

CFOAM Limited
Appendix 4E
Preliminary final report
30 June 2022

1. Company details

Name of entity: CFOAM Limited
ABN: 46 611 576 777
Reporting period: For the year ended 30 June 2022

2. Results for announcement to the market

	30 June 2022 US\$	30 June 2021 US\$	Movement
Revenues from operations	-	-	-
Loss from continuing operations after income tax	(2,647,247)	(496,180)	433% ↑ loss
Loss from discontinued operations after income tax	(2,271,886)	(2,541,382)	11% ↓ loss
Loss attributable to owners of CFOAM Limited	(4,329,897)	(2,386,865)	81% ↑ loss

Dividends

There were no dividends declared or paid in the period.

Comments

The results have been restated as CFOAM Limited has sold its interest in CFOAM Corp to a subsidiary of CONSOL Energy Inc for US\$1m subsequent to the end of the financial year and following the approval of shareholders on 10 August 2022 and this required a reclassification to "Loss from discontinued operations". The transaction resulted in an impairment expense of US\$2,125,633 and this is shown in "Loss from continuing operations after income tax".

3. Net tangible assets

	30 June 2022	30 June 2021
Net tangible assets per ordinary security	<u>\$0.004</u>	<u>\$0.007</u>

4. Control or Loss gained over entities

The Group did not gain control or lose control over any entities in the period. Subsequent to the end of the financial period, CFOAM Limited has sold its interest in CFOAM Corp to a subsidiary of CONSOL Energy Inc for US\$1m.

5. Joint ventures

The Group is not involved in any joint ventures.

6. Audit status

The preliminary final report is based on accounts which have been not yet been audited and are in the process of being audited. It is not yet known if the audited accounts will contain an independent audit report that is subject to a modified opinion, emphasis of matter or other matter paragraph however, in 2021 an emphasis of matter relating to going concern was noted and it is expected that in 2022 a qualified opinion will be issued relating to the investment in 'Financial assets at fair value through profit or loss'.

7. Attachments

Details of attachments (if any):

The Preliminary Final Report of CFOAM Limited for the year ended 30 June 2022 is attached.

8. Signed

This ASX release has been approved for release by Gary Steinepreis on behalf of the Board of Directors

Lodged electronically



Gary Steinepreis
Director
Perth

Date: 31 August 2022

CFOAM Limited and its controlled entities
UNAUDITED
Preliminary Final Report
For the year ended 30 June 2022

CFOAM LIMITED
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2022

	Note	30-June-22	30-June-21
		US\$	US\$
Revenue			
Other income		49	101
		49	101
Expenses			
Legal fees		(3,319)	(32,715)
Accounting and audit fees		(51,706)	(45,760)
Australian securities exchange fees		(31,719)	(45,720)
Travel and associated costs		-	(1,844)
Other expenses		(16,804)	(40,104)
Foreign exchange loss		(201,083)	(8,547)
Professional services		(84,887)	(51,578)
Employee salaries, consulting and benefits expense		(127,686)	(120,284)
Share based payments		(1,447)	(10,286)
Impairment expense		(2,125,633)	-
Finance costs		(3,012)	(139,443)
		(2,647,296)	(496,281)
Loss from continuing operations before income tax		(2,647,247)	(496,180)
Income tax expense		-	-
Loss from continuing operations after income tax		(2,647,247)	(496,180)
Loss from discontinued operations after income tax	11	(2,271,886)	(2,541,382)
Other comprehensive loss, net of tax			
Items that may be reclassified to profit or loss:			
Exchange differences on translation of foreign operations		(4,017)	(9,033)
Total comprehensive loss for the year		(4,923,150)	(3,046,595)
Total loss for the year is attributable to:			
Owners of CFOAM Limited		(4,329,897)	(2,386,865)
Non-controlling interest		(593,253)	(650,697)
		(4,923,150)	(3,037,562)
Loss per share for loss from continuing operations			
Basic loss per share		(\$0.004)	(\$0.001)
Diluted loss per share		(\$0.004)	(\$0.001)
Loss per share for loss from discontinued operations			
Basic loss per share		(\$0.003)	(\$0.007)
Diluted loss per share		(\$0.003)	(\$0.007)
Loss per share for loss attributable to the owners of CFOAM Limited			
Basic loss per share		(\$0.006)	(\$0.006)
Diluted loss per share		(\$0.006)	(\$0.006)

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 CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2022

	Notes	30-June-22 US\$	30-June-21 US\$
ASSETS			
Current assets			
Cash and cash equivalents		26,789	1,101,272
Trade and other receivables	2 (a)	5,014	92,537
Financial assets at fair value through profit or loss	2 (b)	1,365,732	775,650
Inventories		-	833,451
		1,397,535	2,802,910
Assets of disposal group classified as held for sale	11	4,993,825	-
Total current assets		6,391,360	2,802,910
Non-current assets			
Financial assets at fair value through profit or loss	2 (b)	1,071,771	1,141,397
Property, plant and equipment		-	4,683,384
Right of use assets		-	87,923
Intangibles		-	2,151,140
Total non-current assets		1,071,771	8,063,844
TOTAL ASSETS		7,463,131	10,866,754
LIABILITIES			
Current Liabilities			
Trade and other payables	3	159,851	373,880
Lease liability		-	58,422
Borrowings	4	414,879	2,164,831
		574,730	2,597,133
Liabilities directly associated with assets classified as held for sale	11	3,993,825	-
Total current liabilities		4,568,555	2,597,133
Non-current liabilities			
Lease liability		-	33,144
Borrowings		-	1,978,839
Total non-current liabilities		-	2,011,983
TOTAL LIABILITIES		4,568,555	4,609,116
NET ASSETS		2,894,576	6,257,638
EQUITY			
Issued capital	5	23,292,226	21,686,704
Non-controlling interests	6	178,564	771,818
Reserves	7	2,029,238	2,074,671
Accumulated losses		(22,605,452)	(18,275,555)
TOTAL EQUITY		2,894,576	6,257,638

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 2022

Consolidated	Issued capital US\$	Reserves US\$	Accumulated losses US\$	Total US\$	Non- controlling interests US\$	Total equity US\$
Balance at 1 July 2021	21,686,704	2,074,671	(18,275,555)	5,485,820	771,818	6,257,638
Loss after income tax expense for the year	-	-	(4,329,897)	(4,329,896)	(593,254)	(4,923,151)
Other comprehensive income for the year, net of tax	-	(4,017)	-	(4,017)	-	-
Total comprehensive income for the year	-	(4,017)	(4,329,897)	(4,333,913)	(593,254)	(4,923,151)
<i>Transactions with owners in their capacity as owners:</i>						
Contributions of equity	1,663,290	-	-	1,663,290	-	1,663,290
Costs of contributions of equity	(57,767)	-	-	(57,767)	-	(57,767)
Transactions with Non-controlling interest	-	-	-	-	-	-
Share-based payments	-	(41,416)	-	(41,416)	-	(45,433)
Balance at 30 June 2022	<u>23,292,226</u>	<u>2,029,238</u>	<u>(22,605,452)</u>	<u>2,716,012</u>	<u>178,564</u>	<u>2,894,576</u>

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>

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 2022

	30-June-22 US\$	30-June-21 US\$
Cash flows from operating activities		
Receipts from customers	848,252	645,445
Payment to suppliers and employees	(2,628,753)	(3,064,141)
Receipt from government grant-cost recovery	15,171	180,809
Interest received	52	101
Interest and other finance costs paid	(119,553)	(142,900)
Net cash used in operating activities	<u>(1,884,831)</u>	<u>(2,380,686)</u>
Cash flows from investing activities		
Payments for property, plant and equipment	(14,874)	(347,724)
Receipt from government grant-plant and equipment	717,605	241,845
Investment in Innovaero – equity and convertible note	(721,792)	(1,917,047)
Net cash used in investing activities	<u>(19,061)</u>	<u>(2,022,926)</u>
Cash flows from financing activities		
Proceeds from the issue of shares including converting loan	1,512,210	4,592,749
Costs of the offer	(57,767)	(121,862)
Funds held in trust for the issue of shares	-	151,080
Proceeds from CONSOL investment	-	229,133
Repayment of borrowings	(904,094)	(281,081)
Proceeds from Paycheck Protection Program (PPP)	-	333,800
Proceeds from borrowings	414,879	182,947
Net cash provided by financing activities	<u>965,228</u>	<u>5,086,766</u>
Net increase in cash and cash equivalents	(938,664)	683,154
Cash and cash equivalents at the beginning of the financial year	1,101,272	418,118
Effects of exchange rate changes on cash and cash equivalents	-	-
Cash and cash equivalents at the end of the financial year	<u>162,608</u>	<u>1,101,272</u>

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

CFOAM LIMITED
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

CFOAM Limited is company limited by shares incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange (ASX).

The preliminary final report for the year ended 30 June 2022 is unaudited and has been derived from the underlying books and records of the Group for the year ended 30 June 2022. The preliminary final report does not constitute the Group's full statutory financial report for the year ended 30 June 2022.

The preliminary final report has been prepared to satisfy the ASX listing rule 4.3A, adopts all new and amended Accounting Standards and Interpretations issued by the AASB that are relevant to the Group and effective for reporting periods beginning on or before 1 July 2020, and does not early adopt Accounting Standards and Interpretations that have been issued or amended but are not yet effective.

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 2022.

Basis of Preparation

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 2022 and comparative information for the year ended 30 June 2021.

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.

b) Discontinued operations and non-current assets or disposal groups classified as held for sale

A discontinued operation is a component of the consolidated entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately on the face of the statement of profit or loss and other comprehensive income.

CFOAM LIMITED
NOTES TO THE FINANCIAL STATEMENTS

Non-current assets and assets of disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continued use. They are measured at the lower their carrying amount and fair value less costs of disposal. For non-current assets or assets of disposal groups to be classified as held for sale, they must be available for immediate sale in their present condition and their sale must be highly probable.

An impairment loss is recognised for any initial or subsequent write down of the non-current assets and assets of disposal groups to fair value less costs of disposal. A gain is recognised for any subsequent increases in fair value less costs of disposal of a non-current assets and assets of disposal groups, but not in excess of any cumulative impairment loss previously recognised.

Non-current assets are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of assets held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current assets. The liabilities of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current liabilities.

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.

CFOAM LIMITED
NOTES TO THE FINANCIAL STATEMENTS

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.

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
NOTES TO THE FINANCIAL STATEMENTS

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
NOTES TO THE FINANCIAL STATEMENTS

- 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.

CFOAM LIMITED
NOTES TO THE FINANCIAL STATEMENTS

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.

w) Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of CFOAM 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.

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NOTES TO THE FINANCIAL STATEMENTS

NOTE 2. FINANCIAL ASSETS

	Consolidated	
	30 June 2022	30 June 2021
2 (a) TRADE AND OTHER RECEIVABLES	US\$	US\$
Prepayments	-	21,190
Trade and other receivables	5,014	71,347
	<u>5,014</u>	<u>92,537</u>

As at 30 June 2022 no trade or other receivables were significantly aged or impaired (2021:Nil).

2 (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.

On 16 July 2021, the Company invested a further US\$721,793 (A\$975,000) via a convertible note.

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

As at 30 June 2022, 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.

	Consolidated	
Financial assets at fair value through profit or loss ("FVPL")	30 June 2022	30 June 2021
	US\$	US\$
Current assets		
Balance at 1 July	775,650	-
Acquisition-Convertible note in Innovaero Technologies Pty Ltd (Innovaero)	721,793	775 650
Foreign exchange movements	(131,800)	-
Fair value movement	-	-
	<u>1,365,643</u>	<u>775,650</u>
Total financial assets at fair value	1,365,643	775,650

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	Consolidated	
Financial assets at fair value through profit or loss ("FVPL")	30 June 2022	30 June 2021
	US\$	US\$
Non-current assets		
Balance at 1 July	1,141,397	-
Acquisition-Investment in Innovaero	-	1,141,397
Foreign exchange movements	(69,626)	-
Fair value movement	-	-
	<u>1,071,771</u>	<u>1,141,397</u>
Total financial assets at fair value	<u>1,071,771</u>	<u>1,141,397</u>

NOTE 3. CURRENT LIABILITIES – TRADE AND OTHER PAYABLES

	Consolidated	
	30 June 2022	30 June 2021
	US\$	US\$
Trade creditors	61,792	61,876
Funds held in trust – proceeds for share issue	-	151,080
Accruals	98,059	160,924
	<u>159,851</u>	<u>373,880</u>

NOTE 4. CURRENT LIABILITIES – BORROWINGS

	Consolidated	
	30 June 2022	30 June 2021
	US\$	US\$
Loan from related party – unsecured	414,879	-
Loan payable – CONSOL Energy Inc – unsecured	-	182,946
Paycheck Protection Program (PPP) – unsecured	-	333,800
Loans payable – secured	-	533,397
Promissory notes – secured	-	1,114,688
	<u>414,879</u>	<u>2,164,831</u>

The PPP is a US government backed loan related to COVID-19 measures. During the period, the loan of US\$333,800 was forgiven on 12 August 2021.

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NOTE 5. ISSUED CAPITAL

		Consolidated	
	30 June 2022	30 June 2021	30 June 2021
	Shares	Shares	US\$
Ordinary shares - fully paid (US\$)	<u>733,840,634</u>	<u>593,840,634</u>	<u>21,686,704</u>
<i>Movements in ordinary share capital</i>			
Details	Date	Shares	US\$
Balance	1 July 2020	192,174,026	17,359,740
Issue of shares-converting loan	28 October 2020	13,333,333	US\$0.0148
Issue of shares-converting loan	10 December 2020	13,333,333	US\$0.0171
Entitlement offer to shareholders	16 November 2020	88,256,757	US\$0.011
Issue of shortfall shares to entitlement offer	24 November 2020	167,975,058	US\$0.011
Issue of shares-placement	18 May 2021	118,768,127	US\$0.012
Cost of the contribution of capital			(401,662)
Balance	30 June 2021	<u>593,840,634</u>	<u>21,686,704</u>
Balance	1 July 2021	593,840,634	21,686,704
Issue of shares-placement	15 July 2021	140,000,000	US\$0.012
Cost of the contribution of capital			(57,768)
Balance	30 June 2022	<u>733,840,634</u>	<u>23,292,226</u>

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.

The Company also has on issue 20,000,000 options exercisable at A\$0.03 on or before 10 December 2023 and 3,690,690 options exercisable at A\$0.15 on or before 15 August 2022.

NOTE 6. RESERVES

	Consolidated	
	30 June 2022	30 June 2021
	US\$	US\$
Equity reserve – non-controlling interests (note 7)	1,350,041	1,350,041
Share based payment reserve – performance rights and options	494,273	535,689
Foreign currency reserve	<u>184,924</u>	<u>188,941</u>
	<u>2,029,238</u>	<u>2,074,671</u>

Movements in reserves

	Consolidated	
	30 June 2022	30 June 2021
	US\$	US\$
Share based payment reserve – performance rights and options		
Balance at beginning of period as at 1 July 2021	535,689	225,161
Foreign currency movement	(42,863)	-
Share based payment expense for the period	<u>1,447</u>	<u>310,528</u>
Balance at the end of the period as at 30 June 2022	<u>494,273</u>	<u>535,689</u>

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	Consolidated	
	30 June 2022	30 June 2021
	US\$	US\$
Foreign currency reserve		
Balance at beginning of period as at 1 July 2021	188,941	197,974
Movement for the period	(4,017)	(9,033)
Balance at the end of the period as at 30 June 2022	<u>184,924</u>	<u>188,941</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.

NOTE 7. 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 2022
	US\$
Equity reserve – non-controlling interests (note 6)	1,350,041
Non-controlling interest	<u>2,149,959</u>
Consideration received from CONSOL	<u><u>3,500,000</u></u>

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	30 June 2022 US\$
Non-controlling interest in CONSOL's initial investment	2,149,959
Additional investment in current period	229,133
Share of loss – carried forward	(1,607,274)
Share of loss for period	(593,254)
	<u>178,564</u>
Non-controlling interest at 30 June 2022	<u>178,564</u>

Summarised balance sheet of CFOAM Corp and CFOAM LLC:

	30 June 2022 US\$	30 June 2021 US\$
Current assets	1,143,387	1,058,480
Current liabilities	(3,150,026)	(2,527,696)
Current net assets	<u>(2,006,639)</u>	<u>(1,469,216)</u>
Non-current assets	3,850,438	6,922,447
Non-current liabilities	(843,799)	(2,415,081)
Non-current net assets	<u>3,006,639</u>	<u>4,507,366</u>
Net assets	<u>1,000,000</u>	<u>3,038,150</u>

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

	30 June 2022 US\$	30 June 2021 US\$
Revenue from operations	825,851	654,294
Loss for the period	(2,275,904)	(2,541,382)
Other comprehensive loss	-	-
Total comprehensive loss	<u>(2,275,904)</u>	<u>(2,541,382)</u>
Loss allocated to non-controlling interest	<u>593,254</u>	<u>650,697</u>

NOTE 8: CONTINGENT LIABILITIES

The Group had no contingent liabilities as at 30 June 2022 (2021: nil).

NOTE 9. RELATED PARTY TRANSACTIONS

Oakhurst Enterprises Pty Ltd, an entity associated with Gary Steinepreis, advanced A\$350,000 in February 2022 and A\$250,000 in May 2022. The loans are unsecured with an initial term of 60 days at an interest rate of 2.5% per annum.

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

NOTE 10: EVENTS SUBSEQUENT TO REPORTING DATE

On 7 July 2022, the Company announced that it has entered into a conditional share sale agreement with a subsidiary of CONSOL Energy Inc (**CONSOL**), pursuant to which CONSOL agreed to purchase, and the Company agreed to sell, 100% of the Company's equity interest in CFOAM CORP for US\$1,000,000, with the effect that CCORP will become a 100% owned subsidiary of CONSOL (**Disposal**).

The conditions precedent to the Disposal include, amongst others, the following:

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- (a) the Company obtaining all necessary Shareholder approvals in accordance with the ASX Listing Rules and Corporations Act, including under ASX Listing Rule 11.2 for the Disposal;
- (b) the Company being released from all guarantees given by the Company in relation to any outstanding debt or other contracts or leases of CCORP or CFOAM LLC, including, but not limited to, the guarantee provided by the Company under the Amended and Restated Intercreditor Agreement;
- (c) any existing intercompany loans provided by the Company to CCORP being capitalised and discharged by way of capital contribution to CCORP;
- (d) the parties obtaining all necessary consents required to complete the Disposal;
- (e) the Company providing confirmation to CONSOL that no equity pledges or similar rights exist with respect to the common stock in CCORP owned by the Company; and
- (f) each of the Company's nominee directors on the board of CCORP resigning as directors.

A shareholder meeting was held on 10 August 2022 which approved the transaction and this was settled on 16 August 2022.

Other than this, there have been no other matters or circumstances, which have arisen since 30 June 2022 that have significantly affected or may significantly affect:

- (a) the operations, in financial years subsequent to 30 June 2022, of the Group, or
- (b) the results of those operations, or
- (c) the state of affairs, in financial years subsequent to 30 June 2022, of the Group.

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NOTE 11: DISCONTINUED OPERATIONS

On 16 August 2022, CFOAM Limited settled the sale of its 74.34% interest in CFOAM Corp for consideration of US\$1,000,000 to a subsidiary of CONSOL Energy Inc. An impairment loss of US\$2,125,633 has been recorded and the loss from discontinued operations was US\$2,275,904. The on-going funding requirements and distance from operations made it difficult to manage this business and shareholders approved the disposal on 10 August 2022 and this was settled on 16 August 2022.

Financial performance information

	30-June-22	30-June-21
	US\$	US\$
Revenue		
Revenue from discontinued operations	825,851	654,294
Loan forgiveness	354,599	301,782
Department of Energy-grant cost recovery	335,098	205,485
Other income	49,025	-
	1,564,573	1,161,561
Expenses		
Raw materials and consumables used	(429,731)	(495,084)
Inventory writedown	-	(139,234)
Loan succession fee	(48,000)	(49,000)
Accounting and audit fees	(3,750)	-
Travel and associated costs	(5,852)	(2,848)
Premises lease	(121,375)	(309,608)
Supplies	(131,717)	(70,661)
Other expenses	(1,019,383)	(680,139)
Repairs and maintenance	(185,513)	(138,686)
Professional services	(149,601)	(210,393)
Employee salaries, consulting and benefits expense	(678,178)	(415,721)
Depreciation and amortisation expense	(950,836)	(1,048,673)
Finance costs	(116,541)	(142,896)
	(3,840,477)	(3,702,943)
Loss from discontinuing operations before income tax	(2,271,886)	(2,541,382)
Income tax expense	-	-
Loss from discontinuing operations after income tax	(2,271,886)	(2,541,382)

Current assets-assets of disposal groups classified as held for sale

Cash and cash equivalents	135,729	-
Trade and other receivables	176,597	-
Inventories	831,061	-
Property, plant and equipment	3,780,416	-
Right of use assets	70,022	-
Intangibles	-	-

Total current assets of disposal groups classified as held for sale

4,993,829 -

Current liabilities-liabilities directly associated with assets classified as held for sale

Trade and other payables	299,008	-
Lease liability	33,144	-
Borrowings	3,661,673	-

Total current liabilities directly associated with assets classified as held for sale

3,993,825 -

Net position of disposal group

1,000,000 -