



ACN 611 576 777

Annual Report
CFOAM Limited and its controlled entities
For the year ended 30 June 2021

CORPORATE DIRECTORY

Directors

Gary Steinepreis
Non-Executive Chairman

Todd Hoare
Non-Executive Director

Nicholas Ong
Non-Executive Director

Company Secretary

Gary Steinepreis

ASX Code

CFO

Solicitors

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Share Registry

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Limited

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Auditor

BDO Audit (WA) Pty Ltd
38 Station Street
SUBIACO WA 6008

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CFOAM LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2021

The Director's present their report, together with the financial report of CFOAM Limited and its 74.34% subsidiary, CFOAM Corp which wholly owns the operating entity CFOAM LLC (**Group**) for the year ended 30 June 2021 and auditor's report thereon. This financial report has been prepared in accordance with Australian Accounting Standards.

Directors

The names of the directors in office at any time during or since the end of the year are:

Gary Steinepreis

Todd Hoare

Nicholas Ong – appointed 24 October 2020

Flemming B. Bjoernslev – resigned 23 October 2020

Particulars of each director's experience and qualifications are set out later in this report.

Principal activity

The principal activity of the Group is the commercialisation of the CFOAM business and an investor in other new technology companies.

CFOAM® products are an inorganic carbon material that is manufactured from coal, pitch or lignin feedstock. CFOAM® products manufactured in this process have a rigid foam structure, similar in appearance to pumice stone, but with entirely different properties. CFOAM® products are currently used across a wide variety of markets including composite tooling for the aerospace sector, energy absorbing applications and defence applications. Additional markets such as the automotive applications for energy absorption and fire resistance are also expected to become significant to the Company over time.

CFOAM® products were developed to meet the growing demand for ultra-high-end performance engineering materials in the industrial, aerospace, military and commercial product markets.

Financial results

The financial results of the Group for the year ended 30 June 2021 are presented in US\$:

	30 June 2021	30 June 2020
Cash and cash equivalents (US\$)	1,101,272	418,118
Net assets (US\$)	6,257,638	4,437,608
Total revenue from operations (US\$)	654,294	847,345
Loss after income tax (US\$)	(3,037,562)	(5,474,516)

Review of operations

The Group continued to engage in its principal activity, the results of which are disclosed in the following financial statements.

During the period, the Company was advised by the United States Department of Energy's (**DOE**) Office of Fossil Energy (FE) that it had been awarded the project listed under Funding Opportunity Announcement (FOA) DE-FOA-0002185, Area of Interest 4. The total project value being US\$2,421,802, including DOE funding of US\$1,923,680 with CFOAM being approximately US\$1.523 million and cost share from CFOAM and CONSOL Energy Inc of US\$498,122. The project commenced on 1 January 2021.

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CFOAM has already made good progress in the lab on Atmospheric Pressure Carbon Foam and we believe that this was instrumental in CFOAM's application being selected for award. This has provided a solid base for this exciting project and CFOAM has hit the ground running on this exciting project.

The Advanced Coal Processing Program is focused on the conversion of coal into value-added products, outside of traditional thermal and metallurgical markets, that can contribute to the U.S. Gross Domestic Product and provide a stable and sizable market for U.S. coal production. For the Advanced Coal Processing Program, this FOA sought applications to conduct research and development on coal-derived materials for residential/commercial buildings, infrastructure, and high-value products. This includes supporting research and development to migrate from batch manufacturing to continuous manufacturing of coal-based building materials. The FOA will also support the design, R&D and validation of a prototype carbon-based building.

During the September 2020 quarter, the Board of CFOAM Corp (CCORP) determined that the business of CFOAM LLC required working capital of US\$916,532 to continue its business operations. The funds were required to be contributed on a pro rata basis being CFOAM Limited (CFO) US\$687,399 and CONSOL US\$229,133. However, due to the timing of CFOAM's capital raising strategy, CONSOL contributed its pro rata share of US\$229,133 by 4 September 2020 and further contributed US\$229,133 of CFO's first tranche portion on or around 1 October 2020, on a short-term basis, allowing CFO time to raise its allocation. This has resulted in the ownership structure being varied in CFOAM Corp (74.34% owned by CFOAM Limited, 25.66% owned by CONSOL Energy Inc), effective 31 December 2020.

On 8 October 2020, the Company announced it had entered into a conditional agreement to invest A\$1,550,000 to acquire a strategic 10.24% interest in Innovaero Technologies Pty Ltd (**Innovaero**), an Australian Aerospace and Defence Technology business. This transaction was finalised on 26 November 2020.

CFO proceeded with its capital raising strategy as follows:

- CFO undertook a renounceable rights issue of 4 Shares for every 3 Shares held by shareholders at an issue price of \$0.015 (1.5 cents) per Share to successfully raise A\$3,843,481 (US\$2,821,617) (**Rights Issue**) before costs.
- CFO received the amount of A\$400,000, on a converting loan basis, to cover its 31 October 2020 commitment of US\$229,133 to CFOAM CORP and for general working capital. A\$200,000 of the funds was converted into ordinary shares at the Rights Issue price and A\$200,000 was later approved by shareholders due to it being from a related party and subsequently converted into ordinary shares at the Rights Issue price. CFO contributed US\$687,399 to CCORP which included US\$229,133 to repay the CONSOL prepaid amount.
- CFOAM paid A\$1,550,000 for the 10.24% interest in Innovaero.

On 12 May 2021, CFOAM announced that it had received binding commitments to raise A\$4.14 million (before costs) through a two-tranche placement of 258,768,127 new shares at an issue price of A\$0.016 (1.6 cents) per share (**Placement**). Tranche 1 of the Placement consisted of 118,768,127 shares issued under the Company's existing Listing Rule 7.1 and 7.1A capacity (**Tranche 1**) and settled on 19 May 2021 with the remaining 140,000,000 shares issued following shareholder approval (**Tranche 2**) and settled on 15 July 2021.

The net proceeds of the Placement are being utilised towards the CFOAM business, investment in Innovaero and for general working capital.

CFOAM has an anti-dilution right for a period to December 2021 in relation to its 10.24% interest in Innovaero. Innovaero is currently raising up to A\$6m via a convertible note and CFOAM invested A\$1,975,000 as part of the Placement. A\$1,000,000 was invested as part of Tranche 1 and A\$975,000 as part of Tranche 2. This investment will maintain and increase CFOAM's interest in Innovaero when converted to equity. Innovaero is reviewing its options and may be considering an ASX listing later in 2021 and the conversion is

**CFOAM LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2021**

subject to 30% discount to an IPO valuation. CFOAM's current interest will increase from 10.24% to up to 17%, subject to the valuation conversion.

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

Significant changes in state of affairs

There have been no significant changes in the state of affairs of the group to the date of this report, not otherwise disclosed in this report.

After balance date events

The COVID-19 pandemic and the subsequent restrictions imposed by governments globally have caused disruption to many businesses and the associated economic activity. To date, the pandemic has not had a significant adverse effect on the Group's consolidated financial results.

The Group will continue to assess the impact of COVID-19 on existing projects and operations. The duration and spread of the pandemic and regulations imposed by governments continue to be closely monitored to determine any future impact on the Group.

CFOAM settled Tranche 2 of the Placement, being 140,000,000 shares at A\$0.016 each to raise A\$2,240,000 and the further A\$975,000 investment in Innovaero by way of a convertible note on 15 July 2021 and on 12 August 2021 the Paycheck Protection Program (PPP) loan in the amount of US\$333,800 was forgiven.

Other than this, there have been no other matters or circumstances, which have arisen since 30 June 2021 that have significantly affected or may significantly affect:

- (a) the operations, in financial years subsequent to 30 June 2021, of the Group, or
- (b) the results of those operations, or
- (c) the state of affairs, in financial years subsequent to 30 June 2021, of the Group.

Likely developments and expected results of operation

The Group is proceeding with the commercial strategy for CFOAM products.

Environmental regulation

The Group's operations up to 30 June 2021 are not regulated by any significant environmental regulation laws other than operating within certain limits of Hazardous Air Pollutants at its manufacturing operations in West Virginia to ensure no environmental issues occur.

Dividends paid, recommended and declared

No dividends were paid or declared since the start of the period. No recommendation for payment of dividends has been made.

Indemnity and insurance of officers

The Company has indemnified the directors and executives of the Company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Company paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

**CFOAM LIMITED
DIRECTORS' REPORT
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Indemnity and insurance of auditor

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

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.

Non-audit services

During the year, the Group's auditor has performed certain other non-audit services in addition to the audit and review of financial statements.

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

Details of the amounts paid to the auditor, and its network firms for non-audit services provided during the year are set out below:

Non-Audit Services

Amounts paid/payable to BDO for tax compliance and advice	US\$3,078
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Information Relating to Directors and Company Secretary

Gary Steinepreis

Chair (Non-executive)

Qualifications and Experience

Mr Steinepreis holds a Bachelor of Commerce degree from the University of Western Australia and is a Chartered Accountant. He provides corporate, management and accounting advice to a number of companies involved in the resource, technology and manufacturing industries.

Interest in Shares

42,838,698

Interest in options (unlisted)

500,000

Special Responsibilities

Company Secretary and Chair (Non-executive)

CFOAM LIMITED
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Directorships held in other listed entities during the three years prior to the current year

Current

Taruga Minerals Limited since 15 July 2016

Lachlan Star Limited since 18 January 2018

Former

Helios Energy Ltd 4 June 2010 to 11 September 2018

Todd Hoare

Non-executive director

Qualifications and Experience

Mr Hoare holds a Bachelor of Commerce and Bachelor of Science (Mathematics) degree from the University of NSW. He has extensive capital markets experience - including fund raising, valuation and trading - across the globe, including Hong Kong, New York and Sydney.

Interest in Shares

2,875,565

Interest in options (unlisted)

97,500

Interest in Performance Rights

150,000

Special Responsibilities

Nil

Chen Chik (Nicholas) Ong

Non-executive director

Qualifications and Experience

Mr Ong brings 16 years' experience in listing rules compliance and corporate governance. He is experienced in mining project finance, mining and milling contract negotiations, mine CAPEX & OPEX management, and toll treatment reconciliation. Mr Ong is a Fellow of the Governance Institute of Australia and Fellow of Institute of Chartered Secretaries and Administrators. He holds a Bachelor of Commerce and a Master of Business Administration from the University of Western Australia. He has since worked as a company secretary and director to listed companies.

Interest in Shares

-

Interest in options (unlisted)

-

Interest in Performance Rights

-

Special Responsibilities

Nil

Directorships held in other listed entities during the three years prior to the current year

Current

Helios Energy Ltd since 4 August 2017

White Cliff Minerals Ltd since 14 December 2018

Vonex Limited since 14 June 2016

Mie Pay Ltd since 15 July 2019

Beroni Group Ltd since 1 March 2021

Black Star Petroleum Ltd since 31 July 2018

Former

Arrow Minerals Ltd 15 June 2011 to 26 August 2019

CoAssets Ltd 18 March 2015 to 1 July 2019

Bojun Agriculture Holdings Ltd 6 June 2017 to 28 June 2018

Jiajiafu Modern Agriculture Ltd 2 April 2016 to 21 November 2017

**CFOAM LIMITED
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Former Director:

Flemming B. Bjoernslev

Qualifications and Experience

Mr Bjoernslev holds a bachelor degree from the University of Applied Sciences in Essen, Germany. He is an experienced executive, having spent 30 years in the chemical industry in Europe, Latin America and the United States. Most recently, Flemming was President & CEO of Lanxess Corporation and is currently an Operating Partner with the Virgo Investment Group, while also serving as an advisor to the North American chemical industry as a Senior Consultant at Cumberland Highstreet Partners. Previously, Flemming joined Bayer AG in 1986, and following his vocational training in Germany, embarked on an international career with Bayer, where he worked in several roles of increasing importance across various business groups in Europe and Latin America. In 2005, Bayer spun-off its chemical activities to form Lanxess AG, and Flemming continued his career with the newly-formed company. After setting up operations for Lanxess in Central Eastern Europe, he returned to North America in 2012 and was appointed President and CEO of Lanxess Corporation, overseeing fifteen global sites with 1,700 total employees and \$2 billion in annual revenues. He served in this role until 2015.

Meetings of Directors

During the financial year, the Board conducted the majority of its formal business via director's resolutions. A total of 4 meetings of directors (there were no committees of directors) were held. Attendances by each director during the year were as follows:

	Number eligible to attend	Number attended
Gary Steinepreis	4	4
Todd Hoare	4	4
Flemming B. Bjoernslev	1	1
Nicholas Ong	3	3

Remuneration Report (Audited)

The principles adopted by the Board are set out under the following main headings:

- (1) Principles used to determine the nature and amount of remuneration
- (2) Details of remuneration
- (3) Employment contracts of Directors and Senior Executives
- (4) Shared Based Compensation
- (5) Other transactions with Key Management Personnel

The information provided under headings 1 to 4 above includes remuneration disclosures that are required under section 300A of the Corporations Act 2001.

1 Principles used to determine the nature and amount of remuneration

The objective of the Group's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered.

CFOAM LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2021

Remuneration Report (Audited)(Continued)

The framework aligns executive reward with achievement of strategic objectives and the creation of value for shareholders, and conforms to market best practice for delivery of reward. The Board ensures that executive reward satisfies the following key criteria for good reward governance practices:

- (i) competitiveness and reasonableness;
- (ii) acceptability to shareholders;
- (iii) performance linkage / alignment of executive compensation;
- (iv) transparency; and
- (v) capital management.

The Group has structured an executive remuneration framework that is market competitive and complimentary to the reward strategy of the organisation.

Alignment to shareholders' and program participants' interests:

- (i) focuses on sustained growth in shareholder wealth;
- (ii) attracts and retains high calibre executives;
- (iii) rewards capability and experience; and
- (iv) provides a clear structure for earning rewards.

The Company is in a development phase and is focussed on implementing this strategy whilst continuing to grow its earnings. The Company has incurred losses over this period and invested significant capital. The financial report covers 2020 and 2021.

The Company performance is summarised for the 4 years to 30 June 2021 as follows:

	2021	2020	2019	2018
Loss for the year (US\$)	(3,037,562)	(5,474,516)	(5,932,385)	(3,511,954)
Basis loss per share				
(US\$)	(\$0.008)	(\$0.03)	(\$0.05)	(\$0.03)
Closing share price (A\$)	1.6 cents	2.7 cents	15.5 cents	15.5 cents

Remuneration Governance

Fees and payments to directors and key management personnel reflect the demands and responsibilities of the positions and are in line with the general market and the financial condition of the Group. There are no minimum or maximum amounts. There is no remuneration committee. Non-executive directors' fees are determined within an aggregate directors' fee pool limit, which will be periodically recommended for approval by shareholders. The maximum currently stands at A\$300,000 per annum as per the Group's constitution and may be varied by ordinary resolution of the shareholders in general meeting. The entire board which comprises three directors are responsible for remuneration packages. The Directors believe this is satisfactory given the size and complexity of Company operations.

Use of Remuneration Consultants

Remuneration consultants were not used in the establishment of remuneration packages for directors or key management personnel in 2021.

CFOAM LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2021

Remuneration Report (Audited)(Continued)

Company Performance, Shareholder Wealth and Directors' and Executives' Remuneration

The Company is in a development phase and is currently making a loss from operations. This will require the raising of additional capital and or debt as indicated in the financial report. No relationship exists between the Company performance, earnings, shareholder wealth and Directors' and Executive Remuneration for this financial period and the previous financial periods.

The remuneration for the years ended 30 June 2020 and 30 June 2021 is detailed below. The Company has also established a performance rights plan and employee share option plan and intends to utilise this to incentivise management and directors, subject to shareholder approval, if required. Whilst not directly linked to Company performance, the rights vest on various milestones that are designed to align executive remuneration with shareholder interests. Note 4 in the remuneration report refers to performance related remuneration.

No dividends have been declared or paid during the financial year and there has been no return of capital.

The Company's securities are traded on the ASX.

Comments and Voting at Annual General Meeting

At the 2020 Annual General Meeting the Company remuneration report was passed by the requisite majority of shareholders (84.7% by a poll).

2 Details of Remuneration

The key management personnel of the Group, during the year, were:

Directors:	Position:	Date Appointed	Date Resigned
Gary Steinepreis	Chair (Non-executive) / Company Secretary	30 March 2016	-
Todd Hoare	Non-executive director	16 June 2017	-
Nicholas Ong	Non-executive director	24 October 2020	-
Flemming B. Bjoernslev	Director	1 May 2019	23 October 2020

The remuneration is detailed below and no bonuses have been paid for the period.

	Short term employment benefits				Performance related
	Cash salary and fees US\$	Equity settled US\$	Total US\$		%
2021					
<i>Non-Executive Directors:</i>					
Gary Steinepreis	47,808	-	47,808	-	
Todd Hoare	47,808	1,232	49,040	2.51%	
Nicholas Ong	24,675	-	24,675	-	
Flemming B. Bjoernslev	-	-	-	-	
	120,291	1,232	121,523		

	Short term employment benefits				Performance related
	Cash salary and fees US\$	Medical insurance – employer and employee US\$	Equity settled US\$	Total US\$	%
2020					
<i>Non-Executive Directors:</i>					
Gary Steinepreis	44,104	-	-	44,104	-
Todd Hoare	44,104	-	1,339	45,443	2.95%
Brian E. Joseph	-	-	14,931	14,931	100%
<i>Director:</i>					
Flemming B. Bjoernslev ¹	203,073	-	63,794	266,867	23.9%

CFOAM LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2021

Other Key Management

Personnel:

Toby Chandler	23,864	-	-	23,864	-
Mark Morse	54,913	-	-	54,913	-
	370,058	-	80,064	450,122	

Note 1: Flemming Bjoernslev ceased executive director duties on 12 March 2020.

3 Employment Contracts of Directors and Senior Executives

Non-Executive Director Agreements - Todd Hoare, Gary Steinepreis

Fees: Directors fees of US\$47,808 (A\$64,000) per annum from 1 January 2019.

Non-Executive Director Agreement – Nicholas Ong

Fees: Directors fees of US\$35,855 (A\$48,000) per annum from 24 October 2020.

Flemming Bjoernslev ceased executive director duties on 12 March 2020 and was not remunerated for his role as a director up to his resignation on 23 October 2020.

Additional Executive Duties: work undertaken on additional executive duties will be paid at a commercial rate based on the project undertaken and work required. This does not form part of the non-executive director fee.

Terms and conditions: The non-executive Directors' appointments are subject to provisions of the Constitution and the ASX Listing Rules relating to retirement by rotation and re-election of directors and will automatically cease at the end of any meeting at which the directors are not re-elected as a director by Shareholders. The Non-Executive Agreements otherwise contains terms and conditions that are considered standard for agreements of this nature.

4 Shared Based Compensation

Ordinary shareholdings

Details of equity instruments held directly, indirectly, or beneficially by directors and key management personnel and their related parties are as follows:

2021 Name	Held at 1/7/2020	Shares acquired	Other changes	Balance 30/6/2021
Directors:				
Gary Steinepreis	12,645,157	30,193,541	-	42,838,698
Todd Hoare	2,875,565	-	-	2,875,565
Flemming B. Bjoernslev ¹	1,300,000	-	(1,300,000) ¹	-
Nicholas Ong	-	-	-	-
Total	16,820,722	30,193,541	(1,300,000)	45,714,263

Note 1: Due to the resignation from the position, the ordinary shares are no longer reportable.

Other securities

Details of equity instruments held directly, indirectly, or beneficially by directors and key management personnel and their related parties are as follows:

Performance rights:

2021 Name	Held at 1/7/2020	Other changes	Performance rights granted	Balance 30/6/2021	Vested & Unexercised	Unvested
Directors:						
Gary Steinepreis	-	-	-	-	-	-
Todd Hoare ¹	150,000	-	-	150,000	-	150,000
Nicholas Ong	-	-	-	-	-	-
Flemming B. Bjoernslev	-	-	-	-	-	-
Total	150,000	-	-	150,000	-	150,000

Note 1: The balance of the performance rights expense is A\$2,835. It is unlikely that these performance rights will vest.

CFOAM LIMITED
DIRECTORS' REPORT
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Todd Hoare - Performance rights remuneration, approved by shareholders, for a total of 150,000 performance rights to vest as follows, subject to remaining an Eligible Participant:

- 75,000 Class A performance rights - 30 day volume weighted average share price (VWAP) for the shares on ASX is \$0.60 or higher from the date of issue
- 75,000 Class B performance rights - 30 day VWAP for the shares on ASX is \$0.90 or higher from the date of issue

The Company also issued 20,000,000 options exercisable at A\$0.03 on or before 10 December 2023 as part of the capital raising mandate during the period and 3,690,690 options exercisable at A\$0.15 on or before 15 August 2022 on a 1 for 4 basis as part of the placement at A\$0.105 during the prior period. Other than these unlisted options, no person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the company or of any other body corporate.

Options:

2021 Name	Held at 1/7/2020	Options acquired	Other changes	Balance 30/6/2021
Directors:				
Gary Steinepreis	500,000	-	-	500,000
Todd Hoare	97,500	-	-	97,500
Total	597,500	-	-	597,500

5 Other transactions with Key Management Personnel

Oakhurst Enterprises Pty Ltd, an entity associated with Gary Steinepreis, advanced A\$200,000 on a converting loan basis with a conversion rate of A\$0.015 each being 13,333,333 ordinary shares, which was approved by shareholders and converted during the period. The fair value of the shares on the date of issue to satisfy the converting loan was A\$280,000.

Oakhurst Enterprises Pty Ltd previously provided funds to the Group in the amount of US\$70,000 (A\$111,490) for working capital, which sum was increased by A\$38,510 during the period to being a total of A\$150,000, on an unsecured and interest free basis. This amount was repaid during this financial period after the successful capital raising.

There have been no loans to Key Management Personnel.

End of the audited remuneration report.

A copy of the auditor's independence declaration as required by Section 307C of the Corporations Act 2001 is included in this Financial Report.

This report is made in accordance with a resolution of the Directors on 3 September 2021.



Gary Steinepreis
Director
Perth
3 September 2021

DECLARATION OF INDEPENDENCE BY GLYN O'BRIEN TO THE DIRECTORS OF CFOAM LIMITED

As lead auditor of CFOAM Limited for the year ended 30 June 2021, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of CFOAM Limited and the entities it controlled during the period.



Glyn O'Brien
Director

BDO Audit (WA) Pty Ltd
Perth, 3 September 2021

CFOAM LIMITED
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2021

	Notes	30-June-21 US\$	30-June-20 US\$
Revenue			
Revenue from operations		654,294	847,345
Loan forgiveness		301,782	-
Department of Energy-grant cost recovery		205,485	-
Other income		101	10,137
		1,161,662	857,482
Expenses			
Impairment loss – development asset	8	-	(1,434,053)
Raw materials and consumables used		(495,084)	(549,059)
Inventory writedown	6	(139,234)	(352,588)
Loss on sale of fixed assets		(63,751)	-
Loan succession fee		(49,000)	-
Legal fees		(33,034)	(146,692)
Accounting and audit fees		(45,760)	(44,173)
Australian securities exchange fees		(45,720)	(48,670)
Travel and associated costs		(4,692)	(23,943)
Premises lease		(309,608)	(299,450)
Supplies		(70,661)	(57,122)
Other expenses		(656,492)	(538,585)
Foreign exchange loss		(8,547)	(209,628)
Repairs and maintenance		(138,686)	(140,851)
Professional services		(261,652)	(335,667)
Employee salaries, consulting and benefits expense		(536,005)	(749,507)
Share based payments	15	(10,286)	(127,626)
Depreciation and amortisation expense		(1,048,673)	(1,014,161)
Finance costs		(282,339)	(260,223)
		(4,199,224)	(6,331,998)
Loss from continuing operations before income tax		(3,037,562)	(5,474,516)
Income tax expense	21	-	-
Loss from continuing operations after income tax		(3,037,562)	(5,474,516)
Other comprehensive loss, net of tax			
Items that may be reclassified to profit or loss:			
Exchange differences on translation of foreign operations		(9,033)	303,492
Total comprehensive loss for the year		(3,046,595)	(5,171,024)
Total loss for the year is attributable to:			
Owners of CFOAM Limited		(2,386,865)	(4,517,939)
Non-controlling interest	14	(650,697)	(956,577)
		(3,037,562)	(5,474,516)
Loss per share for loss attributable to the owners of CFOAM Limited			
Basic loss per share	26	(\$0.008)	(\$0.03)
Diluted loss per share	26	(\$0.008)	(\$0.03)

The Consolidated Statement of Profit or Loss and Other Comprehensive Income is to be read in conjunction with the accompanying notes.

CFOAM LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021

	Notes	30-June-21 US\$	30-June-20 US\$
ASSETS			
Current assets			
Cash and cash equivalents	18(a)	1,101,272	418,118
Trade and other receivables	5 (a)	92,537	81,556
Financial assets at fair value through profit or loss	5 (b)	775,650	-
Inventories	6	833,451	760,019
Total current assets		2,802,910	1,259,693
Non-current assets			
Financial assets at fair value through profit or loss	5 (b)	1,141,397	-
Property, plant and equipment	7	4,683,384	5,268,645
Right of use assets		87,923	101,188
Intangibles	8	2,151,140	2,500,000
Total non-current assets		8,063,844	7,869,833
TOTAL ASSETS		10,866,754	9,129,526
LIABILITIES			
Current Liabilities			
Trade and other payables	9	373,880	332,222
Lease liability		58,422	47,429
Borrowings	10	2,164,831	976,738
Total current liabilities		2,597,133	1,356,389
Non-current liabilities			
Lease liability		33,144	56,489
Borrowings	11	1,978,839	3,279,040
Total non-current liabilities		2,011,983	3,335,529
TOTAL LIABILITIES		4,609,116	4,691,918
NET ASSETS		6,257,638	4,437,608
EQUITY			
Issued capital	12	21,686,704	17,359,740
Non-controlling interests	14	771,818	1,193,382
Reserves	13	2,074,671	1,773,176
Accumulated losses	19	(18,275,555)	(15,888,690)
TOTAL EQUITY		6,257,638	4,437,608

The Consolidated Statement of Financial Position is to be read in conjunction with the accompanying notes.

CFOAM LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2021

Consolidated	Issued capital US\$	Reserves US\$	Accumulated losses US\$	Total US\$	Non- controlling interests US\$	Total equity US\$
Balance at 1 July 2020	17,359,740	1,773,176	(15,888,690)	3,244,226	1,193,382	4,437,608
Loss after income tax expense for the year	-	-	(2,386,865)	(2,386,865)	(650,697)	(3,037,562)
Other comprehensive income for the year, net of tax	-	(9,033)	-	(9,033)	-	(9,033)
Total comprehensive income for the year	-	(9,033)	(2,386,865)	(2,395,898)	(650,697)	(3,046,595)
<i>Transactions with owners in their capacity as owners:</i>						
Contributions of equity	4,728,626	-	-	4,728,626	-	4,728,626
Costs of contributions of equity	(401,662)	-	-	(401,662)	-	(401,662)
Transactions with Non-controlling interest	-	-	-	-	229,133	229,133
Share-based payments	-	310,528	-	310,528	-	310,528
Balance at 30 June 2021	<u>21,686,704</u>	<u>2,074,671</u>	<u>(18,275,555)</u>	<u>5,485,820</u>	<u>771,818</u>	<u>6,257,638</u>

Consolidated	Issued capital US\$	Reserves US\$	Accumulated losses US\$	Total US\$	Non- controlling interests US\$	Total equity US\$
Balance at 1 July 2019	13,229,322	72,437	(11,370,751)	1,931,008	-	1,931,008
Loss after income tax expense for the year	-	-	(4,517,939)	(4,517,939)	(956,577)	(5,474,516)
Other comprehensive income for the year, net of tax	-	303,492	-	303,492	-	303,492
Total comprehensive income for the year	-	303,492	(4,517,939)	(4,214,447)	(956,577)	(5,171,024)
<i>Transactions with owners in their capacity as owners:</i>						
Contributions of equity	4,167,587	-	-	4,167,587	-	4,167,587
Costs of contributions of equity	(37,169)	-	-	(37,169)	-	(37,169)
Transactions with Non-controlling interest	-	1,350,041	-	1,350,041	2,149,959	3,500,000
Share-based payments	-	47,206	-	47,206	-	47,206
Balance at 30 June 2020	<u>17,359,740</u>	<u>1,773,176</u>	<u>(15,888,690)</u>	<u>3,244,226</u>	<u>1,193,382</u>	<u>4,437,608</u>

The Consolidated Statement of Changes in Equity is to be read in conjunction with the accompanying notes.

CFOAM LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2021

	Note	30-June-21 US\$	30-June-20 US\$
Cash flows from operating activities			
Receipts from customers		645,445	682,910
Payments to suppliers and employees		(3,064,141)	(3,380,694)
Receipt from government grant-cost recovery		180,809	-
Interest received		101	112
Interest and other finance costs paid		(142,900)	(260,233)
Net cash used in operating activities	18	(2,380,686)	(2,957,905)
Cash flows from investing activities			
Payments for property, plant and equipment		(347,724)	-
Receipt from government grant-plant and equipment		241,845	-
Investment in Innovaero – equity and convertible note	5(b)	(1,917,047)	-
Net cash used in investing activities		(2,022,926)	-
Cash flows from financing activities			
Proceeds from the issue of shares including converting loan		4,592,749	1,699,482
Costs of the offer		(121,862)	(37,169)
Funds held in trust for the issue of shares		151,080	-
Proceeds from CONSOL investment		229,133	3,500,000
Repayment of convertible note		-	(3,250,000)
Repayment of borrowings		(281,081)	(247,295)
Proceeds from Paycheck Protection Program (PPP)		333,800	293,400
Proceeds from borrowings		182,947	1,176,830
Net cash provided by financing activities		5,086,766	3,135,248
Net increase in cash and cash equivalents		683,154	177,343
Cash and cash equivalents at the beginning of the financial year		418,118	240,775
Effects of exchange rate changes on cash and cash equivalents		-	-
Cash and cash equivalents at the end of the financial year	18	1,101,272	418,118

The Consolidated Statement of Cash Flows is to be read in conjunction with the accompanying notes.

CFOAM LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2021

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements and notes represent those of CFOAM Limited and its wholly owned subsidiary, CFOAM, LLC (**Group**) for the year ended 30 June 2021.

The separate financial statements of the parent entity, CFOAM Limited, have not been presented within this financial report as permitted by the *Corporations Act 2001*.

The financial statements were authorised for issue on 3 September 2021 by the directors of the Company.

Basis of Preparation

These general purpose financial statements have been prepared in accordance with the Corporations Act 2001, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board and International Financial Reporting Standards as issued by the International Accounting Standards Board. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

Except for cash flow information, the financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Comparative information

This report presents the financial information for the year ended 30 June 2021 and comparative information for the year ended 30 June 2020.

Functional and presentation currency

The functional currency of each entity within the Group is measured using the currency of the primary economic environment in which the entity operates. The financial statements are presented in United States dollars, which is the functional currency of CFOAM, LLC, from 1 July 2016.

a) Principles of Consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent (CFOAM Limited) and all of the subsidiaries (including any structured entities). Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group has a 74.34% investment in CFOAM Corp which has one wholly owned subsidiary being CFOAM LLC.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

CFOAM LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2021

b) *Going concern*

For the year ended 30 June 2021 the Group recorded a loss from continuing operations after income tax of US\$3,037,562 (2020: US\$5,474,516) and had net cash outflows from operating activities of US\$2,380,686 (2020: US\$2,957,905) and net current assets of US\$207,777 (2020: net current liabilities of US\$96,696).

In addition to above, the Company's subsidiary (CFOAM LLC) has a finance facility with Summit Community Bank (Summit) as disclosed in Note 11. For the year ended 30 June 2021, this facility contained a covenant requiring a certain debt service coverage ratio to be maintained which was not complied with for the financial year ended 30 June 2021. Failure to be in compliance with this covenant provides Summit with the option of applying penalty interest rates along with other default options. On 27 August 2021, Summit waived this covenant for the year ended 30 June 2021.

The ability of the Group to continue as a going concern is dependent on maintaining the support of its financiers, continued sales of CFOAM's product and securing additional funding through raising of debt or equity to continue to fund the development activities and expansion of its business platform.

These conditions indicate a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The directors have reviewed the Group's financial position and are of the opinion that there are sufficient funds to meet the entity's working capital requirements and as at the date of this report.

The financial statements have been prepared on the basis that the entity is a going concern, which contemplates the continuity of normal business activity, realisation of assets and settlement of liabilities in the normal course of business for the following reasons:

- The Directors expect to resolve the non-compliance with the covenant on the Summit facility with the financier and to maintain the facility as all payments have been made in line with the facility agreement;
- The Company's subsidiary (CFOAM CORP) expects to maintain the ongoing support of its shareholders including CFOAM Ltd and CONSOL Energy as evidenced by the proposed funding arrangements as outlined in Note 24 Events subsequent to balance date;
- CFOAM LLC has been successful for a financial assistance and funding opportunity (FOA) proposal to fund process development work over a 24 month period, which commenced on 1 January 2021;
- At the date of this report the Group has not received any letters of demand from creditors and expects to work with creditors to enable settlement in accordance with working capital availability;
- Included in current borrowings is US\$333,800 relating to the Paycheck Protection Program (PPP), refer Note 10, the Directors have complied with all conditions attached to this funding and therefore the liability recognised has been forgiven with no cash outlay required by the Group subsequent to the end of the financial year;
- The directors expect the Group to be successful in securing additional funds through debt or equity issues, when and if required.

Should the entity not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements and that the financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or liabilities that might be necessary should the entity not continue as a going concern.

CFOAM LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2021

c) *New, revised or amending Accounting Standards and Interpretations adopted*

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

d) *Cash and cash equivalents*

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in current liabilities on the statement of financial position.

e) *Trade and other payables*

Trade and other payables represent the liabilities at the end of the reporting period for goods and services received by the Group that remain unpaid.

Trade payables are recognised at their transaction price. Trade payables are obligations on the basis of normal credit terms.

f) *Share based payments*

The Group measures the cost of equity settled transactions with employees by reference to the fair value of equity instruments at the date at which they are granted. The fair value is determined by using the Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. A probability of the achievement of performance conditions is assigned and the share based payment expense is recognised over the estimated vesting period. The accounting estimates and assumptions relating to equity-settled share based payments may impact profit or loss and equity.

g) *Inventories*

Inventories are measured at the lower of cost and net realisable value. The cost of manufactured products includes direct materials, direct labour and an appropriate proportion of variable and fixed overheads. Overheads are applied on the basis of normal operating capacity. Costs are assigned on the basis of costs incurred per manufacturing run and resulting CFOAM panels produced and then assessed against the lower of cost and net realisable value where adjustments in the value of the inventory are made on a monthly basis.

h) *Intangible assets*

Intangible assets acquired, other than goodwill, are initially measured at their relative fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The amortisation method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period. The development asset is amortised over a useful life of 15 years and customer contract over a 12 month period.

CFOAM LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2021

i) Revenue and other income

Revenue is recognised when or as the Group transfers control of goods and services to a customer at the amount to which the Group expected to be entitled. If the consideration promised includes a variable amount, the Group estimates the amount of consideration to which it will be entitled.

The primary geographic market in which the Group generates revenue is the United States of America.

Sale of goods – Revenue from the sale of goods is recognised at a point in time where the goods are delivered, the legal title has passed and the customer has accepted the goods, which is generally the time of delivery. In the instance where cash is received from the customer prior to control of the goods being transferred, a deferred revenue balance is recognised as a liability on the balance sheet until the point at which control has passed and the revenue can be recognised. All revenue is stated net of the amount of sales tax.

j) Impairment of assets

At each reporting date, the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value.

Any excess of the asset's carrying value over its recoverable amount is expensed to the Statement of Profit and Loss and Other Comprehensive Income. Impairment testing is performed annually for goodwill and intangible assets with indefinite lives. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs.

k) Property, plant and equipment

The Company records Assets under Construction and the depreciation of these items commences when the asset is commissioned.

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

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Office equipment	1-5 years
Plant and equipment	10-15 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

CFOAM LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2021

l) Borrowings and Borrowing Costs

Loans and borrowings, including promissory notes, are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Convertible securities were issued by the Company to raise funds for the business operations which includes embedded derivatives (option to convert the security to variable number of shares in the Company. The convertible security is recognised as financial liabilities at fair value through profit or loss. On initial recognition, the fair value of the convertible security will equate to the proceeds received and subsequently the liability is measured at fair value each reporting period. The fair value movements are recognised on the profit or loss as finance costs. General and specific borrowing costs that are directly attributable to Assets under Construction are capitalised during the period of time until the asset is commissioned and operating at normal capacity.

Other borrowing costs are expensed in the period in which they are incurred.

m) Financial Instruments

Classification

From 1 July 2018 the Company classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value (either through OCI or through profit or loss); and
- Those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other income or expenses. Impairment losses are presented as a separate line item in the statement of profit or loss.

CFOAM LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2021

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other income or expenses. Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other income or expenses and impairment losses are presented as a separate line item in the statement of profit or loss.
- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other income or expenses in the period in which it arises.

Fair value

The fair values of quoted investments are based on last trade prices. For unlisted investments, management determine fair value based on inputs other than quoted prices that are either directly or indirectly observable for example recent share raising prices.

Equity instruments

The Company subsequently measures all equity investments at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Company's right to receive payment is established.

Changes in the fair value of financial assets at FVPL are recognised in other income or expenses in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

Impairment

From 1 July 2018 the Company assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology depends on whether there has been a significant increase in credit risk.

n) Issued Capital

Common shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

o) Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

p) Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

q) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction.

The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability.

No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

r) Foreign Currency Translation

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) Assets and liabilities for each statement of financial position are translated at the closing rate at the date of the statement of financial position;
- (ii) Income and expenses for each Statement of Profit or Loss and Other Comprehensive Income are translated at the average exchange rate for the period being reported on; and
- (iii) All resulting exchange differences are recognised in the foreign currency translation reserve in equity.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities are recognised in the foreign currency translation reserve, if material. When a foreign operation is sold, the associated exchange differences are reclassified to the Statement of Profit or Loss and Other Comprehensive Income as part of the gain or loss on sale.

s) Trade & other receivables

Trade and other receivables are recognised at amortised cost using the effective interest rate method, less any allowance for expected credit losses.

The Group assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. For trade and other receivables, the Group applies the simplified approach permitted by AASB 9 to determine any allowances for expected credit losses, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience. The amounts held in trade and other receivables do not contain impaired assets and are not past due. Based on the credit history of these trade and other receivables, it is expected that the amounts will be received when due.

t) Non-controlling interests

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and balance sheet respectively.

u) Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of CFOAM Limited.

v) Government grants

Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the cost that they are intended to compensate. When government grants are received in relation to capital assets, any such grants are offset against the costs of the associated capital assets in the statement of financial position.

CFOAM LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2021

w) **Earnings per share**

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of Pinnacle Listed Comprehensive Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

NOTE 2: ACCOUNTING STANDARDS AND INTERPRETATIONS ISSUED BUT NOT OPERATIVE AT 30 JUNE 2020

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2021. The consolidated entity has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

NOTE 3: CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the financial report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

Share based payments

The group measures the cost of equity settled transactions with employees by reference to the fair value of equity instruments at the date at which they are granted. The fair value is determined by using an appropriate valuation model taking into account the terms and conditions upon which the instruments were granted. A probability of the achievement of performance conditions is assigned and the share based payment expense is recognised over the estimated vesting period. The accounting estimates and assumptions relating to equity-settled share based payments may impact profit or loss and equity.

Intangibles

The development asset being the CFOAM product was acquired as part of the asset acquisition. The intangible is subsequently amortised on a straight line basis over its estimated useful life. The group estimates the useful life of the asset to be 15 years. The actual useful life may be shorter or longer than 15 years, depending on the technical innovations and competitor actions.

Impairment of Assets

At each reporting date, the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value.

Any excess of the asset's carrying value over its recoverable amount is expensed to the Statement of Profit and Loss and Other Comprehensive Income. Impairment testing is performed annually for goodwill and intangible assets with indefinite lives. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs.

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Inventory

The Group has allowed for an inventory reserve which represents an estimate of re-work costs to existing work-in-progress billet units and a general write-down. A percentage of completion method was used to value Work in Progress inventory. As in the past, a total cost per unit is calculated. This cost is then applied to the inventory on a percentage of completion basis. Depending on the manufacturing state that the material is in, its supplied a percentage of completion. The calculated cost is then applied to the inventory using its percentage of completion, thus properly valuing the inventory as it progresses through the manufacturing process.

Coronavirus (COVID-19) pandemic

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the consolidated entity based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the consolidated entity operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the consolidated entity unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

Fair value of financial assets

Fair value reflects the price that would be received to sell an asset or paid to transfer a liability in orderly transaction between market participants at the measurement date.

Quoted prices or rates are used to determine the fair value where an active market exists. If the market for a financial instrument is not active or the instrument is unlisted, then fair values are estimated using present value or other valuation techniques, using inputs based on market conditions prevailing on the measurement date, including recent capital raisings.

The values derived from applying these techniques are affected by the choice of valuation model used and the underlying assumptions made regarding inputs such as timing and amounts of future cash flows, discount rates, credit risk, volatility and correlation.

NOTE 4. OPERATING SEGMENTS

Identification of reportable operating segments

The Group is organised into one operating segment, being the operation of production of CFOAM. This is based on the Internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM') in assessing performance and in determining the allocation of resources.

As a result, the operating segment information is as disclosed in the statements and notes to the financial statements throughout the report.

Geographical information

All sales and non-current assets are based in the USA.

Revenue Recognition:

Disaggregation of Revenue.

All revenue recognised during the period was recognised at a point in time for the sale of products. All revenue recorded related to sales in USA.

CFOAM LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2021

NOTE 5. FINANCIAL ASSETS

	Consolidated	
	30 June 2021	30 June 2020
	US\$	US\$
5 (a) TRADE AND OTHER RECEIVABLES		
Prepayments	21,190	34,277
Trade and other receivables	71,347	47,279
	<u>92,537</u>	<u>81,556</u>

As at 30 June 2021 no trade or other receivables were significantly aged or impaired (2020:Nil). Refer to Note 20 for information on the Financial Risk Management Policy of the Company.

5 (b) FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

On 26 November 2020, the Company made a strategic investment of US\$1,141,397 (A\$1,550,000) in Innovaero Technologies Pty Ltd, an Australian Aerospace and Defence Technology business. At 30 June, the Company held an equity interest of 10.24% in Innovaero.

On 12 May 2021, the Company invested US\$775,650 (A\$1,000,000) in Innovaero Technologies Pty Ltd via a convertible note as part of Innovaero's capital raising strategy. This investment will maintain and increase CFOAM's interest in Innovaero when converted to equity.

The Directors have taken the approach to fair value the financial assets based on recent share raisings.

As at 30 June 2021, the fair value of the financial assets were assessed in accordance with the AASB 9 Financial Instruments, and as a result there was no fair value change recognised in the financial year.

i) Classification of financial assets at fair value through profit or loss

The Group classifies the following financial assets at fair value through profit or loss (FVPL):

- equity investments for which the entity has not elected to recognise fair value gains and losses through OCI.

Financial assets mandatorily measured at FVPL include the following:

	Consolidated	
	30 June 2021	30 June 2020
	US\$	US\$
Current assets		
Convertible note in Innovaero Technologies Pty Ltd (Innovaero)	775,650	-
	<u>775,650</u>	<u>-</u>
Non-current assets		
Investment in Innovaero	1,141,397	-
	<u>1,141,397</u>	<u>-</u>

(ii) Risk exposure and fair value measurements

Information about the group's exposure to price risk is provided in note 20. For information about the methods and assumptions used in determining fair value refer to note 20.

CFOAM LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

NOTE 6. INVENTORIES

	Consolidated	
	30 June 2021	30 June 2020
	US\$	US\$
Finished goods	702,860	601,701
Raw materials	79,161	34,130
Work in progress	51,430	124,188
	<u>833,451</u>	<u>760,019</u>

Note:

- (i) There are no interest or finance costs included in inventories.
- (iii) Amounts recognised in profit and loss – write-downs of inventories to net realisable value amounted to US\$139,234 (2020-US\$352,588). These were recognised as an expense during the year ended 30 June 2021 and included in the profit or loss.

NOTE 7. PROPERTY, PLANT AND EQUIPMENT

	Consolidated	
	30 June 2021	30 June 2020
	US\$	US\$
Assets in course of construction	<u>261,496</u>	<u>168,367</u>
Plant and equipment - at cost	6,447,104	6,557,789
Less: Accumulated depreciation	<u>(2,036,610)</u>	<u>(1,510,055)</u>
	<u>4,410,494</u>	<u>5,047,734</u>
Manufacturing use assets - at cost	205,751	205,751
Less: Accumulated depreciation	<u>(194,357)</u>	<u>(153,207)</u>
	<u>11,394</u>	<u>52,544</u>
Total property, plant and equipment - at cost	6,914,351	6,931,907
Less: Accumulated depreciation	<u>(2,230,967)</u>	<u>(1,663,262)</u>
	<u>4,683,384</u>	<u>5,268,645</u>

During the year, the Group recognised US\$447,330 in government grants from the United States Department of Energy's (DOE) Office of Fossil Energy (FE). Of these amounts received, US\$241,845 related to reimbursements for eligible plant and equipment and was therefore offset against costs capitalised in property, plant and equipment. The remaining amount of US\$205,485 was recognised as income in the consolidated statement of profit or loss.

CFOAM LIMITED
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Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial year are set out below:

Consolidated	Assets in course of construction US\$	Plant and equipment US\$	Manufacturing use US\$	Total US\$
Balance at 1 July 2020	168,367	5,047,734	52,544	5,268,645
Additions	334,974	12,750	-	347,724
Disposals/Transfers	(241,845)	(66,164)	-	(308,009)
Depreciation expense	-	(583,826)	(41,150)	(624,976)
Balance at 30 June 2021	261,496	4,410,494	11,394	4,683,384

Consolidated	Assets in course of construction US\$	Plant and equipment US\$	Manufacturing use US\$	Total US\$
Balance at 1 July 2019	451,470	5,342,865	93,694	5,888,029
Additions	-	-	-	-
Disposals/Transfers	(283,103)	281,840	-	(1,263)
Depreciation expense	-	(576,971)	(41,150)	(618,121)
Balance at 30 June 2020	168,367	5,047,734	52,544	5,268,645

CFOAM LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

NOTE 8. INTANGIBLES

	Consolidated	
	30 June 2021	30 June 2020
	US\$	US\$
Development asset - at cost	5,232,900	5,232,900
Less: Impairment loss – note (a)	(1,434,053)	(1,434,053)
Less: Accumulated amortisation	(1,647,707)	(1,298,847)
	<u>2,151,140</u>	<u>2,500,000</u>

Note (a) The Board views the Group as one CGU (CFOAM CGU), the Board has determined the recoverable amount of the CFOAM CGU by assessing the fair value less cost of disposal (FVLCD) of the underlying assets. The method applied was the market approach based on the current market capitalisation (number of shares on issue multiplied by the quoted market price per share on a VWAP (Volume Weighted Average Price) basis) of the Group on the Australian Securities Exchange (ASX).

The recoverable value is a Level 1 measurement based on observable inputs of publicly traded shares in an active market. At 30 June 2021, the value of the Group's net assets was less than this recoverable amount, and accordingly, no impairment expense has been recognised for the year.

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial year are set out below:

Consolidated	Development Asset US\$
Balance at 1 July 2020	2,500,000
Impairment	-
Amortisation expense	<u>(348,860)</u>
Balance at 30 June 2021	<u>2,151,140</u>
Balance at 1 July 2019	4,282,913
Impairment	(1,434,053)
Amortisation expense	<u>(348,860)</u>
Balance at 30 June 2020	<u>2,500,000</u>

The Development Asset refers to the acquired business assets for the production and sales of CFOAM including but not limited to the acquired patents (Intellectual Property Assets), all permits, machinery and equipment maintenance files, customer lists, customer purchasing histories, price lists, distribution lists, supplier lists, production data, quality control records and procedures, customer inquiry files, research and development files, records and data, sales material and records, strategic plans, internal financial statements, marketing and promotional surveys all relating to the business.

CFOAM LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

NOTE 9. CURRENT LIABILITIES – TRADE AND OTHER PAYABLES

	Consolidated	
	30 June 2021	30 June 2020
	US\$	US\$
Trade creditors	61,876	95,306
Funds held in trust – proceeds for share issue	151,080	-
Accruals	160,924	236,916
	<u>373,880</u>	<u>332,222</u>

NOTE 10. CURRENT LIABILITIES – BORROWINGS

	Consolidated	
	30 June 2021	30 June 2020
	US\$	US\$
Loan from related party – unsecured	-	76,830
Loan payable – CONSOL Energy Inc – unsecured	182,946	-
Paycheck Protection Program (PPP) – unsecured	333,800	293,400
Loans payable – secured (Note 11b)	533,397	606,508
Promissory notes – secured (Note 11a)	1,114,688	-
	<u>2,164,831</u>	<u>976,738</u>

The PPP is a US government backed loan related to COVID-19 measures. During the period, the loan of US\$293,400 was forgiven and a further loan of US\$333,800 was advanced. The Group confirms that the US\$333,800 loan has been forgiven subsequent to the end of the financial year on 12 August 2021.

Refer to note 11 for further information on assets pledged as security and financing arrangements.

CFOAM LIMITED
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FOR THE YEAR ENDED 30 JUNE 2021

NOTE 11. NON-CURRENT LIABILITIES - BORROWINGS

	Consolidated	
	30 June 2021	30 June 2020
	US\$	US\$
Loans payable – secured – note (b)	1,978,839	2,067,222
Promissory notes – secured – note (a)	-	1,211,818
	<u>1,978,839</u>	<u>3,279,040</u>

Note (a) Promissory Notes – secured:

Promissory notes issued are as follows:

- (i) Original US\$800,000 promissory note with an interest rate of 3% per annum, and which is secured by a first lien security interest over all of the assets of the business of CFOAM LLC acquired under the Asset Purchase Agreement in 2016 (2016 Assets). The promissory note was restructured during the period and now interest is only payable on a monthly basis and principal is due on 30 June 2022.
- (ii) Original balance was US\$4,000,000. The promissory note which will accrue interest at 2% per annum and be secured by a second lien security interest over the 2016 Assets. This promissory note was restructured during the period and any accrued interest and principal is due and payable on 31 December 2021. In addition, for the term of the promissory note, the parties have agreed that certain specified density and thickness foam may be purchased by Touchstone at an agreed price and that, in lieu of cash payment, the purchase price for any such foam shall be applied to further reduce the principal amount of the promissory note.

The promissory notes can be summarised as follows:

	Original	Original	Balance at 30
30 June 2021	US\$800,000	\$4,000,000	June 2021
			US\$
Promissory note-current	403,098	711,590	1,114,688
Promissory note - non-current	-	-	-
	<u>403,098</u>	<u>711,590</u>	<u>1,114,688</u>
	Original	Original	Balance at 30
30 June 2020	US\$800,000	\$4,000,000	June 2020
			US\$
Promissory note-current	-	-	-
Promissory note - non-current	403,098	808,720	1,211,818
	<u>403,098</u>	<u>808,720</u>	<u>1,211,818</u>

Note (b) Loans payable – secured:

	Current	Non-current	Balance at 30	Total Facility	Interest
30 June 2021			June 2021	US\$	
			US\$	US\$	
Secured loan - West Virginia Economic Development Authority (WVEDA)	110,844	843,793	954,637	1,200,000	3.46%
Secured loan – CONSOL Energy Inc.	-	1,135,046	1,135,046	1,100,000	2.00%
Secured loan – Summit Community Bank	422,553	-	422,553	600,000	6.49%
	<u>533,397</u>	<u>1,978,839</u>	<u>2,512,236</u>	<u>2,900,000</u>	

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30 June 2020	Current	Non-current	Balance at 30 June 2020 US\$	Total Facility US\$	Interest
Secured loan - West Virginia Economic Development Authority (WVEDA)	107,078	954,633	1,061,711	1,200,000	3.46%
Secured loan – CONSOL Energy Inc.	-	1,112,589	1,112,589	1,100,000	2.00%
Secured loan – Summit Community Bank	499,430	-	499,430	600,000	6.49%
	<u>606,508</u>	<u>2,067,222</u>	<u>2,673,730</u>	<u>2,900,000</u>	

The loans payable to WVEDA is due on 14 February 2029 and Summit Community Bank is due on 1 February 2026 and are secured over the 2016 Assets, which are the assets originally purchased under the Asset Purchase Agreement of 2016, not claimed by the promissory notes security and secured over the Phase 1 assets.

The loan to CONSOL Energy Inc is due on 6 December 2022 and secured by a CFOAM Corp lien over its equity interests in CFOAM LLC and in accordance with the intercreditor agreement where it ranks behind the promissory notes and WVEDA and Summit Community Bank.

Loan Covenants

Under the terms of Summit Community Bank (Summit) borrowing facility, CFOAM LLC is required to comply with a debt service coverage ratio of at least 1.20:1.00 assessed on a trailing 12 month basis. In the event of non-compliance with this covenant Summit has the option to consider this an event of default and failure to cure provides Summit the option to increase the interest rate applicable to the facility by 1% or any other default option available to Summit.

This covenant is required to be assessed annually commencing for the year ending 30 June 2020. While CFOAM has not yet lodged its compliance certificate with the bank it is not expected to comply with this covenant as at 30 June 2021. As a result, the entire balance of the facility has been classified as current in the statement of financial position.

CFOAM LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

NOTE 12. ISSUED CAPITAL

		30 June 2021 Shares	Consolidated 30 June 2020 Shares	30 June 2021 US\$	30 June 2020 US\$
Ordinary shares - fully paid (US\$)		593,840,634	192,174,026	21,686,704	17,359,740
<i>Movements in ordinary share capital</i>					
Details	Date	Shares	Issue price	US\$	
Balance	1 July 2019	117,388,961		13,229,322	
Issue of shares-placement	17 September 2019	10,839,429	US\$0.072	780,577	
Issue of shares-performance rights	17 September 2019	350,000	US\$0.072	25,204	
Issue of shares-placement	26 September 2019	1,133,333	US\$0.071	80,342	
Issue of shares-cleansing	30 September 2019	1,000	US\$0.071	71	
Issue of shares-director and related party	18 November 2019	2,400,000	US\$0.072	171,843	
Issue of shares-loan repayment	5 December 2019	1,410,935	US\$0.071	100,000	
Issue of shares-director	9 December 2019	390,000	US\$0.072	27,969	
Issue of shares-converting loan	9 December 2019	8,281,250	US\$0.055	452,496	
Issue of shares-convertible note	9 December 2019	1,060,000	US\$0.055	57,625	
Issue of shares-cleansing	30 December 2019	1,000	US\$0.056	56	
Issue of shares-convertible note	10 February 2020	15,349,280	US\$0.12	1,844,090	
Issue of shares-convertible note (a)	10 February 2020	19,186,600	US\$0.00	-	
Issue of shares-cleansing	20 April 2020	1,000	US\$0.051	51	
Issue of shares-convertible note	20 April 2020	2,979,876	US\$0.115	341,847	
Issue of shares-convertible note (a)	20 April 2020	3,724,845	US\$0.00	-	
Issue of shares-conversion of fees	20 April 2020	4,157,142	US\$0.025	105,977	
Issue of shares-performance rights	20 April 2020	1,000,000	US\$0.051	50,986	
Issue of shares-converting loan	20 April 2020	2,519,375	US\$0.051	128,453	
Cost of the contribution of capital				(37,169)	
Balance	30 June 2020	192,174,026		17,359,740	
Balance	1 July 2020	192,174,026		17,359,740	
Issue of shares-converting loan	28 October 2020	13,333,333	US\$0.0148	197,573	
Issue of shares-converting loan	10 December 2020	13,333,333	US\$0.0171	228,352	
Entitlement offer to shareholders	16 November 2020	88,256,757	US\$0.011	969,277	
Issue of shortfall shares to entitlement offer	24 November 2020	167,975,058	US\$0.011	1,852,340	
Issue of shares-placement	18 May 2021	118,768,127	US\$0.012	1,481,084	
Cost of the contribution of capital				(401,662)	
Balance	30 June 2021	593,840,634		21,686,704	

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Note (a) An agreement was reached with the Convertible Noteholders, that the Noteholder agreed to convert all its principal and interest relating to the Convertible Notes issued by the Company on the basis that the Noteholder would receive an additional 1.25 shares for every share converted at a nil issue price.

The Company also issued 20,000,000 options exercisable at A\$0.03 on or before 10 December 2023 as part of the capital raising mandate during the period. These options have been included in the cost of capital as they were issued as part of the capital raising. The fair value of the options was determined using the Black-Scholes model to be A\$372,322 (US\$285,906). The Company also has on issue 3,690,690 options exercisable at A\$0.15 on or before 15 August 2022 on a 1 for 4 basis as part of the placement at A\$0.105 during the prior period.

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NOTE 13. RESERVES

	Consolidated	
	30 June 2021	30 June 2020
	US\$	US\$
Equity reserve – non-controlling interests (note 14)	1,350,041	1,350,041
Share based payment reserve – performance rights and options	535,689	225,161
Foreign currency reserve	188,941	197,974
	<u>2,074,671</u>	<u>1,773,176</u>

Movements in reserves

	Consolidated	
	30 June 2021	30 June 2020
	US\$	US\$
Share based payment reserve – performance rights and options		
Balance at beginning of period as at 1 July 2020	225,161	177,955
Share based payment expense for the period	310,528	47,206
Balance at the end of the period as at 30 June 2021	<u>535,689</u>	<u>225,161</u>

	Consolidated	
	30 June 2021	30 June 2020
	US\$	US\$
Foreign currency reserve		
Balance at beginning of period as at 1 July 2020	197,974	(105,518)
Movement for the period	(9,033)	303,492
Balance at the end of the period as at 30 June 2021	<u>188,941</u>	<u>197,974</u>

Nature and Purpose of Reserves

(1) Equity reserve – non-controlling interests

The equity reserve represents a change in ownership interest, being the difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid.

(2) Share based payment reserve – performance rights and options

The share based payment reserve is used to recognise the fair value of performance rights issued to employees but not converted into ordinary shares and for options issued under the capital raising mandate. The reserve is recognised in contributed equity when and if the relevant milestone is attained within the specified period and as a result the performance rights concerned convert to ordinary shares or when the options are exercised.

(3) Foreign currency reserve

The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to United States dollars.

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NOTE 14. NON-CONTROLLING INTERESTS

On 6 December 2019, CONSOL Energy Inc (CONSOL) acquired a 25% interest in the Group's US operations, via CFOAM Corp which is the holding company for CFOAM LLC, whose operations are in Triadelphia, West Virginia. CONSOL provided cash consideration of US\$3.5 million for the 25% interest. The group recognised an increase in non-controlling interests of US\$2,149,959, representing 25% of the net assets of the Group's US operations and an increase in the equity reserve of US\$1,350,041.

During the September 2020 quarter, the Board of CFOAM Corp (CCORP) determined that the business of CFOAM LLC required working capital of US\$916,532 to continue its business operations. The funds were required to be contributed on a pro rata basis being CFOAM Limited (CFO) US\$687,399 and CONSOL US\$229,133. However, due to the timing of CFOAM's capital raising strategy, CONSOL contributed its pro rata share of US\$229,133 by 4 September 2020 and further contributed US\$229,133 of CFO's first tranche portion on or around 1 October 2020, on a short-term basis, allowing CFO time to raise its allocation. This has resulted in the ownership structure being varied in CFOAM Corp (74.34% owned by CFOAM Limited, 25.66% owned by CONSOL Energy Inc), effective 31 December 2020.

The accounting for this transaction is in accordance with the accounting policy outlined in Note 1.

This is summarised as follows:

	30 June 2021 US\$
Equity reserve – non-controlling interests (note 13)	1,350,041
Non-controlling interest	<u>2,149,959</u>
Consideration received from CONSOL	<u><u>3,500,000</u></u>

	30 June 2021 US\$
Non-controlling interest in CONSOL's initial investment	2,149,959
Additional investment in current period	229,133
Share of loss – carried forward	(956,577)
Share of loss for period	<u>(650,697)</u>
Non-controlling interest at 30 June 2021	<u><u>771,818</u></u>

Summarised balance sheet of CFOAM Corp and CFOAM LLC:

	30 June 2021 US\$	30 June 2020 US\$
Current assets	1,058,480	1,245,592
Current liabilities	<u>(2,527,696)</u>	<u>(1,116,896)</u>
Current net assets	<u>(1,469,216)</u>	128,696
Non-current assets	6,922,447	7,869,833
Non-current liabilities	<u>(2,415,081)</u>	<u>(3,335,529)</u>
Non-current net assets	<u>4,507,366</u>	4,535,304
Net assets	<u><u>3,038,150</u></u>	<u><u>4,663,000</u></u>

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Summarised statement of comprehensive income of CFOAM Corp and CFOAM LLC:

	30 June 2021	30 June 2020
	US\$	US\$
Revenue from operations	654,294	947,345
Loss for the period	(2,541,382)	(4,902,392)
Other comprehensive loss	-	-
Total comprehensive loss	<u>(2,541,382)</u>	<u>(4,902,392)</u>
Loss allocated to non-controlling interest	650,697	956,577

NOTE 15 SHARE BASED PAYMENTS

In the prior years, the Company had issued various performance rights and options to directors, consultants and staff. The performance rights and options are a performance-based remuneration incentive which provides the opportunity for the participant to become a shareholder in the Company and deliver long-term shareholder returns.

2021	Milestone	Number	Amount expensed US\$	Total fair value US\$	Share price at grant date US\$
Performance rights					
Employee Incentive plan	-	200,000	1,492	43,707	0.117
Employee Incentive plan	-	375,000	-	15,687	0.038
Approved by shareholders					
Performance Rights	A	75,000	1,232	6,163	0.257
Performance Rights	B	75,000	258	1,289	0.257
Performance Rights	E	166,666	-	41,707	0.257
Performance Rights	F	166,667	-	41,707	0.257
Performance Rights	G	166,667	7,304	41,707	0.257
Balance at 30 June 2021		1,225,000	10,286	191,967	
2020	Milestone	Number	Amount expensed US\$	Total fair value US\$	Share price at grant date US\$
Performance rights					
Employee Incentive plan	-	200,000	6,648	39,291	0.117
Employee Incentive plan	-	375,000	14,102	14,102	0.038
Approved by shareholders					
Performance rights issued and converted to ordinary shares		1,300,000 (1,300,000)	83,939	83,939	0.065
Performance Rights	A	75,000	1,107	5,540	0.257
Performance Rights	B	75,000	232	1,158	0.257
Performance Rights	E	166,666	-	37,492	0.257
Performance Rights	F	166,667	9,615	37,493	0.257
Performance Rights	G	166,667	11,983	37,493	0.257
Balance at 30 June 2020		1,225,000	127,626	256,508	

Issued during the period

There were no performance rights issued during the year.

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FOR THE YEAR ENDED 30 JUNE 2021

Milestone: (each a Vesting Condition)

- (i) **(Class A):** Class A Performance Rights shall vest and become exercisable on and from the date the Company's 30 day Volume Weighted Average Share Price (**VWAP**) on the ASX is equal or greater than \$0.60 from the date of issue.
- (ii) **(Class B):** Class B Performance Rights vest and become exercisable on and from the date the Company's 30 day VWAP on the ASX is equal or greater than \$0.90 from the date of issue.
- (iii) **(Class E):** Class E Performance Rights vest and become exercisable on and from 15 January 2019.
- (iv) **(Class F):** Class F Performance Rights vest and become exercisable on and from 15 January 2020.
- (v) **(Class G):** Class G Performance Rights vest and become exercisable on and from 15 January 2021.

Lapse

If the Vesting Condition is not achieved by the required date or the Conversion Notice not given to the Company by the required date or the Holder is no longer an Eligible Participant, then the relevant Performance Right will automatically lapse.

NOTE 16: CONTINGENT LIABILITIES

The Group had no contingent liabilities as at 30 June 2021 (2020: nil).

NOTE 17. RELATED PARTY TRANSACTIONS

Oakhurst Enterprises Pty Ltd, an entity associated with Gary Steinepreis, advanced A\$200,000 on a converting loan basis with a conversion rate of A\$0.015 each being 13,333,333 ordinary shares, which was approved by shareholders and converted during the period. The fair value of the shares on the date of issue to satisfy the converting loan was A\$280,000.

Oakhurst Enterprises Pty Ltd previously provided funds to the Group in the amount of US\$70,000 (A\$111,490) for working capital, which sum was increased by A\$38,510 during the period to being a total of A\$150,000, on an unsecured and interest free basis. This amount was repaid during this financial period after the successful capital raising.

Flemming B. Bjoernslev resigned as a director on 23 October 2020 and was not paid any remuneration during the period. Nicholas Ong was appointed on 24 October 2020 and is being remunerated as a non-executive director on a monthly fee of A\$4,000.

CFOAM, LLC is a 74.34% owned subsidiary of CFOAM via CFOAM Corp. Transactions between the entities are eliminated upon consolidation.

Compensation

The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

Services provided by directors and key management personnel and recognised as an expense	Consolidated	
	30 June 2021	30 June 2020
	US\$	US\$
Short term employee benefits	120,291	370,058
Post-employment benefits	-	-
Share based payments	1,232	80,064
	121,523	450,122

Detailed remuneration disclosures with regard to the amounts paid to directors are provided in the audited remuneration report in the directors' report.

CFOAM LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

NOTE 18. CASH AND CASH EQUIVALENTS

(a) Reconciliation to cash at the end of the period

	Consolidated	
	30 June 2021	30 June 2020
	US\$	US\$
Cash at bank and in hand	1,101,272	418,118

(b) Reconciliation of net loss after income tax to net cash flows used in operating activities

	Consolidated	
	30 June 2021	30 June 2020
	US\$	US\$
Net loss after income tax	(3,037,562)	(5,474,516)
Depreciation and amortisation	1,048,680	1,014,161
Shares issued for non-cash consideration	-	105,978
Fair value adjustment on shares issued	135,876	-
Right to use assets - amortisation	4,585	-
Loan forgiven	(293,400)	-
Share based payments	30,728	123,396
Impairment expense	-	1,434,053
Inventory provision	139,234	-
Foreign currency reserve	(9,033)	-
Changes in assets and liabilities:		
(Increase) Decrease in inventory	(212,666)	271,688
Increase (Decrease) in prepayments and other receivables	(10,981)	176,761
Increase (Decrease) in trade and other payables	(176,147)	(609,426)
Net cash flows used in operating activities	(2,380,686)	(2,957,905)

(c) Reconciliation of cash and non-cash movements in liabilities arising from financing activities

			Non-cash changes			
	2020	Cash flows	Accruals	Issue of shares	Fair value changes	2021
Total Loans payable	3,043,960	(197,924)	-	-		2,846,036
Total Promissory note	1,211,818	(97,130)	-	-	-	1,114,688
Total liabilities from financing liabilities	4,255,778	(295,054)	-	-		3,960,724

(d) Fair value adjustment

The Group recorded a non-cash adjustment of US\$135,876 relating to a fair value adjustment of the converting loans when converted to ordinary shares.

CFOAM LIMITED
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FOR THE YEAR ENDED 30 JUNE 2021

NOTE 19. ACCUMULATED LOSSES

	Consolidated	
	30 June 2021	30 June 2020
	US\$	US\$
Balance at beginning of period	15,888,690	11,370,751
Loss after income tax expense for the period	2,386,865	4,517,939
Balance at the end of the period	<u>18,275,555</u>	<u>15,888,690</u>

NOTE 20: FINANCIAL RISK MANAGEMENT

The Group's financial instruments consist mainly of deposits with banks and accounts receivable and payable and promissory notes. The Group's activities expose it to a variety of financial risks; market risk (including fair value and interest rate risk), credit risk, liquidity risk, foreign exchange fluctuations, cash flow and interest rate risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. Risk management is carried out by the board of directors under policies approved by the Board. The board identifies and evaluates financial risks for overall risk management.

Interest Rate Risk

As the Group has no significant interest bearing assets other than cash at bank, the Group's income and operating cash flows are not materially exposed to changes in market interest rates.

The risk arises due to changes in interest rates offered by the bank. The risk is managed by seeking alternative quotes from competing banks.

The secured bank loans, secured promissory notes and convertible notes have a fixed interest rate and there is an inherent fair value risk.

2021	Floating interest rate	Fixed interest rate	Non-interest bearing	Total	Weighted average effective interest rate
Financial Instruments	US\$	US\$	US\$	US\$	%
<i>Financial assets</i>					
Cash assets	1,101,272	-	-	1,101,272	-
Financial assets at fair value through profit or loss	1,917,097	-	-	1,917,097	
Trade and other receivables	-	-	92,537	92,537	-
Total financial assets	3,018,369	-	92,537	3,110,906	
<i>Financial liabilities</i>					
Lease liability – current	-	58,422	-	58,422	5%
Lease liability – non-current	-	33,144	-	33,144	5%
Paycheck Protection Program (PPP)	-	-	333,800	333,800	-
Promissory notes - current	-	1,114,688	-	1,114,688	2 – 5 %
Loans - current	-	533,397	-	533,397	3.64 - 6.58%
Loans – non-current	-	1,978,839	-	1,978,839	2 – 6.58%
Total financial liabilities	-	3,718,490	333,800	4,052,290	

CFOAM LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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2020					Weighted average effective interest rate
Financial Instruments	Floating interest rate US\$	Fixed interest rate US\$	Non-interest bearing US\$	Total US\$	rate %
Financial assets					
Cash assets	418,118	-	-	418,118	-
Trade and other receivables	-	-	81,556	81,556	-
Total financial assets	418,118	-	81,556	499,674	
Financial liabilities					
Lease liability – current	-	47,429	-	47,429	5%
Lease liability – non-current	-	56,489	-	56,489	5%
Loan from related party	-	-	76,830	76,830	-
Paycheck Protection Program (PPP)	-	-	293,400	293,400	-
Loans - current	-	606,508	-	606,508	3.64 - 6.58%
Loans – non-current	-	2,067,222	-	2,067,222	2 – 6.58%
Promissory notes-non-current	-	1,211,818	-	1,211,818	2 – 5%
Total financial liabilities	-	3,989,466	370,230	4,359,696	

The net fair value of financial assets and liabilities are materially in line with their carrying values. The assets pledged as security support the fair value.

Sensitivity Analysis – Interest Rate Risk

The Group has performed a sensitivity analysis relating to its exposure to interest rate risk at the reporting date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result in a change in interest rates.

		Increase 1%		Decrease 1%	
	Carrying Amount US\$	Profit US\$	Equity US\$	Profit US\$	Equity US\$
30 June 2021					
Cash and cash equivalents	1,101,272	11,013	-	(11,013)	-
		Increase 1%		Decrease 1%	
	Carrying Amount US\$	Profit US\$	Equity US\$	Profit US\$	Equity US\$
30 June 2020					
Cash and cash equivalents	418,118	4,181	-	(4,181)	-

Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash to meet commitments as and when they fall due. The Group has issued promissory notes as part of the Asset Purchase Agreement and obtained new loans to fund its expansion and its risk with regard to liquidity relates to its ability to maintain its current operations prior to the generation of future income streams and growth strategies to ensure it meets its commitments. The Group's ability to raise equity funding in the market is paramount in this regard. The Group manages liquidity by monitoring its budgeted commitments for at least 12 months and raising capital and/or debt as required to fund its business platform.

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As at 30 June 2021	Less than 6 months US\$	6-12 months US\$	1-5 years US\$	Over 5 years US\$	Total contractual US\$	Carrying amount US\$
Lease liability	29,211	29,211	33,144	-	91,566	91,566
Trade and other payables	222,800	-	-	-	222,800	222,800
Borrowings	711,590	513,942	2,290,548	-	3,626,924	3,626,924

As at 30 June 2020	Less than 6 months US\$	6-12 months US\$	1-5 years US\$	Over 5 years US\$	Total contractual US\$	Carrying amount US\$
Lease liability	23,714	23,715	56,489	-	103,918	103,918
Trade and other payables	332,222	-	-	-	332,222	332,222
Borrowings	884,885	91,853	3,279,040	-	4,255,778	4,255,778

Credit Risk

Credit risk is the risk of financial loss to the Group is a customer our counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers.

The Group limits its exposure to credit risk from trade receivables through regular review and the balance at balance date was US\$36,430 (2020-US\$47,279). At the reporting date, the Group has no significant concentrations of credit risk.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

Cash at bank	2021 US\$	2020 US\$
Westpac Banking Corporation - AA	958,529	2,949
Summit Community Bank (not rated)	142,743	415,169
	<u>1,101,272</u>	<u>418,118</u>

Price Risk

The Group is not exposed to commodity price risk.

Foreign Currency Risk

The group's operations are in US\$. The group has exposure foreign currency risk at the end of the financial period as follows:

	2021 US\$	2020 US\$
Cash and cash equivalents	<u>11,819</u>	<u>135</u>

Foreign currency exposure above relates to US dollars held by the Australian parent entity which has an AUD functional currency. Foreign currency risk can only arise on financial instruments that are denominated in a currency other than the functional currency in which they are measured. Translation related risks are therefore not included in the assessment of the entity's exposure to currency risks.

Translation exposures arise from financial and non-financial items held by an entity (for example a

CFOAM LIMITED
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subsidiary) with a functional currency different from the group's presentation currency. However, foreign currency denominated inter-company receivables and payables which do not form part of a net investment in a foreign operation would be included in the sensitivity analysis for foreign currency risks, because even though the balances eliminate in the consolidated Statement of Financial Position, the effect on profit or loss of their revaluation under AASB 121 is not fully eliminated.

For the purposes of AASB 7, currency risk does not arise from financial instruments that are non-monetary items. The foreign currency exposure arising from investing in non-monetary financial instruments is reflected in the other price risk disclosures as part of fair value gains and losses.

Fair Value Measurement

(a) Net fair value

The carrying value and net fair values of financial assets and liabilities at balance date are:

Consolidated	2021	
	Carrying Amount US\$	Net fair Value US\$
Financial assets		
Cash and cash equivalents	1,101,272	1,101,272
Financial assets at fair value through profit or loss	1,917,097	1,917,097
Trade and other receivables - current	92,536	92,536
	<u>3,110,905</u>	<u>3,110,905</u>
Financial Liabilities		
Trade and other payables - current	222,800	222,800
Borrowings - current	2,164,831	2,164,831
Borrowings – non-current	1,978,839	1,978,839
	<u>4,366,470</u>	<u>4,366,470</u>

Consolidated	2020	
	Carrying Amount US\$	Net fair Value US\$
Financial assets		
Cash and cash equivalents	418,118	418,118
Trade and other receivables - current	81,556	81,556
	<u>499,674</u>	<u>499,674</u>
Financial Liabilities		
Trade and other payables - current	332,222	332,222
Borrowings - current	976,738	976,738
Borrowings – non-current	3,279,040	3,279,040
	<u>4,588,000</u>	<u>4,588,000</u>

(b) Fair value measurements

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. AASB 7 *Financial Instruments: Disclosures* requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

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- i) Quoted prices in active markets for identical assets or liabilities (level 1)
- ii) Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (level 2); and
- iii) Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

The following table shows the levels within the hierarchy of financial assets and liabilities measured at fair value on a recurring basis at 30 June 2021.

	Level 1	Level 2	Level 3	Total
30 June 2021	US\$	US\$	US\$	US\$
Convertible note in Innovaero	-	-	775,650	775,650
Investment in Innovaero	-	-	1,141,397	1,141,397
Total Financial assets at FVPL	-	-	1,917,047	1,917,047

The fair value of the level 3 financial assets have been based on recent share raising prices during the financial year. Refer to Note 5 (b) for additional details on financial assets. The directors consider this to reflect the investment and convertible note fair value at reporting date.

NOTE 21: INCOME TAX EXPENSE

	2021	2020
	US\$	US\$
a. The components of tax expense comprise:		
Current tax	-	-
Deferred tax	-	-
	-	-
b. The prima facie tax benefit on loss from ordinary activities before income tax is reconciled to income tax as follows:		
Prima facie tax benefit on loss from ordinary activities before income tax at 30%	911,268	1,642,235
Add tax effect of:		
- Revenue losses not recognised	-	-
- Other non-allowable items	(107,744)	(573,162)
	803,524	1,069,073
Less tax effect of:		
- Other deferred tax balances not recognised	(803,524)	(1,069,073)
Income tax	-	-
c. Unrecognised deferred tax assets:		
Carry forward revenue losses	5,581,792	3,003,034
Carry forward capital losses	-	-
Net deferred tax assets	5,581,792	3,003,034

The tax benefits of the above deferred tax assets will only be obtained if:

- (a) the company derives future assessable income of a nature and amount sufficient to enable the benefits to be utilised;
- (b) the company continues to comply with the conditions for deductibility imposed by law; and
- (c) no changes in income tax legislation which adversely affect utilising benefits.

CFOAM LIMITED
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NOTE 22: REMUNERATION OF AUDITORS

Assurance Services	2021	2020
<i>Audit Services</i>	US\$	US\$
Amounts paid/payable to BDO Audit (WA) Pty Ltd for audit and review of the financial reports	42,682	36,213
<i>Non-Audit Services</i>		
Amounts paid/payable to BDO for tax compliance and advice	3,078	3,975

NOTE 23: Parent Entity Note

Financial Position	2021	2020
	US\$	US\$
Current assets		
Cash and cash equivalents	958,530	2,949
Other receivables	10,250	11,152
Total current assets	968,780	14,101
Non-current assets		
Investment in subsidiaries	-	-
Financial assets at fair value	1,917,047	
Loan to subsidiary	529,912	-
Total non-current assets	2,446,959	-
Total assets	3,415,739	14,101
Current liabilities		
Trade and other payables	196,252	239,493
Total current liabilities	196,252	239,493
Total liabilities	196,252	239,493
Net assets	3,291,487	(225,392)
Equity		
Share capital	21,686,704	17,359,740
Reserves	724,630	421,608
Accumulated losses	(19,191,847)	(18,006,740)
Total equity	3,219,487	(225,392)
Financial Performance	2021	2020
	\$	\$
Revenue from operations	101	112
Adjustment - provision for intercompany investment	(688,928)	1,438,097
Provision for intercompany loan	-	-
Expenses from operations	(498,280)	(572,236)
Profit (Loss) before income tax	(1,185,107)	865,973
Income tax expense	-	-
Profit (Loss) for the year	(1,185,107)	865,973

NOTE 24: EVENTS SUBSEQUENT TO REPORTING DATE

The COVID-19 pandemic and the subsequent restrictions imposed by governments globally have caused disruption to many businesses and the associated economic activity. To date, the pandemic has not had a significant adverse effect on the Group's consolidated financial results.

The Group will continue to assess the impact of COVID-19 on existing projects and operations. The duration and spread of the pandemic and regulations imposed by governments continue to be closely monitored to determine any future impact on the Group.

CFOAM settled Tranche 2 of the Placement, being 140,000,000 shares at A\$0.016 each to raise A\$2,240,000 and the further A\$975,000 investment in Innovaero by way of a convertible note on 15 July 2021 and on 12 August 2021 the Paycheck Protection Program (PPP) loan in the amount of US\$333,800 was forgiven.

Other than this, there have been no other matters or circumstances, which have arisen since 30 June 2021 that have significantly affected or may significantly affect:

- (a) the operations, in financial years subsequent to 30 June 2021, of the Group, or
- (b) the results of those operations, or
- (c) the state of affairs, in financial years subsequent to 30 June 2021, of the Group.

NOTE 25: COMPANY DETAILS

The registered office of the company is:

Level 1

33 Ord Street

West Perth Western Australia 6005

The principal place of business of the company is:

The Millennium Centre

1142 Middle Creek Road

Triadelphia, West Virginia 26059-1138

United States of America

NOTE 26: LOSS PER SHARE

Reconciliation of loss from continuing operations:	2021	2020
	US\$	US\$
Loss from continuing operations	(3,037,562)	(4,517,939)
Loss used to calculate basic EPS from continuing operations	(3,037,562)	(4,517,939)
Weighted average number of ordinary shares outstanding during the year	377,466,133	150,912,898

There are currently no dilutive securities on issue which effect the calculations and therefore the weighted average number of ordinary shares outstanding during the year used in calculating basic and diluted EPS are the same.

CFOAM LIMITED
DIRECTORS' DECLARATION

In accordance with a resolution of the directors of CFOAM Limited, the directors of the Company declare that:

1. the financial statements and notes, as set out on pages 12 to 45, are in accordance with the *Corporations Act 2001* and:
 - a. comply with Australian Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards; and
 - b. give a true and fair view of the financial position as at 30 June 2021 and of the performance for the year ended on that date of the consolidated group; and
2. in the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
3. the directors have been given the declarations required by s295A of the *Corporations Act 2001* from the Board acting in the capacity of the Chief Executive Officer and Chief Financial Officer.

This declaration is made in accordance with a resolution of the Directors on 3 September 2021 and is signed on behalf of the Directors by:



Gary Steinepreis
Director
Perth
3 September 2021

INDEPENDENT AUDITOR'S REPORT

To the members of CFOAM Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of CFOAM Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, 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:

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2021 and of its financial performance for the year ended on that date; and
- (ii) 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 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 confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Material uncertainty related to going concern

We draw attention to Note 1(b) in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the group's ability to continue as a going concern and therefore the group may be unable to realise its assets and discharge its liabilities in the normal course of business. 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.

Accounting for Government Grant

Key audit matter	How the matter was addressed in our audit
<p>As disclosed in Note 7, during the year ended 30 June 2021, the Group entered into a government grant arrangement ('arrangement') with the United States Department of Energy's Office of Fossil Energy.</p> <p>Under the terms and conditions of the arrangement, the primary condition of funds received is to be utilised for budgeted direct and indirect costs including the purchase of qualifying property, plant and equipment in connection with Continuous Processing of Carbon Foam Products Made from Coal at Atmospheric Pressure (or CFOAM Project).</p> <p>The accounting for the arrangement is a key audit matter as the recognition requires judgement and due to the financial significance of associated funds received during the year.</p>	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> • Reviewing the arrangement agreement to understand the key terms and conditions, and confirming our understanding of the arrangement with management; • Evaluating management's assessment and accounting treatment of funds received; • Vouching on a sample basis, the eligibility of associated costs and property, plant and equipment purchased to supporting invoices and terms of the arrangement; and • Assessing the adequacy of the related disclosures in the financial report.

Other information

The directors are responsible for the other information. The other information comprises the information contained in Annual Report for the year ended 30 June 2021, but does not include the financial report and our auditor's report thereon, which we obtained prior to the date of this auditor's report, and the annual report, which is expected to be made available to us after that date.

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 identified above 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 on the other information that we obtained prior to the date of this auditor's report, 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.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and will request that it is corrected. If it is not corrected, we will seek to have the matter appropriately brought to the attention of users for whom our report is prepared.

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 ability of the group 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 has 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 (<http://www.auasb.gov.au/Home.aspx>) at:

https://www.auasb.gov.au/admin/file/content102/c3/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 6 to 10 of the directors' report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of CFOAM Limited, for the year ended 30 June 2021, 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.

BDO Audit (WA) Pty Ltd

A handwritten signature in black ink, appearing to read 'Glyn O'Brien', is written over a faint, stylized 'BDO' logo.

Glyn O'Brien

Director

Perth, 3 September 2021

CORPORATE GOVERNANCE STATEMENT 2021

This Corporate Governance Statement is current as at 31 August 2021 and has been approved by the Board of the Company.

This Corporate Governance Statement discloses the extent to which the Company has, during the financial year ending 30 June 2021, followed the recommendations set by the ASX Corporate Governance Council in its publication Corporate Governance Principles and Recommendations (**Recommendations**). The Recommendations are not mandatory, however the Recommendations that have not been followed for any part of the reporting period have been identified and reasons provided for not following them along with what (if any) alternative governance practices were adopted in lieu of the recommendation during that period.

The Company has adopted a Corporate Governance Plan which provides the written terms of reference for the Company's corporate governance duties.

The Company's Corporate Governance Plan is available on the Company's website at www.CFOAM.com.

PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

Recommendations		Comply	Explanation
1.1	<p>A listed entity should disclose:</p> <p>(a) the respective roles and responsibilities of its board and management; and</p> <p>(b) those matters expressly reserved to the board and those delegated to management.</p>	YES	Information about the respective roles and responsibilities of our board and management (including those matters expressly reserved to the board and those delegated to management) is found under the Board Charter in the Corporate Governance Plan.
1.2	<p>A listed entity should:</p> <p>(a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and</p> <p>(b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.</p>	YES	<p>The function of the Nomination Committee is carried out by the Board to identify and recommend candidates to fill vacancies and to determine the appropriateness of director nominees for election to the Board. The Board recognises the benefits arising from diversity and aims to promote an environment conducive to the appointment of well qualified Board candidates so that there is appropriate diversity to maximise the achievement of corporate goals.</p> <p>As required under the ASX Listing rules and the Corporations Act, election or re-election of directors is a resolution put to members at each Annual General meeting. The notice of meeting contains all material information relevant to a decision on whether or not to elect or re-elect a director.</p>

Recommendations		Comply	Explanation									
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	YES	Each senior executive (if appointed) and executive director has a formal employment contract and the non-executive directors have a letter of appointment including a director’s interest agreement with respect to disclosure of security interests.									
1.4	The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the Board.	YES	The Board Charter outlines the roles, responsibility and accountability of the Company Secretary. In accordance, the Company Secretary is accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board.									
1.5	<p>A listed entity should:</p> <p>(a) have and disclose a diversity policy;</p> <p>(b) through its board or a committee of the board set measurable objectives for achieving gender diversity in the composition of its board, senior executives and workforce generally; and</p> <p>(c) disclose in relation to each reporting period:</p> <p>(1) the measurable objectives set for that period to achieve gender diversity;</p> <p>(2) the entity’s progress towards achieving those objectives; and</p> <p>(3) either:</p> <p>(A) the respective proportions of men and women on the board, in senior executive positions and across the whole workforce (including how the entity has defined “senior executive” for these purposes); or</p> <p>(B) if the entity is a “relevant employer” under the Workplace Gender Equality Act, the entity’s most recent “Gender Equality Indicators”, as defined in and published under that Act.</p> <p>If the entity was in the S&P / ASX 300 Index at the commencement of the reporting period, the measurable objective for achieving gender diversity in the composition of its board should be to have not less than 30% of its directors of each gender within a specified period.</p>	PARTLY	<p>The Company has adopted a Diversity Policy which provides a framework for the Company to establish and achieve measurable diversity objectives, including in respect of gender diversity. The Diversity Policy allows the Board to set measurable gender diversity objectives, if considered appropriate, and to assess annually both the objectives if any have been set and the Company’s progress in achieving them.</p> <p>The Diversity Policy is available, as part of the Corporate Governance Plan, on the Company’s website.</p> <p>The Board did not set measurable gender diversity objectives for the past financial year because the Board considered the application of a measurable gender diversity objective requiring a specified proportion of women on the Board and in senior executive roles would, given the small size of the Company and the Board, unduly limit the Company from applying the Diversity Policy as a whole and the Company’s policy of appointing based on skills and merit.</p> <p>The respective proportions of men and women on the Board, in senior executive positions and across the organisation (including how the entity has defined “senior executive” for these purposes) for the past financial year is disclosed below –</p> <table><tr><td></td><td>Female</td><td>Male</td></tr><tr><td>Board</td><td>0</td><td>3</td></tr><tr><td>Senior Executive*</td><td>2</td><td>1</td></tr></table> <p>* The Senior Executives are the individuals at the highest level of organisational management who have the day-to-day responsibilities of managing the CFOAM LLC only and does not include the Company Secretary as this role is held by a Director.</p>		Female	Male	Board	0	3	Senior Executive*	2	1
	Female	Male										
Board	0	3										
Senior Executive*	2	1										

Recommendations		Comply	Explanation
1.6	<p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of the Board, its committees and individual directors; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process during or in respect of that period.</p>	PARTLY	<p>Process for Evaluating Board Performance is detailed in the Board Charter of the Corporate Governance Plan.</p> <p>The Board aims to review its performance and that of its committees and individual directors on an annual basis. Performance is reviewed against the Board Charter and any other Board responsibilities. Evaluation will have regard to, amongst other things, ensuring proper and effective management and performance of financial, operational and compliance indicators. During the reporting period no evaluation took place.</p>
1.7	<p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of its senior executives; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process during or in respect of that period.</p>	PARTLY	<p>It is the Company's policy that performance evaluations of senior executives (if appointed) are undertaken on an annual basis and will form part of the remuneration assessment.</p> <p>A performance evaluation did not take place during the reporting period.</p>

PRINCIPLE 2 - STRUCTURE THE BOARD TO BE EFFECTIVE AND ADD VALUE

Recommendations		Comply	Explanation
2.1	<p>The Board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</p>	PARTLY	<p>The Company's Corporate Governance Plan includes a Nomination Committee Charter. The Corporate Governance Plan is available on the Company's website.</p> <p>The primary purpose of the Nomination Committee is to support and advise the Board in maintaining a Board with an appropriate mix of skills and experience and ensuring the Board is comprised of Directors who contribute to the successful management of the Company and discharge their duties having regard to the law and the highest standards of corporate governance.</p> <p>Given the size of the Company, the operation of the Nomination Committee is currently conducted by the full Board. When appropriate, external consultants are engaged to assist in the nomination process and to ensure a balance of skills, knowledge, experience, independence and diversity is achieved.</p>

Recommendations		Comply	Explanation																											
2.2	A listed entity should have and disclose a Board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.	YES	<p>The Board reviews capabilities, technical skills and personal attributes of its directors. It will normally review the Board’s composition against those attributes and recommend any changes in Board composition that may be required. An essential component of this will be the time availability of Directors.</p> <table><tr><td></td><td>Non-executive chairman/ Company Secretary</td><td>Non-executive directors</td></tr><tr><td>Leadership</td><td>X</td><td>X</td></tr><tr><td>Strategy / Risk</td><td>X</td><td>X</td></tr><tr><td>Communication</td><td>X</td><td>X</td></tr><tr><td>Fundraising</td><td>X</td><td>X</td></tr><tr><td>Industrial Industry</td><td>X</td><td>X</td></tr><tr><td>Governance</td><td>X</td><td>X</td></tr><tr><td>Health, safety and environment</td><td>X</td><td>X</td></tr><tr><td>Financial acumen</td><td>X</td><td>X</td></tr></table>		Non-executive chairman/ Company Secretary	Non-executive directors	Leadership	X	X	Strategy / Risk	X	X	Communication	X	X	Fundraising	X	X	Industrial Industry	X	X	Governance	X	X	Health, safety and environment	X	X	Financial acumen	X	X
	Non-executive chairman/ Company Secretary	Non-executive directors																												
Leadership	X	X																												
Strategy / Risk	X	X																												
Communication	X	X																												
Fundraising	X	X																												
Industrial Industry	X	X																												
Governance	X	X																												
Health, safety and environment	X	X																												
Financial acumen	X	X																												
2.3	A listed entity should disclose: (a) the names of the directors considered by the Board to be independent directors; (b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and (c) the length of service of each director.	YES	<p>Todd Hoare and Nicholas Ong are considered to be independent directors. Gary Steinepreis is not considered to be classified as an independent director due to being a substantial holder.</p> <p>The dates of the appointment of the directors is contained in the Directors’ Report of the Annual Financial Statements.</p>																											
2.4	A majority of the Board of a listed entity should be independent directors.	YES	The Company’s Board Charter requires that, where practical, the majority of the Board should be independent. 2 of the 3 directors are considered independent directors.																											
2.5	The chair of the Board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	NO	The chair of the Board is not an independent director. The company does not currently have a CEO.																											

Recommendations		Comply	Explanation
2.6	A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	YES	The Company will provide induction material for any new directors and, depending on specific requirements, will provide appropriate professional development opportunities for directors.

PRINCIPLE 3 – INSTILL A CULTURE OF ACTING LAWFULLY, ETHICALLY AND RESPONSIBLY

Recommendations		Comply	Explanation
3.1	A listed entity should articulate and disclose its values.	YES	The Board has adopted a set of values which are the foundation for how the Company achieves its business objectives. Our values are supported by the Code of Conduct and other key governance principles and policies which are approved by the Board. The Company has disclosed its values in its Corporate Governance Plan which can be found on the Company's website.
3.2	A listed entity should: <ul style="list-style-type: none"> (a) have and disclose a code of conduct for its directors, senior executives and employees; and (b) ensure that the board or a committee of the board is informed of any material breaches of that code by a director or senior executive; and (2) any other material breaches of that code that call into question the culture of the organisation. 	YES	The Company has a Code of Conduct in its Corporate Governance Plan. The Code of Conduct sets out the principles and standards which the Board, management and employees of the Company are encouraged to strive to abide by when dealing with each other, shareholders and the broad community.
3.3	A listed entity should: <ul style="list-style-type: none"> (a) have and disclose a whistleblower policy; and (b) ensure that the board or a committee of the board is informed of any material incidents reported under that policy. 	YES	The Company has a Whistleblower Policy contained within its Corporate Governance Plan. The Whistleblower Policy sets out the reporting process to be followed.
3.4	A listed entity should: <ul style="list-style-type: none"> (a) have and disclose an anti-bribery and corruption policy; and (b) ensure that the board or committee of the board is informed of any material breaches of that policy. 	YES	The Company has an Anti-bribery and Corruption Policy contained within its Corporate Governance Plan which can be found on the Company's website.

PRINCIPLE 4 – SAFEGUARD INTEGRITY OF CORPORATE REPORTS

Recommendations	Comply	Explanation
<p>4.1 The board of a listed entity should:</p> <p>(a) have an audit committee which:</p> <p>(1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, who is not the chair of the board,</p> <p>and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the relevant qualifications and experience of the members of the committee; and</p> <p>(5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</p>	PARTLY	<p>The Company's Corporate Governance Plan includes an Audit and Risk Committee Charter. The Corporate Governance Plan is available on the Company's website.</p> <p>The Company does not have an Audit and Risk Management Committee. The full Board acts as the Audit and Risk Committee as, given the relatively small number of Directors, it is not practical to have a separate Committee.</p> <p>Whilst the Company does not have an Audit and Risk Management Committee, the Company's Corporate Governance Plan contains an Audit and Risk Management Committee Charter which is available on the Company's website.</p> <p>As noted above, the Company does not have a separate Audit and Risk Management Committee as the Board did not consider the Company would benefit from its establishment. The Board carries out the duties that would ordinarily be carried out by the Audit and Risk Management Committee including overseeing the entity's risk management framework and prior to approval of the Company's statutory financial statements, the Board had the opportunity to meet with the Company's auditors, as appropriate.</p>
<p>4.2 The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.</p>	YES	<p>The Audit Committee (which is currently the full board) receives declarations from the Board in relation to full year and half year statutory financial reports during the reporting period in accordance with section 295A of the Corporations Act.</p>

Recommendations		Comply	Explanation
4.3	A listed entity should disclose its process to verify the integrity of any periodic corporate report it releases to the market that is not audited or reviewed by an external auditor.	YES	<p>The Company's Corporate Governance Plan provides that the Company must have policies and comprehensive practices in place to verifying the integrity of the Company's periodic reports which are not audited or reviewed by an external auditor, to satisfy the Board that each periodic report is materially accurate, balanced and provides investors with appropriate information to make informed investment decisions.</p> <p>Where a periodic corporate report, such the Company's quarterly report, are not required to be audited or reviewed by an external auditor, the Company conducts an internal verification process to confirm the integrity of the report, to ensure that the content of the report is materially accurate, and to provide investors with appropriate information to make informed investment decisions. Appropriate supporting information for such corporate reports are sought and retained on preparation of the report and the full Board reviews and approves the release of such reports.</p> <p>Copies of all market announcements are also required to be circulated to the Board promptly, to ensure the Board has timely oversight of the nature and quality of information being disclosed to the market.</p>

PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE

Recommendations		Comply	Explanation
5.1	A listed entity should have and disclose a written policy for complying with its continuous disclosure obligations under listing rule 3.1.	YES	The Company's Corporate Governance Plan includes a continuous disclosure program. The Corporate Governance Plan is available on the Company's website.
5.2	A listed entity should ensure that its board receives copies of all material market announcements promptly after they have been made.	Yes	Contained within the Company's Continuous Disclosure Policy. Copies of all market announcements are circulated by the Company Secretary promptly to the Board, to ensure the Board has timely oversight of the nature and quality of information being disclosed to the market.

Recommendations		Comply	Explanation
5.3	A listed entity that gives a new and substantive investor or analyst presentation should release a copy of the presentation materials on the ASX Market Announcements Platform ahead of the presentation.	YES	Contained within the Company's Continuous Disclosure Policy, which forms part of the Company's Corporate Governance Plan. The policy provides that stipulates that any new and substantive investor or analyst presentations will be released on the ASX Market Announcements Platform ahead of the presentation. The Chairman and Company Secretary ensure that any new and substantive investor or analyst presentations are released to ASX ahead of the presentation.

PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS

Recommendations		Comply	Explanation
6.1	A listed entity should provide information about itself and its governance to investors via its website.	YES	The Company's website provides information on the Company including its background, objectives, projects and contact details. The Corporate Governance page provides access to key policies, procedures and charters of the Company, such as the Board and Committee charters, securities trading policy, diversity policy and the latest Corporate Governance Statement. ASX announcements, Company reports and presentations are uploaded to the website following release to the ASX and editorial content is updated on a regular basis.
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	YES	The Company's Corporate Governance Plan states that the Board is committed to open and accessible communication with holders of the Company's securities. Disclosure of information and other communication is made as appropriate by mail or email. Security holders are given the option to receive communication from, and send communications to, the Board and its security registry electronically. The Company's security holder communications strategy aims to promote and facilitate effective two-way communication with investors. The Corporate Governance Plan outlines a range of ways in which information is communicated to shareholders and is available on the Company's website.

Recommendations		Comply	Explanation
6.3	A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	YES	<p>The Company encourages shareholders to attend all general meetings of the Company and sets the time and place of each meeting to promote maximum attendance by Shareholders.</p> <p>The Company encourages Shareholders to submit questions in advance of a general meeting, and for the responses to these questions to be addressed through disclosure relating to that meeting.</p> <p>The Company's Shareholder Communication Policy is disclosed on the Company's website.</p>
6.4	A listed entity should ensure that all substantive resolutions at a meeting of security holders are decided by a poll rather than by a show of hands.	YES	<p>It is the Company's desire that shareholders receive communications electronically in the interests of the environment and constraining costs. In an endeavour to drive this objective the Company has a policy of providing hard materials at cost (which will generally involve a black and white presentation even where the electronic version is full colour).</p>
6.5	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	YES	<p>Contained within the Company's Shareholder Communication Strategy. The Shareholder Communication Strategy provides that security holders can register with the Company to receive email notifications when an announcement is made by the Company to the ASX, including the release of the Annual Report and half yearly reports.</p> <p>Links are made available to the Company's website on which all information provided to the ASX is immediately posted. Shareholders queries are referred to the Company Secretary in the first instance.</p>

PRINCIPLE 7 – RECOGNISE AND MANAGE RISK

Recommendations		Comply	Explanation
7.1	<p>The board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.</p>	PARTLY	<p>The Board has not established a Risk Committee however it does have a Risk Policy which can be found on the company's website in the Corporate Governance Plan.</p> <p>Risk management is discussed by the full Board at the Company's board meetings during the year. The Board considers that this process adequately monitors the Company's risk management framework.</p> <p>As noted above, the Company does not have a separate Audit and Risk Management Committee as the Board did not consider the Company would benefit from its establishment. The Board carries out the duties that would ordinarily be carried out by the Audit and Risk Management Committee including overseeing the entity's risk management framework and prior to approval of the Company's statutory financial statements, the Board had the opportunity to meet with the Company's auditors, as appropriate.</p>
7.2	<p>The board or a committee of the board should:</p> <p>(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound and that the entity is operating with due regard to the risk appetite set by the board; and</p> <p>(b) disclose, in relation to each reporting period, whether such a review has taken place.</p>	YES	<p>The Board considers risks and discusses risk management as required at the relevant Board meeting. As part of this all risks are considered including but not limited to strategic, operational, legal, reputation and financial risks. This is an on-going process rather than an annual formal review.</p>
7.3	<p>A listed entity should disclose:</p> <p>(a) if it has an internal audit function, how the function is structured and what role it performs; or</p> <p>(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.</p>	YES	<p>Due to the size of the Company, the Board does not consider it necessary at this time, to formally adopt an internal audit function. The Board continually monitors the risk management and internal control processes adopted by the Company to ensure they are appropriate to the operations of the Company's group structure. The Board is satisfied with the current level of risk, risk management and control monitoring within the Company.</p>
7.4	<p>A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.</p>	YES	<p>The Company does not believe it has any significant exposure to economic, environmental and social sustainability risks.</p>

PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY

Recommendations		Comply	Explanation
8.1	<p>The board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p>	YES	<p>The Company's Corporate Governance Plan includes a Remuneration Committee Charter. The Corporate Governance Plan is available on the Company's website.</p> <p>(a) The Company does not have a Remuneration and Nomination Committee as given the relatively small number of Directors, it is not practical to have a separate Committee. Whilst the Company does not have a Remuneration and Nomination Committee, the Board has adopted a Remuneration and Nomination Committee Charter.</p> <p>(b) As noted above, the Company does not have a separate Remuneration Committee given the size of the Board and as the Board did not consider the Company would benefit from its establishment. The Board currently carries out the duties that would ordinarily be carried out by the Remuneration and Nomination Committee. The Board undertakes this role with the assistance of any external advice which may be required from time to time. Remuneration levels are competitively set to attract suitably qualified and experienced Directors and senior Executives, having regard for Company performance.</p>
8.2	A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.	YES	The Company's Corporate Governance Plan requires the Board to disclose its policies and practices regarding the remuneration of Directors and senior executives, which is disclosed in the remuneration report contained in the Company's 30 June 2021 Annual Report as well as being disclosed on the Company's website.
8.3	<p>A listed entity which has an equity-based remuneration scheme should:</p> <p>(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and</p> <p>(b) disclose that policy or a summary of it.</p>	YES	Participants in the Company's equity-based remuneration schemes are prohibited from entering into any scheme or arrangement under which they hedge or alter the economic benefit that they may derive in respect of their equity-based remuneration options or performance rights.

CFOAM LIMITED
ASX ADDITIONAL INFORMATION

The shareholder information set out below was applicable as at 31 August 2021.

1 Distribution of Equity Securities

Analysis of numbers of security holders by size of holding:

		Number
1	-	1,000
		47
1,001	-	5,000
		84
5,001	-	10,000
		90
10,001	-	100,000
		790
100,001	-	and over
		755
		1,766

There were 622 holders of less than a marketable parcel of ordinary shares.

2 Restricted Securities

There are no Restricted Securities.

3 Substantial Holders

Substantial holders of equity securities, ordinary shares, in the Company and advised to the Company are set out below:

Ordinary Shares (Holders with 5% or more)

Name	Number held	Percentage of issued shares
Oakhurst Enterprises Pty Ltd, LeisureWest Consulting Pty Ltd <LeisureWest A/C>	42,838,698	5.84%

4 Voting Rights

The voting rights attaching to each class of equity security is set out below:

Ordinary Shares

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

5 On-Market Buy-Back

There is no current on-market buy-back.

6 Equity Security Holders

The names of the twenty largest holders of ordinary shares are listed below:

Rank	Name	Units	% Units
1	CITICORP NOMINEES PTY LIMITED	36,971,629	5.04
2	OAKHURST ENTERPRISES PTY LTD	35,372,032	4.82
3	MS CHUNYAN NIU	25,089,207	3.42
4	BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD <DRP A/C>	24,151,446	3.29
5	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	18,673,302	2.54
6	MS CHRISTINE RICHARDSON	15,028,444	2.05
7	10 BOLIVIANOS PTY LTD	14,915,694	2.03
8	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	13,801,102	1.88
9	MR MICHAEL FRANK PLACHA	12,000,000	1.64
10	S DAVIS SUPERANNUATION PTY LTD <STEPHEN DAVIS SF A/C>	10,125,000	1.38
11	MR SEBASTIAN MARR	8,250,000	1.12
12	LEISUREWEST CONSULTING PTY LTD <LEISUREWEST A/C>	7,466,666	1.02
13	MR SURYA PRASAD SUBEDI	7,400,000	1.01
14	PAMPLONA OPPORTUNITIES LIMITED	7,250,000	0.99
15	MR BRIAN JOSEPH	7,187,500	0.98
16	CHARLEY SUPER PTY LTD <CHARLEY SUPERFUND A/C>	7,000,000	0.95
17	MR KENNEDY NYAKUNDI MOGAKA	5,961,083	0.81
18	MR ANDREW JOHN FLECK	5,000,000	0.68
19	NASWEY PTY LTD	4,850,000	0.66
20	YUCAJA PTY LTD <THE YOEGIAR FAMILY A/C>	4,741,720	0.65
Totals: Top 20 holders of ORDINARY FULLY PAID SHARES		271,234,825	36.96

7 Unlisted Security Holders

Performance Rights (Holders with 5% or more)

Name	Number held	Percentage of unlisted performance rights
Brian Joseph	500,000	41%
Rudolph Olson III	175,000	14%
Todd Hoare	150,000	12%
Doug Amie	75,000	6%

CFOAM LIMITED
ASX ADDITIONAL INFORMATION

Unlisted options expiring 15/8/2022 @ A\$0.15
(Holders with 5% or more)

	Number held	Percentage of unlisted options
Name		
Oakhurst Enterprises Pty Ltd	500,000	14%
Jogchum Brinksma	375,000	10%
William Dudley Rouse	300,000	8%

Unlisted options expiring 10/12/2023 @ A\$0.03
(Holders with 5% or more)

	Number held	Percentage of unlisted options
Name		
Pamplona Capital Pty Ltd	20,000,000	100%