

11 October 2022

Sean Maloney
Senior Adviser, Listings Compliance (Perth)
ASX Limited
Level 40 Central Park
152 – 158 St Georges Terrace
PERTH WA 6000

By email: ListingsCompliancePerth@asx.com.au
Your reference: 60787

Dear Sean

RESPONSE TO ASX – QUERY-AUDITED FINANCIAL REPORT

CFOAM Limited (“**CFOAM**” or the “**Company**”) refers to Query letter dated 5 October 2022 and provides the following responses:

- D. It is the view of the Company that it is not required to lodge its Corporate Governance Statement for the year ended 30 June 2022 in the Audited Financial Report. This will be lodged with the Annual Report which is not yet due for lodgement.
1. As stated in the Directors’ Resolution to the Audited Financial Report, the Directors’ declared ‘*that 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*’
2. The Directors’ reviewed information obtained from Innovaero Technologies Pty Ltd including unaudited internal financial information, copy of share register, company presentations and CFO reviewed this information and prepared a management discussion and analysis memorandum considering the investment and the relevant accounting standard. The results of these detailed enquiries and following discussions with the auditor, however, resulted in the view of the Company that the investment in Innovaero should be accounted for at cost of acquisition being the best estimate of fair value as the Group. Even though reasonable information was obtained and reviewed, CFO 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 on this unlisted investment.

3. There have been no steps taken since the release of the Audited Financial Report on 30 September 2022 to obtain an unmodified audit opinion.
4. The Board will use its best endeavours to obtain sufficient information to enable an unmodified audit opinion for future financial reports but notes the difficulties of completing the fair value assessment due to the nature of an unlisted investment and will review and analyse the information available in consultation with the auditor.
5. Yes – the Directors provided this declaration by acting in the capacity of the Chief Executive Officer and Chief Financial Officer.
6. Not applicable.
7. The Board is involved in management and reviews financial information on a regular basis and makes its own enquiries to ensure that the financial records are properly maintained and that the financial statements comply with appropriate accounting standards and give a true and fair view of the financial position and performance of CFO. This work is also part of the audit and is on-going.
8. The Board considers that CFO has a sound system of risk management and internal control which is operating effectively.
9. The Company confirms that it is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.
10. The Company confirms that its response has been authorised and approved by officers of the Company that have delegated authority from the Board to respond to ASX on disclosure matters.

Yours sincerely

A handwritten signature in black ink, appearing to read 'G Steinepreis'.

Gary Steinepreis
Director



5 October 2022

Reference: 60787

Mr Gary Steinepreis
Company Secretary
CFOAM Limited

By email: gs@ascentcapital.com.au

Dear Mr Steinepreis

CFOAM Limited ('CFO'): Full-year report (audited financial report) - Query

ASX refers to the following:

- A. CFO's full-year report for the year ended 30 June 2022 lodged on the ASX Market Announcements Platform ('MAP') and released on 30 September 2022 ('Full-Year Report').
- B. ASX notes that the Independent Auditor's Report attached to the Full-Year Report ('Auditor's Report') contains a qualified opinion, together with the basis for the qualified opinion which is as follows:

"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 of 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."

- C. CFO's Corporate Governance Statement for the year ended 30 June 2021 ('2021 Corporate Governance Statement') included in CFO's full-year report for the year ended 30 June 2021 and lodged on MAP on 6 September 2021, which provides confirmation that CFO complies with recommendation 4.2 of the ASX Corporate Governance Principles and Recommendations which states:

"The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively."

- D. ASX notes that CFO has not lodged their Corporate Governance Statement for the year ended 30 June 2022 on MAP or included their Corporate Governance Statement for the year ended 30 June 2022 in the Full-Year Report as required by Listing Rule 4.7.4.
- E. Listing Rule 19.11A which states:

19.11A If a listing rule requires an entity to give ASX +accounts, the following rules apply.

- (a) *If the entity controls an entity within the meaning of section 50AA of the Corporations Act or is the holding company of an entity, required by any law, regulation, rule or accounting standard, or if ASX requires, the +accounts must be consolidated +accounts.*

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- (b) *The +accounts must be prepared to Australian accounting standards. If the entity is a +foreign entity the +accounts may be prepared to other standards agreed by ASX.*
 - (c) *If the listing rule requires audited +accounts, the audit must be conducted in accordance with Australian auditing standards by a registered company auditor. If the entity is a +foreign entity, the audit may be conducted in accordance with other standards agreed by ASX and may be conducted by an overseas equivalent of a registered company auditor.*
 - (d) *If the listing rule requires +accounts to be reviewed, the review must be conducted in accordance with Australian auditing standards. If the entity is a +foreign entity, the review may be conducted in accordance with other standards agreed by ASX. Unless the listing rule says an independent accountant may conduct the review, it must be conducted by a registered company auditor (or, if the entity is a +foreign entity, an overseas equivalent of a registered company auditor).*
 - (e) *If there is a +directors' declaration that relates to the +accounts, the +directors' declaration must be given to ASX with the +accounts.*
 - (f) *If there is a +directors' report that relates to the period covered by the +accounts, the +directors' report must be given to ASX with the +accounts.*

Request for information

In light of the information contained in the Full-Year Report and the Auditor's Report, and the application of the Listing Rules stated above, please respond to each of the following questions:

1. Is CFO able to confirm that in the Directors' Opinion the Full-Year Report:
 - (a) complies with the relevant Accounting Standards; and
 - (b) gives a true and fair view of CFO's financial performance and position?
2. Please explain the basis for and the factors considered by the Directors to satisfy themselves that CFO's equity interest of 10.24% in Innovaero Technologies Pty Ltd should be recognised at \$1,071,771 within the financial assets at fair value through profit or loss on the consolidated statement of financial position.
3. What steps has CFO taken since the release of the Full-Year Report to obtain an unmodified audit opinion with regards to its future financial statements?
4. What steps does CFO intend to take to obtain an unmodified audit opinion with regards to its future financial statements?
5. In relation to the Full-Year Report, did the Board receive the CFO and CEO declaration, as described in section 4.2 of CFO's 2021 Corporate Governance Statement, that in the opinion of the CFO and CEO, the financial records of CFO have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of CFO and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively?
6. If the answer to Question 5 is 'no', why did the Board not receive the CEO and CFO declaration as described in section 4.2 of CFO's 2021 Corporate Governance Statement?
7. What enquiries did the Board make of management to satisfy itself that the financial records of CFO have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of CFO?

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8. Commenting specifically on the qualified opinion, does the board consider that CFO has a sound system of risk management and internal control which is operating effectively?
 9. Please confirm that CFO is complying with the Listing Rules and, in particular, Listing Rule 3.1.
 18. Please confirm that CFO's responses to the questions above have been authorised and approved under its published continuous disclosure policy or otherwise by its board or an officer of CFO with delegated authority from the board to respond to ASX on disclosure matters.

When and where to send your response

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **2:00 PM AWST Wednesday, 12 October 2022**. You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, CFO's obligation is to disclose the information 'immediately'. This may require the information to be disclosed before the deadline set out in the previous paragraph and may require CFO to request a trading halt immediately.

Your response should be sent to me by e-mail at ListingsCompliancePerth@asx.com.au. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Trading halt

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in CFO's securities under Listing Rule 17.1. If you wish a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted. You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

Suspension

If you are unable to respond to this letter by the time specified above, ASX will likely suspend trading in CFO's securities under Listing Rule 17.3.

Listing Rules 3.1 and 3.1A

In responding to this letter, you should have regard to CFO's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure*: Listing Rules 3.1 – 3.1B. It should be noted that CFO's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Release of correspondence between ASX and entity

We reserve the right to release a copy of this letter, your reply and any other related correspondence between us to the market under Listing Rule 18.7A.

Questions

If you have any questions in relation to the above, please do not hesitate to contact me.

Yours sincerely

Sean Maloney

Senior Adviser, Listings Compliance (Perth)