are measured as the closing rate on the day prior to the Valuation Date. A three-year bond yielded 1.88% on 23 November 2016 as disclosed by the Reserve Bank of Australia.
- Dividend yield – We have assumed a dividend yield of 0% as the Company does not have a history of paying dividends and is not expected to declare or pay any dividends over the life of the Rights.

16 Contingent liabilities

At the reporting date the Group had no pending legal claims or other contingent liabilities (2015: nil).

17 Events after the reporting date

No event has arisen since 31 December 2016 that would be likely to materially affect the operations of the Group, or its state of affairs which has not otherwise been disclosed in this financial report.

18 Business combination

On 18 November 2015, the Company, formerly named DMY Capital Limited, completed the 100% acquisition of Fastbrick Robotics IP Pty Ltd (Fastbrick IP) and changed its name to Fastbrick Robotics Ltd. The acquisition of Fastbrick IP resulted in the shareholders of Fastbrick IP obtaining control of the merged entity. In addition, the board of directors of the merged entity was restructured such that three of the four directors was comprised of Fastbrick IP nominees.

Nominees of Fastbrick IP serve as the Chief Executive Officer and Chief Operating Officer and the Fastbrick IP management team has assumed responsibility for the management of the merged entity. Consequently, the acquisition has been accounted for with reference to the guidance for reverse acquisitions set out in AASB 3 "Business Combinations".

The application of the reverse acquisition guidance contained in AASB 3 has resulted in the Company (the legal parent) being accounted for as the subsidiary and Fastbrick IP (the legal subsidiary) being accounted for as the parent entity.

At the time the Company's acquisition of Fastbrick IP completed, its operations did not fall within the scope of a "business" under AASB 3. Consequently, the acquisition did not meet the definition of a "business combination" under AASB 3, and the principles of AASB 3 could not be applied in their entirety.

Instead, the acquisition has been accounted for as a share-based payment transaction using the principles set out in AASB 2 "Share-based Payment" whereby Fastbrick IP is deemed to have issued shares in exchange for the net assets and listing status of Fastbrick Robotics. In accordance with AASB 2, the difference between the fair value of the deemed consideration paid by Fastbrick IP and the fair value of the identifiable net assets of Fastbrick Robotics, is required to be recognised as an expense.

Details of the fair value of the identifiable net assets acquired and the excess consideration are set out below:

Deemed purchase consideration:	**$**
Fair value of shares transferred (210,424,971 shares at $0.02 each)	4,208,499
Less: fair value of net identifiable assets acquired (see below)	(24,294)
Excess consideration arising on reverse acquisition	**4,184,206**

The fair value of the identifiable assets and liabilities of the Company at the date of acquisition was as follows:

Assets	**$**
Cash and cash equivalents	82,343
Trade and other receivables	11,237
Loans receivable	30,000
Liabilities	
Trade and other payables	99,286
Total identifiable net assets at fair value	**24,294**

Costs relating to the acquisition of $462,026 were incurred by the Company prior to the completion of the acquisition and includes the exclusivity option fee payable of $250,000.

The net cash inflow arising as a result of the reverse acquisition was $82,343 being the cash on hand held by Fastbrick Robotics at the time of acquisition.

Directors' Declaration

In the opinion of the Directors of Fastbrick Robotics Ltd:

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

   i Giving a true and fair view of its financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and

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

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

Signed in accordance with a resolution of the Directors:



Director
Mike Pivac

Dated the 27 day of February 2017

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INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF FASTBRICK ROBOTICS LTD

We have reviewed the accompanying half-year financial report of Fastbrick Robotics Ltd (the Company), which comprises the consolidated financial statements being the statement of financial position as at 31 December 2016, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a statement or description of accounting policies, other explanatory information and the directors' declaration of the consolidated entity, comprising both the Company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' Responsibility for the Half-year Financial Report

The Directors of Fastbrick Robotics Ltd are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such controls as the Directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the consolidated half-year financial report based on our review. We conducted our review in accordance with the Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Fastbrick Robotics Ltd consolidated entity's financial position as at 31 December 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Fastbrick Robotics Ltd, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Fastbrick Robotics Ltd is not in accordance with the *Corporations Act 2001*, including:

a giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and

b complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

P W Warr
Partner - Audit & Assurance

Perth, 27 February 2017