FBR LIMITED

Financial Statements

For the year ended

30 June 2022

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 2022.

Directors' details

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

Mr Richard Grellman AM

Independent 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: Lead Independent Director of NYSE listed F45 Training Holdings Inc. and

Former directorships (last 3 years): Non-Executive Chairman of ASX-listed IPH Limited (ASX: IPH), Non-Executive Chairman of Bisalloy Steel Group Limited (ASX: BIS) and Director of the National Health Medical Research Council for Institute for Dementia Research.

Special responsibilities: Remuneration Committee member and Audit Committee member

Interests in 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: 127,589,371 (includes 50,000,000 Loan Funded Shares)

Interests in Performance rights: Nil

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 30 years' experience working on the development of high technology equipment ranging from lightweight aircraft to heavy off road equipment and construction robotics. Mr Pivac has 25 years' experience of Pro/Engineer/Creo 3D CAD software. He also has high level mathematical skills and extensive design, commissioning and fault finding experience on servo controlled motion systems achieving very high dynamic performance. Mr Pivac has led the technical development of HadrianX for over 15 years.

Other current directorships: Nil

Former directorships (last 3 years): Nil

Special responsibilities: Nil

Interests in shares: 333,205,167 (includes 50,000,000 Loan Funded Shares)
Interests in performance rights: Nil

Mr Grant Anderson

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

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: Non-Executive Director of HGS Pty Ltd trading as Sutton Tools. and Non-Executive Chairman of Effusiontech Pty Ltd trading as SPEE3D a metal 3D printing company

Former directorships (last 3 years): ANCA Group & Executive Director of the Industry Capability Network Victoria.

Special responsibilities: Audit Committee Chair and Remuneration Committee member

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

Mr Greg Smith

Independent Non-Executive Director
Appointed: 5 August 2020
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): Nil

Special responsibilities: Audit Committee member and Remuneration Committee member

Interests in shares: Nil
Interests in performance rights: Nil

Ms Nancy Milne OAM

B. Law, FAICD
Non-Executive Director
Appointed 26 April 2022
Qualifications: B.Law, FAICD

Experience and expertise: Ms Milne has extensive business experience as a non-executive director and lawyer specialising in insurance, corporate governance, risk management and commercial dispute resolution. She was a partner at Clayton Utz from 1997 to 2003 and a consultant until 2012, and was awarded the Order of Australia Medal in 2008 for services to the legal sector and to the community. Ms Milne has significant experience in risk management, safety, compliance and property development.

Other current directorships:, Chair of the Securities Exchanges Guarantee Corporation, Chair of the Accounting Professional and Ethical Standards Board, Deputy Chair of the NSW State Insurance Regulatory Authority, Director of the Benevolent Society and Director of Pacific Opera.

Former directorships (last 3 years): Crowe Horwath Australasia, ALE Property Group Limited

Special responsibilities: Remuneration Committee Chair and Audit Committee member

Interests in shares: 250,000
Interests in performance rights: Nil

CFO and Company Secretary

Mr Aidan Flynn B Comm, B Sc, CPA, PGrad Dip Energy, Grad Dip Applied Corporate Governance.

Mr Aidan Flynn is also the Chief Financial Officer of the Company and was appointed as the Company Secretary on 30 June 2021.

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® has completed a number of suburban builds under commercial contract, demonstrating its ability to build brick structures safer, faster, and more accurately than traditional bricklaying methods while producing far less waste. FBR is now working on the next-generation Hadrian X®, designed to be even faster and more capable than the current generation model.

Significant changes in the state of affairs

FBR completed a placement of 222,222,222 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 2021 at $0.045 per share and raised a total of $10 million. The funds were raised to provide working capital and to continue the Company's commercialisation pathway.

In June 2022 FBR completed a further placement of 222,222,222 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 June 2022 at $0.018 per share and raised a total of $4 million. The funds were raised to provide working capital and to complete mechanical assembly of the next-generation Hadrian X®.

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

Review of operations and financial results

Building on the operational success of the 2020/21 financial year, FBR again made significant progress in the commercialisation of its technology in FY22.

On 5 October 2021 FBR announced its first multi-home Wall as a Service® ('WaaS®') contract to supply WaaS® to a third-party residential property developer, Riculallo Pty Ltd, using the Hadrian X® construction robot. The contract pertains to a development site in St James, Western Australia, under which FBR will construct the slab, footings, structural walls, second storey slab and roof trusses for eight two-story townhouses. Construction of the St James project is due to commence shortly.

In November 2021, after the announcement of the St James contract, FBR announced that it had entered into a contract with prominent Perth builder Inspired Homes to supply WaaS® and concrete slabs for 16 townhouses in a development in the Perth suburb of Willagee. Under the contract, FBR is supplying the load bearing walls, the internal partition walls, and the concrete footings and slabs. Work on the project commenced in December 2021, and FBR is now in the process of constructing the second storey walls.

FBR has also completed the walls of four of the five homes in its Wellard portfolio, including a home constructed using Wienerberger Porotherm clay blocks subsequent to the end of the period. Utilising two Porotherm block types – R25 double leaf blocks (equivalent in volume to 12 standard bricks) for the external walls and single leaf blocks (equivalent in volume to six standard bricks) for the internal walls. This was the first time in the world Wienerberger's clay blocks have been laid by a robot in the undertaking of commercial, real-world work.

The fifth home in the Wellard portfolio is expected to be built in the coming month, with each home in the portfolio to be sold as they are completed. The first home in the portfolio has recently sold and settled.

In March 2022, FBR entered into a Memorandum of Understanding ('MOU') with Liebherr-Mischtechnik GmbH, a global manufacturer and supplier of high-quality systems for the mixing, batching and pumping of concrete, with the intention of cooperating to industrialise and commercialise the next generation Hadrian X® automated bricklaying robot for the global construction market. Liebherr-Mischtechnik GmbH, based in Germany, is a division of the Liebherr International Group, one of the world's largest, most diverse and highly regarded equipment manufacturers.

The cooperation is comprised of two phases. Phase 1 is focused on ensuring that the next generation Hadrian X® is suitable for scalable industrialisation and commercialisation. Under Phase 1, Liebherr-Mischtechnik GmbH is supporting FBR in the further development of the Hadrian X®, with the primary goal of ensuring that the Hadrian X® is designed for reliable, continuous operation in tough job site conditions throughout its economic life, and for manufacturing at the scale and cost necessary for serial production and full commercialisation.

It is expected that Phase 1 will be completed in less than two years from the date of signing.

Phase 2 will commence upon execution by both parties of a long-term Manufacturing and Commercialisation Agreement. This agreement will address, among other things, the appointment of Liebherr-Mischtechnik GmbH as exclusive manufacturer of Hadrian X® robots, the scope and implementation of joint commercialisation activities including supply, service and lease structure, and intellectual property licensing. Prerequisites for progressing to Phase 2 include reaching mutual agreement on the business plan, go-to-market strategy, customer service strategy and commercial viability of the Hadrian X® in key markets and achievement of key performance targets.

FBR and Liebherr have agreed to a mutual exclusivity for a period of two years or until the execution of a Manufacturing and Commercialisation Agreement.

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

The order, timing and locations of all sites on which WaaS® will be supplied in Mexico is to be agreed between the parties beforehand to ensure that the Hadrian X® is deployed in a reasonably efficient manner and to minimise the time, cost and distance that the Hadrian X® is required to travel between development sites. For each site on which the Hadrian X® is deployed, the parties will commit to the supply of WaaS® on at least 100 homes. FBR will supply WaaS® at a rate that ensures

the overall completed cost of the structural component of each home is commercially competitive. The works will be supplied by FBR or an affiliate, including a North American subsidiary or branch of FBR.

FBR also announced in November 2021 that the MOU between FBR and the Kingdom of Saudi Arabia's Ministry of Housing has been discontinued, with a view to replacing it with a more suitable formal agreement with revised targets in due course. Shortly thereafter, FBR announced it had signed an MOU with the United Arab Emirates Ministry of Energy & Infrastructure. The MOU sees FBR and the Ministry identifying opportunities for the introduction and adoption of FBR's robotic construction technology, solutions and services to serve the construction sector in the UAE and exploring the potential for local manufacturing.

In due course, FBR will establish a Wall as a Service® ('WaaS®') operating entity in the UAE to facilitate the introduction of a Hadrian X® to the GCC region, where the interest in FBR's technology has been strong, particularly during the COVID-19 pandemic. FBR will establish this operating entity at an appropriate time in order to meet the demand for robotically constructed walls in the region, likely in 24 to 36 months.

In March 2022, FBR secured construction financing for robotically built housing to support and grow FBR's construction operations using the Hadrian X® construction robot and the Fastbrick Wall System®. FBR signed an agreement with a subsidiary of FC Capital, one of Australia's largest alternative asset managers, FC Securities Pty Ltd ('FC') for a $2 million revolving debt facility to finance up to 67.5% of the land and construction cost of five homes FBR is building in Wellard, plus any subsequent FBR residential builds within the 30-month term of the facility. The secured debt facility has an interest rate on drawn funds of 9.00% per annum.

Further, in May 2022 FBR entered into a revolving R&D tax loan facility with FC Capital, in place until 31 December 2024. The facility allows FBR to draw down on a monthly basis as needed, up to 90% of its presently earned R&D tax incentive rebates or $4.0 million, whichever is lower at the time. It has an initial interest rate of 8.50% per annum during 2022 and then an interest rate of 8.15% per annum plus the published one month bid rate for the Australian Bank Bill Swap Reference Rate (BBSW).

In May 2022 FBR also announced that Fastbrick Engineering Pty Ltd, a wholly owned subsidiary of FBR, had established a Lease Finance Facility with FC Capital to provide asset finance for FBR's two existing Hadrian X® construction robots at $1.15 million per Hadrian X®. The finance facility has a three-year term and a 40% balloon payment at the end of the term, and an interest rate of 12.0% per annum and placed a General Security Agreement over FBR and Fastbrick Engineering Pty Ltd. The establishment of this facility marked the first time FBR had been provided lease finance over its Hadrian X® construction robots, and is consistent with the Company's global commercialisation plan to expand its fleet of robots.

One Board of Directors change was made during the period, with Ms Nancy Milne re-appointed to the position of Non-Executive Director in April 2022 following her retirement in January 2020.

In November 2021, FBR completed a $10.0 million equity placement to institutional and sophisticated investors, and received its R&D tax incentive cash refund of $4.0 million, $2.6 million of which was used to repay the advanced payment received from Radium Capital. In June 2022 FBR completed a further $4.0 million equity placement to institutional and sophisticated investors, and, subsequent to the end of the period, completed a $1.9 million placement with strategic investor Brickworks, Australia's largest producer of bricks and blocks.

On 5 July 2021, settlement of the Company's Dayton Display Home was effected. The property sold for $530,000, with net proceeds of $477,105 received following GST withholding, agents fees and other sundry costs.

On 7 July 2021, the Company issued 27,414,000 fully paid ordinary shares upon the exercise of unquoted performance rights that vested on achievement of performance milestones in accordance with the Company's Employee Securities Incentive Plan.

The audited loss before tax expense/benefit for the 12 months to 30 June 2022 has increased significantly to $19,978,660 from the prior period loss of $9,333,023. This was primarily due to a significant expansion in the size, capability and activities of the company, including the Hadrian 110 program. In November 2021 the Hadrian development asset was assessed as being ready for use and as a consequence amortisation commenced from this date. This also meant costs associated with the asset were no longer capitalised. In addition, the company chose to implement a new ERP system in the year which resulted in the previous ERP assets being impaired.

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

5 July 2022 – The Company issued 20,673,200 fully paid ordinary shares upon the exercise of unquoted employee performance rights that vested on the achievement of performance milestones in accordance with the Company's Employee Securities Incentive Plan. 7,595,000 vested performance rights remain unconverted to fully paid ordinary shares.

6 July 2022 – The Company issued 56,000,000 unlisted options with an exercise price of $0.0225 and an expiry date of 5 January 2024 in accordance with the Company's Employee Securities Incentive Plan.

8 July 2022 – The Company completed a placement of 107,201,578 fully paid ordinary shares in the capital of the Company with strategic investor Brickworks. The shares were allotted in July 2022 at $0.018 per share and raised a total of $1.9 million. Included in the strategic share subscription agreement was a clause stipulating that Brickworks retains the right to participate in any future capital raising that FBR undertakes to the extent needed to maintain a 4.93% shareholding in the company.

25 July 2022 – The Company issued 54,875,000 unlisted Performance Rights in accordance with the Company's Employee Securities Incentive Plan.

9 August 2022 – The Company issued 56,000,000 fully paid ordinary shares following the exercise of options.

30 August 2022 – The Company issued 56,000,000 unlisted options with an exercise price of $0.035 and an expiry date of 31 December 2023 in accordance with the Company's Employee Securities Incentive Plan.

7 September 2022 – Settlement of the first home in the Company's Wellard portfolio was effected. The property sold for $460,000, with net proceeds of $417,378 received following GST withholding, agents fees and other sundry costs.

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.

FBR has commenced the process of achieving certification for its Fastbrick Wall System in international jurisdictions, including the United States and Europe. FBR has also commenced registering its operating and investment entities in the United States.

FBR is expecting to deliver a fully commissioned next-generation Hadrian X® in the first quarter of the 2023 calendar year, which, once tested in Australia, will be used for demonstration purposes in international markets.

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's current generation Hadrian X® has been working in the field consistently since mid-2020 calendar year, and continues to have a healthy pipeline of work in front of it. FBR anticipates delivering Wall as a Service® in an international market in the 2023 calendar year.

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 the period, FBR commenced delivery of a 16-townhouse project for reputable Perth builder Inspired Homes in a Satterley development. FBR's relationships with Perth's builders and developers are very strong, and once FBR's machine and resource availability constraints are removed, FBR anticipates the Wall as a Service® order book will grow rapidly.

FBR also has a contract in place to provide Wall as a Service® for eight townhouses in St James, Western Australia.

In November 2021, FBR announced it had signed a term sheet for the delivery of up to 5,000 homes in Mexico with GP Vivienda, a subsidiary of one of Mexico's largest construction companies.

In December 2021, FBR announced it had signed a Memorandum of Understanding with the UAE's Ministry of Energy & Infrastructure, which will see FBR and the Ministry conducting a joint feasibility study of the use of the Hadrian X® in the UAE construction sector.

FBR also has strong relationships with domestic and international block suppliers, having completed a demo structure using autoclaved aerated concrete blocks and calcium silicate blocks for Xella, and using Wienerberger Porotherm blocks to complete one of the homes in the Company's Wellard portfolio.

FBR has executed a Memorandum of Understanding with Liebherr-Mischtechnik, a division of the Liebherr International Group, to industrialise and commercialise the next-generation Hadrian X®. It is intended that this Memorandum of Understanding will be replaced in due course by a long-term

Manufacturing and Commercialisation Agreement, which among other things will see Liebherr-Mischtechnik appointed as the exclusive manufacturer of Hadrian X® robots.

Intellectual Property Portfolio – FBR's proprietary combined 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 Employees – FBR used FY22 to expand its capabilities and build its team to accelerate the commercialisation of the Company's technology. As FBR progresses the commercialisation of the Hadrian X® technology, it anticipates increasing staff numbers, notably in the area of machine operators given the current and expected pipeline of work.

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 FY22, the Company completed preliminary testing on the viability of its existing platform in the delivery of 3D concrete printing applications. FBR is now in discussions with various parties about DST licensing opportunities for 3D concrete printing. In the immediate term, FBR remains focussed on delivering on the Hadrian X® program, however at an appropriate time the Company will increase its allocation of 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	8	8	7	7	7	7
Mr Michael Pivac	8	8	N/A	N/A	N/A	N/A
Mr Mark Pivac	8	8	N/A	N/A	N/A	N/A
Mr Grant Anderson	7	7	6	6	6	6
Mr Greg Smith	8	8	7	7	7	7
Mrs Nancy Milne[1]	1	1	1	1	1	1

1. *Mrs Nancy Milne was appointed as a Non-Executive Director on 26 April 2022*

The current Audit Committee and Remuneration Committee consists of Nancy Milne (Chair of Remuneration Committee), Grant Anderson (Chair of Audit Committee), Richard Grellman 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

There were no unissued ordinary shares of FBR under option as at 30 June 2022.

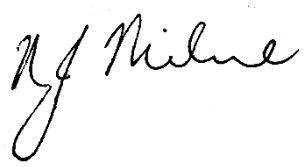
Remuneration Report (audited)

On behalf of the Directors of FBR Limited, I am pleased to present the Remuneration Report for the year ended 30 June 2022.

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 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.



Nancy Milne

Chair of Remuneration Committee

Remuneration Report (audited)- *CONTINUED*

The Directors of FBR Limited ('FBR' or 'the Company' or 'the Group') present the Remuneration Report for the year ended 30 June 2022, 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;

e. Bonuses included in remuneration; and

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 18.

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 Group.

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 Group.

The Remuneration and Nomination Committee is chaired by Mrs Nancy Milne and is comprised of three (3) other Independent Non-Executive Directors. The Remuneration Committee met seven (7) times during the year.

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

- Fixed remuneration being annual salary; and
- 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, share performance rights 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 Group'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 previously 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.

Loyalty Leave Program

As the Group 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 carer's leave entitlements.

The Leave Loyalty Program is designed to reward FBR employees' tenure with the Group through the provision of additional leave each year in reflection of the length of time they have been with the Group. For every 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 Key Management Personnel and executives are made under the performance rights plan and employee securities incentive plan rules and are delivered in the form of Share Performance Rights (Rights) or share options. Each Right entitles the holder (subject to achievement of the specified performance conditions) to one fully paid ordinary share in the Group for nil consideration. The purpose of the equity-based Short Term Incentive (STI) is to incentivise and reward FBR employees (including Key Management Personnel) for achieving Group and individual performance objectives that drive shareholder value whilst simultaneously conserving the Group's cash.

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

The STI is awarded based on an annual assessment of Group and Individual performance linked to the Group'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 Group values.

As part of the continued growth of the Group, 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 FY22 & FY23, however it is expected future financial years will have revenues, operating profit and earnings per share; and
- **non-financial** – safety, strategic technical and commercial growth and development and corporate goals set individually based on job descriptions and the attainment of the Group'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 performance rights and options granted in respect to the FY22 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 performance right
- If the share price at the time of award is lower, the value to KMP and executives is decreased.

The value of performance rights is therefore aligned with shareholder interests as executives receive value aligned 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 FY22, Group objectives account for 50% of the performance objectives with personal objectives accounting for the remaining 50%.

Long Term Incentive (LTI)

LTI awards to staff are made under the performance right plan and employee securities incentive 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.

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

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 most recent LTI's were issued with a performance period from 1 July 2020 to 30 June 2023. Performance 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.

Given the maturity of the existing LTI is less than 12 months, FBR will consider its broader remuneration and retention strategy in the coming months with a view to determining appropriate long term stretch targets for key personnel.

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 December 2021, is not to exceed A$500,000 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' fees are presently up to A$408,850 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 a previous 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 or prior 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 86.88% of 'FOR' votes on its Remuneration Report for the 2021 Annual General Meeting.

Remuneration Report (audited) - *CONTINUED*

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

Consequences of performance on shareholder wealth

In considering the Group'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 four (4) financial years:

ITEM	2022	2021	2020	2019	2018
EPS loss (cents)	**0.85**	0.45	0.68	0.73	0.75
Dividends (cents per	**-**	-	-	-	-
Net loss ('000)	**19,979**	9,333	10,997	9,142	7,116
Share price	**$0.017**	$0.040	$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:

Remuneration Report (audited) – *CONTINUED*

b Details of remuneration - CONTINUED

DIRECTOR AND OTHER KEY MANAGEMENT PERSONNEL REMUNERATION												
		SHORT-TERM EMPLOYEE BENEFITS			POST-EMPLOYMENT BENEFITS	LONG-TERM BENEFITS	TERMINATION BENEFITS	SHARE-BASED PAYMENTS				
EMPLOYEE	YEAR	CASH SALARY AND FEES ($)	CASH BONUS ($)	OTHER BENEFITS ($)	SUPERANNUATION ($)	ANNUAL LEAVE & LONG SERVICE LEAVE ($)	TERMINATION ($)	Value of Short-Term Incentives ($)	Value of Long-Term Incentives ($)	TOTAL ($)	PERFORMANCE BASED PERCENTAGE OF REMUNERATION	
Executive Directors												
Mr Michael Pivac	**2022**	**370,673**	**-**	**-**	**25,000**	**28,516**	**-**	**287,500**	**206,841**	**918,530**	**54%**	
Managing Director & CEO - Global	2021	375,000	-	-	25,000	20,650	-	189,103	123,458	733,211	43%	
Mr Mark Pivac	**2022**	**444,707**	**-**	**101**	**25,000**	**15,181**	**-**	**287,500**	**206,841**	**979,330**	**50%**	
Executive Director & CTO	2021	450,000	-	-	25,000	21,319	-	189,103	121,766	807,188	39%	
Non-Executive Directors												
Mr Richard Grellman	**2022**	**141,350**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**141,350**	**0%**	
Non-Executive Chairman	2021	142,350	-	-	-	-	-	-	-	142,350	0%	
Mr Grant Anderson	**2022**	**79,077**	**-**	**-**	**7,908**	**-**	**-**	**-**	**-**	**86,985**	**0%**	
Non-Executive Director	2021	80,000	-	-	7,600	-	-	-	-	87,600	0%	
Mr Greg Smith	**2022**	**79,077**	**-**	**-**	**7,908**	**-**	**-**	**-**	**-**	**86,985**	**0%**	
Non-Executive Director	2021	72,473			6,885	-	-	-	-	79,358	0%	
Ms Nancy Milne	**2022**	**13,538**	**-**	**-**	**1,354**	**-**	**-**	**-**	**-**	**14,892**	**0%**	
Non-Executive Director												
Executives												
Mr Aidan Flynn	**2022**	**268,381**	**-**	**1,321**	**23,568**	**7,021**	**-**	**147,420**	**120,302**	**568,013**	**47%**	
CFO & Company Secretary	2021	259,050	-	1,321	21,694	6,836	-	169,580	140,711	599,192	52%	
Mr Jonathan Lawe Davies	**2022**	**217,071**	**-**	**-**	**21,689**	**4,058**	**-**	**147,420**	**111,113**	**501,351**	**52%**	
General Counsel	2021	205,449	-	-	19,518	-	-	169,580	122,492	517,039	56%	
Mr Kiel Chivers	**2022**	**226,385**	**-**	**-**	**22,338**	**19,277**	**-**	**147,420**	**111,488**	**526,908**	**49%**	
CCO												
Former Executives												
Mr Simon Amos	2021	113,689	-	-	7,600	-	-	-	127,430	248,719	51%	
CEO of Australia												
Mr Marcus Gracey	2021	102,248	-	-	7,204	-	-	-	142,884	252,336	57%	
CCDO												
Mr Mark Sheridan	2021	115,548	-	-	7,204	-	-	9,503	117,512	249,767	51%	
COO												
Mr Steve Pierz	2021	-	-	-	-	-	-	45,750	13,256	59,006	100%	
BD – USA												
2022 Total	**2022**	**1,840,259**	**-**	**1,422**	**134,765**	**74,053**	**-**	**1,017,260**	**756,585**	**3,824,344**	**46%**	
2021 Total	2021	1,915,807	-	1,321	127,705	48,805	-	772,619	909,509	3,775,766	45%	

b Details of remuneration - *CONTINUED*

i. *Mrs Nancy Milne was appointed as Non-Executive Director on 26 April 2022*

ii. *Mr Greg Smith was appointed as Non-Executive Director on 5 August 2020*

iii. *Mr Aidan Flynn, the CFO of the Group was appointed as Company Secretary on 30 June 2021*

iv. *Mr Marcus Gracey, appointed to the position of Chief Corporate Development Officer on 10 August 2018, 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, finished up with the Company on 20 September 2020.*

vi. *Mr Simon Amos, appointed to the position of Chief Executive Officer - Australia on 3 June 2019, finished up with the Company on 20 September 2020.*

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

Name	Fixed remuneration	At risk – STI Equity Plan	At risk – LTI Equity Plan
Executive Directors			
Mr Michael Pivac	$375,000 + $25,000 superannuation	25,000,000 Loan Funded Shares[2]	25,000,000 Loan Funded Shares[2]
Mr Mark Pivac	$450,000 + $25,000 superannuation	25,000,000 Loan Funded Shares[2]	25,000,000 Loan Funded Shares[2]
Non-Executive Directors			
Mr Richard Grellman	$130,000 + statutory superannuation	Nil	Nil
Mr Grant Anderson	$80,000 + statutory superannuation	Nil	Nil
Mr Greg Smith	$80,000 + statutory superannuation	Nil	Nil
Ms Nancy Milne[1]	$80,000 + statutory superannuation	Nil	Nil

1. *Mrs. Nancy Milne was appointed as Non-Executive Director on 26 April 2022.*
2. *Loan Funded Shares have a loan value of 4.5 cents per share.*

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 Executive Directors have a substantial equity position and are incentivised via their Loan Funded Shares, which were issued following shareholder approval at the Company's 2020 AGM and then half of which were extended by 12 months at the Company's 2021 AGM.

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	$143,000	Unspecified	None
Mr Grant Anderson	$80,000	Unspecified	None
Mr Greg Smith	$80,000	Unspecified	None
Ms Nancy Milne	$80,000	Unspecified	None
Executives			
Mr Jonathan Lawe-Davies[1]	$273,973	Unspecified	Three months
Mr Aidan Flynn	$276,432	Unspecified	Three months
Mr Kiel Chivers	$250,000	Unspecified	Three months

1. *Base salary is based on normal full time working hours and is pro rated down only, depending on the actual hours worked.*

d Share-based remuneration

No new shares were issued to Directors during the year.

During the year, the Company issued 27,414,000 fully paid ordinary shares to employees only, as a result of the achievement of vesting conditions associated with performance milestones in accordance with the Company's Performance Rights Plan.

During the year, at the Company's AGM, the Company extended the term by 12 months of 50,000,000 fully paid ordinary shares as loan funded shares to the two Executive Directors.

Loan Funded Shares	NUMBER ISSUED	GRANT DATE	ORIGINAL LOAN DUE DATE	CURRENT EXTENDED LOAN DUE DATE	LOAN AMOUNT (CENTS PER SHARE)	FAIR VALUE AT GRANT DATE (CENTS PER SHARE)
Mr Michael Pivac	25,000,000	24 December 2020	24 December 2021	24 December 2022	4.5	1.5
Mr Mark Pivac	25,000,000	24 December 2020	24 December 2021	24 December 2022	4.5	1.5
Mr Michael Pivac	25,000,000	24 December 2020	24 December 2023	24 December 2023	4.5	2.5
Mr Mark Pivac	25,000,000	24 December 2020	24 December 2023	24 December 2023	4.5	2.5

d **Share-based remuneration** – *CONTINUED*

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 11,340,000 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	MILESTONE DATE	EXPIRY DATE	EXERCISE PRICE (CENTS)	FAIR VALUE AT GRANT DATE (CENTS)
Mr Aidan Flynn	1,890,000	19 October 2021	30 June 2022	31 July 2022	Nil	3.9
Mr Jonathan Lawe-Davies	1,890,000	19 October 2021	30 June 2022	31 July 2022	Nil	3.9
Mr Kiel Chivers	1,890,000	19 October 2021	30 June 2022	31 July 2022	Nil	3.9

CLASS B	NUMBER ISSUED	GRANT DATE	MILESTONE DATE	EXPIRY DATE	EXERCISE PRICE (CENTS)	FAIR VALUE AT GRANT DATE (CENTS)
Mr Aidan Flynn	1,890,000	19 October 2021	30 June 2022	31 July 2022	Nil	3.9
Mr Jonathan Lawe-Davies	1,890,000	19 October 2021	30 June 2022	31 July 2022	Nil	3.9
Mr Kiel Chivers	1,890,000	19 October 2021	30 June 2022	31 July 2022	Nil	3.9

d Share-based remuneration - *CONTINUED*

i. 5,670,000 Performance Rights Class A

Vesting conditions for 1,134,000 Performance Rights of Class A; The Company has built residential and non-residential structures comprising 5,000 vertical square metres of wall or more, excluding structures built in a factory environment, before 30 June 2022. Shares are awarded on a pro rata basis from 20% - 100% of the target, commencing at 1,000 vertical square metres of wall, excluding structures built in a factory environment.

Vesting conditions for 1,134,000 Performance Rights of Class A; The Company has commissioned Hadrian using the 4 different pallet load system facilitating a minimum of laying 4 different block types within the one structure lay.

Vesting conditions for 1,134,000 Performance Rights of Class A; The Company has erected a wall using the Hadrian, with or without adhesive, at rate of 2,100 standard brick equivalents (SBE) for 1 continuous hour or more.

Vesting conditions for 1,134,000 Performance Rights of Class A; The Company has built the structural walls of a house in a suburban environment using blocks supplied by an international block supplier.

Vesting conditions for 1,134,000 Performance Rights of Class A; The Company has completed an entire standard house build (227 vertical square metres or more of wall) including set up, pack up, and all down time, excluding structures built in a factory environment, in three days or less.

All Class A Performance Rights have a milestone date of 30 June 2022 and an expiry date of 31 July 2022. If unconverted, Class A Performance Rights will expire on the expiry date.

ii. 5,670,000 Performance Rights Class B

Vesting condition for Class B; Performance review results based on successful completion of employee individual performance goals.
Milestone date is 30 June 2022. Expiry date is 31 July 2022.
If unconverted, Class B Performance Rights will expire on the expiry date;

The performance rights were valued using the spot price on grant date. The spot price was $0.039 per share at the close of trade on 19 October 2021, being the date the acceptance offers were signed and dated by the employees. The fair value of these 11,340,000 performance rights granted during the current year, assuming that 100% of the performance rights will vest, was $442,260 and this was fully expensed during the year.

e Bonuses included in remuneration

At present, the Company does not have a formal 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. Details of movements in options balances during the year are set out below:

YEAR ENDED 30 JUNE 2022

PERSONNEL	BALANCE AT START OF YEAR	GRANTED AS REMUNERATION	EXERCISED	EXPIRY	HELD AT THE END OF REPORTING PERIOD
Mr Michael Pivac	-	-	-	-	-
Mr Mark Pivac	-	-	-	-	-
Mr Aidan Flynn	-	-	-	-	-
Mr Jonathan Lawe Davies	-	-	-	-	-
Mr Kiel Chivers	-	-	-	-	-
Mr Simon Amos[1]	**2,000,000**	-	-	**(2,000,000)**	-
Mr Mark Sheridan[1]	**1,500,000**	-	-	**(1,500,000)**	-
Total	**3,500,000**	-	-	**(3,500,000)**	-

1- Former Executive

f Other information – *CONTINUED*

Shares held by Key Management Personnel

The number of ordinary shares in the Company during the 2022 reporting period held by each of the Group's Key Management Personnel, including their related parties, is set out below:

YEAR ENDED 30 JUNE 2022

PERSONNEL	BALANCE AT START OF YEAR	GRANTED AS REMUNERATION	RECEIVED ON EXERCISE OF OPTIONS OR RIGHTS	DISPOSALS	HELD AT THE END OF REPORTING PERIOD
Mr Richard Grellman	-	-	-	-	-
Mr Grant Anderson	**716,667**	-	-	-	**716,667**
Mr Greg Smith	-	-	-	-	-
Mrs Nancy Milne	**250,000**	-	-	-	**250,000**
Mr Michael Pivac	**127,589,371**	-	-	-	**127,589,371**
Mr Mark Pivac	**333,205,167**	-	-	-	**333,205,167**
Mr Aidan Flynn	**1,940,000**	-	**2,780,000**	-	**4,720,000**
Mr Jonathan Lawe Davies	**1,365,000**	-	**2,224,000**	-	**3,589,000**
Mr Kiel Chivers	-	-	**2,780,000**	-	**2,780,000**
Total	**465,066,205**	-	**7,784,000**	-	**472,850,205**

Loan Funded Shares held by Key Management Personnel

During the prior year, on 24 December 2020, the Company issued 100,000,000 Loan Funded incentive shares to the Executive Directors following approval by the shareholders at the Annual General Meeting on 26 November 2020. The Loan Funded incentive shares were provided under a limited recourse, interest free loan. For each Executive Director, half of the loan, which pertains to 25,000,000 shares is repayable within 12 months and half of the loan, which pertains to the other 25,000,000 shares is repayable within 36 months.

During the current year, at the Company's Annual General Meeting on 20 December 2021, the Company extended the term by 12 months of 50,000,000 of the fully paid ordinary shares as loan funded shares to the two Executive Directors.

The number of Loan Funded Shares held in the Company during the 2022 reporting period held by each of the Company's Key Management Personnel, including their related parties, is set out below:

f Other information – CONTINUED

Loan Funded Shares held by Key Management Personnel (continued)

YEAR ENDED 30 JUNE 2022

PERSONNEL	BALANCE AT START OF YEAR	GRANTED AS REMUNERATION	REPAID DURING THE YEAR	EXPIRY	HELD AT THE END OF REPORTING PERIOD
Mr Michael Pivac	**50,000,000**	-	-	-	**50,000,000**
Mr Mark Pivac	**50,000,000**	-	-	-	**50,000,000**
Mr Aidan Flynn	-	-	-	-	-
Mr Jonathan Lawe Davies	-	-	-	-	-
Mr Kiel Chivers	-	-	-	-	-
Total	**100,000,000**	-	-	-	**100,000,000**

Performance Rights held by Key Management Personnel

The number of Performance Rights held in the Company during the 2022 reporting period held by each of the Company's Key Management Personnel, including their related parties, is set out below:

YEAR ENDED 30 JUNE 2022

PERSONNEL	BALANCE AT START OF YEAR	GRANTED AS REMUNERATION	EXCERCISED DURING THE YEAR	EXPIRY	HELD AT THE END OF REPORTING PERIOD
Mr Michael Pivac	-	-	-	-	-
Mr Mark Pivac	-	-	-	-	-
Mr Aidan Flynn	**9,230,000**	**3,780,000**	**(2,780,000)**	**(3,356,000)**	**6,874,000**
Mr Jonathan Lawe Davies	**8,580,000**	**3,780,000**	**(2,224,000)**	**(4,636,800)**	**5,499,200**
Mr Kiel Chivers	**8,280,000**	**3,780,000**	**(2,780,000)**	**(2,406,000)**	**6,874,000**
Total	**26,090,000**	**11,340,000**	**(7,784,000)**	**(10,398,800)**	**19,247,200**

Other transactions with Key Management Personnel

DIRECTOR LOAN AGREEMENT

During prior periods 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 $38,236 interest) remains outstanding at 30 June 2022.

The loan has a maturity date of 31 December 2022 and an interest rate at the higher of 4.52% per annum and the highest rate of interest payable by the Company to any financier of the Company at the relevant time.

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 27 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 27 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

29 September 2022

Grant Thornton Audit Pty Ltd
Level 17
383 Kent Street
Sydney NSW 2000
Locked Bag Q800
Queen Victoria Building NSW 1230

T +61 2 8297 2400

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 audit of FBR Limited for the year ended 30 June 2022, 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 Audit Pty Ltd
Chartered Accountants

M D Dewhurst
Partner – Audit & Assurance

Sydney, 29 September 2022

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Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2022

	Notes	30 June 2022	30 June 2021
		$	$
Continuing operations			
Revenue		765,226	98,517
Cost of sales		(1,428,536)	(318,862)
Gross profit		(663,310)	(220,345)
Interest income		26,441	31,502
R&D tax rebate		3,620,314	-
Other income	7	64,217	398,252
Professional services	8.a	(826,220)	(1,119,813)
Directors' and employees' benefits	8.b	(8,486,511)	(3,486,493)
Other expenses	8.c	(3,539,370)	(1,528,733)
Development costs		(2,290,131)	-
Share-based payments		(3,040,568)	(2,434,389)
Depreciation	15,16	(1,395,556)	(688,374)
Amortisation of development costs	17	(2,021,480)	-
Property, plant, equipment and inventory impairment	11,15	(1,426,486)	(284,630)
Loss before tax		**(19,978,660)**	**(9,333,023)**
Income tax (expense)/benefit		-	-
Loss for the period		**(19,978,660)**	**(9,333,023)**
Other comprehensive income for the period, net of tax		-	-
Total comprehensive income for the period		**-**	**-**
Total comprehensive loss for the period		**(19,978,660)**	**(9,333,023)**
Basic loss per share in cents per share	25	0.85	0.45
Diluted loss per share in cents per share	25	0.85	0.45

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

Consolidated Statement of Financial Position

As at 30 June 2022

	Notes	30 June 2022 $	30 June 2021 $
Assets			
Current			
Cash and cash equivalents	10	11,518,907	11,128,151
Trade and other receivables	12	6,470,410	4,545,823
Inventories	11	1,370,489	1,462,536
Other current assets	13	713,216	858,348
Current assets		**20,073,022**	**17,994,858**
Non-current			
Property, plant and equipment	15	4,961,409	3,103,599
Right-of-use assets	16	1,907,332	1,094,076
Development costs	17	46,394,525	46,321,925
Non-current assets		**53,263,266**	**50,519,600**
Total assets		**73,336,288**	**68,514,458**
Liabilities			
Current			
Trade and other payables	18	3,551,123	1,869,425
Provisions	19	754,846	466,725
Lease liabilities	20	1,220,117	1,013,852
Loans & borrowings	21	5,740,033	2,474,327
Current liabilities		**11,266,119**	**5,824,329**
Non-current			
Provisions	19	573,906	300,815
Lease liabilities	20	716,723	20,858
Loans & borrowings	21	2,514,138	-
Non-current liabilities		**3,804,767**	**321,673**
Total liabilities		**15,070,886**	**6,146,002**
Net assets		**58,265,402**	**62,368,456**
Equity			
Equity attributable to owners of the parent:			
Share capital	22	116,567,987	101,695,037
Reserves	24	3,496,596	4,481,204
Accumulated losses		(61,799,181)	(43,807,785)
Total equity		**58,265,402**	**62,368,456**

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 2022

	SHARE CAPITAL	PERFORMANCE RIGHT RESERVE	SHARE OPTION RESERVE	ACCUMULATED LOSSES	TOTAL EQUITY
	$	$	$	$	$
Balance at 1 July 2021	101,695,037	3,325,339	1,155,865	(43,807,785)	**62,368,456**
Loss for the period	-	-	-	(19,978,660)	**(19,978,660)**
Other comprehensive income	-	-	-	-	**-**
Total comprehensive loss for the period	**-**	**-**	**-**	**(19,978,660)**	**(19,978,660)**
Transactions with owners:					
Shares issued – capital raising (refer to Note 22)	14,000,000	-	-	-	**14,000,000**
Capital raising costs – (refer to Note 22)	(799,304)	-	-	-	**(799,304)**
Performance rights converted to shares (refer to Note 24)	1,672,254	(1,672,254)	-	-	**-**
Performance rights issued to employees (refer to Note 24)	-	2,439,080	-	-	**2,439,080**
Performance rights expired (refer to Note 24)	-	(1,769,216)	-	1,680,301	**(88,915)**
Performance rights forfeited (refer to Note 24)	-	(324,278)	-	-	**(324,278)**
Options issued to employees and directors (refer to Note 24)	-	-	988,686	-	**988,686**
Options expired (Refer to Note 24)	-	-	(564,584)	257,738	**(306,846)**
Options and loan funded shares extended	-	-	(82,042)	49,225	**(32,817)**
Balance at 30 June 2022	**116,567,987**	**1,998,671**	**1,497,925**	**(61,799,181)**	**58,265,402**

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 2021

	SHARE CAPITAL	PERFORMANCE RIGHT RESERVE	SHARE OPTION RESERVE	ACCUMULATED LOSSES	TOTAL EQUITY
	$	$	$	$	$
Balance at 1 July 2020	86,528,414	827,448	2,007,041	(36,143,847)	**53,219,056**
Loss for the period	-	-	-	(9,333,023)	**(9,333,023)**
Other comprehensive income	-	-	-	-	**-**
Total comprehensive loss for the period	**-**	**-**	**-**	**(9,333,023)**	**(9,333,023)**
Transactions with owners:					
Shares issued – capital raising	16,000,000	-	-	-	**16,000,000**
Capital raising costs	(918,377)	-	-	-	**(918,377)**
Performance rights converted to shares (refer to Note 24)	85,000	(85,000)	-	-	**-**
Performance rights issued to employees and directors (refer to Note 24)	-	3,293,492	-	-	**3,293,492**
Performance rights expired (refer to Note 24)	-	(270,174)	-	30,287	**(239,887)**
Performance rights forfeited (refer to Note 24)	-	(440,427)	-	516,845	**76,418**
Options issued to employees (refer to Note 24)	-		665,512	-	**665,512**
Shares issued upon exercise of options (refer to Note 24)	-	-	-	-	**-**
Options expired	-	-	(1,516,688)	1,121,953	**(394,735)**
Balance at 30 June 2021	**101,695,037**	**3,325,339**	**1,155,865**	**(43,807,785)**	**62,368,456**

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 2022

	Notes	30 June 2022	30 June 2021
		$	$
Operating activities			
Receipts from customers		924,601	12,360
Payments to suppliers and employees		(15,851,622)	(5,643,012)
Interest received		2,883	29,963
Interest paid		(417,735)	(98,572)
Government grants		-	504,194
Net cash used in operating activities		**(15,341,873)**	**(5,195,067)**
Investing activities			
Development costs		(4,087,416)	(7,310,977)
Research and development rebate received		3,986,814	6,937,085
Purchase of property, plant and equipment		(3,277,196)	(3,135,121)
Net cash used in investing activities		**(3,377,798)**	**(3,509,013)**
Financing activities			
Proceeds from loans		8,334,056	2,468,821
Repayment of loans		(2,561,828)	(2,800,000)
Proceeds from issue of share capital	22	14,000,000	16,000,000
Capital raising costs		(661,801)	(918,377)
Net cash provided by financing activities		**19,110,427**	**14,750,444**
Net change in cash and cash equivalents		**390,756**	**6,046,364**
Cash and cash equivalents, beginning of period		11,128,151	5,081,787
Cash and cash equivalents, end of period	10	**11,518,907**	**11,128,151**

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 (the Company) and its controlled subsidiaries (the Group) designs, develops and builds dynamically stabilised robots to address global needs. These robots are designed to work outdoors using the Company's core Dynamic Stabilisation Technology® (DST®). The first application of DST® is the Hadrian X®, a bricklaying robot that builds structural walls faster, safer, more accurately and with less wastage than traditional manual methods. The Hadrian X® provides Wall as a Service®, FBR's unique commercial offering, to builders on demand. 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 Group 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 Group'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 2022 have been approved and authorised for issue by the Board of Directors.

3. Going concern

The Consolidated Financial Report has been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

The Group incurred a net loss of $19,978,660 during the year ended 30 June 2022, and as of that date, the Group's net cash outflows from operating and investing activities totalled $18,719,671. The ability for the Group to continue as a going concern and to fund its ongoing Hadrian X programme is dependent upon the Group successfully raising additional capital and continuing to be eligible for receipt of government R&D tax incentives. Whilst the Directors are confident of the Group's ability to continue as a going concern, due to the factors mentioned above, there is material uncertainty that may cast doubt on the Group's ability to continue as a going concern. If the Group is unable to continue as a going concern, it may be required to realise its assets and or settle its liabilities other than in the ordinary course of business and at amounts different from those stated in the financial report.

The Group held cash and cash equivalents at balance date of $11,518,907 and was working capital positive. The Group has receivables of $6,470,410 at balance date. The Group has prepared a cash flow forecast for the next 12 months which demonstrates that with further equity raisings, continued access to the R&D tax incentive program and the existing cash reserves and receivables, there is the necessary working capital for the Group to continue its ongoing Hadrian X programme and to provide the necessary working capital to cover its corporate costs over the next year.

4. Changes in accounting policies

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

In the financial year ended 30 June 2022, the Group 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 2021.

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) and the IFRS Interpretations Committee (IFRIC) that are relevant to its operations and effective for the current annual reporting period. The adoption of those standards does not have a significant impact on the amounts reported for the current and prior period.

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

There are no new standards and interpretations that are not yet effective and that would be expected to have a material impact on the group in the current or future reporting periods and on foreseeable future transactions.

5. Summary of accounting policies

A. Basis of consolidation

The Group financial statements consolidate those of the Company and all of its subsidiaries as of 30 June 2022. The Company 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. Revenue and Income

Wall-as-a-Service (WaaS) and Construction Services income

To determine whether to recognise revenue, the Company follows a 5-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligation(s) are satisfied

The transaction price is the fair value of consideration received or receivable net of goods and services tax (GST).

Revenue is recognised either at a point in time or over time, when (or as) the Group satisfies performance obligations by transferring the promised services to its customers. For WaaS & Construction Services, revenue is recognised over time as services are delivered to the customer, as the customer benefits from the service as it is delivered and the Group has a right to payment appropriate to the level of effort expended upon cancellation of any arrangements. For house and land property sales, revenue is recognised at a point in time which is when the settlement of the sale of the property occurs. The Group recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as contract liabilities in the statement of financial position. Similarly, if the Group satisfies a performance obligation before it receives the consideration, the Group recognises either a contract asset or a receivable in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

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 when there is reasonable assurance that the entity will comply with the conditions attaching to them and the grants will be received.

C. Operating expenses

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

D. Leased assets

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

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 disclosed in non-current assets and lease liabilities have been disclosed in current and non-current liabilities.

E. 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 at inception of the deposit and which are subject to an insignificant risk of changes in value.

F. Inventories

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

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
Information and communication technology (ICT) equipment	Straight Line	2-5 years
Leasehold improvements	Straight Line	2-4 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. 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.

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.

When intangible assets are assessed as being ready for use, they are assessed for impairment in accordance with Note 5I.

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.

I. Impairment testing of non-financial assets

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 of disposal and value-in-use. To determine the fair value less costs of disposal, management utilises 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.

Impairment losses for cash-generating units are charged pro rata to the other assets in the cash-generating unit to the extent that the value of the asset exceeds its fair value. 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.

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'.

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 option payments.
- Performance rights reserve comprises the expense of vested performance rights 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 or share performance rights 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 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.

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 23.

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.

An asset is impaired when its carrying amount exceeds its recoverable amount, which is the higher its fair value less costs of disposal and value-in-use. Management has subjected the Group's capitalised Development costs (Note 17) to impairment testing. 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. This replacement amount exceeded the carrying value of the assets of the CGU.

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.

Useful lives of amortisable assets

Management reviews its estimate of the useful lives of amortizable assets at each reporting date, based on the expected utility of the assets. During the period the group’s development asset was assessed as being ready for use. Once an asset is ready for use it is required to determine its expected useful life. Given the industry the group is seeking to disrupt and the relative uniqueness of the group’s Hadrian asset uncertainty is involved in establishing this position. Uncertainties in these estimates relate to the availability, protectability and applicability of the group patent portfolio, expected Hadrian machine lifetimes, comparable and competing industry technology and typical technology commercialisation cycles.

Recognition of deferred tax assets

The extent to which deferred tax assets can be recognised is based on an assessment of the probability that future taxable income will be available against which the deductible temporary differences and tax loss carry-forwards can be utilised. In addition, significant judgement is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions.

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 2022	**30 June 2021**
	$	**$**
Government grants	64,217	394,444
Other	-	3,808
	64,217	**398,252**

8. Expenses

A. Professional services

	Consolidated	
	30 June 2022	30 June 2021
	$	$
Legal costs	184,542	118,881
Marketing	81,359	143,763
Accountancy, audit and tax	358,834	571,783
Corporate consultants	201,485	285,386
	826,220	**1,119,813**

B. Directors' and employees' benefits

	Consolidated	
	30 June 2022	30 June 2021
	$	$
Wages, salaries and directors' fees	9,724,813	7,115,547
Superannuation	949,055	615,334
Annual leave entitlements	192,382	47,557
Long service leave entitlements	46,123	61,266
Recharge to Hadrian development costs	(2,106,299)	(4,353,211)
Recharge to Hadrian WIP	(210,964)	-
Recharge to Shuttle system development costs	(108,599)	-
	8,486,511	**3,486,493**

C. Other expenses

	Consolidated	
	30 June 2022	30 June 2021
	$	$
Insurance	254,820	163,712
Travel expenses	199,042	116,078
Compliance costs	209,625	154,265
Subscriptions	229,685	102,471
Staff training costs	33,911	37,368
Other administration expenses	2,572,540	928,082
Recruitment costs	38,247	11,537
Website development costs	1,500	15,220
	3,539,370	**1,528,733**

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 25% (2021: 26%) and the reported tax expense in profit or loss are as follows:

	30 June 2022	30 June 2021
	$	$
Loss from continuing operations before income tax expense	(19,978,660)	(9,333,023)
- Prima facie tax benefit on loss from ordinary activities before income tax at 25% (2021: 26%)	(4,994,665)	(2,426,586)
Add (less) tax effect of:		
- Non-deductible items - Entertainment	4,181	3,439
- Non-deductible items - Share/Option Based Payments expensed	760,142	632,941
- Non-deductible items - Share/Option Based Payments capitalised	-	251,267
- Non-assessable income - Cashflow boost	-	(19,500)
- Permanent differences relating to R&D costs	930,867	225,798
- Non-deductible items - Other	774	-
- costs recognised in equity	(199,826)	(211,500)
- Change in tax rate	98,506	64,611
- Prior year unders and overs	275,762	-
- Movement in temporary differences not recognised	3,124,259	1,479,530
Income tax expense	**-**	**-**

9. Income tax expense (continued)

Deferred tax assets ("DTA") and liabilities ("DTL") recognised relate to the following:

	30 June 2022 $	30 June 2021 $
DTA		
Tax losses & non-refundable offsets (Group) - Note 9b	13,056,199	10,315,459
Other temporary differences (DTA closing balance)		
Patent Costs	46,282	50,667
Domain registrations	680	884
In-house software	100,512	184,399
Blackhole expenditure	150	2,674
Lease cancellation costs	4,672	9,718
Accruals & other payables	219,063	28,257
Finance lease liability	484,210	269,025
Provisions	251,511	199,560
Capital Raising Costs through equity	378,679	434,878
Borrowing Costs	33,590	-
Cash assets	12,334	-
Inventory	168,661	-
DTL		
Other temporary differences (DTL closing balance)		
Cash assets	-	(13,244)
Trade receivables	(15,599)	(18)
Prepayments	(178,304)	(161,202)
Investment in Hadrian	(7,971,659)	(7,967,744)
Right of Use assets	(476,833)	(284,460)
Property, plant & equipment	(408,433)	(487,397)
Net deferred tax asset not recognised at 25% - Note 9a & 9b	**5,705,715**	**2,581,456**

Note 9a: The net deferred tax asset in 2022, not recognised is at a 25% tax rate, being FBRs likely tax rate for the 2022 year. The net deferred tax liability in 2021, recognised was at a 26% tax rate, being FBRs likely tax rate for the 2021 year.
FBR is classified as a small business entity and base rate entity for the year ended 30 June 2022. The income tax rate for base rate entities for the year ended 30 June 2022 is 25% (2021: 26%).

Note 9b: The deferred tax asset at 25% which is attributable to tax losses carried forward at 30 June 2022 is $13,056,199 (2021: $10,315,459 at 26% rate).

As the deferred tax asset exceeds the deferred tax liability at 30 June 2022, 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 2022	30 June 2021
	$	$
Cash at bank and on deposit	**11,518,907**	**11,128,151**

Security deposits held by the Group's bank in relation to credit card facilities and rental properties total $832,313 (2021: $832,313).

11. Inventories

Inventories include the following components:

	Consolidated	
	30 June 2022	30 June 2021
	$	$
Cost	2,045,133	1,747,166
Inventory impairment	(674,644)	(284,630)
Carrying Amount at 30 June	**1,370,489**	**1,462,536**

12. Trade and other receivables

Trade and other receivables consist of the following:

	Consolidated	
	30 June 2022	30 June 2021
	$	$
Research and Development tax rebate	5,610,921	3,986,814
Construction services	128,350	100,980
GST receivable	393,630	227,322
Interest receivable	1,195	70
Director loans (note 28)	228,236	207,499
Grants receivable	61,200	-
Other receivables	46,878	23,138
	6,470,410	**4,545,823**

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

12. Trade and other receivables (continued)

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.

All of the Group's trade and other receivables that are not financial assets have been reviewed for indicators of impairment with none being noted.

13. Other current assets

Other current assets consist of the following:

	Consolidated	
	30 June 2022	**30 June 2021**
	$	**$**
Prepayments	713,216	858,348
	713,216	**858,348**

14. 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 2022			
Financial assets			
Cash and cash equivalents	10	11,518,907	11,518,907
Trade and other receivables		465,859	465,859
		11,984,766	**11,984,766**
Financial liabilities			
Trade and other payables	18	3,551,123	3,551,123
Lease liabilities	20	1,936,840	1,936,840
Chattel mortgage equipment loan facility		822,796	822,796
Construction loan facility		1,163,412	1,163,412
Hadrian lease finance facility		2,267,963	2,267,963
Research & development tax refund loan		4,000,000	4,000,000
		13,742,134	**13,742,134**

	Notes	Financial assets at amortised cost $	Total $
30 June 2021			
Financial assets			
Cash and cash equivalents	10	11,128,151	11,128,151
Trade and other receivables		331,687	331,687
		11,518,907	**11,518,907**
Financial liabilities			
Trade and other payables	18	1,869,425	1,869,425
Lease liabilities	20	1,034,710	1,034,710
Research & Development Tax Refund Loan		2,474,327	2,474,327
		5,378,462	**5,378,462**

The methods used to measure financial assets and liabilities reported at fair value are described in Note 31.

14. 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;
- lease payables; and
- loans.

15. Property, plant and equipment

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

30 June 2022

	LAND & BUILDINGS	PLANT & EQUIPMENT	FURNITURE & FITTINGS	ICT EQUIPMENT	HADRIAN WORK IN PROGRESS	TOTAL
	$	$	$	$	$	$
Gross carrying amount						
Balance at 1 July 2021	-	2,487,054	1,011,051	2,179,113	-	5,677,218
Additions	-	1,242,460	17,309	50,736	1,967,782	3,278,287
Disposals	-	-	-	(1,090)	-	(1,090)
Balance at 30 June 2022	**-**	**3,729,514**	**1,028,360**	**2,228,759**	**1,967,782**	**8,954,415**
Depreciation and impairment						
Balance at 1 July 2021	-	(616,124)	(833,153)	(1,124,342)	-	(2,573,619)
Disposals	-	-	-	667	-	667
Depreciation[1]	-	(376,468)	(105,804)	(185,940)	-	(668,212)
Impairment	-	-	-	(751,842)	-	(751,842)
Balance at 30 June 2022	**-**	**(992,592)**	**(938,957)**	**(2,061,457)**	**-**	**(3,993,006)**
Carrying amount at 30 June 2022	**-**	**2,736,922**	**89,403**	**167,302**	**1,967,782**	**4,961,409**

1. *$154,118 of depreciation charges for the current period in relation to property, plant and equipment have been capitalised to development costs.*

15. Property, plant and equipment (continued)

30 June 2021

	LAND & BUILDINGS	PLANT & EQUIPMENT	FURNITURE & FITTINGS	ICT EQUIPMENT	WORK IN PROGRESS	TOTAL
	$	$	$	$	$	$
Gross carrying amount						
Balance at 1 July 2020	256,962	1,369,244	980,228	2,115,431[3]	112,982	4,834,847
Additions	-	1,117,811	30,823	64,571	-	1,213,205
Transfer from WIP	112,982	-	-	-	(112,982)	-
Transfer to Inventory	(369,944)	-		-		(369,944)
Disposals	-	-	-	(890)	-	(890)
Balance at 30 June 2021	**-**	**2,487,055**	**1,011,051**	**2,179,112**	**-**	**5,677,218**
Depreciation and impairment						
Balance at 1 July 2020	-	(390,153)	(512,112)	(785,319)[3]	-	(1,687,584)
Disposals	-	-	-	446	-	446
Depreciation[1]	-	(225,971)	(321,041)	(339,469)	-	(886,481)
Balance at 30 June 2021	**-**	**(616,124)**	**(833,153)**	**(1,124,342)**	**-**	**(2,573,619)**
Carrying amount at 30 June 2021	**-**	**1,870,931**	**177,898**	**1,054,770**	**-**	**3,103,599**

1. *$359,875 of depreciation charges for the prior period in relation to property, plant and equipment have been capitalised to development costs.*

16. Right-of-use assets

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

30 June 2022

	Land & Buildings $	ICT Equipment $	Total $
Carrying amount at 1 July 2021	1,021,250	72,826	1,094,076
Lease modification	2,055,743	-	2,055,743
Depreciation[1]	(1,189,347)	(53,140)	(1,242,487)
Carrying amount at 30 June 2022	**1,887,646**	**19,686**	**1,907,332**

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

30 June 2021

	Land & Buildings $	ICT Equipment $	Total $
Carrying amount at 1 July 2020	1,102,585	125,803	1,228,388
Lease modification	1,104,357	-	1,104,357
Depreciation[1]	(1,185,692)	(52,977)	(1,238,669)
Carrying amount at 30 June 2021	**1,021,250**	**72,826**	**1,094,076**

1. *$1,076,901 of depreciation charges for the prior period in relation to the right-of-use assets have been capitalised to development costs.*

As at 30 June 2022, the group operates leases in respect of an office, workshop and ICT equipment.

The lease contract for the head office and workshop has a non-cancellable term of (12) months and expires 30 June 2023.

The lease contract for the second office has a non-cancellable term of (21) months and expires 4 April 2024.

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.

17. 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. The Company currently has two development assets. One is not yet available for use and accordingly is tested for impairment annually as required by AASB 136 Impairment of Assets. The other development asset is available for use and is tested for impairment when there are indicators of impairment. The Company has tested this available for use development asset for impairment in accordance with the valuation methodology referenced in note 5P Significant management judgement and estimates in applying accounting policies. Once available for use, 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 and the Shuttle system:

	Hadrian	
	30 June 2022	**30 June 2021**
	$	**$**
Gross carrying amount	46,321,925	43,236,917
Additions	3,973,503	10,008,907
R&D tax incentives	(1,942,242)	(6,923,899)
Amortisation expense	(2,021,480)	-
	46,331,706	**46,321,925**
Additions		
Consultants	248,266	657,173
Employee benefits	2,106,299	4,353,211
Equipment hire	-	41,213
Materials	267,960	1,122,882
Occupancy expense	482,706	1,416,358
Share-based payments	(365,659)	966,410
Patents and trademarks	744,166	694,359
Overheads and other	489,765	757,301
Total additions	**3,973,503**	**10,008,907**

	Shuttle System	
	30 June 2022	**30 June 2021**
	$	**$**
Gross carrying amount	-	-
Additions	111,184	-
R&D tax incentives	(48,365)	-
	62,819	**-**
Additions		
Employee benefits	108,599	-
Materials	2,585	-
Total additions	**111,184**	**-**
Total Development costs	**46,394,525**	**46,321,925**

18. Trade and other payables

Trade and other payables consist of the following:

	Consolidated	
	30 June 2022	30 June 2021
	$	$
Trade creditors	2,185,771	1,600,925
Accrued expenses	873,065	108,682
Other payables	492,287	159,818
	3,551,123	**1,869,425**

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

19. Provisions

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

	Consolidated	
	30 June 2022	30 June 2021
	$	$
Current		
Employee entitlements – Annual leave	570,442	466,725
Employee entitlements – Long service leave	-	-
Other provisions	184,404	-
	754,846	**466,725**
Non-current		
Employee entitlements – Annual leave	178,810	90,145
Employee entitlements – Long service leave	256,793	210,670
Other Provisions	138,303	-
	573,906	**300,815**

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.

20. Lease Liabilities

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

	Consolidated	
	30 June 2022	30 June 2021
	$	$
Lease liabilities (current)	1,220,117	1,013,852
Lease liabilities (non-current)	716,723	20,858
	1,936,840	**1,034,710**

The lease liabilities are secured by the related underlying assets. Future minimum lease payments as at 30 June 2022 are as follows:

	Within one year	One to five years	After 5 years	Total
	$	$	$	$
30 June 2022				
Lease payments	1,286,471	731,420	-	2,017,891
Finance expenses	(66,354)	(14,697)	-	(81,051)
Net present values	**1,220,117**	**716,723**	**-**	**1,936,840**

21. Loans & borrowings

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

	Consolidated	
	30 June 2022	30 June 2021
	$	$
Current		
Chattel mortgage equipment loan facility[1]	166,265	-
Construction loan facility[2]	1,163,412	-
R&D tax refund loan[3]	4,000,000	2,474,327
Hadrian lease finance facility[4]	410,356	-
	5,740,033	**2,474,327**
Non-Current		
Chattel mortgage equipment loan facility[1]	656,531	-
Hadrian lease finance facility[4]	1,857,607	-
	2,514,138	**-**

[1] The chattel mortgage equipment loan facility with HP Financial Services (Australia) Pty Ltd has a first ranking security over the equipment and has an interest rate of 5.50% p.a.. The facility matures on 30 November 2026.

[2] During the period FBR secured construction financing for robotically built housing to support and grow FBR's construction operations using the Hadrian X® construction robot and the Fastbrick Wall System®. FBR signed an agreement with FC Securities Pty Ltd for a $2 million revolving debt facility to finance up to 67.5% of the land and construction cost of five homes FBR is building in Wellard, plus any subsequent FBR residential builds within the 30-month term of the facility. The facility gives FC first ranking securities comprising a mortgage over the Wellard properties and FBR's subsidiary Fastbrick Engineering Pty Ltd. The facility has an interest rate on drawn funds of 9.00% per annum, a 2.25% setup fee, and a 3.00% line fee.

[3] During the period FBR entered into a revolving R&D tax loan facility with FC Capital, in place until 31 December 2024. The facility allows FBR to draw down on a monthly basis as needed, up to 90% of its presently earned R&D tax incentive rebates or $4.0 million, whichever is lower at the time. The facility carries a one off 1.5% establishment fee and a 3.0% line fee per annum and placed a General Security Agreement over FBR Limited and Fastbrick Engineering Pty Ltd. It has an initial interest rate of 8.50% per annum during 2022 and then an interest rate of 8.15% per annum plus the published one month bid rate for the Australian Bank Bill Swap Reference Rate (BBSW).

[4] During the period FBR entered into a Lease Finance Facility with FC Capital to provide asset finance for FBR's two existing Hadrian X® construction robots at $1.15 million per Hadrian X®. The finance facility has a three-year term and a 40% balloon payment at the end of the term, with a 2.0% establishment fee and an interest rate of 12.0% per annum. The facility placed a General Security Agreement over FBR Limited and Fastbrick Engineering Pty Ltd.

22. Share capital

Ordinary shares

	2022		2021	
	$	No.	$	No.
Ordinary shares, fully paid	116,567,987	2,651,028,536	101,695,037	2,179,170,092

Movement in ordinary shares on issue

Movement in ordinary shares on issue	$	No.
Shares on issue at 1 July 2021	101,695,037	2,179,170,092
Capital raising		
3 December 2021 Placement (at $0.045 per share)	10,000,000	222,222,222
24 June 2022 Placement (at $0.018 per share)	4,000,000	222,222,222
Capital Raising Costs	(799,304)	-
Performance rights converted (7 July 2021)	1,672,254	27,414,000
Shares on issue at 30 June 2022	**116,567,987**	**2,651,028,536**

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.

Loan Funded shares

On 24 December 2020, the Company issued 100,000,000 Loan Funded incentive shares as a director loan to the Executive Directors following approval by the shareholders at the Annual General Meeting on 26 November 2020 (refer Note 28). On 20 December 2021 at the Company's Annual General Meeting 50,000,000 of the Loan Funded incentive shares had their term extended by 12 months. The following table illustrates the outstanding loan funded shares granted, repaid and forfeited during the year.

	2022 Number	2021 Number
Outstanding at 1 July	100,000,000	-
Granted during the year	-	100,000,000
Repaid during the year	-	-
Cancelled/forfeited during the year	-	-
Loan Funded Shares at 30 June	**100,000,000**	**100,000,000**

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

23. Share based payments

Ordinary shares

There were no ordinary shares granted as consideration for services provided to the Company 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.

	2022		2021	
	Number	Weighted average exercise price (cents)	Number	Weighted average exercise price (cents)
Outstanding at 1 July	5,800,000	30	26,600,000	26
Granted during the year	-	-	-	-
Converted during the year	-	-	-	-
Expired during the year	(5,800,000)	30	(20,800,000)	25
Forfeited during the year	-	-	-	-
Outstanding as at 30 June	**-**	**-**	**5,800,000**	**30**

Performance rights

There were 38,620,000 performance rights issued during the current year (2021: 61,220,000).

The weighted average fair value of the performance rights granted during the current year is $0.039 (2021: $0.06).

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.

	2022 Number	2021 Number
Outstanding at 1 July	78,970,028	27,387,736
Granted during the year	38,620,000	61,220,000
Converted during the year	(27,414,000)	(500,000)
Expired during the year	(33,123,256)	(1,733,332)
Forfeited during the year	(5,554,572)	(7,404,376)
Performance rights at 30 June	**51,498,200**	**78,970,028**

23. Share based payments (continued)

On 19 October 2021, the Company issued 38,620,000 unlisted performance rights to the employees of FBR. These performance rights have no escrow period and are split in the following classes:

i. 20,185,000 Performance Rights Class A (since either converted to ordinary shares on 5 July 2022 or cancelled or forfeited)

Vesting conditions for 4,037,000 Performance Rights of Class A; The Company has built residential and non-residential structures comprising 5,000 vertical square metres of wall or more, excluding structures built in a factory environment, before 30 June 2022. Shares are awarded on a pro rata basis from 20% - 100% of the target, commencing at 1,000 vertical square metres of wall, excluding structures built in a factory environment.

Vesting conditions for 4,037,000 Performance Rights of Class A; The Company has commissioned H114 using the 4 different pallet load system facilitating a minimum of laying 4 different block types within the one structure lay.

Vesting conditions for 4,037,000 Performance Rights of Class A; The Company has erected a wall using the Hadrian at rate of 2,100 SBE for 1 continuous hour or more. The wall can be laid with or without adhesive.

Vesting conditions for 4,037,000 Performance Rights of Class A; The Company has built the structural walls of a house in a suburban environment using blocks supplied by an international block supplier.

Vesting conditions for 4,037,000 Performance Rights of Class A; The Company has completed an entire standard house build (227 vertical square metres or more of wall) including set up, pack up, and all down time, excluding structures built in a factory environment, in three days or less.

All Class A Performance Rights have a milestone date of 30 June 2022 and an expiry date of 31 July 2022. If unconverted, Class A Performance Rights will expire on the expiry date.

ii. 18,435,000 Performance Rights Class B (since either converted to ordinary shares on 5 July 2022 or cancelled or forfeited)

Vesting condition for Class B; Performance review results based on successful completion of employee individual performance goals.

All Class B Performance Rights have a milestone date of 30 June 2022 and an expiry date of 31 July 2022. If unconverted, Class A Performance Rights will expire on the expiry date.

The performance rights were valued using the spot price on grant date. The spot price was $0.039 per share at the close of trade on 19 October 2021, being the date the performance rights were issued.

The fair value of these 38,620,000 performance rights granted during the current year, assuming that 100% of the performance rights will vest, was $1,506,180. Of this amount, $174,183 was capitalised to development costs, based on the number of performance rights issued to technical and engineering employees and the date the Hadrian development asset became available for use. A further $1,331,997 was expensed based on the number of performance rights issued to corporate and commercial employees during the current year and the date the Hadrian development asset became available for use.

23. Share based payments (continued)

In the prior year, on 7 September 2020, the Company issued 61,220,000 unlisted performance rights to the employees of FBR. These performance rights have no escrow period and are split in the following classes:

i. 14,235,000 Performance Rights Class A (since either converted to ordinary shares on 7 July 2021 or cancelled or forfeited)

Vesting condition for Class A; The Company has built the structural walls of a 220 vertical sqm walled house with an average lay speed of 20 vertical sqm per hour or greater.

Milestone date is 30 June 2021
Expiry date is 28 September 2021
If unconverted, Class A Performance Rights will expire on the expiry date;

ii. 14,235,000 Performance Rights Class B (since either converted to ordinary shares on 7 July 2021 or cancelled or forfeited)

Vesting condition for Class B; Performance review results based on successful completion of employee individual performance goals.

Milestone date is 30 June 2021
Expiry date is 28 September 2021
If unconverted, Class B Performance Rights will expire on the expiry date;

iii. 16,375,000 Performance Rights Class C

Vesting condition for Class C; The walls of one standard house built in two days with two operators and one Hadrian.

Milestone date is 30 June 2023

Expiry date is 28 September 2023
If unconverted, Class C Performance Rights will expire on the expiry date;

iv. 16,375,000 Performance Rights Class D

Vesting condition for Class D; The walls of one standard house built in one day with one operator and one Hadrian.

Milestone date is 30 June 2023
Expiry date is 28 September 2023
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 7 September 2020, being the date the performance rights were issued.

The fair value of these 61,220,000 performance rights granted during the prior year, assuming that 100% of the performance rights will vest, was $3,734,420. $1,080,850 was capitalised to development costs in the prior year, based on the number of performance rights issued to technical and engineering employees and $1,433,986 was expensed in the prior year based on the number of performance rights issued to corporate and commercial employees during the current year.

24. Reserves

	30 June 2022	30 June 2021
	$	$
Share option reserve	1,497,925	1,155,865
Performance right reserve	1,998,671	3,325,339
	3,496,596	**4,481,204**

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

	30 June 2022	30 June 2021
	$	$
Movement in option reserve		
Opening at 1 July	1,155,865	2,007,041
Options issued	988,686	665,512
Options expired	(564,584)	(1,516,688)
Options and loan funded shares extended during the period	(82,042)	-
Closing at 30 June	**1,497,925**	**1,155,865**

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

	30 June 2022	30 June 2021
	$	$
Movement in performance right reserve		
Opening at 1 July	3,325,339	827,448
Performance rights converted to shares during the year	(1,672,254)	(85,000)
Performance rights issued during the year	2,439,080	3,293,492
Performance rights expired during the period	(1,769,216)	(270,174)
Performance rights forfeited during the period	(324,278)	(440,427)
Closing at 30 June	**1,998,671**	**3,325,339**

25. 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 period to 30 June 2022 and 30 June 2021.

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 2022 $	30 June 2021 $
Weighted average number of shares used in basic earnings per share	2,336,881,258	2,087,492,553
Shares deemed to be issued for no consideration in respect of share-based payments	-	-
Weighted average number of shares used in diluted earnings per share	**2,336,881,258**	**2,087,492,553**

26. Reconciliation of cash flows from operating activities

Reconciliation of cash flows from operating activities:

	30 June 2022 $	30 June 2021 $
Cash flows from operating activities		
Loss for the period after income tax expense	(19,978,660)	(9,333,023)
Adjustments for:		
• depreciation, amortisation and impairment	4,843,522	1,048,249
• share-based payments	3,040,568	2,434,389
• interest receivable	(1,125)	5,261
• construction income receivable	(128,350)	-
• grants income receivable	(61,200)	-
• R&D tax rebate income portion receivable	(3,620,314)	-
Net changes in working capital:		
• change in trade and other receivables	(1,040,324)	421,294
• change in other assets	(133,104)	27,200
• change in trade and other payables	1,737,114	201,563
Net cash from operating activities	**(15,341,873)**	**(5,195,067)**

27. Auditor remuneration

	30 June 2022	30 June 2021
	$	$
Audit services remuneration paid to Grant Thornton Audit Pty Ltd, the auditor of the Group:		
Audit and review of financial statements	145,600	122,832
Remuneration for audit and review of financial statements	**145,600**	**122,832**

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

28. 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 is directly held by FBR Ltd.

		% Equity interest	
	Country of incorporation	**June 2022**	**June 2021**
Fastbrick IP Pty Ltd	Australia	100%	100%
Fastbrick Engineering Pty Ltd	Australia	100%	100%
The Architectural Designer Pty Ltd	Australia	100%	100%
Fastbrick Operations Pty Ltd	Australia	100%	100%

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 2022	30 June 2021
	$	$
Short-term employee benefits	1,841,681	1,917,128
Post-employment benefits	134,765	127,705
Long-term benefits	74,053	48,805
Share based payments – Short Term Incentive	1,017,260	772,619
Share based payments – Long Term Incentive	756,585	909,509
	3,824,344	**3,775,766**

28. Related party transactions (continued)

Agreements with Directors or Related Parties

Director Loan Agreement

During prior periods 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 $38,236 interest) remains outstanding at 30 June 2022. The loan has a maturity date of 31 December 2022 and an interest rate at the higher of 4.520% per annum and the highest rate of interest payable by the Company to any financier of the Company at the relevant time.

Loan Funded Shares

During the prior year, on 24 December 2020, the Company issued 100,000,000 Loan Funded incentive shares to the Executive Directors following approval by the shareholders at the Annual General Meeting on 26 November 2020. The Loan Funded incentive shares were provided under a limited recourse, interest free loan. For each Executive Director, half of the loan, which pertains to 25,000,000 shares is repayable within 12 months and half of the loan, which pertains to the other 25,000,000 shares is repayable within 36 months.

During the year, at the Company's AGM on 20 December 2021, the Company extended the term by a further 12 months for the 50,000,000 loan funded shares originally issued with a 12 month term.

Guarantees

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

29. Contingent liabilities

At the reporting date the Group had no material contingent liabilities (2021: nil).

30. 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 14. 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.

30. Financial Instrument Risk (continued)

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.

	2022		2021	
	Weighted average interest rate	Balance	Weighted average interest rate	Balance
	%	$	%	$
Cash at bank	0.01%	10,686,594	0.06%	10,295,838
Cash on deposit	0.13%	832,313	0.59%	832,313
		11,518,907		**11,128,151**

The following table illustrates the sensitivity of profit and equity to a reasonably possible change in interest rates of +/- 0.5% (2021: +/- 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-22	53,433	(53,433)	53,433	(53,433)
30-Jun-21	51,479	(51,479)	51,479	(51,479)
Cash on deposit				
30-Jun-22	4,162	(4,162)	4,162	(4,162)
30-Jun-21	4,162	(4,162)	4,162	(4,162)

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:

30. Financial Instrument Risk (continued)

	2022	2021
	$	$
Classes of financial assets		
Carrying amounts:		
• Cash and cash equivalents	11,518,907	11,128,151
• Trade and other receivables	465,858	331,687
	11,984,765	**11,459,838**

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.

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 2022, the Group's non-derivative financial liabilities have contractual maturities (including interest payments where applicable) as summarised below:

30. Financial Instrument Risk (continued)

	Current		Non-current	
	Within 6 months $	6 - 12 months $	1 - 5 years $	5+ years $
30 June 2022				
Trade and other payables	3,551,122	-	-	-
Lease liabilities	643,235	643,236	731,420	-
Chattel mortgage equipment loan facility	102,990	102,990	703,765	-
Construction loan facility	337,672	970,832	-	-
Hadrian lease finance facility	330,215	330,215	2,130,787	-
Research & development tax refund loan	4,192,822	-	-	-
Total	**9,158,056**	**2,047,273**	**3,565,972**	**-**

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 2021				
Trade and other payables	1,869,425	-	-	-
Lease liabilities	506,926	506,926	20,858	-
Research & development tax refund loan	2,474,327	-	-	-
Total	**4,850,678**	**506,926**	**20,858**	**-**

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

31. 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 2022 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.

32. Events after the reporting date

5 July 2021 – The Company issued 20,673,200 fully paid ordinary shares upon the exercise of unquoted employee performance rights that vested on the achievement of performance milestones in accordance with the Company's Employee Securities Incentive Plan. 7,595,000 vested performance rights remain unconverted to fully paid ordinary shares.

6 July 2021 – The Company issued 56,000,000 unlisted options with an exercise price of $0.0225 and an expiry date of 5 January 2024 in accordance with the Company's Employee Securities Incentive Plan.

8 July 2022 – The Company completed a placement of 107,201,578 fully paid ordinary shares in the capital of the Company with strategic investor Brickworks. The shares were allotted in July 2022 at $0.018 per share and raised a total of $1.9 million. Included in the strategic share subscription agreement was a clause stipulating that Brickworks retains the right to participate in any future capital raising that FBR undertakes to the extent needed to maintain a 4.93% shareholding in the company.

25 July 2022 – The Company issued 54,875,000 unlisted Performance Rights in accordance with the Company's Employee Securities Incentive Plan.

9 August 2022 – The Company issued 56,000,000 fully paid ordinary shares following the exercise of options.

30 August 2022 – The Company issued 56,000,000 unlisted options with an exercise price of $0.035 and an expiry date of 31 December 2023 in accordance with the Company's Employee Securities Incentive Plan.

7 September 2022 – Settlement of the first home in the Company's Wellard portfolio was effected. The property sold for $460,000, with net proceeds of $417,378 received following GST withholding, agents fees and other sundry costs.

33. 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.

	2022 $	2021 $
Statement of financial position		
Current assets	10,707,828	10,617,290
Non-current assets	38,711	911,846
Total assets	10,746,539	11,529,136
Current liabilities	4,644,163	3,566,810
Non-current liabilities	138,303	177,653
Total liabilities	4,782,466	3,744,463
Net assets	**5,964,073**	**7,784,673**
Issued capital	139,154,851	124,281,901
Reserves	3,496,596	4,481,204
Retained losses	(136,687,374)	(120,978,432)
Total equity	**5,964,073**	**7,784,673**
Statement of profit or loss and other comprehensive income:		
Loss for the year	15,708,942	10,665,162
Other comprehensive income	-	-
Total comprehensive income	**15,708,942**	**10,665,162**

The Parent Entity has no capital commitments (2021: 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 the Group are in accordance with the Corporations Act 2001, including:

i. Giving a true and fair view of its financial position as at 30 June 2022, and of its performance for the financial year ended on that date; and

ii. 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 2022.

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 29th day of September 2022

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Independent Auditor's Report

To the Members of FBR Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of FBR Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2022, 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 2022 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 (including Independence Standards)* (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.

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Material uncertainty related to going concern

We draw attention to Note 3 in the financial statements, which indicates that the Group incurred a net loss of $19,978,660 during the year ended 30 June 2022, and the Group's cash outflows from operating and investing activities totalled $18,719,671. As stated in Note 3, these events or conditions, along with other matters as set forth in Note 3, indicate that a material uncertainty exists that may cast doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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.

In addition to the matter described in the *Material uncertainty related to going concern* section, 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 cost asset – Note 17	
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 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; • examining existing patents held by the Group that support project activities; • examining agreements in place to support technical and commercial feasibility; • testing the mathematical accuracy of management's development costs model; • testing a sample of capitalised costs by agreeing to third-party support to identify whether they have been appropriately capitalised in accordance with accounting policies and AASB 138; and • assessing the appropriateness of financial statement disclosures.
Impairment of development cost asset – Note 17	
AASB 136 *Impairment of Assets* requires intangible assets available for use to be tested for impairment when indicators of impairment exist. The Group reports intangible assets of $46,394,525 on the statement of financial position as at 30 June 2022, which is in excess of its market capitalisation as at that date. This area is a key audit matter due to 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: • understanding management's policies and procedures regarding impairment testing; • obtaining evidence to support the key assumptions used by management in the fair value less costs of disposal model and challenging those assumptions; • evaluating the model against the requirements of AASB 136; • performing sensitivity analysis to stress test the key assumptions used in the fair value less costs of disposal model; and • assessing the appropriateness of financial statement disclosures.

Key audit matter	How our audit addressed the key audit matter
Recognition of R&D tax incentive – Note 12	
Under the research and development (R&D) tax incentive scheme, the Group receives a 43.5% refundable tax offset of eligible expenditure if its turnover is less than $20 million per annum, provided income tax-exempt entities do not control it. A R&D plan is filed with AusIndustry in the current financial year, and based on this filing, the Group receives the incentive in cash. Management reviewed the Group's total R&D expenditure to estimate a refundable tax offset receivable under the R&D tax incentive legislation. As at 30 June 2022, a receivable of $5,610,921 has been recorded. The 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: • obtaining a detailed understanding of the underlying processes for claiming the R&D rebate through discussion with relevant individuals across the organisation and review of relevant documentation; • assessing the work performed by management's expert, including the expert's competence, capability and objectivity; • engaging our internal specialist as an auditor's expert to assist in reviewing the reasonableness of the eligibility of expenditure and the calculation; • testing a sample of R&D expenditure within the computation to underlying supporting documentation; • 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 historic claims; and • assessing the appropriateness of financial statement disclosures.

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 2022, 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 12 to 25 of the directors' report for the year ended 30 June 2022.

In our opinion, the remuneration report of FBR Limited for the year ended 30 June 2022 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 Audit Pty Ltd
Chartered Accountants



M D Dewhurst
Partner – Audit & Assurance

Sydney, 29 September 2022