FBR Limited

Appendix 4D

Half year report

1. Company details

FBR Limited

ABN	Current period	Prior period
58 090 000 276	31 Dec 2022	31 Dec 2021

2. Results for announcement to the market

	% Change	$
2.1 Revenues from ordinary activities	Up 22%	653,475
2.2 Loss from ordinary activities after tax attributable to members	Up 43%	13,064,117
2.3 Loss for period attributable to members	Up 43%	13,064,117
2.4 & 2.5 No dividends were proposed or paid in the current or prior period		

2.6 Explanations of any of the figures in 2.1 to 2.4 above necessary to enable the figure to be understood.

Revenue for the period was $653,475 (2021: $537,017) including Wall as a Service, Construction Services and Residential housing sales.

The loss for the period was $13,064,117 (2021: $9,108,967) including professional services, corporate administration, director and employee remuneration of $9,548,132, Development costs of $895,939 and non-cash share-based payments, depreciation, amortisation and impairment of $5,200,903.

3. Net tangible assets per security

Dec 2022: $0.01	Dec 2021: $0.01

Net Tangible Assets excludes right-of-use assets with a carrying value of $1,304,077 as at 31 December 2022.

4.1 Control over gained entities

Name of entity	Fastbrick Americas LLC	Fastbrick Americas Holdings LLC
The date of the gain of control	8 September 2022	8 September 2022
Where material, the contribution of such entities to the reporting entity's profit from ordinary activities during the period and the profit or loss of such entities	n/a	n/a

during the whole of the previous corresponding period		
Where material, the profit or loss of such entities during the whole of the previous corresponding period	n/a	n/a

4.2 Control loss over entities

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

5. Dividends

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

6. Associates and joint ventures

The group has not entered any new joint venture arrangements.

7. Foreign entities

Foreign entities have been accounted for in accordance with Australian Accounting Standards.

8. Audit qualification

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

Yes/ ~~No~~

Material uncertainty related to going concern We draw attention to Note 3 in the financial statements, which indicates that the Group incurred a net loss of $13,064,117 during the half year ended 31 December 2022, and as of that date, the Group's cash outflows from operating and investing activities were $16,705,525. As stated in Note 3, these events or conditions, along with other matters as set forth in Note 3, indicate that a material uncertainty exists that may cast doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

FBR Limited

Interim financial statements

For the half-year ended

31 December 2022

Directors' Report

The Directors of FBR Limited ("the Company") present their report together with the financial statements of the Consolidated Entity, being FBR ('the Company') and its controlled entities ('the Group') for the half-year ended 31 December 2022.

Director details

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

Mr Michael Pivac (Chief Executive Officer and Managing Director)
Mr Mark Pivac (Chief Technical Officer and Executive Director)
Mr Richard Grellman AM (Chairman)
Mr Grant Anderson (Non-Executive Director)
Mr Greg Smith (Non-Executive Director)
Ms Nancy Milne (Non-Executive Director)

Review of operations and financial results

In the FY23 half year, the Group continued to generate revenue from its building activities while completing the mechanical assembly of the next-generation Hadrian X®, one of the world's most advanced construction robots.

During the half, the Company announced the sale for $460,000 of its first home from FBR's five-home Wellard portfolio. Additionally, the Company advised that the upgraded Hadrian X® (H01) had completed its first house structure in the Wellard portfolio since receiving the upgrades, producing zero on-site waste due to its ability to handle pre-cut, sequenced pallets.

On 25 July 2022, the FBR announced that it had completed masonry construction of a structure in the Wellard portfolio using Wienerberger Porotherm blocks, the largest commercially available clay block in the world. The home was the fourth of five homes in the Wellard portfolio and utilised two Porotherm clay block types – the R25 double leaf blocks (equivalent in volume to 12 standard bricks) for external walls and single leaf blocks (equivalent in volume to six standard bricks) for the internal walls. The build marked the first time in the world that Wienerberger's clay blocks had been laid by a fully autonomous robot in the undertaking of commercial, real-world work. The successful build at Wellard followed the outdoor pilot build testing which was undertaken in November 2021, and sought to demonstrate Hadrian X®'s ability to address the European clay-block low-rise housing market, which has potential for 700,000 new homes per year.

Construction of the 16-townhouse development in Willagee, Western Australia, continued during the period. The Inspired Homes project, which forms part of a Satterley development, is the largest and most complex construction project undertaken by FBR and Hadrian X® to date, and involves construction of the load bearing walls, internal partition walls, and concrete footings and slabs.

During the half-year, all the ground floors at both the northern and southern sections were completed and construction of the second floors at the southern section were completed. During construction at the southern section, Hadrian X® set a new laying height record, having successfully laid a course of blocks at 9.2 metres high. The complexity of the development at Willagee showcases the versatility of the Hadrian X®, including the construction of triple-leaf cavity walls between each townhouse with acoustic brick ties.

On 20 December 2022, the Company advised that mechanical assembly of the first next-generation Hadrian X® had been completed. The next-generation Hadrian X® is the latest iteration of FBR's blocklaying construction robot, designed to be able to lay at speeds of up to 500 blocks per hour (equating to up to ~120m2 per hour), with the potential to complete both the external and internal walls of a standard double brick house in a single day. The next-generation Hadrian X® features a shuttle block delivery system designed to lay any existing commercially available blocks, as well as the ability to lay blocks not yet available on the market, including large blocks measuring up to 600mm x 400mm x 300mm and weighing up to 45kg. The shuttle delivery system is also designed to be adaptable to handle other products such as roof tiles subject to further future development.

The lengthened 32 metre telescopic boom arm of the next-generation Hadrian X® provides further reach than its predecessor, enabling construction of walls three storeys high from the roadside as well as the ability to lay blocks within 50mm of existing walls. The improved design of the saw module of the next-generation Hadrian X® enables it to make height, mitre and gable cuts to blocks, further increasing the capability of the Hadrian X®. The next generation Hadrian X® is designed with distributed control architecture, leading to a highly reliable system which allows for individual modules to be customised, repaired and swapped more efficiently, while the introduction of a new and simplified Human Machine Interface (HMI) will reduce complexity and improve useability of the machine. The majority of ancillary equipment in the Hadrian X® is self-contained, greatly improving deployment efficiency.

The next-generation Hadrian X® is now at the point of laying its first blocks and will undergo a rigorous calibration and testing period before being utilised for demonstration activities to potential WaaS® partners domestically and internationally. Following these demonstration activities, the next-generation Hadrian X® will begin undertaking commercial activity. Manufacture and assembly of the second next-generation Hadrian X® is progressing and the truck base for a third next-generation Hadrian X® unit has been received.

During the half, FBR received confirmation that two 100% FBR-owned, U.S. domiciled subsidiaries, Fastbrick Americas LLC and Fastbrick Americas Holdings LLC, had been incorporated in the State of Delaware. As FBR executes its Wall as a Service® (WaaS®) expansion activities, these subsidiaries will provide a platform from which to conduct U.S. operations, including the planned demonstrations of the next-generation Hadrian X® in the U.S. expected during FY2024.

On 8 August 2022, FBR advised that it had received firm commitment from a wholly owned subsidiary of Brickworks Limited (ASX: BKW) ('Brickworks'), to raise $1,929,628.40 via 107,201,578 shares at $0.018 per share, representing a 14% discount to FBR's last closing price at the time and a 15% discount to the 30 day VWAP.

On 27 October 2022, the Company advised that it had successfully undertaken a fully underwritten Institutional Placement to raise A$20 million comprising the issue of 500 million new ordinary fully paid FBR shares within the Company's Placement capacity under Listing Rule 7.1. The Placement, underwritten and led by Jarden Australia Pty Ltd, was priced at A$0.04 per new share, representing a 20% discount to the last close price on 25 October 2022 of A$0.05 per share.

Placement participants included new and existing institutional, sophisticated and strategic investors. Funds from the Placement are being used to accelerate the completion of the next-generation Hadrian X® Programme, pursue WaaS® global expansion and commercialisation opportunities as well as provide additional working capital for a ramp up in activities and workforce planning as outlined in the investor presentation accompanying the Placement announcement released to the ASX on 26 October 2022.

The loss for the period was $13,064,117 (2021: $9,108,967) including professional services, corporate administration, director and employee remuneration of $9,548,132, Development costs of $895,939 and non-cash share-based payments, depreciation, amortisation and impairment of $5,200,903.

Events subsequent to balance date

Subsequent to the end of the period, the Company advised that it had received confirmation from ICC Evaluation Service, LLC ("ICC-ES"), a subsidiary of the International Code Council®, that its Fastbrick Adhesive™ and its use in the construction of concrete masonry walls complies with the provisions of the 2021 and 2018 International Building Code® ("IBC") and the 2021 and 2018 International Residential Code® ("IRC"), the base code standards for the United States and numerous other international jurisdictions.

Achieving IBC and IRC certification from the International Code Council makes FBR one of the only robotic construction providers globally, whose building materials are certified for use in the United States. The certification of a stronger, more durable adhesive-based system, as an alternative to traditional wet mortar masonry construction, validates FBR's decision to take this modern waterless, mortarless, robotic approach to building in line with ESG targets and aspirations for a greener, low-waste construction industry.

Confirmation of compliance, as evidenced in ICC-ES evaluation report ESR-4273, provides guidance to code officials faced with approving the use of the Fastbrick Adhesive® in concrete masonry construction under these codes. The evaluation report, including the conditions the use of the Fastbrick Adhesive® in concrete masonry construction is subject to, is available online at www.icc-es.org. The International Code Council is the leading global source of model codes and standards and building safety solutions that include product evaluation, accreditation, technology, training, and certification. The Code Council's codes, standards, and solutions are used to ensure safe, affordable, and sustainable communities and buildings worldwide. The I-Codes are the most trusted, widely accepted and comprehensive set of model codes used in the United States. All fifty states, the District of Columbia, and many other countries have adopted the I-Codes at the state or jurisdictional level.

On 3 February 2023, the Company advised that it had received a $5.9 million tax incentive cash refund for research and development from the Australian Taxation Office and Industry Innovation and Science Australia for the year ended 30 June 2022. Proceeds from the tax incentive cash refund went to the repayment of an existing $4.0 million loan with FC Capital, resulting in net cash of $1.9 million being received by FBR.

No other matters or circumstances have arisen since the end of the half-year to the date of this report which have significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those qualifications or the state of affairs of the consolidated entity.

Auditor's independence declaration

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

Signed in accordance with a resolution of the Directors:



Michael Pivac
CHIEF EXECUTIVE OFFICER AND MANAGING DIRECTOR

27th February 2023

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 review of FBR Limited for the half-year ended 31 December 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 review; and

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

Grant Thornton Audit Pty Ltd
Chartered Accountants

M D Dewhurst
Partner – Audit & Assurance

Sydney, 27 February 2023

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Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the half-year ended 31 December 2022

	Notes	31 December 2022 $	31 December 2021 $
Continuing operations			
Revenue	6	653,475	537,017
Cost of sales		(1,142,839)	(597,035)
Gross (loss)/profit		(489,364)	(60,018)
Interest income		109,371	13,506
R&D tax rebate		2,945,805	935,967
Other income		15,045	1,907
Professional services		(513,689)	(375,077)
Directors' and employees' benefits		(6,609,955)	(1,991,874)
Other expenses		(2,424,488)	(1,699,529)
Development costs		(895,939)	(2,731,040)
Share-based payments		(2,523,039)	(1,277,773)
Depreciation	9, 10	(892,272)	(491,824)
Amortisation of development costs	12	(1,565,198)	(476,158)
Impairment expenses	8	(220,394)	(957,054)
Loss before tax		**(13,064,117)**	**(9,108,967)**
Income tax expense		-	-
Loss for the period		**(13,064,117)**	**(9,108,967)**
Other comprehensive income for the period, net of tax		-	-
Total comprehensive income for the period		**-**	**-**
Total comprehensive loss for the period		**(13,064,117)**	**(9,108,967)**
Basic loss per share in cents per share	14	(0.44)	(0.40)
Diluted loss per share in cents per share	14	(0.44)	(0.40)

The accompanying notes form part of these financial statements.

Consolidated Statement of Financial Position

As at 31 December 2022

	Notes	31 December 2022 $	30 June 2022 $
Assets			
Current			
Cash and cash equivalents		16,350,423	11,518,907
Trade and other receivables	7	9,514,211	6,470,410
Inventories	8	1,398,839	1,370,489
Other current assets		480,540	713,216
Current assets		**27,744,013**	**20,073,022**
Non-current			
Property, plant and equipment	9	9,098,646	4,961,409
Right-of-use assets	10	1,304,077	1,907,332
Development costs	12	45,500,706	46,394,525
Non-current assets		**55,903,429**	**53,263,266**
Total assets		**83,647,442**	**73,336,288**
Liabilities			
Current			
Trade and other payables		3,189,362	3,551,123
Provisions		906,129	754,846
Lease liabilities	11	1,077,487	1,220,117
Borrowings	13	5,804,970	5,740,033
Current liabilities		**10,977,948**	**11,266,119**
Non-current			
Provisions		701,764	573,906
Lease liabilities	11	252,957	716,723
Borrowings	13	2,149,998	2,514,138
Non-current liabilities		**3,104,719**	**3,804,767**
Total liabilities		**14,082,667**	**15,070,886**
Net assets		**69,564,775**	**58,265,402**
Equity			
Equity attributable to owners of the parent:			
Share capital	15	139,406,573	116,567,987
Reserves	17	3,375,894	3,496,596
Accumulated losses		(73,217,692)	(61,799,181)
Total equity		**69,564,775**	**58,265,402**

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity

For the half-year ended 31 December 2022

	Share capital	Performance right reserve	Share option reserve	Accumulated losses	Total equity
	$	$	$	$	$
Balance at 1 July 2022	116,567,987	1,998,671	1,497,925	(61,799,181)	58,265,402
Loss for the period	-	-	-	(13,064,117)	**(13,064,117)**
Other comprehensive income	-	-	-	-	**-**
Total comprehensive loss for the period	**-**	**-**	**-**	**(13,064,117)**	**(13,064,117)**
Transactions with owners:					
Shares issued - Capital raising (refer to Note 15)	23,189,628	-	-	-	**23,189,628**
Capital raising costs (refer to Note 15)	(1,349,177)	-	-	-	**(1,349,177)**
Performance rights converted to shares (refer to Note 15)	998,135	(998,135)	-	-	**-**
Performance rights forfeited (refer to Note 17)	-	(35,071)	-	35,071	**-**
Performance rights expired (refer to Note 17)	-	(103,815)		103,815	**-**
Performance rights issued to employees and directors (refer to Note 17)	-	1,011,773	-	-	**1,011,773**
Options and loan funded shares issued to employees and directors (refer to Note 17)	-	-	1,511,266	-	**1,511,266**
Options and loan funded shares expired (refer to Note 17)	-	-	(1,150,000)	1,150,000	**-**
Options and loan funded shares exercised during the period (refer to Note 17)	-	-	(356,720)	356,720	**-**
Balance at 31 December 2022	**139,406,573**	**1,873,423**	**1,502,471**	**(73,217,692)**	**69,564,775**

Consolidated Statement of Changes in Equity

For the half-year ended 31 December 2021

	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
Prior period adjustments	-	-	-	(9,003)	(9,003)
Loss for the period	-	-	-	(9,108,967)	**(9,108,967)**
Other comprehensive income	-	-	-	-	**-**
Total comprehensive loss for the period	**-**	**-**	**-**	**(9,108,967)**	**(9,108,967)**
Transactions with owners:					
Shares issued - Capital raising (refer to Note 15)	10,000,000	-	-	-	**10,000,000**
Capital raising costs (refer to Note 15)	(574,521)	-	-	-	**(574,521)**
Performance rights converted to shares (refer to Note 15)	1,672,254	(1,672,254)	-	-	**-**
Performance rights forfeited (refer to Note 17)	-	-	-	-	**-**
Performance rights expired (refer to Note 17)	-	(1,683,768)	-	1,270,574	**(413,194)**
Performance rights issued to employees and directors (refer to Note 17)	-	1,166,566	-	-	**1,166,566**
Options & loan funded shares issued to employees and directors (refer to Note 17)	-	-	498,404	-	**498,404**
Options and loan funded shares expired (refer to Note 17)	-	-	(564,584)	257,738	**(306,846)**
Options and loan funded shares extended during the period (refer to Note 17)	-	-	(82,042)	49,225	**(32,817)**
Balance at 31 December 2021	**112,792,770**	**1,135,883**	**1,007,643**	**(51,348,218)**	**63,588,078**

Consolidated Statement of Cash Flows

For the half-year ended 31 December 2022

	31 December 2022 $	31 December 2021 $
Operating activities		
Interest received	19,781	310
Receipts from customers	724,269	660,433
Payments to suppliers and employees	(11,195,752)	(6,922,550)
Interest paid	(459,870)	(158,942)
Government grants	73,200	-
Net cash used in operating activities	**(10,838,372)**	**(6,420,749)**
Investing activities		
Purchase of property, plant and equipment	(4,875,149)	(116,987)
Development costs	(992,004)	(3,498,817)
R&D tax credit	-	3,986,814
Net cash used in investing activities	**(5,867,153)**	**371,010**
Financing activities		
Proceeds from issue of share capital	23,189,628	10,000,000
Capital raising costs	(1,366,905)	(574,521)
Proceeds from borrowings	292,752	902,680
Repayment of borrowings	(578,434)	(2,468,822)
Net cash from financing activities	**21,537,041**	**7,859,337**
Net increase in cash and cash equivalents	**4,831,516**	**1,809,598**
Cash and cash equivalents, beginning of period	11,518,907	11,128,151
Exchange differences on cash and cash equivalents	-	-
Cash and cash equivalents, end of period	**16,350,423**	**12,937,749**

The accompanying notes form part of these financial statements.

Notes to the Condensed Interim Consolidated Financial Statements

1 Nature of operations

FBR Limited ("the Company") and its controlled subsidiaries ("the Group") is developing technology to build an automated robotic bricklaying machine capable of completing brickwork at potentially significantly lower cost and higher quality than traditional methods. FBR has secured patents to protect its intellectual property rights in its technology in key markets.

2 General information and basis of preparation

The interim consolidated financial statements ('the interim financial statements') of the Group are for the six (6) months ended 31 December 2022 and are presented in Australian Dollars ($AUD), which is the functional currency of the Parent Company.

These general purpose interim financial statements have been prepared in accordance with the requirements of the Corporations Act 2001 and AASB 134 Interim Financial Reporting. They do not include all of the information required in annual financial statements in accordance with Australian Accounting Standards, and should be read in conjunction with the financial report for the year ended 30 June 2022 as well as any public announcements made by the Company during the half-year in accordance with continuous disclosure requirements arising under the Australian Securities Exchange Listing Rules and the Corporations Act 2001.

The interim financial statements have been approved and authorised for issue by the Board of Directors on 27 February 2023.

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 $13,064,117 during the six months ended 31 December 2022, and as of that date, the Group's net cash outflows from operating and investing activities totalled $16,705,525. 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 $16,350,423 and was working capital positive. The Group has receivables of $9,514,211 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 policy and disclosure

There have been no changes to accounting policies from 30 June 2022.

5 Estimates

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

The judgements, estimates and assumptions applied in the interim financial statements, including the key sources of estimation uncertainty were the same as those applied in the last annual financial statements for the year ended 30 June 2022, other than referred to above.

6 Revenue

	Consolidated	
	31 December 2022 $	**31 December 2021 $**
Wall as a Service and Construction Services sales	213,801	45,352
Residential housing sales	439,674	491,665
	653,475	**537,017**

7 Trade and other receivables

Trade and other receivables consist of the following:

	Consolidated	
	31 December 2022 $	**30 June 2022 $**
Research and Development tax refund [1]	8,650,010	5,610,922
Trade debtors	184,628	128,350
GST receivable	318,739	393,630
Director loans [2]	242,395	228,236
Interest receivable	76,625	1,195
Grant receivable	-	61,200
Other receivables	41,814	46,877
	9,514,211	**6,470,410**

1. R&D tax refund is an accrual based on the receivable for the 30 June 2022 tax return which was received on 1 February 2023 and an estimated R&D tax refund for the 6 months ended 31 December 2022.
2. Includes $190,000 loan to Mark Pivac (plus interest of $52,395) in connection with Performance Rights issued under the Group's Performance Rights Plan. The loan has a maturity date of 31 December 2023 and an interest rate at the higher of 4.52% per annum and the highest interest rate payable by the Company to any financier of the company at the relevant time.

8 Inventories

Inventories include the following components:

	Consolidated	
	31 December 2022	30 June 2022
	$	$
Cost	1,619,233	2,045,133
Inventory impairment	(220,394)	(674,644)
Carrying amount at 31 December 2022	**1,398,839**	**1,370,489**

9 Property, plant and equipment

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

	PLANT & EQUIPMENT	FURNITURE & FITTINGS	ICT EQUIPMENT	HADRIAN WIP	TOTAL
	$	$	$	$	$
Gross carrying amount					
Balance at 1 July 2022	3,729,514	1,028,360	2,228,759	1,967,782	8,954,415
Additions	173,468	12,023	4,111	4,234,431	4,424,033
Disposals	-	-	-		-
Balance at 31 December 2022	**3,902,982**	**1,040,383**	**2,232,870**	**6,202,213**	**13,378,448**
Depreciation and impairment					
Balance at 1 July 2022	(992,592)	(938,957)	(2,061,456)	-	(3,993,005)
Disposals	-	-	-	-	-
Depreciation	(216,332)	(13,448)	(57,017)	-	(286,797)
Impairment	-	-	-	-	-
Balance at 31 December 2022	**(1,208,924)**	**(952,405)**	**(2,118,473)**	**-**	**(4,279,802)**
Carrying amount at 31 December 2022	**2,694,058**	**87,978**	**114,397**	**6,202,213**	**9,098,646**

10 Right-of-use assets

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

	LAND & BUILDINGS	ICT EQUIPMENT	TOTAL
	$	$	$
Carrying amount at 1 July 2022	1,887,646	19,686	1,907,332
Depreciation	(587,273)	(18,202)	(605,475)
Adjustment from lease modification	2,220	-	2,220
Carrying amount at 31 December 2022	**1,302,593**	**1,484**	**1,304,077**

11 Lease Liabilities

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

	31 December 2022	30 June 2022
	$	$
Lease liabilities (current)	1,077,487	1,220,117
Lease liabilities (non-current)	252,957	716,723
	1,330,444	**1,936,840**

12 Development costs

	Hadrian	
	31 December 2022	30 June 2022
	$	$
Gross carrying amount		
Opening Balance	46,331,706	46,321,925
Additions	449,214	3,973,503
R&D Tax Refund	(93,283)	(1,942,242)
Amortisation expense	(1,565,198)	(2,021,480)
Closing Balance	**45,122,439**	**46,331,706**

	Shuttle System	
	31 December 2022	30 June 2022
	$	$
Gross carrying amount		
Opening Balance	62,819	-
Additions	315,448	111,184
R&D Tax Refund	-	(48,365)
Closing Balance	**378,267**	**62,819**

Total Development costs	**45,500,706**	**46,394,525**

13 Loans & Borrowings

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

	31 December 2022	30 June 2022
	$	$
Current		
Chattel mortgage equipment loan facility	171,487	166,265
Construction loan facility	1,193,525	1,163,412
R&D tax refund loan	4,000,000	4,000,000
Hadrian lease finance facility	439,958	410,356
	5,804,970	**5,740,033**

	31 December 2022	30 June 2022
	$	$
Non-current		
Chattel mortgage equipment loan facility	555,393	656,531
Hadrian lease finance facility	1,594,605	1,857,607
	2,149,998	**2,514,138**

14 Earnings per share

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

	31 December 2022	31 December 2021
	$	$
Weighted average number of shares used in basic earnings per share	2,980,214,511	2,264,400,943
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	**2,980,214,511**	**2,264,400,943**

15 Share capital

a) Ordinary shares

	31 December 2022		30 June 2022	
	$	No.	$	No.
Ordinary shares, fully paid	**139,406,573**	**3,439,823,314**	**116,567,987**	**2,651,028,536**

The reconciliation is set out as follows:

	$	No.
Movement in ordinary shares on issue		
Shares on issue at 1 July 2022	116,567,987	2,651,028,536
Capital Raising		
13 July 2022 Placement (at $0.018 per share)	1,929,628	107,201,578
01 November 2022 Placement (at $0.040 per share)	20,000,000	500,000,000
Capital Raising Costs	(1,349,177)	-
Performance Rights converted (6 July 2022)	806,255	20,673,200
Performance Rights converted (10 November 2022)	191,880	4,920,000
Option conversion (10 August 2022) at $0.0225 per share	1,260,000	56,000,000
Loan funded shares issued (28 December 2022) to executive directors	-	100,000,000
Shares on issue at 31 December 2022	**139,406,573**	**3,439,823,314**

On 6 July 2022, the company completed the issue of 20,673,200 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.

On 13 July 2022, the company completed the issue of 107,201,578 fully paid ordinary shares to Brickworks through a strategic private placement.

On 10 August 2022, the company completed the issue of 56,000,000 fully paid ordinary shares upon the exercise of unquoted options.

On 1 November 2022, the Company completed the issue of 500,000,000 fully paid ordinary shares to a group of new and existing institutional, sophisticated and strategic investors.

On 10 November 2022, the company completed the issue of 4,920,000 fully paid ordinary shares upon the exercise of unquoted performance rights that had previously vested on achievement of performance milestones in accordance with the company's Employee Securities Incentive Plan.

b) Loan funded shares

On 24 December 2022, 25,000,000 short term loan funded shares related to each Executive Director expired. These Loan Funded Shares will now be sold to a third party and the sale proceeds payable to the company.

15 Share capital (continued)

On 28 December 2022, the Company issued 100,000,000 new Loan Funded incentive shares as a director loan to the Executive Directors following the approval by the shareholders at the Annual General Meeting on 28 November 2022. The loan funded shares are provided under a limited resource, interest free loan. The following table illustrates the outstanding loan funded shares granted, repaid and forfeited during the year.

	31 December 2022 (6 months) Number	30 June 2022 (12 months) Number
Opening Balance	100,000,000	100,000,000
Granted during the period	100,000,000	-
Converted during the period	-	-
Expired/forfeited during the period	(50,000,000)	-
Closing Balance	**150,000,000**	**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.

16 Share based payments

a) Performance rights

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

	31 December 2022 (6 months) Number	30 June 2022 (12 months) Number
Opening Balance	51,498,200	78,970,028
Granted during the period	167,250,000	38,620,000
Converted during the period	(25,593,200)	(27,414,000)
Expired during the period	(4,535,000)	(33,123,256)
Forfeited during the period	(2,000,000)	(5,554,572)
Closing Balance	**186,620,000**	**51,498,200**

During the period, the Company issued 167,250,000 long term and short term performance rights to the employees and Key Management Personnel of the Company and converted 25,593,200 performance rights to ordinary shares to key management personal and employees that vested on achievement of performance milestones.

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

b) Options

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

	31 December 2022		30 June 2022	
	Number	**Weighted average exercise price (cents)**	**Number**	**Weighted average exercise price (cents)**
Opening Balance	-	-	5,800,000	30
Granted during the period	112,000,000	2.9	-	-
Converted during the period	(56,000,000)	2.3	-	-
Exercised during the period	-	-	(5,800,000)	30
Expired during the period	-	-	-	-
Closing Balance	**56,000,000**	**3.5**	**-**	**-**

At the start of the period the Company issued 56,000,000 unlisted incentive options to Key Management Personnel with an 18 month expiry with an exercise price of $0.0225. These options were exercised during the period and following the exercise the Company issued 56,000,000 unlisted incentive options to Key Management Personnel with a 16 month expiry with an exercise price of $0.035. No options were issued to directors during the period.

17 Reserves

	31 December 2022	30 June 2022
	$	$
Performance right reserve	1,873,423	1,998,671
Share option reserve	1,502,471	1,497,925
	3,375,894	**3,496,596**

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

	31 December 2022 $	30 June 2022 $
Movement in performance rights reserve		
Opening Balance	1,998,671	3,325,339
Performance rights converted to shares during the period	(998,135)	(1,672,254)
Performance rights issued during the period	1,011,773	2,439,080
Performance rights expired during the period	(103,815)	(2,093,494)
Performance rights forfeited during the period	(35,071)	(324,278)
Closing Balance	**1,873,423**	**1,998,671**

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

	31 December 2022 $	30 June 2022 $
Movement in share option reserve		
Opening Balance	1,497,925	1,155,865
Options and loan funded shares vested during the period	1,511,266	988,686
Options and loan funded shares exercised during the period	(356,720)	-
Options expired during the period	(1,150,000)	(564,584)
Loan funded shares extended during the period	-	(82,042)
Closing Balance	**1,502,471**	**1,497,925**

18 Segment reporting

The Group has identified one operating segment based on the internal reports that are reviewed and used by the executive management team (the chief operating decision makers) in assessing performance and in determining the allocation of resources.

The Group operates in Australia (building technology) and prepares reports internally by this location.

Other prospective opportunities outside of this geographical location are also considered from time to time, and if they are secured, will then be attributed to the geographical location where they are located.

All of the Group's non-current assets are held in Australia and all interest revenue is derived from funds invested in short-term money market instruments, all of which are held within Australia.

During the six month period to 31 December 2022 there has been no changes from prior periods in the measurement methods used to determine operating segments and reported segments' profit or loss.

19 Contingent liabilities

At the reporting date the Group had no pending legal claims or other contingent liabilities (2021: nil).

20 Events after the balance date

Subsequent to the end of the period, the Company advised that it had received confirmation from ICC Evaluation Service, LLC ("ICC-ES"), a subsidiary of the International Code Council®, that its Fastbrick Adhesive™ and its use in the construction of concrete masonry walls complies with the provisions of the 2021 and 2018 International Building Code® ("IBC") and the 2021 and 2018 International Residential Code® ("IRC"), the base code standards for the United States and numerous other international jurisdictions.

Achieving IBC and IRC certification from the International Code Council makes FBR one of the only robotic construction providers globally, whose building materials are certified for use in the United States. The certification of a stronger, more durable adhesive-based system, as an alternative to traditional wet mortar masonry construction, validates FBR's decision to take this modern waterless, mortarless, robotic approach to building in line with ESG targets and aspirations for a greener, low-waste construction industry.

Confirmation of compliance, as evidenced in ICC-ES evaluation report ESR-4273, provides guidance to code officials faced with approving the use of the Fastbrick Adhesive® in concrete masonry construction under these codes. The evaluation report, including the conditions the use of the Fastbrick Adhesive® in concrete masonry construction is subject to, is available online at www.icc-es.org. The International Code Council is the leading global source of model codes and standards and building safety solutions that include product evaluation, accreditation, technology, training, and certification. The Code Council's codes, standards, and solutions are used to ensure safe, affordable, and sustainable communities and buildings worldwide.

The I-Codes are the most trusted, widely accepted and comprehensive set of model codes used in the United States. All fifty states, the District of Columbia, and many other countries have adopted the I-Codes at the state or jurisdictional level.

On 3 February 2023, the Company advised that it had received a $5.9 million tax incentive cash refund for research and development from the Australian Taxation Office and Industry Innovation and Science Australia for the year ended 30 June 2022. Proceeds from the tax incentive cash refund went to the repayment of an existing $4.0 million loan with FC Capital, resulting in net cash of $1.9 million being received by FBR.

No other matters or circumstances have arisen since the end of the half-year to the date of this report which have significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those qualifications or the state of affairs of the consolidated entity.

Directors' Declaration

In the opinion of the Directors of FBR Limited:

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

   i Giving a true and fair view of its financial position as at 31 December 2022 and of its performance for the half-year ended on that date; and

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

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

Signed in accordance with a resolution of the Directors:



Michael Pivac
CHIEF EXECUTIVE OFFICER AND MANAGING DIRECTOR

Dated the 27th day of February 2023

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Independent Auditor's Review Report

To the Members of FBR Limited

Report on the half year financial report

Conclusion

We have reviewed the accompanying half year financial report of FBR Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated financial position as at 31 December 2022, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half year ended on that date, a description of accounting policies, other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of FBR Limited does not comply with the *Corporations Act 2001* including:

a giving a true and fair view of FBR Limited's financial position as at 31 December 2022 and of its performance for the half year ended on that date; and

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

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES *110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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Material uncertainty related to going concern

We draw attention to Note 3 in the financial report, which indicates that the Group incurred a net loss of $13,064,117 during the half year ended 31 December 2022 and that the Group's cash outflows from operating and investing activities totalled $16,705,525. 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 significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Directors' responsibility for the half-year financial report

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

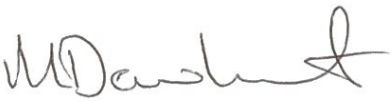
Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2022 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*.

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



Grant Thornton Audit Pty Ltd
Chartered Accountants



M D Dewhurst
Partner – Audit & Assurance

Sydney, 27 February 2023