



ACN 611 576 777

Financial Report
CFOAM Limited and its controlled entities
For the year ended 30 June 2022

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

Steinepreis Paganin
Level 4, The Read Buildings
16 Milligan Street
PERTH WA 6000

Registered Office

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WEST PERTH WA 6005

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Share Registry

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Limited
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Investor enquiries: 1300 557 010

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Auditor

BDO Audit (WA) Pty Ltd
Level 9
Mia Yellagonga Tower 2
5 Spring Street
PERTH WA 6000

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CFOAM LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2022

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 2022 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

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 2022 are presented in US\$:

	30 June 2022	30 June 2021	30 June 2020
Cash and cash equivalents (US\$)	26,879	1,101,272	418,118
Net assets (US\$)	3,217,930	6,257,638	4,437,608
Total revenue from continuing operations (US\$)	-	-	847,345
Loss after income tax (US\$)	(4,599,797)	(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 year, the Company continued its work on the United States Department of Energy's (**DOE**) Office of Fossil Energy (FE) funded project. CFOAM made good progress in the Atmospheric Pressure Carbon Foam application.

The Company holds a 10.24% equity interest in Innovaero Technologies Pty Ltd (**Innovaero**), an Australian Aerospace and Defence Technology business. CFOAM further invested A\$1,975,000 in a convertible note. This investment maintained and will increase CFOAM's interest in Innovaero when converted to equity. Innovaero

CFOAM LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2022

is reviewing its options and may be considering an ASX listing and the conversion is 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.

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 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

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:

- (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.

Likely developments and expected results of operation

The Group has, subsequent to the end of the financial period, has disposed of the CFOAM products business and will review new business opportunities.

Environmental regulation

The Group's operations up to 30 June 2022 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.

CFOAM LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2022

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.

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\$4,110
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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

Special Responsibilities

Company Secretary and Chair (Non-executive)

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

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 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

-

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DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2022

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	<p>Current</p> <p>Helios Energy Ltd since 4 August 2017</p> <p>White Cliff Minerals Ltd since 14 December 2018</p> <p>Vonex Limited since 14 June 2016</p> <p>Mie Pay Ltd since 15 July 2019</p> <p>Beroni Group Ltd since 1 March 2021</p> <p>Black Star Petroleum Ltd since 31 July 2018</p> <p>Former</p> <p>Arrow Minerals Ltd 15 June 2011 to 26 August 2019</p> <p>CoAssets Ltd 18 March 2015 to 1 July 2019</p>

Meetings of Directors

During the financial year, the Board conducted the majority of its formal business via director's resolutions. A total of 5 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	5	5
Todd Hoare	5	5
Nicholas Ong	5	5

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.

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;

CFOAM LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2022

- (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 2021 and 2022.

The Company performance is summarised for the 5 years to 30 June 2022 as follows:

	2022	2021	2020	2019	2018
Loss for the year (US\$)	(4,599,797)	(3,037,562)	(5,474,516)	(5,932,385)	(3,511,954)
Basis loss per share (US\$) from continuing operations	(\$0.001)	(\$0.001)	(\$0.03)	(\$0.05)	(\$0.03)
Closing share price (A\$)	0.3 cents	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 2022.

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

The Company has sold its main undertaking and is looking for new opportunities. 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 2021 and 30 June 2022 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 2021 Annual General Meeting the Company remuneration report was passed by the requisite majority of shareholders (78.6% 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	-

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

Short term employment benefits				
	Cash salary and fees US\$	Equity settled US\$	Total US\$	Performance related %
2022				
<i>Non-Executive Directors:</i>				
Gary Steinepreis	46,433	-	46,433	-
Todd Hoare	46,433	1,447	47,880	3.02%
Nicholas Ong	34,825	-	34,825	-
	<u>127,691</u>	<u>1,447</u>	<u>129,138</u>	

Short term employment benefits				
	Cash salary and fees US\$	Equity settled US\$	Total US\$	Performance related %
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	-
	<u>120,291</u>	<u>1,232</u>	<u>121,523</u>	

3 Employment Contracts of Directors and Senior Executives

Non-Executive Director Agreements - Todd Hoare, Gary Steinepreis

Fees: Directors fees of US\$46,433 (A\$64,000) per annum from 1 January 2019.

Non-Executive Director Agreement – Nicholas Ong

Fees: Directors fees of US\$34,825 (A\$48,000) per annum from 24 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:

2022 Name	Held at 1/7/2021	Shares acquired	Other changes	Balance 30/6/2022
Directors:				
Gary Steinepreis	42,838,698	-	-	42,838,698
Todd Hoare	2,875,565	-	-	2,875,565
Nicholas Ong	-	-	-	-
Total	45,714,263	-	-	45,714,263

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:

2022 Name	Held at 1/7/2021	Other changes	Performance rights granted	Balance 30/6/2022	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\$1,994. It is unlikely that these performance rights will vest.

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 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, which have subsequently lapsed. 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:

2022 Name	Held at 1/7/2021	Options acquired	Other changes	Balance 30/6/2022
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\$350,000 in February 2022 and A\$250,000 in May 2022. The loans are unsecured with an initial term of 60 days, which was extended, at an interest rate of 2.5% per annum and the interest accrued to 30 June 2022 was \$4,151.

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 30 September 2022.

A handwritten signature in black ink, appearing to read 'G Steinepreis', with a stylized flourish at the end.

Gary Steinepreis
Director
Perth
30 September 2022

DECLARATION OF INDEPENDENCE BY JACKSON WHEELER TO THE DIRECTORS OF CFOAM LIMITED

As lead auditor of CFOAM Limited for the year ended 30 June 2022, 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.



Jackson Wheeler

Director

BDO Audit (WA) Pty Ltd

Perth

30 September 2022

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

	Notes	30-June-22	30-June-21 ^(a)
		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	15	(1,447)	(10,286)
Finance costs		(3,012)	(139,443)
		(521,663)	(496,281)
Loss from continuing operations before income tax		(521,613)	(496,180)
Income tax expense	21	-	-
Loss from continuing operations after income tax		(521,613)	(496,180)
Loss from discontinued operations after income tax	27	(4,078,184)	(2,541,382)
Loss after income tax for the year		(4,599,797)	(3,037,562)
Other comprehensive loss, net of tax			
Items that may be reclassified to profit or loss:			
Exchange differences on translation of foreign operations		(46,880)	(9,033)
Total comprehensive loss for the year		(4,646,677)	(3,046,595)
Total loss for the year is attributable to:			
Owners of CFOAM Limited		(3,600,215)	(2,386,865)
Non-controlling interest	14	(1,046,462)	(650,697)
		(4,646,677)	(3,037,562)
Loss per share for loss from continuing operations attributable to the owners of CFOAM Limited			
Basic loss per share	26	(\$0.001)	(\$0.001)
Diluted loss per share	26	(\$0.001)	(\$0.001)
Loss per share for loss from discontinued operations attributable to the owners of CFOAM Limited			
Basic loss per share	26	(\$0.006)	(\$0.006)
Diluted loss per share	26	(\$0.006)	(\$0.007)
Loss per share for loss attributable to the owners of CFOAM Limited			
Basic loss per share	26	(\$0.006)	(\$0.007)
Diluted loss per share	26	(\$0.006)	(\$0.007)

(a) Comparative amounts have been restated for comparability to the current year figures due to reclassification of the results of the discontinued operation (refer Note 27)

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 2022

	Notes	30-June-22 US\$	30-June-21 US\$
ASSETS			
Current assets			
Cash and cash equivalents	18(a)	26,879	1,101,272
Trade and other receivables	5 (a)	5,014	92,537
Financial assets at fair value through profit or loss	5 (b)	1,365,642	775,650
Inventories	6	-	833,451
		1,397,535	2,802,910
Assets of disposal group classified as held for sale	27	5,317,178	-
Total current assets		6,714,713	2,802,910
Non-current assets			
Financial assets at fair value through profit or loss	5 (b)	1,071,771	1,141,397
Property, plant and equipment	7	-	4,683,384
Right of use assets		-	87,923
Intangibles	8	-	2,151,140
Total non-current assets		1,071,771	8,063,844
TOTAL ASSETS		7,786,484	10,866,754
LIABILITIES			
Current Liabilities			
Trade and other payables	9	159,851	373,880
Lease liability		-	58,422
Borrowings	10	414,879	2,164,831
		574,730	2,597,133
Liabilities directly associated with assets classified as held for sale	27	3,993,825	-
Total current liabilities		4,568,555	2,597,133
Non-current liabilities			
Lease liability		-	33,144
Borrowings	11	-	1,978,839
Total non-current liabilities		-	2,011,983
TOTAL LIABILITIES		4,568,555	4,609,116
NET ASSETS		3,217,930	6,257,638
EQUITY			
Issued capital	12	23,292,226	21,686,704
Non-controlling interests	14	331,802	771,818
Reserves	13	1,422,792	2,074,671
Accumulated losses	19	(21,828,890)	(18,275,555)
TOTAL EQUITY		3,217,930	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	-	-	(3,553,335)	(3,553,335)	(1,046,462)	(4,599,797)
Other comprehensive loss for the year, net of tax	-	(46,880)	-	(46,880)	-	(46,880)
Total comprehensive loss for the year	-	(46,880)	(3,553,335)	(3,600,215)	(1,046,462)	(4,646,677)
<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	(57,768)	-	-	(57,768)	-	(57,768)
Transactions with non-controlling interests (Refer Note 14)	-	(606,446)	-	(606,446)	606,446	-
Share-based payments	-	1,447	-	1,447	-	1,447
Balance at 30 June 2022	<u>23,292,226</u>	<u>1,422,792</u>	<u>(21,828,890)</u>	<u>2,886,128</u>	<u>331,802</u>	<u>3,217,930</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 loss for the year, net of tax	-	(9,033)	-	(9,033)	-	(9,033)
Total comprehensive loss 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

	Note	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		350,431	180,809
Interest received		52	101
Interest and other finance costs paid		(119,553)	(142,900)
Net cash used in operating activities	18	(1,549,571)	(2,380,686)
Cash flows from investing activities			
Payments for property, plant and equipment		(14,874)	(347,724)
Receipt from government grant-plant and equipment		382,345	241,845
Investment in Innovaero – equity and convertible note	5(b)	(721,792)	(1,917,047)
Net cash used in investing activities		(354,321)	(2,022,926)
Cash flows from financing activities			
Proceeds from the issue of shares		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		965,228	5,086,766
Net increase / (decrease) 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	18	162,608	1,101,272

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

These consolidated financial statements and notes represent those 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 2022.

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 30 September 2022 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.

Going Concern

For the year ended 30 June 2022 the Group made a loss of \$4,599,797 (including loss from discontinued operation of \$4,078,184) and had cash outflows from operating activities of \$1,549,571.

The Board believe that the measures it has taken to sell the loss making CFOAM products business for cash and removal of parent company guarantees has enabled the Company to prepare the financial report on a going concern basis. As disclosed in Notes 24 and 27, subsequent to 30 June 2022, the group completed the sale of CFOAM Corp and received US\$1,000,000 as consideration.

The Group has sufficient funding to fund operations over the next 12 months.

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.

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current year.

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.

CFOAM LIMITED
NOTES TO THE FINANCIAL STATEMENTS

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.

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 of 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.

CFOAM LIMITED
NOTES TO THE FINANCIAL STATEMENTS

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.

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.

CFOAM LIMITED
NOTES TO THE FINANCIAL STATEMENTS

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.

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.

CFOAM LIMITED
NOTES TO THE FINANCIAL STATEMENTS

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.
- **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.

CFOAM LIMITED
NOTES TO THE FINANCIAL STATEMENTS

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

CFOAM LIMITED
NOTES TO THE FINANCIAL STATEMENTS

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 statement of financial position 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

CFOAM LIMITED
NOTES TO THE FINANCIAL STATEMENTS

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.

NOTE 2: ACCOUNTING STANDARDS AND INTERPRETATIONS ISSUED BUT NOT OPERATIVE AT 30 JUNE 2022

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 2022. 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 expenses. Actual results may differ from these estimates.

Classification of CFOAM Corp and CFOAM LLC as held for sale and discontinued operations at the reporting date

Judgement has been exercised in determining that the criteria of Held for Sale has been met at 30 June 2022 in treatment of the sale of its 74.34% interest in CFOAM Corp at reporting date.

Asset held for Sale

Non-current assets held for sale and disposal groups are classified as held for sale when:

- They are available for immediate sale;
- Management is committed to a plan to sell;
- It is unlikely that significant changes to the plan will be made or that the plan will be withdrawn;
- An active programme to locate a Buyer has been initiated;
- The asset or disposal group is being marketed at a reasonable price in relation to its fair value; and
- A sale is expected to complete within 12 months from the date of classification.

Non-current assets and disposal groups classified as held for sale are measured at the lower of;

- Their carrying amount immediately prior to being classified as held for sale in accordance with the group's accounting policy; and
- Fair value less costs of disposal.

Following their classification as held for sale, non-current assets are not depreciated. The results of operations disposed during the year are included in the consolidated statement of comprehensive income up to the date of disposal.

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations or is a subsidiary acquired exclusively with a view to resale, that has been disposed of, has been abandoned or that meets the criteria to be classified as held for sale. CFOAM has exercised judgement in determining that the business presented in Note 27 meets the criteria as Discontinued Operations.

Discontinued operations are presented in the consolidated statement of comprehensive income as a single line which comprises the profit or loss of the discontinued operation along with the gain or loss of the re-measurement to fair value less costs.

CFOAM LIMITED
NOTES TO THE FINANCIAL STATEMENTS

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 that 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.

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.

CFOAM LIMITED
NOTES TO THE FINANCIAL STATEMENTS

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

In the prior year, the Group was 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.

The CODM has re-assessed the business activities, performance and allocation of resources in response to the sale of CFOAM Corp. As a result of the reassessment, the Company's performance review and resources has been broken down into the two operating units for the current financial year, being CFOAM Ltd and CFOAM Corp.

Geographical information

All sales and non-current assets are based in CFOAM Corp, in 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 CFOAM Corp, in USA.

Refer to Note 27 for details regarding discontinued operation.

NOTE 5. FINANCIAL ASSETS

	Consolidated	
	30 June 2022	30 June 2021
5 (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). 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 (Innovaero), an Australian Aerospace and Defence Technology business. At 30 June 2022 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 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.

CFOAM LIMITED
NOTES TO THE FINANCIAL STATEMENTS

Financial assets mandatorily measured at FVPL including the following:

Convertible note in Innovaero	Consolidated	
	30 June 2022	30 June 2021
	US\$	US\$
Current assets		
Balance at 1 July	775,650	-
Acquisition-Convertible note in Innovaero	721,793	775,650
Foreign exchange movements	(131,801)	-
Fair value movement	-	-
	<u>1,365,642</u>	<u>775,650</u>
Closing balance at 30 June		

Key terms and conditions:

The convertible notes were issued in two tranches:

A\$1,000,000 – due 19 November 2022 following an extension agreed on 6 May 2022

A\$975,000 – due 16 November 2022 following an extension agreed on 15 July 2022

Conversion:

The convertible notes shall convert automatically on the date which is the earlier of:

- Innovaero obtaining a conditional listing letter from the ASX for an initial public offering on terms acceptable to the Issuer (acting reasonably); or
- completion of a “back door listing” whereby Innovaero or the Innovaero’s undertaking is acquired by an existing listed entity that obtains a conditional listing letter from the ASX on terms acceptable to Innovaero (acting reasonably).

On conversion, where the market capitalization of Innovaero (Issuer) (being the total number of fully paid ordinary shares on issue immediately prior to the conversion multiplied by the issue or sale price for the Issuer’s fully paid ordinary shares under the initial public offering or “back door listing” by the Issuer) does not exceed \$30,000,000, the Convertible Notes convert into Convertible Securities being fully paid ordinary shares of the Issuer at a rate which represents a 30% discount to the price at which existing fully paid ordinary shares are issued or sold by the Issuer under the Issuer’s initial public offering or “back door listing”. Fractions of shares issued on conversion are to be rounded up to the nearest whole number.

On conversion where the market capitalization of the Issuer (being the total number of fully paid ordinary shares on issue immediately prior to the conversion multiplied by the issue or sale price for the Issuer’s fully paid ordinary shares under the initial public offering or “back door listing” by the Issuer) exceeds \$30,000,000 then the Convertible Notes will convert into the number of fully paid ordinary shares of the Issuer at a rate such that the percentage of the total number of fully paid ordinary shares on issue held by the Noteholders following conversion is the same percentage of the total issued share capital of the Issuer as if the market capitalization of the Issuer was \$30,000,000. Fractions of shares issued on Conversion are to be rounded up to the nearest whole number.

Redemption on maturity

On the Maturity Date of a Convertible Note the Issuer must redeem the Note and pay an amount equal to 1.25 times the Principal Amount in respect of the Note to the Noteholder.

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

CFOAM LIMITED
NOTES TO THE FINANCIAL STATEMENTS

Investment in Innovaero	Consolidated	
	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	-	-
	<hr/>	<hr/>
Closing balance at 30 June	<u>1,071,771</u>	<u>1,141,397</u>

The investment in Innovaero is accounted for at cost of acquisition being the best estimate of fair value as the Group was unable to reliably measure its fair value at balance date because the company holds a minority holding in Innovaero. This did not allow the Group to access sufficient information to enable a fair value assessment to be completed at reporting date

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.

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 FINANCIAL STATEMENTS

NOTE 6. INVENTORIES

	Consolidated	
	30 June 2022	30 June 2021
	US\$	US\$
Finished goods	-	702,860
Raw materials	-	79,161
Work in progress	-	51,430
	<u>-</u>	<u>833,451</u>

Note:

- (i) There are no interest or finance costs included in inventories.
- (ii) Amounts recognised in profit and loss – write-downs of inventories to net realisable value amounted to US\$- (2021-US\$139,234). These were recognised as an expense during the year ended 30 June 2022 and included in the profit or loss.

NOTE 7. PROPERTY, PLANT AND EQUIPMENT

	Consolidated	
	30 June 2022	30 June 2021
	US\$	US\$
Assets in course of construction	-	261,496
Plant and equipment - at cost	-	6,447,104
Less: Accumulated depreciation	-	(2,036,610)
	<u>-</u>	<u>4,410,494</u>
Manufacturing use assets - at cost	-	205,751
Less: Accumulated depreciation	-	(194,357)
	<u>-</u>	<u>11,394</u>
Total property, plant and equipment - at cost	-	6,914,351
Less: Accumulated depreciation	-	(2,230,967)
	<u>-</u>	<u>4,683,384</u>

CFOAM LIMITED
NOTES TO THE FINANCIAL STATEMENTS

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 2021	261,496	4,410,494	11,394	4,683,384
Additions	-	382,345	-	382,345
Disposals / Transfer	(93,128)	-	-	(93,128)
Government grant offset ⁽ⁱ⁾	-	(382,345)	-	(382,345)
Depreciation expense	-	(474,924)	(11,394)	(486,318)
Transfer to held for sale (refer Note 27)	(168,368)	(3,935,570)	-	(4,103,769)
Balance at 30 June 2022	-	-	-	-

⁽ⁱ⁾During the year, the Group recognised US\$830,359 (2021: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\$382,345 (2021: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\$448,014 (2021:US\$205,485) was offset against costs incurred in the consolidated statement of profit or loss.

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
Government grant offset	(241,845)	-	-	(241,845)
Disposals/Transfers	-	(66,164)	-	(66,164)
Depreciation expense	-	(583,826)	(41,150)	(624,976)
Balance at 30 June 2021	261,496	4,410,494	11,394	4,683,384

CFOAM LIMITED
NOTES TO THE FINANCIAL STATEMENTS

NOTE 8. INTANGIBLES

	Consolidated	
	30 June 2022	30 June 2021
	US\$	US\$
Development asset – at cost	5,232,900	5,232,900
Less: Impairment loss	(1,802,280)	(1,434,053)
Less: Accumulated amortisation	(3,430,620)	(1,647,707)
Transfer to assets of disposal group (refer Note 27)	-	-
	<u>-</u>	<u>2,151,140</u>

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. An impairment loss of \$1,802,280 on intangible asset was recognised in the year to write down the assets and liabilities of the intangibles that relates to the discontinued operation to the lower of its carrying amount and fair value. Refer Note 27 for further details.

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 2021	2,151,140
Amortisation expense	(348,860)
Impairment	(1,802,280)
Balance at 30 June 2022	<u>-</u>
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>

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 FINANCIAL STATEMENTS

NOTE 9. 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 10. 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 (Note 11b)	-	533,397
Promissory notes – secured (Note 11a)	-	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 year, the loan of US\$333,800 was forgiven on 12 August 2021. The forgiveness has been recognised as Other Income at this date.

Refer to note 11 for further information on assets pledged as security and financing arrangements. Refer below details of the loans that belong to disposal entity (Note 27).

	30 June 2022
	US\$
Loan payable – CONSOL Energy Inc – unsecured	915,933
Promissory Note Payable	1,184,686
Loan Payable – secured	1,561,054
	<u>3,661,673</u>

CFOAM LIMITED
NOTES TO THE FINANCIAL STATEMENTS

NOTE 11. NON-CURRENT LIABILITIES - BORROWINGS

	Consolidated	
	30 June 2022	30 June 2021
	US\$	US\$
Loans payable – secured – note (b)	-	1,978,839
Promissory notes – secured – note (a)	-	-
	<u>-</u>	<u>1,978,839</u>

The above non-current borrowings are related to liabilities directly associated with assets classified as held for sale. The total borrowing of \$3,661,673 has been transferred. Refer to Note 27 for details.

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 prior period and now interest is only payable on a monthly basis and principal was due on 30 June 2022 and extended to 31 August 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 fully paid out on 31 December 2021.

The promissory notes can be summarised as follows:

	Original	Original	Balance at 30
30 June 2022	US\$800,000	\$4,000,000	June 2022
			US\$
Promissory note-current	-	-	-
Promissory note - non-current	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
	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>

Note (b) Loans payable – secured:

	Current	Non-current	Balance at 30	Interest
30 June 2022			June 2022	Total Facility
			US\$	US\$
Secured loan - West Virginia Economic Development Authority (WVEDA)	-	-	-	1,200,000 3.46%
Secured loan – CONSOL Energy Inc.	-	-	-	1,100,000 2.00%
Secured loan – Summit Community Bank	-	-	-	600,000 6.49%
	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,900,000</u>

CFOAM LIMITED
NOTES TO THE FINANCIAL STATEMENTS

30 June 2021	Current	Non-current	Balance at 30 June 2021 US\$	Total Facility US\$	Interest
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>	

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. The Group did not comply with the covenant for the year ended 30 June 2022 and on 24 August 2022, Summit agreed to waive this requirement for the one year ending 30 June 2022. The balance of the loan was transferred to liabilities directly associated with assets classified as held for sale (Refer Note 27).

CFOAM LIMITED
NOTES TO THE FINANCIAL STATEMENTS

NOTE 12. ISSUED CAPITAL

		Consolidated	
	30 June 2022	30 June 2021	30 June 2021
	Shares	Shares	US\$
Ordinary shares - fully paid (US\$)	733,840,634	593,840,634	21,686,704
<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	197,573
Issue of shares-converting loan	10 December 2020	13,333,333	228,352
Entitlement offer to shareholders	16 November 2020	88,256,757	969,277
Issue of shortfall shares to entitlement offer	24 November 2020	167,975,058	1,852,340
Issue of shares-placement	18 May 2021	118,768,127	1,481,084
Cost of the contribution of capital			(401,662)
Balance	30 June 2021	593,840,634	21,686,704
Balance	1 July 2021	593,840,634	21,686,704
Issue of shares-placement	15 July 2021	140,000,000	1,663,290
Cost of the contribution of capital			(57,768)
Balance	30 June 2022	733,840,634	23,292,226

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 13. RESERVES

	Consolidated	
	30 June 2022	30 June 2021
	US\$	US\$
Equity reserve – non-controlling interests (note 14)	1,350,041	1,350,041
Share based payment reserve – performance rights and options	537,136	535,689
Other reserve – non controlling interests (refer note 14)	(606,446)	-
Foreign currency reserve	142,061	188,941
	<u>1,422,792</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
Movement for the period	1,447	310,286
Balance at the end of the period as at 30 June 2022	<u>537,136</u>	<u>535,689</u>

CFOAM LIMITED
NOTES TO THE FINANCIAL STATEMENTS

	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	(46,880)	(9,033)
Balance at the end of the period as at 30 June 2022	<u>142,061</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.

CFOAM LIMITED
NOTES TO THE FINANCIAL STATEMENTS

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 2022	30 June 2021
	US\$	US\$
Equity reserve – non-controlling interests (note 13)	1,350,041	1,350,041
Non-controlling interest	2,149,959	2,149,959
	<u>3,500,000</u>	<u>3,500,000</u>
	30 June 2022	30 June 2021
	US\$	US\$
Balance at 1 July	771,818	1,193,382
Share of loss for the period	(1,046,462)	(650,697)
Transaction relating to non-controlling interests ⁽ⁱ⁾	606,446	-
Additional investment in prior period	-	229,133
	<u>331,802</u>	<u>771,818</u>

⁽ⁱ⁾These represents CFOAM's capital contribution being the conversion of loans to equity in CFOAM Corp with no change in ownership percentage. There were no transactions with non-controlling interest in 2021.

Summarised balance sheet of CFOAM Corp and CFOAM LLC:

	30 June 2022	30 June 2021
	US\$	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	4,173,791	6,922,447
Non-current liabilities	(843,799)	(2,415,081)
Non-current net assets	<u>3,329,992</u>	<u>4,507,366</u>
Net assets	<u>1,323,353</u>	<u>3,038,150</u>

CFOAM LIMITED
NOTES TO THE FINANCIAL STATEMENTS

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

	30 June 2022	30 June 2021
	US\$	US\$
Revenue from operations	825,851	654,294
Loss for the period	(4,078,184)	(2,541,382)
Other comprehensive loss	-	-
Total comprehensive loss	<u>(4,078,184)</u>	<u>(2,541,382)</u>
Loss allocated to non-controlling interest	<u>(1,046,462)</u>	<u>(650,697)</u>

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.

2022	Milestone	Number	Amount expensed US\$	Total fair value US\$	Share price at grant date US\$
Performance rights					
Employee Incentive plan	-	200,000	-	42,452	0.117
Employee Incentive plan	-	375,000	-	15,236	0.038
Approved by shareholders					
Performance Rights	A	75,000	1,196	5,986	0.257
Performance Rights	B	75,000	251	1,252	0.257
Performance Rights	E	166,666	-	40,508	0.257
Performance Rights	F	166,667	-	40,508	0.257
Performance Rights	G	166,667	-	40,508	0.257
Balance at 30 June 2022		1,225,000	1,447	186,450	
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	

Issued during the period

There were no performance rights and options issued during the year.

The weighted average share price during the financial year was A\$0.013 (2021: A\$0.039).

CFOAM LIMITED
NOTES TO THE FINANCIAL STATEMENTS

The weighted average remaining contractual life of options outstanding at the end of the financial year was 1.24 years (2021: 2.24 years)

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.

The Performance Rights do not have an end date. Class E, F and G have been met on a time basis and it is up to the holder to advise the Company to issue the securities.

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 2022 (2021: nil).

NOTE 17. 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, which was extended, at an interest rate of 2.5% per annum with interest accrued of \$4,151 at 30 June 2022. These loans have been repaid following the end of the financial year.

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 2022 US\$	30 June 2021 US\$
Short term employee benefits	127,691	120,291
Post-employment benefits	-	-
Share based payments	1,447	1,232
	129,138	121,523

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 FINANCIAL STATEMENTS

NOTE 18. CASH AND CASH EQUIVALENTS

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

	Consolidated	
	30 June 2022	30 June 2021
	US\$	US\$
Cash at bank and in hand	<u>26,879</u>	<u>1,101,272</u>

Reconciliation to cash and cash equivalents at the end of the financial year:

The above figures are reconciled to cash and cash equivalents at the end of the financial year as shown in the statement of cash flows as follows:

Balance as above	26,879
Cash and cash equivalents - classified as held for sale (refer note 27)	<u>135,729</u>
Balance as per statement of cash flows	<u>162,608</u>

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

	Consolidated	
	30 June 2022	30 June 2021
	US\$	US\$
Net loss after income tax	(4,599,797)	(3,037,562)
Depreciation and amortisation	961,251	1,048,680
Fair value adjustment on shares issued	-	135,876
Right to use assets - amortisation	28,316	4,585
Loan forgiven	(333,800)	(293,400)
Share based payments	1,447	30,728
Non-cash revenue – settlement of Touchtone loan	194,062	-
Impairment expense	1,802,280	-
Inventory provision	-	139,234
Foreign exchange loss/ (gain)	7,021	(9,033)
Changes in assets and liabilities:		
(Increase) Decrease in inventory	2,390	(212,666)
Increase (Decrease) in prepayments and other receivables	(71,140)	(10,981)
Increase (Decrease) in trade and other payables	458,399	(176,147)
Net cash flows used in operating activities	<u>(1,549,571)</u>	<u>(2,380,686)</u>

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

	2021	Net cash used in financing activities	Non-cash changes			2022
			Accruals	Issue of shares	Fair value changes	
Total Loans payable	3,028,982	(222,375)	-	-	-	2,806,607
Total Promissory note	1,114,688	(711,590)	-	-	-	403,098
Total liabilities from financing liabilities	4,143,670	(933,965)	-	-	-	3,209,705

CFOAM LIMITED
NOTES TO THE FINANCIAL STATEMENTS

NOTE 19. ACCUMULATED LOSSES

	Consolidated	
	30 June 2022	30 June 2021
	US\$	US\$
Balance at beginning of period	18,275,555	15,888,690
Loss after income tax expense for the year	3,553,335	2,386,865
Balance at the end of the year	<u>21,828,890</u>	<u>18,275,555</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.

2022	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	26,879	-	-	26,879	-
Financial assets at fair value through profit or loss	-	-	2,437,414	2,437,414	-
Trade and other receivables	-	-	5,014	5,014	-
Total financial assets	<u>26,879</u>	<u>-</u>	<u>2,442,428</u>	<u>2,469,307</u>	
<i>Financial liabilities</i>					
Loans - current	-	414,879	-	414,879	2.5%
Total financial liabilities	<u>-</u>	<u>414,879</u>	<u>-</u>	<u>414,879</u>	

CFOAM LIMITED
NOTES TO THE FINANCIAL STATEMENTS

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	

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.

	Carrying Amount US\$	Increase 1% Profit US\$	Equity US\$	Decrease 1% Profit US\$	Equity US\$
30 June 2022					
Cash and cash equivalents	26,879	269	-	(269)	-
	Carrying Amount US\$	Increase 1% Profit US\$	Equity US\$	Decrease 1% Profit US\$	Equity US\$
30 June 2021					
Cash and cash equivalents	1,101,272	11,013	-	(11,013)	-

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.

CFOAM LIMITED
NOTES TO THE FINANCIAL STATEMENTS

As at 30 June 2022	Less than 6 months US\$	6-12 months US\$	1-5 years US\$	Over 5 years US\$	Total contractual US\$	Carrying amount US\$
Trade and other payables	159,851	-	-	-	159,851	159,851
Borrowings	417,749	-	-	-	417,749	414,879

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

Credit Risk

Credit risk is the risk of financial loss to the Group should a 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\$5,014 (2021-US\$36,430). At the reporting date, the Group has no significant concentrations of credit risk other than an exposure from the convertible note receivable from Innovaero.

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	2022 US\$	2021 US\$
Westpac Banking Corporation - AA	26,879	958,529
Summit Community Bank (not rated)	-	142,743
	<u>26,879</u>	<u>1,101,272</u>

Price Risk

The Group is not exposed to commodity price risk. The Group's exposure to equity securities price risk arises from investments held by the group and classified in the balance sheet either as at fair value through other comprehensive income (FVOCI) or at fair value through profit or loss (FVPL) (note 5(b)).

Post-tax profit for the period would increase/decrease as a result of gains/losses on equity securities classified as FVPL.

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:

	2022 US\$	2021 US\$
Cash and cash equivalents	<u>19</u>	<u>11,819</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 subsidiary)

CFOAM LIMITED
NOTES TO THE FINANCIAL STATEMENTS

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	2022	
	Carrying Amount US\$	Net fair Value US\$
Financial assets		
Cash and cash equivalents	26,879	26,879
Financial assets at fair value through profit or loss	2,437,414	2,437,414
Trade and other receivables - current	5,014	5,014
	<u>2,469,307</u>	<u>2,469,307</u>
Financial Liabilities		
Trade and other payables - current	159,851	159,851
Borrowings - current	414,879	414,879
	<u>574,730</u>	<u>574,730</u>

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>

(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:

- 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

CFOAM LIMITED
NOTES TO THE FINANCIAL STATEMENTS

- 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 2022.

	Level 1	Level 2	Level 3	Total
30 June 2022	US\$	US\$	US\$	US\$
Convertible note in Innovaero	-	-	1,365,643	1,365,643
Investment in Innovaero	-	-	1,071,771	1,071,771
Total Financial assets at FVPL	-	-	2,437,414	2,437,414

	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

	2022 US\$	2021 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%	794,174	911,268
Add tax effect of:		
- Revenue losses not recognised	-	-
- Other non-allowable items	(698,449)	(107,744)
	95,725	803,524
Less tax effect of:		
- Other deferred tax balances not recognised	(95,725)	(803,524)
Income tax	-	-
c. Unrecognised deferred tax assets:		
Carry forward revenue losses	1,892,876	5,581,792
Carry forward capital losses	-	-
Net deferred tax assets	1,892,876	5,581,792

CFOAM LIMITED
NOTES TO THE FINANCIAL STATEMENTS

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.

NOTE 22: REMUNERATION OF AUDITORS

Assurance Services	2022	2021
<i>Audit Services</i>	US\$	US\$
Amounts paid/payable to BDO Audit (WA) Pty Ltd for audit and review of the financial reports	47,596	42,682
<i>Non-Audit Services</i>		
Amounts paid/payable to BDO for tax compliance and advice	4,110	3,078

NOTE 23: Parent Entity Note

Financial Position	2022	2021
	US\$	US\$
Current assets		
Cash and cash equivalents	26,879	958,530
Financial assets at fair value	1,365,643	-
Other receivables	5,014	10,250
Total current assets	1,397,536	968,780
Non-current assets		
Investment in subsidiaries	-	-
Financial assets at fair value	1,071,771	1,917,047
Loan to subsidiary	-	529,912
Total non-current assets	1,071,771	2,446,959
Total assets	2,469,307	3,415,739
Current liabilities		
Borrowings	414,879	-
Trade and other payables	159,851	196,252
Total current liabilities	574,730	196,252
Total liabilities	574,730	196,252
Net assets	1,894,577	3,291,487
Equity		
Share capital	23,292,226	21,686,704
Reserves	679,197	724,630
Accumulated losses	(22,076,846)	(19,191,847)
Total equity	1,894,577	3,219,487
Financial Performance	2022	2021
	\$	\$
Revenue from operations	49	101
Adjustment - provision for intercompany investment	(2,363,389)	(688,928)
Expenses from operations	(521,659)	(498,280)
Profit (Loss) before income tax	(2,884,999)	(1,185,107)
Income tax expense	-	-
Profit (Loss) for the year	(2,884,999)	(1,185,107)

CFOAM LIMITED
NOTES TO THE FINANCIAL STATEMENTS

At 30 June 2022, CFOAM Limited, the parent entity had provided various guarantees to loans by CFOAM LLC to WVEDA, WVJIT, Summit and CONSOL. These were all released on the sale of CFOAM Corp (refer Note 24).

NOTE 24: 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:

- (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.

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

CFOAM LIMITED
NOTES TO THE FINANCIAL STATEMENTS

NOTE 26: LOSS PER SHARE

	2022	2021
	US\$	US\$
Loss used to calculate basic EPS from continuing operations	(521,613)	(496,180)
Loss used to calculate basic EPS from discontinued operations	(4,078,184)	(2,541,382)
Weighted average number of ordinary shares outstanding during the year	728,087,209	377,466,133

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.

NOTE 27: 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\$1,802,280 has been recorded and the loss from discontinued operations was US\$4,078,184. 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.

Financial performance information

	30-June-22	30-June-21
	US\$	US\$
Revenue		
Revenue from discontinued operations	825,851	654,294
Loan forgiveness	335,098	301,782
Department of Energy-grant cost recovery	354,599	205,485
Other income	49,025	-
	1,564,573	1,161,561
Expenses		
Impairment loss	(1,802,280)	-
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)
	(5,642,757)	(3,702,943)
Loss from discontinuing operations before income tax	(4,078,184)	(2,541,382)
Income tax expense	-	-
Loss from discontinuing operations after income tax	(4,078,184)	(2,541,382)

CFOAM LIMITED
NOTES TO THE FINANCIAL STATEMENTS

Carrying amount of assets and liabilities classified as held for sale:

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	4,103,769	-
Right of use assets	70,022	-
Intangibles	-	-
Total current assets of disposal groups classified as held for sale	5,317,178	-

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	1,323,353	-

Cash flow information

Net cash used in operating activities	(1,724,498)	-
Net cash used in investing activities	702,731	-
Net cash provided by financing activities	(904,094)	-
Net decrease in cash from discontinued operations	(1,925,861)	-

NOTE 28: INTERESTS IN SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in Note 1:

Name	Principal place of business/ Country of incorporation	Ownership	Interest
		2022 %	2021 %
CFOAM Corp	USA	74.34	74.34
A wholly owned subsidiary of			
CFOAM Corp:			
CFOAM LLC	USA	100.00	100.00

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 47, 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 2022 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 30 September 2022 and is signed on behalf of the Directors by:

A handwritten signature in black ink, appearing to read 'G Steinepreis', with a stylized flourish at the end.

Gary Steinepreis
Director
Perth
30 September 2022

INDEPENDENT AUDITOR'S REPORT

To the members of CFOAM Limited

Report on the Audit of the Financial Report

Qualified 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 2022, 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, except for the effects of the matter described in the *Basis for qualified opinion* section of our report, 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 2022 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 qualified opinion

As disclosed in Note 5(b) to the financial report, CFOAM Limited holds an equity interest of 10.24% in Innovaero Technologies Pty Ltd ("Innovaero"). At 30 June 2022, this investment is recognised at \$1,071,771 within the financial assets at fair value through profit or loss on the consolidated statement of financial position. We were unable to obtain sufficient appropriate audit evidence to support the fair value of the investment because the company was unable to access sufficient information from management of Innovaero to allow for a fair value assessment to be completed. Consequently, we were unable to determine whether any adjustment to carrying value of the equity investment is necessary.

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 qualified opinion.

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 *Basis for qualified opinion* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Assets Held for Sale – CFOAM Corp

<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>As disclosed in Note 27, the directors of CFOAM limited resolved to sell its 74.34% interest in CFOAM Corp to CONSOL Energy Inc. at 30 June 2022. The associated assets of the disposal group have been recognised as 'held for sale' in the consolidated statement of financial position and disclosed as a discontinued operation in the Statement of Profit or Loss and Other Comprehensive Income</p> <p>This has been assessed as a key audit matter due to the judgement involved in determining whether the transaction met the criteria to be Held for sale at the reporting date and the significance of the transaction to the financial statements.</p>	<p>Our procedures included, but were not limited to the following:</p> <ul style="list-style-type: none"> • Reviewing key executed transaction documents to understand the key terms and conditions of the transaction; • Understanding the status of the transaction as at 30 June 2022 and assessing against the criteria in AASB 5 <i>Non-current Assets Held for Sale and Discontinued Operations</i> (AASB 5"); • Evaluating the reasonableness of the discontinued operation criteria satisfaction determined by management; • Reviewing the revenue, expenses and loss of discontinued operation during the year and determined whether items are classified in accordance with AASB 5; • Considered subsequent events and compared to the positions adopted by the Company at the reporting date; 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 in the Group's annual report for the year ended 30 June 2022, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Financial Report

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

In preparing the financial report, the directors are responsible for assessing the 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

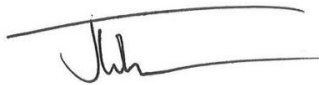
We have audited the Remuneration Report included in pages 5 to 9 of the directors' report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of CFOAM Limited, for the year ended 30 June 2022, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO Audit (WA) Pty Ltd

A handwritten signature of the BDO firm, written in dark ink.A handwritten signature of Jackson Wheeler, written in dark ink.

Jackson Wheeler

Director

Perth

30 September 2022