FBR Limited

Appendix 4D

Half year report

1. Company details

FBR Limited

ABN	Current period	Prior period
58 090 000 276	31 Dec 2018	31 Dec 2017

2. Results for announcement to the market

	% Change	$
2.1 Revenues from ordinary activities	Up 49%	146,863
2.2 Loss from ordinary activities after tax attributable to members	Up 50%	4,533,368
2.3 Loss for period attributable to members	Up 50%	4,533,368
2.4 & 2.5 No dividends were proposed or paid in the current or prior period		
2.6 Explanations of any of the figures in 2.1 to 2.4 above necessary to enable the figure to be understood. The loss for the period was $4,533,368 (2017: $3,016,131) comprising professional services, corporate administration, director and employee remuneration of $3,936,823 and non-cash share-based payments and depreciation of $743,108.		

3. Net tangible assets per security

Dec 2018: $0.02	Dec 2017: $0.05

4.1 Control over gained entities

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

4.2 Control loss over entities

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

5. Dividends

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

6. Associates and joint ventures

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

7. Foreign entities

Neither the parents nor its subsidiaries are foreign entities.

8. Audit qualification

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

~~Yes~~ / No

Description of the modified opinion, emphasis of matter or other matter paragraph: n/a

FBR Limited

Interim financial statements

For the half-year ended

31 December 2018

Directors' Report

The Directors of FBR Limited ("the Company") present their report together with the financial statements of the Consolidated Entity, being FBR ('the Company') and its controlled entities ('the Group') for the half-year ended 31 December 2018.

Director details

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

Mr Richard Grellman AM (Chairman)
Mr Michael Pivac (Chief Executive Officer and Managing Director)
Ms Nancy Milne OAM
Mr Andrew Bloore
Mr Mark Pivac
Mr Gabriel Chiappini (retired)
Ms Shannon Robinson (retired)

Review of operations and financial results

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

A number of changes at both Board and Executive level were made during the period to position FBR to capitalise on the growth opportunities in front of it. Mr Steve Pierz was appointed to the position of Chief Innovation Officer, based permanently in the United States. Mr Pierz joined FBR after a 29-year career at Caterpillar, where he was most recently the Strategy & Innovation Manager at Caterpillar's headquarters in Peoria. Mr Mark Sheridan was promoted from General Manager Operations to Chief Operating Officer, with Marcus Gracey named Chief Corporate Development Officer.

Mr Richard Grellman AM was appointed Chairman following the retirement from the Board of Ms Shannon Robinson, and Ms Nancy Milne OAM and Mr Andrew Bloore were appointed as Non-Executive Directors of the Company following the retirement from the Board of Mr Gabriel Chiappini. Mr Aidan Flynn was appointed Joint Company Secretary and subsequently became the sole Company Secretary following the retirement of Mr Chiappini from the role of Joint Company Secretary.

FBR entered into a global partnership agreement with Wienerberger AG, the largest brick and block manufacturer in the world, to develop, manufacture and test clay blocks optimised for use with the Hadrian X. The newly developed clay blocks will be tested in a pilot project in Europe and will be launched in markets in which Wienerberger is active together with the Hadrian X.

Following the successful assembly, commissioning and Factory Acceptance Testing of the Hadrian X during the period, FBR announced in November 2018 that the Hadrian X had successfully built a three bedroom, two bathroom house for the first time. This was a major milestone for FBR and demonstrated that the Hadrian X and the Dynamic Stabilisation Technology that drives it was fully operational.

In December, FBR discontinued its Memorandum of Understanding with Caterpillar and unveiled plans to offer Wall as a Service™, where FBR will partner with brick and block manufacturers to provide constructed wall on demand to the existing customer base of the brick and block manufacturers. Subsequent to the end of the period, FBR announced a Memorandum of Understanding with Brickworks, Australia's largest brick and block manufacturer, with plans to form a joint venture entity to supply Wall as a Service™ to the Australian market.

The loss for the period was $4,533,368 (2017: $3,016,131) comprising professional services, corporate administration, director and employee remuneration of $3,936,823 and non-cash share-based payments and depreciation of $743,108.

Events subsequent to balance date

Subsequent to the end of the period, FBR completed its first ever outdoor build of a full home structure using the Hadrian X. Completed as part of the ongoing test and development programme, the structure was built over several weeks and a variety of weather conditions to test the performance of the Hadrian X in uncontrolled environments. FBR will continue the test and development programme to capture as much data as possible on the operation of the machine in variable conditions.

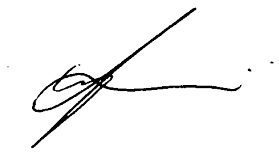
Additionally, FBR entered into a binding Memorandum of Understanding with Brickworks, Australia's largest brick and block manufacturer, under which FBR and Brickworks agreed to collaborate on the manufacture and certification of concrete masonry unit blocks suitable for the construction of structural walls of residential buildings in Australia. The parties also agreed to negotiate in good faith the terms of a formal shareholders agreement in relation to a proposed joint venture between the parties, which will be known as Fastbrick Australia Pty Ltd. Upon completion of the shareholders agreement, Fastbrick Australia will supply Wall as a Service™ to the Australian building and construction market using the Hadrian X. Brickworks would also exclusively manufacture customised blocks for use by the Hadrian X in Australia under license, and be granted the exclusive right to supply brick and block products for use by the Hadrian X in Australia. Fastbrick Australia will commence pilot program operations in Western Australia immediately upon commencement of the joint venture.

On 25 February 2019, FBR announced it had completed a capital raise of $17 million via a placement to domestic and international sophisticated and institutional investors. The raise was completed at an offer price of $0.105, the funds were received by the Company on 28 February 2019, with 161,904,769 shares to be allotted on or about Friday, 1 March 2019.

Auditor's independence declaration

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

Signed in accordance with a resolution of the Directors:



Michael Pivac

CHIEF EXECUTIVE OFFICER AND MANAGING DIRECTOR
28 February 2019

Level 43, Central Park,
152-158 St Georges Terrace,
Perth WA 6000

Correspondence to:
PO Box 7757
Cloisters Square
Perth WA 6850

T +61 8 9480 2000
F +61 8 9322 7787
E info.wa@au.gt.com
W www.grantthornton.com.au

Auditor's Independence Declaration

To the Directors of FBR Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the review of FBR Ltd for the half-year ended 31 December 2018. 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, 28 February 2019

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Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the half-year ended 31 December 2018

	Notes	31 December 2018 $	31 December 2017 $
Other Income	8	146,563	98,493
Expenses			
Professional services		797,460	654,431
Administration expenses		1,860,472	771,015
Directors' and employees' benefits		1,278,891	384,371
IP expenses		-	212,798
Research expenses		-	71,964
Depreciation	12	101,151	65,044
Share based payments	17	641,957	955,001
Loss before tax		**4,533,368**	**3,016,131**
Income tax expense		-	-
Loss for the period		**4,533,368**	**3,016,131**
Other comprehensive income for the period, net of tax		-	-
Total comprehensive income for the period		**-**	**-**
Total comprehensive loss for the period		**4,533,368**	**3,016,131**
Basic loss per share in cents per share	15	(0.41)	(0.35)
Diluted loss per share in cents per share	15	(0.41)	(0.35)

The accompanying notes form part of these financial statements.

Consolidated Statement of Financial Position

As at 31 December 2018

	Notes	31 December 2018 $	30 June 2018 $
Assets			
Current			
Cash and cash equivalents	9	14,504,469	21,956,657
Trade and other receivables	10	4,468,476	8,164,930
Other current assets		147,937	295,144
Current assets		**19,120,883**	**30,416,732**
Non-current			
Property, plant and equipment	12	1,377,095	1,269,940
Development costs	13	22,558,716	14,794,119
Non-current assets		**23,935,810**	16,064,059
Total assets		**43,056,693**	**46,480,791**
Liabilities			
Current			
Trade and other payables	14	1,758,062	2,273,431
Provisions		531,208	553,857
Finance lease		14,353	13,970
Current liabilities		**2,303,624**	**2,841,258**
Non-current			
Provisions		194,534	-
Finance lease		19,218	26,523
Non-current liabilities		**213,752**	**26,523**
Total liabilities		**2,517,375**	**2,867,781**
Net assets		**40,539,318**	**43,613,010**
Equity			
Equity attributable to owners of the parent:			
Share capital	15	59,904,327	57,899,177
Reserves	18	2,122,168	2,747,220
Accumulated losses		(21,487,177)	(17,033,387)
Total equity		**40,539,318**	**43,613,010**

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity

For the half-year ended 31 December 2018

	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	-	-	-	(4,533,368)	(4,533,368)
Other comprehensive income	-	-	-	-	-
Total comprehensive loss for the period	**-**	**-**	**-**	**(4,533,368)**	**(4,533,368)**
Transactions with owners:					
Performance rights converted to shares (refer to Note 18)	1,944,250	(1,944,250)	-	-	-
Performance rights forfeited (refer to Note 18)	-	(297,987)	-	79,578	(218,410)
Performance rights issued to employees and directors (refer to Note 18)	-	1,129,158	-	-	1,129,158
Options issued to employees (refer to Note 18)	-	-	488,028	-	488,028
Shares issued upon exercise of options (refer to Note 16)	60,900	-	-	-	60,900
Balance at 31 December 2018	**59,904,326**	**718,630**	**1,403,539**	**(21,487,177)**	**40,539,318**
Balance at 1 July 2017	19,303,138	914,071	1,211,436	(11,019,155)	10,409,490
Loss for the period	-	-	-	(3,016,131)	(3,016,131)
Other comprehensive income	-	-	-	-	-
Total comprehensive loss for the period	**-**	**-**	**-**	**(3,016,131)**	**(3,016,131)**
Transactions with owners:					
Shares issued – capital raising	37,646,600	-	-	-	37,646,600
Capital raising costs	(1,768,782)	-	-	-	(1,768,782)
Performance rights issued to employees and directors	-	965,245	66,310	-	1,031,555
Shares issued upon conversion of performance rights	1,161,666	(1,161,666)	-	-	-
Shares issued upon exercise of options	1,186,150	-	-	-	1,186,150
Balance at 31 December 2017	**57,528,772**	**717,650**	**1,277,746**	**(14,035,286)**	**45,488,882**

The accompanying notes form part of these financial statements.

Consolidated Statement of Cash Flows

For the half-year ended 31 December 2018

	Notes	31 December 2018 $	31 December 2017 $
Operating activities			
Interest received	8	180,935	34,273
Payments to suppliers and employees		(3,858,096)	(1,411,563)
Government grants		-	62,553
Interest paid – finance lease		(1,019)	(714)
Net cash from / (used in) operating activities		**(3,678,181)**	**(1,315,451)**
Investing activities			
Purchase of property, plant and equipment	12	(344,365)	(575,696)
Technology development costs		(10,716,682)	(4,755,476)
R&D tax credit		7,376,139	972,623
Loans to related parties	10	(150,000)	-
Net cash used in investing activities		**(3,834,908)**	**(4,358,549)**
Financing activities			
Exercise of options	16	60,900	1,186,150
Proceeds from issue of share capital		-	37,646,600
Capital raising costs		-	(1,768,783)
Net cash from financing activities		**60,900**	**37,063,967**
Net change in cash and cash equivalents		**(7,452,189)**	**31,389,967**
Cash and cash equivalents, beginning of period		21,956,658	8,650,755
Exchange differences on cash and cash equivalents		-	-
Cash and cash equivalents, end of period	9	**14,504,469**	**40,040,722**

The accompanying notes form part of these financial statements.

Notes to the Condensed Interim Consolidated Financial Statements

1 Nature of operations

FBR Limited ("the Company") and its controlled subsidiaries ("the Group") is developing technology to build an automated robotic 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. FBR has secured patents to protect its intellectual property rights in its technology in key markets.

2 General information and basis of preparation

The interim consolidated financial statements ('the interim financial statements') of the Group are for the six (6) months ended 31 December 2018 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 2018 as well as any public announcements made by the Company during the half-year in accordance with continuous disclosure requirements arising under the Australian Securities Exchange Listing Rules and the *Corporations Act 2001*.

The interim financial statements have been approved and authorised for issue by the Board of Directors on 28 February 2019.

3 New standards adopted as at 1 July 2018

AASB 15 Revenue from Contracts with Customers

AASB 15 replaces AASB 118 Revenue, AASB 111 Construction Contracts and several revenue-related Interpretations. The new Standard is effective from 1 July 2018 using the modified retrospective approach. Under this method, the cumulative effect of initial application is recognised as an adjustment to the opening balance of retained earnings at 1 July 2018 and comparatives are not restated.

No adoption of this standard has had no impact on the current or previous reporting period and as such there have been no adjustments to the opening balance of retained earnings.

AASB 9 Financial Instruments

AASB 9 Financial Instruments replaces AASB 139 Financial Instruments: Recognition and Measurement requirements. It makes major changes to the previous guidance on the classification and measurement of financial assets and introduces an 'expected credit loss' model for impairment of financial assets.

No adoption of this standard has had no impact on the current or previous reporting period and as such there have been no adjustments to the opening balance of retained earnings.

4 Changes in accounting policy and disclosure

Other than those identified above, there have been no other standards coming into effect for the first time during the half-year ended 31 December 2018.

5 Accounting standards and interpretations issued not yet effective

AASB 16 Leases

AASB 16 replaces AASB 117 Leases and some lease-related Interpretations:

- requires all leases to be accounted for 'on-balance sheet' by lessees, other than short-term and low value asset leases
- provides new guidance on the application of the definition of lease and on sale and lease back accounting
- largely retains the existing lessor accounting requirements in AASB 117
- requires new and different disclosures about leases.

When this Standard is first adopted for the year ending 30 June 2020, it is estimated there will be no material impact on the transactions and balances recognised in the financial statements.

6 Estimates

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

The judgements, estimates and assumptions applied in the interim financial statements, including the key sources of estimation uncertainty were the same as those applied in the last annual financial statements for the year ended 30 June 2018.

7 Significant events and transactions

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

A number of changes at both Board and Executive level were made during the period to position FBR to capitalise on the growth opportunities in front of it. Mr Steve Pierz was appointed to the position of Chief Innovation Officer, based permanently in the United States. Mr Pierz joined FBR after a 29-year career at Caterpillar, where he was most recently the Strategy & Innovation Manager at Caterpillar's headquarters in Peoria. Mr Mark Sheridan was promoted from General Manager Operations to Chief Operating Officer, with Marcus Gracey named Chief Corporate Development Officer.

Mr Richard Grellman AM was appointed Chairman following the retirement from the Board of Ms Shannon Robinson, and Ms Nancy Milne OAM and Mr Andrew Bloore were appointed as Non-Executive Directors of the Company following the retirement from the Board of Mr Gabriel Chiappini. Mr Aidan Flynn was appointed Joint Company Secretary and subsequently became the sole Company Secretary following the retirement of Mr Chiappini from the role of Joint Company Secretary.

7 Significant events and transactions (continued)

FBR entered into a global partnership agreement with Wienerberger AG, the largest brick and block manufacturer in the world, to develop, manufacture and test clay blocks optimised for use with the Hadrian X. The newly developed clay blocks will be tested in a pilot project in Europe and will be launched in markets in which Wienerberger is active together with the Hadrian X.

Following the successful assembly, commissioning and Factory Acceptance Testing of the Hadrian X during the period, FBR announced in November 2018 that the Hadrian X had successfully built a three bedroom, two bathroom house for the first time. This was a major milestone for FBR and demonstrated that the Hadrian X and the Dynamic Stabilisation Technology that drives it was fully operational.

In December, FBR discontinued its Memorandum of Understanding with Caterpillar and unveiled plans to offer Wall as a Service™, where FBR will partner with brick and block manufacturers to provide constructed wall on demand to the existing customer base of the brick and block manufacturers. Subsequent to the end of the period, FBR announced a Memorandum of Understanding with Brickworks, Australia's largest brick and block manufacturer, with plans to form a joint venture entity to supply Wall as a Service™ to the Australian market.

8 Other Income

	Consolidated	
	31 December 2018	**31 December 2017**
	$	**$**
Interest received	169,116	34,273
Profit on sale of assets	-	1,667
Commercial grants and other	(22,553)	62,553
	146,563	**98,493**

9 Cash and cash equivalents

	Consolidated	
	31 December 2018	**30 June 2018**
	$	**$**
Cash at bank and on hand	**14,504,469**	**21,956,657**

10 Trade and other receivables

	Consolidated	
	31 December 2018 $	30 June 2018 $
Research and Development tax rebate*	4,000,000	7,376,139
Other receivables#	468,476	788,791
	4,468,476	**8,164,930**

*The R&D tax rebate is an accrual based on an estimated R&D tax refund capped to $4 million as per the proposed amendments under the R&D Tax Incentive that is currently before Parliament.

#Includes a $150,000 loan to a Director in connection with Performance Rights issued under the Company's Performance Rights Plan. The balance has been repaid in full at the time of reporting.

11 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.

12 Property, plant and equipment

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

	PLANT & EQUIPMENT	FURNITURE & FITTINGS	ICT EQUIPMENT	LEASED PLANT & EQUIPMENT	TOTAL
	$	$	$	$	$
Gross carrying amount					
Balance at 1 July 2018	503,151	417,688	574,271	52,235	1,547,345
Additions	156,313	54,362	133,871	-	344,546
Disposals	-	-	-	-	-
Balance at 31 December 2018	**659,464**	**472,050**	**708,142**	**52,235**	**1,891,891**
Depreciation and impairment					
Balance at 1 July 2018	(46,782)	(108,057)	(106,245)	(16,321)	(277,405)
Disposals	-	-	-	-	-
Depreciation*	(67,103)	(59,736)	(104,023)	(6,529)	(237,391)
Balance at 31 December 2018	**(113,885)**	**(167,793)**	**(210,268)**	**(22,850)**	**(514,796)**
Carrying amount at 31 December 2018	**545,579**	**304,257**	**497,874**	**29,385**	**1,377,095**

*$136,240 of depreciation charges for the current period have been capitalised to development costs.

13 Development costs

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

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

	31 December 2018	30 June 2018
	$	$
Gross carrying amount		
Opening Balance	14,794,119	1,345,329
Additions	11,764,597	21,145,957
R&D Tax Rebate*	(4,000,000)	(7,697,167)
Closing Balance	**22,558,716**	**14,794,119**

*The R&D tax rebate is an accrual based on an estimated R&D tax refund capped to $4 million as per the proposed amendments under the R&D Tax Incentive that is currently before Parliament.

13 Trade and other payables

	Consolidated	
	31 December 2018 $	30 June 2018 $
Trade creditors	864,558	1,010,600
Accrued expenses	301,037	335,559
Other payables	592,467	927,272
	1,758,062	**2,273,431**

14 Earnings per share

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

	31 December 2018 $	31 December 2017 $
Weighted average number of shares used in basic earnings per share	1,110,388,034	854,699,066
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	**1,110,388,034**	**854,699,066**

15 Share capital

Ordinary shares

	31 December 2018		30 June 2018	
	$	No.	$	No.
Ordinary shares, fully paid	**59,904,327**	**1,241,726,743**	**57,899,177**	**1,061,098,827**

15 Share capital (continued)

The reconciliation is set out as follows:

	$	No.
Movement in ordinary shares on issue		
Shares on issue at 1 July 2018	57,899,177	1,061,098,827
Option exercise		
13 August 2018 (at $0.08 per option)	7,900	98,750
18 September 2018 (at $0.08 per option)	53,000	662,500
Conversion of Performance Rights		
28 September 2018 (Class A)	972,125	6,600,000
13 November 2018 (Class B)	972,125	6,600,000
Conversion of Performance Shares		
13 November 2018 (Class A)	-	166,666,666
Shares on issue at 31 December 2018	**59,904,327**	**1,241,726,743**

On 28 September 2018, the Company completed the issue of 6,600,000 fully paid ordinary shares as a result of the achievement of the milestone pursuant to the Performance Rights Plan.

On 13 November 2018, the Company completed the issue of 173,266,666 fully paid ordinary shares. Of the shares issued, 6,600,000 were allotted as a result of the achievement of the milestone pursuant to the Performance Rights Plan. Of the shares issued, 166,666,666 were allotted as a result of the achievement of the milestone pursuant to the Class A Performance shares. The Class A Performance shares were issued as a deferred consideration for the acquisition of FBR under the Prospectus dated 23 September 2015.

16 Share based payments

Performance shares

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

	31 December 2018 (6 months) Number	30 June 2018 (12 months) Number
Opening Balance	499,999,998	499,999,998
Converted during the period	(166,666,666)	-
Closing Balance	**333,333,332**	**499,999,998**

17 Share based payments (continued)

Performance rights

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

	31 December 2018 (6 months) Number	30 June 2018 (12 months) Number
Opening Balance	24,416,664	20,700,000
Granted during the period	1,000,000	15,150,000
Converted during the period	(13,200,000)	(11,333,336)
Forfeited during the period	(2,083,334)	(100,000)
Closing Balance	**10,133,330**	**24,416,664**

During the period, the Company issued 1,000,000 retention performance rights to the Chief Operating Officer.

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

Options

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

	31 December 2018		30 June 2018	
	Number	Weighted average exercise price (cents)	Number	Weighted average exercise price (cents)
Opening Balance	23,937,500	23	87,636,250	4
Granted during the period	5,800,000	30	10,800,000	30
Exercised during the period	(761,250)	8	(74,798,750)	2
Forfeited during the period	(688,750)	8	-	-
Closing Balance	**28,287,500**	**25**	**23,937,500**	**23**

During the period, the Company issued 5,800,000 unlisted incentive options to employees with three-year expiry with an exercise price of $0.30. Of the options issued, 3,500,000 were issued to Key Management Personnel during the period.

No options were issued to Directors during the period.

18 Reserves

	31 December 2018	30 June 2018
	$	$
Performance right reserve	718,629	1,831,709
Share option reserve	1,403,539	915,511
	2,122,168	**2,747,220**

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

	Note	31 December 2018 $	30 June 2018 $
Movement in performance rights reserve			
Opening Balance		1,831,709	914,071
Performance rights expensed during the period	17	1,129,158	2,079,304
Performance rights converted to shares during the period		(1,944,250)	(1,161,666)
Performance rights forfeited during the period		(297,987)	-
Closing Balance		**718,629**	**1,831,709**

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

	Note	31 December 2018 $	30 June 2018 $
Movement in share option reserve			
Opening Balance		915,511	1,211,436
Options expensed during the period		488,028	805,522
Options exercised during the period		-	(1,101,447)
Closing Balance		**1,403,539**	**915,511**

19 Contingent liabilities

At the reporting date the Group had no pending legal claims or other contingent liabilities (2017: nil).

20 Events after the balance date

Subsequent to the end of the period, FBR completed its first ever outdoor build of a full home structure using the Hadrian X. Completed as part of the ongoing test and development programme, the structure was built over several weeks and a variety of weather conditions to test the performance of the Hadrian X in uncontrolled environments.

20 Events after the balance date (continued)

Additionally, FBR entered into a binding Memorandum of Understanding with Brickworks, Australia's largest brick and block manufacturer, under which FBR and Brickworks agreed to collaborate on the manufacture and certification of concrete masonry unit blocks suitable for the construction of structural walls of residential buildings in Australia. The parties also agreed to negotiate in good faith the terms of a formal shareholders agreement in relation to a proposed joint venture between the parties, which will be known as Fastbrick Australia Pty Ltd. Upon completion of the shareholders agreement, Fastbrick Australia will supply Wall as a Service™ to the Australian building and construction market using the Hadrian X. Brickworks would also exclusively manufacture customised blocks for use by the Hadrian X in Australia under license, and be granted the exclusive right to supply brick and block products for use by the Hadrian X in Australia. Fastbrick Australia will commence pilot program operations in Western Australia immediately upon commencement of the joint venture.

On 25 February 2019, FBR announced it had completed a capital raise of $17 million via a placement to domestic and international sophisticated and institutional investors. The raise was completed at an offer price of $0.105, the funds were received by the Company on 28 February 2019, with 161,904,769 shares to be allotted on or about Friday, 1 March 2019.

Directors' Declaration

In the opinion of the Directors of FBR Limited:

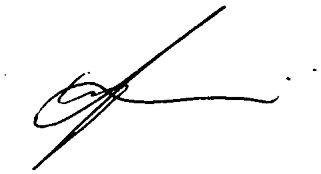
a The consolidated financial statements and notes of FBR Limited are in accordance with the *Corporations Act 2001,* including:

   i Giving a true and fair view of its financial position as at 31 December 2018 and of its performance for the half-year ended on that date; and

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

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

Signed in accordance with a resolution of the Directors:



Michael Pivac
CHIEF EXECUTIVE OFFICER AND MANAGING DIRECTOR

Dated the 28th day of February 2019

Level 43, Central Park,
152-158 St Georges Terrace,
Perth WA 6000

Correspondence to:
PO Box 7757
Cloisters Square
Perth WA 6850

T +61 8 9480 2000
F +61 8 9322 7787
E info.wa@au.gt.com
W www.grantthornton.com.au

Independent Auditor's Review Report

To the Members of FBR Limited

Report on the review of the half year financial report

Conclusion

We have reviewed the accompanying half year financial report of FBR Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2018, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half year ended on that date, a description of accounting policies, other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half year financial report of FBR Limited does not give a true and fair view of the financial position of the Group as at 31 December 2018, and of its financial performance and its cash flows for the half year ended on that date, in accordance with the *Corporations Act 2001*, including complying with Accounting Standard AASB 134 *Interim Financial Reporting*.

Directors' responsibility for the half year financial report

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

Auditor's responsibility

Our responsibility is to express a conclusion on the half year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2018 and its performance for the half year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of FBR Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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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 have complied with the independence requirements of the *Corporations Act 2001.*

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

P W Warr
Partner – Audit & Assurance

Perth, 28 February 2019