ABN 59 629 272 037

Annual Report

30 September 2022

Carbon Conscious Investments Limited and Controlled Entities

Financial Report for the period from 1 October 2021 to 30 September 2022

Contents

Corporate Information

CARBON CONSCIOUS INVESTMENTS LIMITED

ABN 59 629 272 037

DIRECTORS

Raphael Wood (Non-Executive Chairman)
Anthony Fitzgerald (Managing Director & Company Secretary)
Andrew McBain (Executive Director)
Natasha Ayers (Independent Non-Executive Director)
Paul Jensen (Independent Non-Executive Director)
Gregory Harvey (Non-Executive Director)

SOLICITORS

Allens
Level 11, Mia Yellagonga Tower 2
5 Spring Street
Perth WA 6000

PRINCIPAL & REGISTERED OFFICE

Level 3, 1060 Hay Street
West Perth 6005

BANKERS

BankWest
300 Murray Street
Perth WA 6000

SHARE REGISTRY

Automic Registry Services
Level 5, 191 St Georges Terrace
Perth WA 6000
Telephone: 1300 288 664

AUDITORS

Elderton Audit Pty Ltd
Level 2, 267 St Georges Terrace
Perth WA 6000

Review of Operations

Dear Fellow Shareholders

This report addresses the financial year that ended 30 September 2022 with matters of note for the year including:

- The execution of a Fully Franked Dividend of $400,000 ($0.0023/share) in December 2021.
- The execution of a Fully Franked Dividend of $450,000 ($0.00259/share) in June 2022.
- The completion and submission of an Offset Report and ACCU Claim for Project 1 for the period 1 January to 31 October 2021 and subsequent issuance of ACCUs by the Clean Energy Regulator (CER).
- The acceptance by the CER of an application to vary the method used to manage and claim ACCUs for Project 2.
- The completion of an Offset Report and ACCU Claim for Project 2 under the revised method, including the successful completion of an independent audit of the same, and subsequent issuance of ACCUs by the CER.
- Observations of an excellent forest response to above average rainfall for the second consecutive year.
- A new Labor federal government was elected with a strong mandate to act on climate change and resolve Australia's energy transition issues, which is seen as positive for the carbon offset sector.
- Previous non-executive chair and Carbon Conscious founder Andrew McBain was appointed to the Board to assist with identifying and reviewing new opportunities for the Company.
- Appointment of non-executive directors Paul Jensen and Greg Harvey who bring significant corporate management and transaction experience to the board.
- Discussions with numerous parties seeking new business and corporate transaction opportunities being progressed to the appointment of M&A advisors and commencement of advanced due diligence.

I close by acknowledging the Company's major customers and our service providers and thank the Directors for their attention to the affairs of the Company.

ANTHONY IRWIN FITZGERALD
Managing Director

Directors' Report

Your directors submit the annual financial report of the Company and the entities it controlled (hereafter also referred to as "the Group") for the year 1 October 2021 to 30 September 2022.

Directors

The names of directors who held office during or since the end of the financial year and until the date of this report are as follows. Directors were in office for this entire year unless stated below.

Raphael Wood	(Non-Executive Director and Chairman)
Anthony Fitzgerald	(Managing Director and Company Secretary)
Andrew McBain	(Executive Director) – appointed on 31 May 2022
Natasha Ayers	(Independent Non-Executive Director)
Paul Jensen	(Independent Non-Executive Director) – appointed on 28 September 2022
Gregory Harvey	(Non-Executive Director) – appointed on 30 September 2022

Information on Directors

Raphael Wood

Mr. Wood's professional career began as an exploration geologist in locations that included the jungles of New Caledonia. After a decade as a stockbroker and investment advisor followed by, 5 years advising the Federal Government on establishing and operating environmental markets within the Clean Energy Regulator's Office, and then 2.5 years as the Head of Environmental Markets with Australia's largest carbon project developer GreenCollar. In June 2018 Mr. Wood founded, and is the Managing Director of, Market Advisory Group which enjoys a reputation for being one of Australia's preeminent independent carbon market advisory service providers.

Holding a Bachelor Science (Geology) and FINSIA Post-Grad Diploma of Financial Services and having had roles spanning all aspects of environmental markets Mr. Wood brings a broad knowledge and unique perspective to all issues including opportunities and risks in carbon and environmental markets.

Anthony Fitzgerald

Mr. Fitzgerald has over 35 years' experience in the operational and financial management of agribusinesses that includes joint ventures, large scale animal production, land conservation projects, farmer networks and grain marketing pools. From 2013 to 2018 Mr. Fitzgerald lead the Alterra teams that managed compliance with the *Carbon Farming Initiative Act* to generate Australian Carbon Credit Units driving a commercial focus into managing the 30 properties (21 million trees on 18,000 Hectares), and developed the science and intellectual property that supported the carbon business. He holds a Bachelor of Agribusiness (1st Hons), an AFMA Post-Grad Diploma in Financial Services, and is a graduate of the AICD.

Natasha Ayers

Dr Ayers has a background in agriculture and a PhD in Plant Biology and a Bachelor of Science in Agriculture, with qualifications in university teaching, research commercialisation and leadership and is a member and graduate of the AICD. She specialises in innovation training and mentoring in regional areas and founded and leads AgriStart Pty Ltd. Her other key board roles include Deputy Chair of Busselton Jetty and Non-Executive Director for Harvestaire.

Andrew McBain

Mr. McBain is a founder of Carbon Conscious and is passionate about opportunities in Australian agribusiness. His related career extends over 20 years and includes founding and managing a number of ASX and non-ASX businesses in carbon, agribusiness and mineral exploration. Mr. McBain has experience in start-ups, ASX listings, capital raising, investor relations and corporate compliance and his experience is complemented by competencies including business management, strategic thinking and business development.

Paul Jensen

Mr. Jensen is an accomplished director, having served as an executive and non-executive director for over 20 years on both ASX listed and unlisted boards, with extensive experience across a range of sectors. Mr. Jensen has a Bachelor of Commerce and Administration (Accounting and Commercial Law) from Victoria University Wellington, and he is a Fellow of the Australian Institute of Company Directors.

Gregory Harvey

Mr. Harvey is a highly experienced and insightful executive with more than 25 years in international agribusiness. Currently a partner of Pendulum Capital, Managing Director of PenAgri Group and Executive Director at Alterra Ltd, with previous roles including Harvest Road Group, and CEO of one of Asia's largest grain processors Interflour Group.

Directors' Report (continued)

Indemnification and Insurance of Directors and Officers

The Company has agreed to indemnify all the directors of the Company for any liabilities to another person (other than the Company or related body corporate) that may arise from their position as directors of the Company, except where the liability arises out of conduct involving a lack of good faith.

Interests in the Shares and Options of the Company

The following relevant interests in shares / options of the Company or a related body corporate were held by the directors at 30 September 2022.

Directors	Number of Fully Paid Ordinary Shares	Number of Options
Anthony Fitzgerald	6,366,000	-
Dr Natasha Ayers	-	-
Raphael Wood	-	-
Andrew McBain	12,367,188	-
Paul Jensen	-	-
Gregory Harvey*	26,085,403	-

* Mr. Harvey is the nominee of Alterra Ltd which is a significant shareholder in Carbon Conscious Investments Limited

Principal Activities

The principal activity of the Group is the management of 2 Western Australian carbon reforestation projects, Carbon Conscious Carbon Capture Project 1 (5,700 Ha) and Carbon Conscious Carbon Capture Project 2 (11,000 Ha) (Projects) under contract with Origin Energy and BP that extend to 2027 and 2025 respectively.

The eucalyptus mallee reforestation Projects were established across 30 properties in the Western Australian wheat-belt between 2009 and 2012 for the purposes of sequestering carbon from the atmosphere and generating carbon credits.

In 2013, the Projects were registered with the Emissions Reduction Fund (ERF) and under the administration of the Clean Energy Regulator (CER) to generate Australian Carbon Credit Units (ACCUs) and under the current Project Declarations will continue to generate ACCUs until December 2039.

The Group is paid quarterly management and carbon license fees out till 2027 for managing the reforestation Projects and Offset Reporting with the majority of ACCUs generated allocated to Origin and BP with a minor share allocated to the Group.

Post the contracted period all ACCUs generated by the Projects will be for the benefit of the Company and will be the basis of revenue through to December 2039.

Review of Operations

ERF Operations

The Group continued to manage Carbon Conscious Carbon Capture Project 1 according to the Carbon Credits (Carbon Farming Initiative) (Reforestation by Environmental or Mallee Plantings – FullCAM) Methodology Determination 2014 using the FullCAM2020 calibrations. An Offset Report for the period 1 January 2021 – 31 October 2021 was submitted and subsequently ACCUs were issued by the CER.

Having previously used a method that required actual stem diameter measurements of trees to manage Project 2 (2016-2019), an application to vary the method to FCAM2020 was submitted in 2021 and the CER subsequently declared that Project 2 could be managed using FCAM2020 in November 2021, (back dated to 1 November 2019). The benefits of switching to FCAM2020 included lower measurement and reporting costs and more certain growth curves. An Offset Report and ACCU claim for the period 1 November 2019 to 31 October 2021 was independently audited by RSM and submitted to the CER which issued ACCUs under that method in June 2022.

Above average rainfall during calendar year 2021 and 2022 (to date) represent the most favourable seasonal conditions since the Project trees were planted between 2009 and 2012, with drone image inspections in 2022 confirming a positive response and good tree health.

On a micro level, monitoring of the impact of cyclone Seroja on the Corro property continued, with significant reshooting and coppicing observed. While recovery monitoring is ongoing and marginal remapping is anticipated, the response to date confirms the benefits of mallee trees as a long-term store of carbon.

During the year the Group restructured its contracted services arrangements, which has resulted in a significant cost saving. Work to complete Offset Reports for the period 1 November 2021 to 31 October 2022 is well advanced with submission to the CER for 2022 ACCU's planned for December 2022.

Directors' Report (continued)

Corporate

Discussions around an acquisition of the company that were well advanced in September 2021 were discontinued late in the 2021 calendar year. In 2022, with a significant rally in ACCU prices, as well as a change in federal government, significant interest in Carbon Conscious has been received from multiple parties. To assist with the advancement of these discussions the board was strengthened with the appointment of Mr McBain in May and Mr Jensen and Mr Harvey in September, and Prime Corporate Advisory were appointed in September.

Dividends

The directors declared a final fully franked dividend of $0.0023 per share for FY21 which was paid on 22 Dec 2021 and an interim fully franked dividend of $0.00259 per share for FY22 which was paid on 24 June 2022.

Operating Results for the Year

The profit of the Group for the year ended 30 September 2022 after providing for income tax amounted to $1,421,479 (2020: $1,054,236).

Financial Position

The net assets of the Group are $4,603,446 (2021: $4,031,104).

Significant Changes in the State of Affairs

During the year there were no significant changes in the state of affairs for the Group, however, it is of note that with the change in federal government in 2022, there has been a significant increase in transactions and interest in the carbon and renewable energy industry, and in turn interest in the Group and its existing Projects.

Significant Events after Balance Date

On 14 October 2022, the Company advised shareholders that:

- it had received interest from several parties regarding a strategic partnership or acquisition of the Company and/or its assets;
- the Board has decided to put considerable resources into a process to crystalise a potential transaction;
- the Company had engaged Prime Corporate Advisory to assist the Board to explore strategic options for the Company and to assist with any potential transaction; and
- the Board is aiming to be in a position to update shareholders of any potential transaction and transaction timeframes by 31 December 2022.

Likely developments and expected results of operations

Information on likely developments in the operations of the Group and the expected results of operations have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the Group.

Environmental Legislation

The Group is subject to the Carbon Farming Initiative Act 2011.

Climate Change Risk and Opportunity

Climate change risk and opportunity has been considered through the lens of a maintain existing Projects strategy, within the categories of risks / opportunities from the physical impacts of climate change and from the transition to a lower-carbon economy, and within 3 time periods.

Physical Impacts of Climate Change

The Project tree species (all eucalyptus mallee) were selected based on their suitability to the region, namely their growth rate potential, an observed capacity to regenerate from fire, and to withstand and recover from periods of moisture stress.

Climate modelling for the Project areas forecasts a continuation of the climate change that has been observed over several decades, with changes including a decrease in mean rainfall, changes to the seasonality and intensity of rainfall events, increases in mean temperatures and increases the extent and frequency of heatwave events.

The Project tree species have a high capacity to recover from fire and moisture stress. With the Projects extending over 30 properties in multiple regions, there is a natural hedge on the materiality of individual fire event impact and localised moisture stress events, and as such the risk is considered low.

If Project trees are affected by a significant level of deaths, due to fire or moisture stress, the methodology prescribes that a 'growth interruption event' has occurred and must be factored into the calculation of 'net abatement' in subsequent offset reports.

Directors’ Report (continued)

For the period 2022 to 2027

Given the structure of the contractual agreements with customers, if growth rates are negatively impacted due to a growth interruption event, the majority of this impact is with the Group’s customers, with potential for some increase in costs to the Group to manage and report on the Projects.

For the period 2028 to 2039

The majority of ACCU’s generated post 2027 will flow to the Group. If growth rates are negatively impacted due to a growth interruption event, there may be an impact to ACCU’s generated and for some increase in costs to the Group to manage and report on the Projects.

For the period 2040 to 2114

Under current legislation, post 2039 the Projects will transition from an ACCU generation phase to a forest maintenance phase that will end in 2114. It is unknown what impact climate change will have on the Project trees so far into the future. Once forest maintenance phase has commenced in 2040, obligations remain in place to report any significant losses of Project trees to the regulator, and ensure affected areas have the opportunity to re-coppice and regrow.

Transitioning to a Lower-Carbon Economy

The scenario considered most likely is that economies will continue to transition to low carbon at an increasing rate and that while most of the decarbonising effort will be achieved by technologies that displace carbon emissions there will be an ongoing demand for offsets including ACCUs.

There will be efficiency dividends from: improvements in the technologies used by and the capabilities of service providing contractors.

Legal Litigation

The Group is not subject to any legal litigation.

Remuneration Report (Audited)

This report outlines the remuneration arrangements in place for directors and other key management personnel of the Group. The term ‘executives’ is used in this remuneration report to refer to the following key management personnel. The named person held their current position for the year ended 30 September 2022: Anthony Fitzgerald (Managing Director and Company Secretary).

Remuneration Philosophy

The performance of the Company depends upon the quality of the directors and executives. The philosophy of the Company in determining remuneration levels is to:

- set competitive remuneration packages to attract and retain high calibre employees;
- link executive rewards to shareholder value creation; and
- establish appropriate, demanding performance hurdles for variable executive remuneration.

Remuneration Committee

The Board has determined that the size of organisation is such that Committee structures are not efficient and matters including remuneration are considered at a whole of Board level with a party affected by the Board’s deliberation on a particular remuneration decision excusing themselves from the decision.

Remuneration Structure

In accordance with best practice Corporate Governance, the structure of non-executive director and executive remuneration is separate and distinct.

Non-Executive Director Remuneration

The Board seeks to set aggregate remuneration at a level that provides the Company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders.

The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst directors is reviewed annually. The Board considers advice from external shareholders as well as the fees paid to non-executive directors of comparable companies when undertaking the annual review process.

Each director receives a fee for being a director of the Company. The remuneration of non-executive directors for the year ended 30 September 2022 is detailed in Table 1.

Executives and Executive Director Remuneration

The remuneration of the Managing Director is detailed in Table 1.

Fixed Remuneration

Once established the fixed remuneration will be reviewed periodically by the Board. The process will consist of a review of relevant comparative remuneration in the market and internally and, where appropriate, external advice on policies and practices. The Board will have access to external, independent advice where necessary.

Variable Remuneration

The objective of a short-term incentive program will be to link the achievement of the Company's operational targets with the remuneration received by the executives charged with meeting those targets. The total potential short-term incentives available are set at a level so as to provide sufficient incentive to the senior management to achieve the operational targets and such that the cost to the Company is reasonable in the circumstances.

Employment Contracts

Non-Executive Directors each have a letter of appointment laying out the terms of their engagement.

Executive Director Andrew McBain has a letter of appointment laying out the terms of his engagement.

Mr Anthony Fitzgerald was engaged as an Executive Director and Company Secretary from 1 October 2019 to 31 March 2020 and then as Managing Director and Company Secretary from 1 April 2020. Key responsibilities include overarching management of the Company's affairs and he is a Responsible Officer of the Projects registered with the ERF and a Responsible Officer of the ANRUE Account. Mr Fitzgerald has a contract of employment dated 6 March 2020 effective 1 April 2020 with no fixed term that includes a base salary of $110,000 plus superannuation with a discretionary short-term bonus that may be defined against KPIs determined by the board and a liquidity event bonus of 1.5% of the value of a share transaction or assets transaction where shareholders with a minimum 50.1% holdings committed to selling or a minimum of 50.1% of the assets of the Company were sold.

September 2022 Remuneration of Key Management Personnel

Table 1: Key Management Personnel Remuneration for the Year Ended 30 September 2022

	Primary Benefits Salary & Fees	Post-Employment Superannuation	Total
Directors	**$**	**$**	**$**
Anthony Fitzgerald	110,000	11,138	121,138
Dr Natasha Ayers	18,000	1,822	19,822
Raphael Wood	35,004	-	35,004
Andrew McBain *	18,594	1,940	20,534
Paul Jensen **	-	-	-
Gregory Harvey **	-	-	-
Total	**181,598**	**14,900**	**196,498**

* From 31 May 2022

** Paul Jensen was appointed 28 September 2022, and Gregory Harvey was appointed 30 September 2022

Options Granted as Part of Remuneration for the year ended September 2022

There was no short-term incentive scheme in which options may be issued during the year ended 30 September 2022 and no options were issued to Directors and Executives during the year.

Shares Issued to Executives for the Year Ended 30 September 2022

There was no short-term incentive scheme in which shares or the rights to shares may be issued during the year and no shares were issued to Directors and Executives during the year.

Directors' Report (continued)

Shareholdings of Key Management Personnel for the Period Ended 30 September 2022

Year ended 30/09/22	Balance at Beginning of the year	Granted as Remuneration	On exercise of Options	Net Change Other	Balance at End of the year
Directors					
Anthony Fitzgerald	6,366,000	-	-	-	6,366,000
Dr Natasha Ayers	-	-	-	-	-
Raphael Wood	-	-	-	-	-
Andrew McBain (1)	-	-	-	12,367,188	12,367,188
Paul Jensen	-	-	-	-	-
Gregory Harvey(2)	-	-	-	26,085,403	26,085,403
Total	**6,366,000**	**-**	**-**	**38,452,591**	**44,818,591**

(1) Andrew McBain was appointed on appointed on 31 May 2022 and the net change refers to his initial interests held in the Company.

(2) Gregory Harvey was appointed on appointed on 30 September 2022. Mr. Harvey is the nominee of Alterra Ltd which is a significant shareholder in Carbon Conscious Investments Limited. The net change refers to the initial interests held by Alterra Ltd.

September 2021 Remuneration of Key Management Personnel

Table 1: Key Management Personnel Remuneration for the Year Ended 30 September 2021

	Primary Benefits Salary & Fees	Post-Employment Superannuation	Total
Directors	$	$	$
Dr Natasha Ayers	18,000	1,712	19,712
Anthony Fitzgerald	110,000	10,588	120,588
Raphael Wood	35,004	-	35,004
Total	**163,004**	**12,320**	**175,304**

Options Granted as Part of Remuneration for the year ended September 2021

There was no short-term incentive scheme during the year ended 30 September 2021 and no options were issued to Directors and Executives during the year.

Shares Issued to Executives for the Period Ended 30 September 2021

There was no short-term incentive scheme during the period and no shares were issued to Directors and Executives during the period.

Shareholdings of Key Management Personnel for the Period Ended 30 September 2021

Year ended 30-Sep-21	Balance at Beginning of Reporting Period	Granted as Remuneration	On exercise of Options	Net Change Other (i)	Balance at End of Reporting Period
Directors					
Dr Natasha Ayers	-	-	-	-	-
Anthony Fitzgerald	6,366,000	-	-	-	6,366,000
Raphael Wood	-	-	-	-	-
Total	**6,366,000**	**-**	**-**		**6,366,000**

END OF REMUNERATION REPORT

Directors' Report (continued)

Shares Under Options

There were no unissued ordinary shares of Carbon Conscious Investments Limited under option outstanding at the date of this report.

Shares Issued on the Exercise of Options

There were no ordinary shares of Carbon Conscious Investments Limited issued on the exercise of options during the year ended 30 September 2022 and up to the date of this report.

Indemnity Insurance of Officers and Auditors

No indemnities have been given or insurance premiums paid, since the incorporation date, for any person who is or has been an officer or auditor of the Company.

Directors' Meetings

The number of meetings of directors (including meetings of committees of directors) held during the period and the number of meetings attended by each director was as follows:

Director	Number of Meetings Eligible to Attend	Number of Meetings Attended
Anthony Fitzgerald	14	14
Dr Natasha Ayers	14	13
Raphael Wood	14	14
Andrew McBain	5	5
Paul Jensen	-	-
Gregory Harvey	-	-

Proceedings on Behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or 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 any part of those proceedings.

The Company was not a party to any such proceedings during the period ended 30 September 2022.

Auditor Independence and Non-audit Services

Section 307C of the Corporations Act 2001 requires our auditors, Elderton Pty Ltd, to provide the directors of the Company with an Independence Declaration in relation to the audit of the financial report. This Independence Declaration is set out on page 12 and forms part of this directors' report for the period ended 30 September 2022.

Non-audit Services

No non-audit services were provided by the external auditors during the period ended 30 September 2022.

Signed in accordance with a resolution of the directors.

ANTHONY IRWIN FITZGERALD
Managing Director
Carbon Conscious Investments Limited

AUDITOR'S INDEPENDENCE DECLARATION

To those charged with governance of Carbon Conscious Investments Limited

As auditor for the audit of Carbon Conscious Investments Limited for the year ended 30 September 2022, I declare that, to the best of my knowledge and belief, there have been:

a) No contraventions of the independence requirements of the *Corporations Act 2001* in relation to the audit; and

b) No contraventions of any applicable code of professional conduct in relation to the audit.

Elderton Audit Pty Ltd

Elderton Audit Pty Ltd

Rafay Nabeel
Audit Director

Perth
25 November 2022

Consolidated Statement of Comprehensive Income

FOR THE YEAR ENDED 30 SEPTEMBER 2022

		CONSOLIDATED	
	Note	**30-Sep-22**	**30-Sep-21**
		$	**$**
Revenue from operations	2	4,197,136	3,941,666
Other income	3	-	101,374
Cost of Sales		(1,265,645)	(1,750,107)
Operating Expenses		-	-
Administrative expenses		(147,895)	(141,493)
Business development expenses		(118,802)	(112,456)
Depreciation and amortisation expense		(567,087)	(569,419)
Employee benefits expense	4	(196,498)	(175,324)
Financing expenses		-	(1,596)
Other expenses		-	-
Profit before income tax expense		**1,901,209**	**1,292,645**
Income tax expense	5	(479,730)	(238,409)
Profit after income tax expense for the year		**1,421,479**	**1,054,236**
Other comprehensive income for the year			
Fair value gain on investment	10	-	-
Total comprehensive income for the year		**1,421,479**	**1,054,236**
Basic earnings per share (cents per share)	6	0.82	0.61

The accompanying notes form part of these financial statements.

Consolidated Statement of Financial Position

AS AT 30 SEPTEMBER 2022

		CONSOLIDATED	
	Note	**30-Sep-22**	**30-Sep-21**
		$	**$**
Current Assets			
Cash and cash equivalents	7	2,444,967	1,359,330
Trade and other receivables	8	664,660	650,511
Inventories	9	-	13,556
Investments	10	-	-
Prepayments		28,982	86,092
Total Current Assets		3,138,609	2,109,489
Non-Current Assets			
Intangible assets	11	2,250,494	2,816,479
Inventories	9	17,630	15,156
Plant & Equipment	12	1,837	2,939
Total Non-Current Assets		2,269,961	2,834,574
Total Assets		**5,408,570**	**4,944,063**
Current Liabilities			
Trade and other payables	13	163,977	259,851
Provision for income tax	5	277,254	190,702
Total Current Liabilities		441,231	450,553
Non-Current Liabilities			
Deferred tax liability	5	363,893	462,406
Total Non-Current Liabilities		363,893	462,406
Total Liabilities		**805,124**	**912,959**
Net Assets		**4,603,446**	**4,031,104**
Equity			
Issued capital	14	3,436,167	3,436,167
Accumulated other comprehensive income		-	-
Retained earnings		1,167,279	594,937
Total Equity		**4,603,446**	**4,031,104**

The accompanying notes form part of these financial statements.

Consolidated Statement of Cash Flows

FOR THE YEAR ENDED 30 SEPTEMBER 2022

	CONSOLIDATED		
	Note	**30-Sep-22**	**30-Sep-21**
		$	**$**
Cash flows from operating activities			
Receipts from customers		4,182,987	3,966,797
Payments to suppliers and employees		(1,756,522)	(2,199,053)
Interest received		-	-
Interest paid		-	-
Income tax		(491,691)	(554,535)
Other Income		-	-
Net cash provided by operating activities	19	1,934,774	1,213,209
Cash flows from investing activities			
Proceeds from sale of investments		-	170,253
Purchase of plant and equipment		-	(4,478)
Net cash provided by investing activities		-	165,775
Cash flows from financing activities			
Dividends paid to shareholders		(849,137)	(854,345)
Return of capital paid to shareholders		-	-
Proceeds on borrowings		-	-
Repayment of borrowings		-	(100,000)
Net cash provided by financing activities		(849,137)	(954,345)
Net increase in cash and cash equivalents		1,085,637	424,639
Cash and cash equivalents at beginning of year		1,359,330	934,691
Cash and cash equivalents at end of year	7	2,444,967	1,359,330

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED 30 SEPTEMBER 2022

		CONSOLIDATED		
	Issued Capital	**Other Comprehensive Income**	**Retained Earnings**	**Total**
	$	**$**	**$**	**$**
Balance at 1 October 2021	3,436,167	-	594,937	4,031,104
Profit attributable to members	-		1,421,479	1,421,479
Dividends paid (Note 15)	-		(849,137)	(849,137)
Item of other comprehensive income recognised directly to retained earnings	-		-	-
Balance at 30 September 2022	3,436,167	-	1,167,279	4,603,446

		CONSOLIDATED		
	Issued Capital	**Other Comprehensive Income**	**Retained Earnings**	**Total**
	$	**$**	**$**	**$**
Balance at 1 October 2020	3,436,167	164,810	395,046	3,996,023
Profit attributable to members	-	-	1,054,236	1,054,236
Dividends paid (Note 15)	-	-	(854,345)	(854,345)
Item of other comprehensive income recognised directly to retained earnings	-	(164,810)	-	(164,810)
Balance at 30 September 2021	3,436,167	-	594,937	4,031,104

The accompanying notes form part of these financial statements.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 SEPTEMBER 2022

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements and notes represent those of Carbon Conscious Investments Limited and its controlled entities (the "Group").

The financial statements were authorised for issue on 25 November 2022 by the directors of the Company.

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of Preparation

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Accounting Standards and Interpretations and complies with other requirements of the law.

The financial report of Carbon Conscious Investments Limited complies with Australian equivalents to International Financial Reporting Standards (IFRS) in their entirety. Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected financial assets for which the fair value basis of accounting has been applied.

(b) Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in note 21.

(c) Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Carbon Conscious Investments Limited ('company' or 'parent entity') as at 30 September 2022 and the results of all subsidiaries for the year then ended. Carbon Conscious Investments Limited and its subsidiaries together are referred to in these financial statements as the Group'.

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group 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 to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

(d) Revenue recognition

The Group recognises revenue as follows:

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the Group is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Group: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Revenue recognition (continued)

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is recognised for the major business activities of the Group as follows:

- *Voluntary carbon offset sales* – revenue from the sale of carbon credits is recognised when the Group has transferred to the buyer the significant risks and rewards of the ownership of the carbon credits.
- *Project Land license / management fees* - Land license and management fees are recognised on a straight-line basis over the term of the contract as this reflects when the benefits are received from the customer.
- *Project revenue* – where the company undertakes the development of carbon sinks for third parties, revenue is recognised in proportion to the percentage completion of the project. Management related income is recognised on an accrual basis in accordance with the substance of the relevant contract.
- *Interest revenue* is recognised as it accrues, taking into account the effective yield on the financial asset.
- *Other revenue* - Other revenue is recognised when it is received or when the right to receive payment is established.

(e) Income Tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance date.

Deferred income tax is provided on all temporary differences at the balance date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each balance date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance date. Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

The Company and its wholly owned Australian entities are part of a tax-consolidated group. As a consequence, all members of the tax-consolidated group are taxed as a single entity. The head entity within the tax-consolidated group is Carbon Conscious Investments Limited.

Notes to the Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) 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 the Group's 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 the Group's 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.

Deferred tax assets and liabilities are always classified as non-current.

(g) Cash and Cash Equivalents

Cash comprises cash at bank and in hand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(h) Trade and Other Receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

(i) Inventories

Inventories consisting of trees and seeds are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated selling expenses.

Cost comprises all production, acquisition and conversion costs. At the end of each period, inventory cost is evaluated based on the recoverable value and current market pricing to determine whether any write down is appropriate. To the extent that any impairment arises, losses are recognised in the period they occur. Additionally, the costs associated with producing inventories are charged to the statement of comprehensive income in the same period as the related revenues are recognised.

(j) Other Taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(k) Intangible Assets

Intangible assets acquired separately

Intangible assets acquired separately are recorded at cost less accumulated amortisation and impairment. Amortisation is charged on a systematic basis over their estimated useful lives which reflect the pattern in which the intangible asset's future economic benefits are expected to be consumed by the entity. The estimated useful life and amortisation method is reviewed at the end of each annual reporting period, with any changes in these accounting estimates being accounted for on a prospective basis.

Forestry and carbon rights are either held together with the freehold title of the land and as such disclosed as land assets under property, plant and equipment or, where the rights are held separately, disclosed as intangible assets. On the disposal of the freehold title, the remaining forestry and carbon rights are valued at the original cost of the freehold less the sales proceeds. The forestry and carbon rights are then amortised over the life of the contracts in place, being 40% in the first year and then 4% per annum over the remaining 15 years. The forestry and carbon rights are also impairment tested on an annual basis.

Internally generated intangible assets – research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred. Where no internally-generated intangible asset can be recognised, development expenditure is recognised as an expense in the period as incurred.

The Company currently has no internally-generated intangible assets.

(l) Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless, an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income include equity investments which the Group intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the Group's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets measured at fair value through other comprehensive income, the loss allowance is recognised within other comprehensive income. In all other cases, the loss allowance is recognised in profit or loss.

(m) Impairment of non-financial assets

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

FOR THE YEAR ENDED 30 SEPTEMBER 2022

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Trade and Other Payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

(o) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

(p) Issued Capital

Ordinary 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.

(q) Dividends

Dividends are recognised when declared during the financial year and no longer at the discretion of the company.

(r) New or amended Accounting Standards and Interpretations adopted

The Group 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.

(s) Critical Accounting Judgments and Key Sources of Estimation Uncertainty

The application of accounting policies requires the use of judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

(i) Valuation of land, forestry rights and plantations

The Company reviews the value of land, forestry rights and plantations on an annual basis. A combination of external valuation processes and internal valuation models are used to assess any potential impairment of this value. The impairment testing is carried out using an estimate of future realisable values for ACCU's based on market expectations.

Notes to the Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

NOTE 2: REVENUE

	CONSOLIDATED	
	30-Sep-22	**30-Sep-21**
	$	**$**
VCO sales	14,563	25,232
ACCU sales	912,228	267,008
Project - Land licence fees	1,174,231	1,167,211
Project - Management fees	1,462,050	1,416,720
Delivery of ACCUs Income	634,064	1,065,396
Interest received	-	100
Revenue from operations	4,197,136	3,941,666

VCO sales - the sale of a small inventory of trees planted to offset CO2 on the Company's own account
ACCU sales – the sale of Australian Carbon Credit Units from the CFI Project areas on the Company's own account
Project – Land licence fees – pertain to the contractual arrangements with customers.
Project – Management fees – pertain to the contractual arrangements with customers.
Delivery of ACCUs income – pertains to the monetisation of ACCUs on behalf of customers.

The Group derives its revenue from the sale of goods and the provision of services at a point in time and over time in the following major categories. This is consistent with the revenue information that is disclosed for each reportable segment under AASB 8.

	CONSOLIDATED	
	30-Sep-22	**30-Sep-21**
	$	**$**
At a point in time		
ACCU sales	912,228	267,008
Over time		
VCO sales	14,563	25,232
Project - Land licence fees	1,174,231	1,167,211
Project - Management fees	1,462,050	1,416,720
Delivery of ACCUs Income	634,064	1,065,396
Interest received	-	100
Total revenue	4,197,136	3,254,738

NOTE 3: OTHER INCOME

	CONSOLIDATED	
	12 Months ended	**12 Months ended**
	30-Sep-21	**30-Sep-21**
	$	**$**
COVID-19 financial assistance	-	-
Realised capital gain	-	101,374
	-	101,374

Notes to the Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

NOTE 4: EMPLOYMENT BENEFITS EXPENSE

	CONSOLIDATED	
	30-Sep-22	**30-Sep-21**
	$	**$**
Directors' fees	181,598	163,004
Superannuation	14,900	12,320
	196,498	175,324

NOTE 5: INCOME TAX

	CONSOLIDATED	
	30-Sep-22	**30-Sep-21**
Current tax payable		
Current year	578,243	443,731
Total current tax payable	578,243	443,731
Deferred tax expense		
Origination and reversal of temporary differences	(98,513)	(205,322)
Total deferred tax (expense)	(98,513)	(205,322)
Income tax expense recognised in profit or loss	479,730	238,409
Total income tax expense recognised in profit or loss	479,730	238,409
Numerical reconciliation between tax expense and pre-tax net loss		
Profit before tax	1,901,209	1,292,647
Income tax expense using the domestic tax rate of 25% (2021: 26%)	475,302	336,089
Non-deductible expenses	4,428	89
Reduction in company tax rate		(54,918)
Revaluation of investments not through income statement		(42,851)
Non-assessable income		-
Income tax attributable to entity	**479,730**	**238,409**

Notes to the Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

NOTE 5: INCOME TAX (CONTINUED)

	CONSOLIDATED				
	Balance 30-Sep-21	Previously Unrecognised Deferred Balances	Recognised in Income	Recognised in Equity	Balance 30-Sep-22
	$	$	$	$	$
Movement in deferred tax balances during the year					
Tax losses - Australia	-	-	-	-	-
Other timing differences	(462,406)	-	98,513	-	(363,893)
Net deferred tax (liability)	(462,406)	-	98,513	-	(363,893)

Carbon Conscious Investments Limited and its wholly owned subsidiaries in Australia are a consolidated tax group as defined under the tax consolidation legislation. As a consequence, all members of the tax-consolidated group are taxed as a single entity. The head entity within the tax-consolidated group is Carbon Conscious Investments Limited.

The Deferred Tax Liability represents a reconciliation of timing differences between accounting expenses and tax expenses; the majority of the liability being in relation to the value of the forestry rights (see note 10).

NOTE 6: EARNINGS PER SHARE

	CONSOLIDATED	
	30-Sep-22	30-Sep-21
	Cents per share	Cents per share
Basic earnings per share	0.82	0.61
The earnings and weighted average number of Ordinary Shares used in the calculation of basic earnings per share are as follows:		
	$	$
Profit for the year	1,421,479	1,054,236
	No.	No.
Weighted average number of Ordinary Shares outstanding during the year used in calculating basic EPS	173,647,045	173,647,045

NOTE 7: CASH AND CASH EQUIVALENTS

	CONSOLIDATED	
	30-Sep-22	30-Sep-21
	$	$
Cash at bank and on hand	2,444,967	1,359,330

Cash at bank earns interest at floating rates based on daily bank deposit rates.

FOR THE YEAR ENDED 30 SEPTEMBER 2022

NOTE 8: TRADE AND OTHER RECEIVABLES

	CONSOLIDATED	
	30-Sep-22	30-Sep-21
	$	$
Current		
Trade receivables (i)	57,378	55,032
Accrued income	604,582	595,480
Deposits	2,700	-
GST Receivable	-	-
	664,660	650,511

(i) Trade receivables are non-interest bearing and are generally on 14 to 30 day terms. There is no expected credit loss in relation to the trade and other receivables at balance date.

At the 30 September, the ageing analysis of trade receivables is as follows:

	CONSOLIDATED	
	30-Sep-22	30-Sep-21
0 – 30 days	664,660	55,032
Total	664,660	55,032

NOTE 9: INVENTORIES

	CONSOLIDATED	
	30-Sep-22	30-Sep-21
	$	$
Current		
Inventory - Voluntary Carbon Offsets	-	13,556
	-	13,556
Non current		
Inventory – Seed	17,630	17,630
Inventory – Voluntary Carbon Offsets	-	(2,475)
	17,630	15,156

Inventory – Seed reclassified to non-current on the basis it will not be used or sold in the coming financial year.

Inventory – Voluntary Carbon Assets reclassified to non-current on the basis that these will not be sold in the coming financial year.

Notes to the Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

NOTE 10: INVESTMENTS

	CONSOLIDATED	
	30-Sep-22	**30-Sep-21**
	$	**$**
Investment in Rumble Resources Limited		
Opening fair value	-	233,589
Additions	-	-
Disposals	-	(170,153)
Realised Gain	-	101,374
Fair value movement	-	-
Accumulated other comprehensive income	-	(164,810)
Closing fair value	-	-

Under the terms of AASB 9 Financial Instruments the investment has been classified as fair value through other comprehensive income.

NOTE 11: INTANGIBLE ASSETS

	CONSOLIDATED	
	30-Sep-22	**30-Sep-21**
	$	**$**
Forestry Rights		
Cost	14,177,854	14,177,854
Accumulated amortisation	(11,927,360)	(11,361,375)
	2,250,494	2,816,479

Reconciliation of forestry rights carrying value:

	CONSOLIDATED	
	30-Sep-22	**30-Sep-21**
	$	**$**
Balance at 1 October	2,816,479	3,382,465
Addition	-	-
Disposal	-	-
Amortisation	(565,985)	(565,986)
	2,250,494	2,816,479

Forestry and carbon rights are either held together with the freehold title of the land and as such disclosed as land assets under property, plant and equipment or, where the rights are held separately, disclosed as intangible assets. On the disposal of the freehold title, the remaining forestry and carbon rights are valued at the original cost of the freehold less the sales proceeds. The forestry and carbon rights are then amortised over the life of the contracts in place, being 40% in the first year and then 4% per annum over the remaining 15 years. The forestry and carbon rights are also impairment tested on an annual basis.

FOR THE YEAR ENDED 30 SEPTEMBER 2022

NOTE 12: PLANT & EQUIPMENT

	CONSOLIDATED	
	30-Sep-22	30-Sep-21
	$	$
Plant and equipment		
Cost	5,728	5,728
Accumulated depreciation	(3,891)	(2,789)
	1,837	2,939

Reconciliation of plant and equipment carrying value:

	CONSOLIDATED	
	30-Sep-22	30-Sep-21
	$	$
Balance at 1 October	2,939	1,896
Addition	-	3,596
Disposal	-	-
Depreciation	(1,102)	(2,553)
	1,837	2,939

NOTE 13: TRADE AND OTHER PAYABLES

	CONSOLIDATED	
	30-Sep-22	30-Sep-21
Current	$	$
Trade payables	90,103	217,734
Employee benefits accrual	-	3,200
GST Payable	56,866	-
Sundry payables and accrued expenses	17,008	38,917
	163,977	259,851

Trade payables are non-interest bearing and are normally settled on 30-day terms.

Information regarding the effective interest rate and credit risk of current payables is set out in Note 18.

Notes to the Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

NOTE 14: ISSUED CAPITAL AND RESERVES

	CONSOLIDATED	
	30-Sep-22	**30-Sep-21**
	$	**$**
Issued Capital		
173,647,045 (30 September 2021: 173,647,045) fully paid Ordinary Shares	3,436,167.0	3,436,167.0

Movement in Ordinary Shares on issue:

	30-Sep-22	**30-Sep-21**	**30-Sep-22**	**30-Sep-21**
	No.		**No**	**$**
At beginning of the financial reporting period	173,647,045	3,436,167	173,647,045	3,547,798
Return of capital	-	-	-	(111,631)
At 30 September	173,647,045	3,436,167	173,647,045	3,436,167

NOTE 15: DIVIDENDS

Dividends paid during the year were as follows:

	CONSOLIDATED	
	30-Sep-22	**30-Sep-21**
	$	**$**
Dividends paid for the year	849,137	854,345
	849,137	854,345

The directors declared a final fully franked dividend of $0.0023 per share for FY21 which was paid on 22 Dec 2021 and an interim fully franked dividend of $0.00259 per share for FY22 which was paid on 24 June 2022.

NOTE 16: CONTROLLED ENTITIES

Subsidiaries of Carbon Conscious Investments Limited			
Name	**Country of Incorporation**	**Ownership Interest**	**Ownership Interest**
		30-Sep-22	**30-Sep-21**
ACCU Asset Management Pty Ltd	Australia	100%	100%
Carbon Management WA Pty Ltd	Australia	100%	100%
Carbon Conscious Pty Ltd	Australia	100%	100%

FOR THE YEAR ENDED 30 SEPTEMBER 2022

NOTE 17: AUDITOR'S REMUNERATION

The auditor of Carbon Conscious Investments Limited is Elderton Audit Pty Ltd.

	CONSOLIDATED	
	30-Sep-22	**30-Sep-21**
	$	**$**
Amounts received or due and receivable by Elderton Audit Pty Ltd for:		
An audit or review of the financial report of the entity and any other entity in the Group	11,000	11,000

NOTE 18: FINANCIAL INSTRUMENTS

	CONSOLIDATED	
	30-Sep-22	**30-Sep-21**
	$	**$**
Financial assets		
Trade and other receivables	60,078	650,511
Cash and cash equivalents	2,444,967	1,359,330
Total financial assets	2,505,045	2,009,841
Financial liabilities		
Trade and other payables	107,111	259,851
Total financial liabilities	107,111	259,851
Net financial assets	2,397,934	1,749,990

(i) Capital Risk Management

The Group's activities may expose it to a variety of risks: market risk (including, interest rate risk and price risk), credit risk and liquidity 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.

(ii) Categories of Financial Instruments

During the financial year no loans or receivables were revalued through profit or loss.

(iii) Market Risk

With more than 90% of Group revenue contracted until the end of 2027 the Group has marginal exposure to market risk.

The market for carbon offsets in Australia is still exposed to some sovereign uncertainty but has existed for over a decade and there are well established legal frameworks and business protocols for the carbon offsets the Group produces.

Notes to the Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

NOTE 18: FINANCIAL INSTRUMENTS (continued)

(iv) Credit Risk Management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group only transacts with entities that are rated the equivalent of investment grade and above. This information is supplied by independent rating agencies where available and, if not available, the Group uses publicly available financial information and its own trading record to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

The Group does not have any significant credit risk exposure to any single counterparty or any Group of counterparties having similar characteristics. The credit risk on liquid funds and derivative financial instruments is limited because the counterparty is a bank with a high credit rating assigned by international credit rating agencies.

The carrying amount of financial assets recorded in the financial statements, net of any allowance for losses, represents the Group's maximum exposure to credit risk without taking account of the value of any collateral obtained.

(v) Liquidity Risk Management

Ultimate responsibility for liquidity risk management rests with the board of directors, who have built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, and banking facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

(vi) Liquidity and interest rate risk tables

The following table details the Group's remaining contractual maturity for its financial liabilities. These are based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The Group's financial liabilities are non-interest bearing.

(vii) Fair Value of Financial Instruments

The fair value of financial assets and financial liabilities are determined as follows:

- The fair value of financial assets and liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices.
- The fair value of other financial assets and liabilities (excluding derivative financial instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions.

(viii) Interest Rate Sensitivity Analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for variable rate instruments at the reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the change in interest rates.

Notes to the Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

NOTE 19: CASH FLOW INFORMATION

Reconciliation of profit / (loss) for the year to net cash flows from operating activities

	CONSOLIDATED	
	30-Sep-22	**30-Sep-21**
	$	**$**
Profit for the year	1,421,479	1,054,236
Depreciation and amortisation expense	567,087	569,419
Fair value gain on investment	-	(266,284)
Gain on disposal of investments	-	(68,779)
(Increase) in prepayments	57,110	(11,091)
(Increase) in receivables	(14,149)	(7,594)
Decrease in inventories	11,082	8,320
Increase in tax liabilities	(11,961)	(65,625)
Increase in trade and other payables	(95,874)	607
Net cash provided by operating activities	1,934,774	1,213,209

NOTE 20: RELATED PARTY TRANSACTIONS

Parent entity
Carbon Conscious Investments Limited is the parent entity. Refer to Note 21 for parent entity disclosure.

Subsidiaries
Interests in subsidiaries are set out in Note 16.

Key management personnel
Disclosures relating to key management personnel are set out below.

Refer to the Remuneration Report contained within the Directors' Report for details of remuneration paid or payable to each member of the Group's key management personnel for the year ended 30 September 2022.

The total of remuneration paid to KMP of the Company and the Group during the year are as follows:

	CONSOLIDATED	
	30-Sep-22	**30-Sep-21**
	$	**$**
Short-term employment benefits	181,598	163,004
Post-employment benefits	14,900	12,320
	196,498	175,324

Transactions with related parties
The following transactions occurred with related parties:

	CONSOLIDATED	
	30-Sep-22	**30-Sep-21**
	$	**$**
Payment for management fees from Alterra Limited	263,862	769,419

Notes to the Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

NOTE 20: RELATED PARTY TRANSACTIONS (CONTINUED)

Receivable from and payable to related parties
The following balances are outstanding at the reporting date in relation to transactions with related parties:

	CONSOLIDATED	
	30-Sep-22	30-Sep-21
	$	$
Trade payables to Alterra Limited	-	181,554

Loans to/from related parties
There were no loans to or from related parties at the current and previous reporting date.

Terms and conditions
All transactions were made on normal commercial terms and conditions and at market rates.

Alterra owns 15% of the shares on Carbon Conscious Investments Limited.

NOTE 21: PARENT ENTITY DISCLOSURES

	PARENT ENTITY	
	30-Sep-22	30-Sep-21
Financial position	$	
Assets		
Current assets	158,266	20,672
Non-current assets	3,716,338	3,682,071
Total assets	3,874,604	3,702,743
Liabilities		
Current liabilities	360,042	390,071
Non-current liabilities	-	-
Total liabilities	360,042	390,071
Equity		
Issued capital	3,436,167	3,436,167
Retained earnings	78,395	(123,495)
Total equity	3,514,562	3,312,672
Financial performance		
Profit for the year	1,051,027	797,607
Total comprehensive income	1,051,027	797,607

NOTE 22: CONTINGENT LIABILITIES

The Company has no contingent liabilities as at 30 September 2022.

Notes to the Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

NOTE 23: EVENTS AFTER BALANCE DATE

On 14 October 2022, the Company advised shareholders that:

- it had received interest from several parties regarding a strategic partnership or acquisition of the Company and/or its assets;
- the Board has decided to put considerable resources into a process to crystalise a potential transaction;
- the Company had engaged Prime Corporate Advisory to assist the Board to explore strategic options for the Company and to assist with any potential transaction; and
- the Board is aiming to be in a position to update shareholders of any potential transaction and transaction timeframes by 31 December 2022.

Directors' Declaration

FOR THE YEAR ENDED 30 SEPTEMBER 2022

1. In the opinion of the Directors of Carbon Conscious Investments Limited (the 'Company'):

   (a) the accompanying financial statements, notes and additional disclosures are in accordance with the Corporations Act 2001 including:

      i. giving a true and fair view of the Group's financial position as at 30 September 2022 and of its performance for the year then ended; and

      ii. complying with Australian Accounting Standards, the Corporations Regulations 2001, professional reporting requirements and other mandatory requirements.

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

   (c) the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.

2. This declaration has been made after receiving the declarations required to be made to the Directors in accordance with Section 295A of the Corporations Act 2001 for the year ended 30 September 2022.

This declaration is signed in accordance with a resolution of the Board of Directors.

ANTHONY IRWIN FITZGERALD
Managing Director
Carbon Conscious Investments Limited
Dated this 25th day of November 2022

Independent Audit Report to the members of Carbon Conscious Investments Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Carbon Conscious Investments Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 September 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 statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 30 September 2022 and of its financial performance for the year then ended; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described as 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 auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Other Information

The directors are responsible for the other information. The other information comprises the Review of Operations and Directors Report and other information included in the Group's annual report for the year ended 30 September 2022 but does not include the financial report and our auditor's report thereon.

The other information obtained at the date of this auditor's report is included in the annual report, (but does not include the financial report and our auditor's report thereon).

Our opinion on the financial report does not cover the other information and accordingly 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 on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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Responsibilities of 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 Group's ability 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 have 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 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 the financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used in the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Elderton Audit Pty Ltd

Elderton Audit Pty Ltd

Rafay Nabeel
Audit Director
Perth
25 November 2022