Appendix 4E

BLUGLASS LIMITED

ACN	Full Year Ended
116825793	**30 June 2022**
	Corresponding period was the twelve months ended 30 June 2021

Results for announcement to the market

RESULTS

		%		$A
Revenues from ordinary activities	Down	2	to	4,266,031
(Loss) from ordinary activities after tax attributable to members	Up	48.5	to	(9,355,554)
(Loss) for the period attributable to members	Up	48.5	to	(9,355,554)

EPS

Earnings per Security (cents per share)	**30 Jun 2022**	**30 Jun 2021**
Basic loss per share (cents per share)	(0.89) cents	(0.87) cents
Diluted loss per share (cents per share)	(0.89) cents	(0.87) cents

Net Tangible Asset Backing	**30 Jun 2022**	**30 Jun 2021**
Per Ordinary Security (cents per share)	0.69 cents	0.77 cents

Dividend Payable

No dividends have been paid or declared during the period.

Dividend Re-investment Plan

There is no dividend re-investment plan in operation.

Control gained over entities having material effect

There is no control over any new entities	NIL

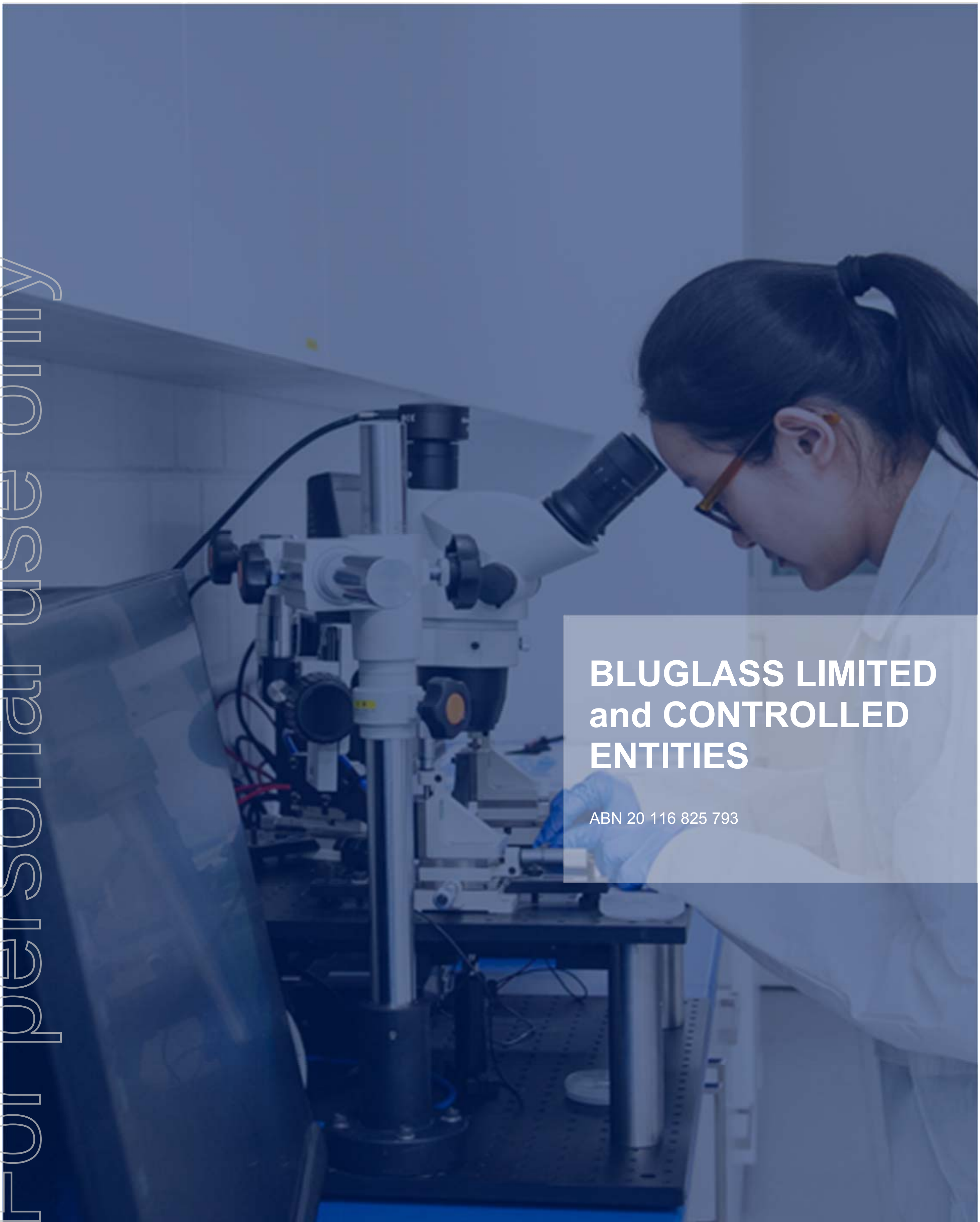
Loss of control of entities having material effect

Name of entity (or group of entities)	NIL

Details of associates and joint venture entities

Name of entity (or group of entities)	NIL

This report is based on the Full Year Financial Report which is audited. All the documents comprise the information required by Listing Rule 4.2A. This information should be read in conjunction with the 2022 Full Year Financial Report and the 2021 30 June Annual Financial Report. No matters have arisen which would result in a dispute or qualification.



BLUGLASS LIMITED and CONTROLLED ENTITIES

ABN 20 116 825 793

FINANCIAL STATEMENTS FOR THE YEAR ENDING
30 JUNE 2022

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DIRECTORS' REPORT

Your directors present their report on BluGlass Limited and its controlled entities ("the Group") for the financial year ended 30 June 2022.

DIRECTORS

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

Mr James Walker (Chair)
Mr Vivek Rao
Mr Stephe Wilks
Mr Jean-Michel Pelaprat

PRINCIPAL ACTIVITIES

The principal activity of the Group during the financial year was to progress the development of the Company's laser diode product portfolio for the industrial, biotech, and scientific markets. The Group is working on achieving its technical and commercial milestones using both industry standard MOCVD technology and its patented low-temperature Remote Plasma Chemical Vapour Deposition (RPCVD) technology to manufacture higher performance gallium nitride (GaN) laser diodes, initially in the 405nm, 420nm and 450nm wavelength ranges. RPCVD has the potential to create brighter, higher power, and more efficient laser diodes.

In 2022, the Group expanded its operations in the US, acquiring the assets of a purpose-built production facility in Silicon Valley. The fabrication facility complements the Company's operations in Silverwater, NSW and Nashua, New Hampshire.

REVIEW OF OPERATIONS

After a challenging couple of years, BluGlass turned a corner in FY22 and is preparing to launch commercial products to market within several large and growing end markets. These high-value, high-margin markets also have significant barriers to entry and only a handful of players globally.

During the year, the Company strengthened its expert team under the leadership of President, Jim Haden, made significant performance improvements to its commercial GaN laser diodes, shipped alpha products to a customer, and acquired its own purpose-built production facility (the fab) in Silicon Valley. As BluGlass brings its new fab online, it continues to work with its contract manufacturers to improve performance and reliability ahead of launching beta products in the 405nm, 420nm, and 450nm wavelengths. These improvements have delivered BluGlass' best light and power output performance to date.

The Company's newly acquired fab when fully online significantly scales BluGlass' manufacturing and revenue capacity, reduces wafer production costs; and accelerates development and production timelines. By capturing and expanding the manufacturing capabilities, BluGlass gains control of its operations, and accelerates its development roadmaps and overall competitiveness.

The Year in Review:

Laser diode development

In FY22, BluGlass commenced a program to improve the design and performance of each of the four key components for reliable laser diodes – epitaxy, metals, facets, and bonds. This program resulted in the demonstration of significant performance improvements in light output, electrical performance, heat management, and reliability, and led the company to publish spec sheets for 405nm and 420nm products for both single and multi-mode products. Release of these specifications sheets has led to improved customer engagements, and significant customer interest.

The Company has demonstrated its best epitaxial optical and voltage performance to date. Improvements to metal designs have significantly lowered resistance for both negative and positive metal contacts, critical for electrical management of the laser diode and key for overall performance and reliability. Epi-down fabrication processing has significantly improved heat management, enhancing both bonding and packaging.

In June 2022, these technical improvements enabled BluGlass to ship its first fully packaged 405nm and 420nm multi-mode alpha laser diode products to a customer for testing within their new product design and development cycles. These prototypes have undergone internal preliminary performance and lifetime reliability testing and are progressing towards commercial reliability. An alpha product is a valuable tool to collect customer feedback in real-world applications, with feedback to be incorporated ahead of beta testing and product launch. BluGlass has several prospective customers; some interested in trialling alpha products for innovative new applications such as quantum computing and medical devices; and other customers waiting for beta products for implementation into more mature product lines.

Silicon Valley fab acquisition

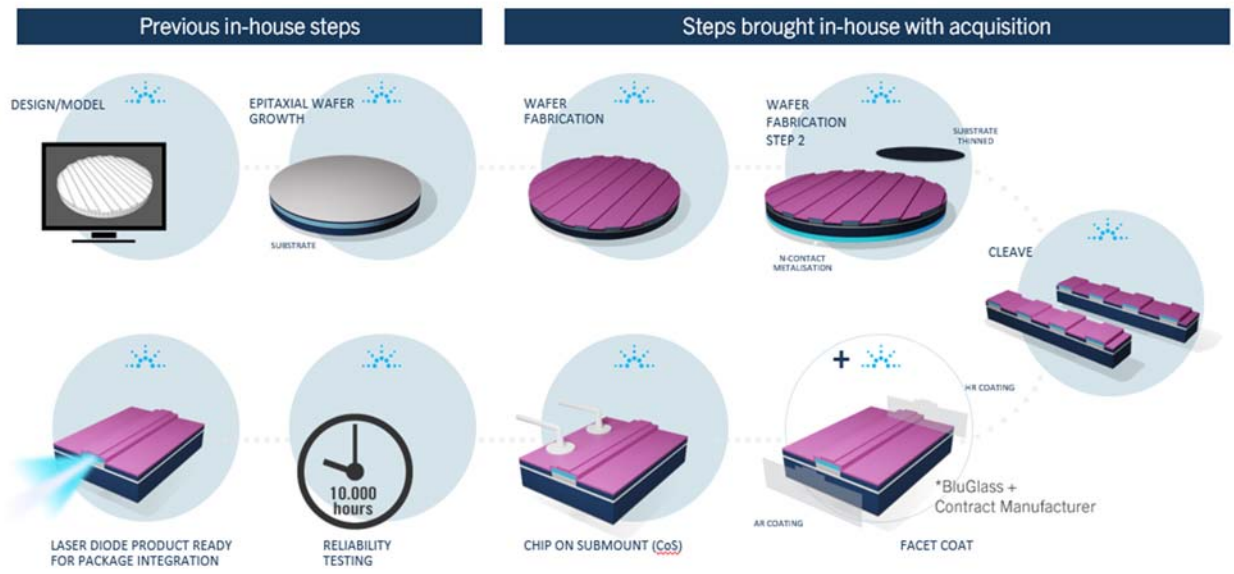
In March 2022, BluGlass acquired a commercial Silicon Valley laser diode production facility lease and manufacturing equipment for US$2.5 million. The 19,000 sq ft (1,800 sq m) purpose-built fab accelerates the Company's long-term growth strategy, bringing core fabrication processes in-house, significantly increasing manufacturing and revenue generation capacity, while halving production costs.

The Silicon Valley fab enables BluGlass to quadruple its development turns, and wafer capacity, ensuring the Company can scale to meet customer demand as well as fast-tracking development timelines for higher-value products. The acquisition reduces supply chain variability, improving the quality and consistency of BluGlass' laser diodes and providing control of the entire chip manufacturing process flow. It reduces the Company's reliance on its contract manufacturers, who BluGlass will continue to work with to launch its initial laser products to market while the fab is brought online.

In addition to enabling BluGlass to realise competitive technical advantages, the Company's newly acquired fab reduces production costs, increases profit margins, and is expected to bring forward cash-flow positivity. Importantly, BluGlass acquired the facility lease at a fraction of the estimated US$40 million it would cost to build a new facility.

BluGlass has already commenced converting the facility for gallium nitride (GaN) production and has been awarded the requisite Environmental Protection Authority (EPA) permit. Air quality and waste management permits are underway.

BluGlass' laser diode process flow post-acquisition



Successful demonstration of novel laser diode architectures

In a major technology breakthrough, BluGlass successfully demonstrated working novel tunnel junction laser diodes using its proprietary low-temperature RPCVD technology. Leveraging BluGlass' active-as-grown tunnel junction technology, these novel laser diodes seek to address the significant performance loss caused by heat due to the highly resistive p-type layers, traditionally needed to create the electrical circuit in a laser diode. These layers are largely responsible for low conversion efficiencies, typically in the 40-45% range even in state-of-the-art laser diodes compared to the nearly 90% efficiency of GaN LEDs.

BluGlass' novel approach eliminates the need for these highly resistive and performance losing p-type layers. RPCVD enabled novel designs replace the p-type cladding layer with an RPCVD tunnel junction and n-type cladding layer - called a ***dual n-wave laser diode***. These performance advantages are particularly important for high power applications, such as 3D printing and high precision industrial machining and welding.

Leadership changes

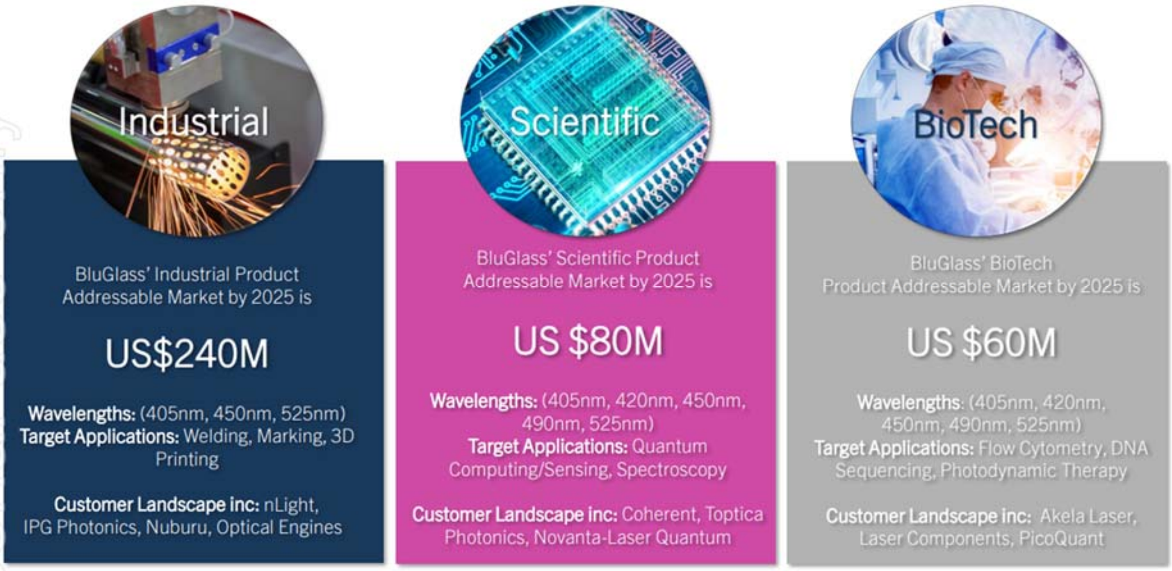
In September 2021, BluGlass appointed industry veteran Jim Haden as President to solve its reliability challenges and lead the Company to profitability. US-based Jim brings more than three decades' laser industry expertise to BluGlass and has a proven track record of solving technical challenges, delivering products to market and driving transformational revenue growth. Jim has held senior executive and advisory roles at several of BluGlass' competitors and prospective customers, including nLight, Kyocera SLD, Coherent and JDS Uniphase (now Lumentum).

Jim's appointment complements the technical expertise of Non-Executive Director Jean-Michel Pelaprat, and his industry and customer networks are already proving invaluable in opening new opportunities for the business.

MOCVD epitaxy capacity

The Company doubled its MOCVD epitaxy capacity during the year, converting an older generation RPCVD system back into its original MOCVD configuration. BluGlass now has two identical MOCVD reactors being used to expedite laser diode development to supply the Silicon Valley fab, provide additional capacity for production volumes and support foundry services without disrupting the Company's laser diode roadmap.

Fast-growing GaN lasers market



BluGlass operates in the large and rapidly growing GaN laser diodes market, forecast to reach $2.5 billion by 2025 - almost 10 percent of the total $25 billion laser market. GaN laser diodes are high-value, high-margin products and are growing faster than the broader category as higher power, higher brightness and more efficient GaN lasers facilitate new applications and disrupt infrared (IR) laser markets.

Growth is being driven by the increasing adoption of high-tech devices and applications, everything from smartphones and electric vehicles to medical devices and advanced 3D printing of plastics and metals. These devices rely on lasers in their manufacturing processes.

BluGlass is targeting in-demand and under-served wavelengths for use in industrial, scientific, and biotech applications. Initial laser diodes are being developed using industry-standard MOCVD processes and will be available in 405nm, 420nm and 450nm wavelengths in both single-mode and multi-mode devices. Longer-term, BluGlass will focus on providing the industry's easiest-to-use laser light with flexible form factors and packaging options that reduce customer integration costs. Novel laser architectures, such as multichip modules and RPCVD enhanced lasers, will create brighter, cost-effective, higher efficiency, and higher power laser light.

Capital

In FY22, BluGlass secured $7.1 million before costs to fund its acquisition of a Silicon Valley fabrication facility lease, equipment, and ongoing operation of the facility. The raise comprised a $3.4 million Placement to US and Australian institutional and sophisticated investors and a 1:4 Entitlement Offer to existing shareholders. Of the funds raised, US$2 million has been used to acquire the fab. The remaining capital will be used to adapt the fab for gallium nitride production, invest in advanced manufacturing capabilities, fund ongoing operational expenditure, and acquire new talent.

During the period, the Company received $605,000 in MOCVD epitaxy foundry services from customers. In addition, BluGlass expects to receive an R&D tax rebate of approximately $3.3 million in September 2022.

Intellectual Property

BluGlass' patent and trademark portfolio is critical to protecting its technical innovation and development. The Company continues to grow its patent portfolio in key semiconductor jurisdictions, following significant technical advancements over the past year.

In FY22, BluGlass was granted 9 international patents, bringing its current intellectual property portfolio to 93 internationally granted patents:

- 93 internationally granted patents in key semiconductor markets, including Japan, Taiwan, China, USA and Europe;
- 14 applications in Patent Cooperation Treaty stage;
- Eight patent families; and
- 17 trademarks.

The Year Ahead:

BluGlass remains focused on launching its first GaN laser diodes and securing customer orders. At the same time, the Company is adapting its Silicon Valley fab for gallium nitride production to scale development and manufacturing turns in line with customer orders, catering to the significant unmet demand in the 405nm, 420nm and 450nm wavelengths.

Over the coming year, BluGlass will leverage its end-to-end manufacturing capability to bring core fabrication processes in-house, accelerate higher-value product roadmaps, and expand its offering to other underserved wavelengths.

BluGlass' Board and management team are committed to delivering on its product roadmap over the year ahead and delivering value for its shareholders and customers.

FINANCIAL SUMMARY

The consolidated loss for the period increased by 49% to $9,355,554 (2021: $6,298,360).

The net assets of the consolidated entity increased by $5,711,003 to $13,220,332 (2021: $7,509,329).

Revenue, finance income and other income decreased by $95,295 to $4,266,537. Material variations in revenue received are as follows:

- Revenue for the provision of foundry services to third parties of $604,749 (up 66%) was received for the year compared to $363,573 in the 2021 financial year.
- Other income from Job Keeper (2021) and Job Saver (2022) decreased by $123,769 (down 28%) to $314,231 compared to $438,000 received in the 2021 financial year.
- No receipt from Australian Manufacturing Grant received in 2022 whereas $219,329 was received in 2021.
- Gross expenditure increased by $2,961,899 (up 28%) to $13,622,091. The most significant reason for the increase in total gross expenditure was the opening of the facility in the US cost of salaries and research costs associated with the fabrication supply chain.

The material variations in expenses are as follows:

- Share based payments costs increased by $1,361,668 to $825,392 (2021: -$536,276) due to the forfeited expense of the rights issued reported in 2021.
- Depreciation expense increased by $202,371 up 9.5% to $2,335,447 (2021: $2,133,076) during the year due to the new lease right of use depreciation.
- Employee benefits costs increased by $390,700 (up 11%) to $4,031,597 (2021: $3,640,897) due to the increased headcount at BluGlass' facility in the US.
- Consumables (research and development costs) and consultant costs increased by $400,300 up 12% to $3,852,156 (2021: $3,451,857) due to the increased fabrication and material costs for the laser diode supply chain.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

Other than the developments reported elsewhere in this report, there were no significant changes in the state of affairs during the year.

DIVIDENDS PAID OR RECOMMENDED

No dividends were declared in 2022 or 2021.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

BluGlass signed the extension of the Silverwater lease option on 22 August 2022 to extend the lease for a further 5 years to 14 February 2028.

There were no other reportable financial matters subsequent to the end of the Financial Year.

FUTURE DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES

BluGlass will position itself to take advantage of the growing laser diode, and microLEDs markets to maximise shareholder return.

BluGlass will continue to validate the RPCVD technology as the Group works towards its industry acceptance goals to commercialise the technology.

These developments, together with the current strategy of continuous improvement and innovation are expected to assist in the achievement of the Group's long-term goals and development of its business opportunities.

ENVIRONMENTAL AND SAFETY ISSUES

The BluGlass RPCVD technology uses some materials classified under the Dangerous Goods Act. All materials and consumables are handled in compliance with relevant regulatory environmental, health and safety codes.

The Group has in place WHS procedures and a Safety Manager who reports weekly to the Managing Director on all safety and environmental related matters. BluGlass meets and exceeds all state and federal WHS statutory requirements.

There were no reportable incidents during the period. Reviews of site operations during the period have led to the implementation of new operational procedures. BluGlass has also recently adopted a cloud based WHS reporting and management system as part of its ongoing commitment to site safety.

INFORMATION ON DIRECTORS

MR. JAMES WALKER	**Executive Chair** *B Comm, FCA, GAICD*
Special Responsibilities:	Executive Chair, Audit and Risk Committee member
Current Directorships:	Native Mineral Resources Holdings (ASX: NMR) Aug 2020 – present DW8 Ltd (ASX: DW8) Sep 2019 - present
Former Directorships in last three years:	thedocyard Limited (ASX: TDY) Aug 2019 – Aug 2020

Experience and Expertise:

James is an experienced leader in commercialising technology in new markets, with roles as a Non-Executive Chair, Director and Chief Executive of ASX-listed companies. He also has deep experience as a Chief Financial Officer for a UK, AIM-listed technology company as well as executive roles in other growth companies.

He is currently a non-executive Chair of Native Mineral Resources (ASX: NMR) and a non-executive director at DW8 (ASX: DW8).

James has over 25 years' experience as a Chartered Accountant, company secretary and senior executive of various high growth private companies. James has successfully completed multiple ASX IPOs, corporate acquisition transactions, secondary round raises on both the ASX and UK AIM markets and private capital raises.

James thrives on scaling businesses, commercialising technology and building new global markets, with extensive experience across a wide range of international high growth businesses, including deal-tech, data-driven customer experience, sensor systems, mining technology services, automotive, aviation, biotechnology, hotel telemarketing, drone detection and security sectors.

James Walker has been the Chair of BluGlass for two years and director of the Company for five years.

MR. STEPHE WILKS	**Non-Executive Director** *BSC, LLM*
Special Responsibilities:	Audit and Risk Committee member
Current Directorships:	1st Group Ltd (ASX:1ST)
Former Directorships in last three years:	Over the Wire (ASX:OTW) – sold to Aussie Broadband March 2022 Speedcast International Limited (ASX: SDA) Aug 2019 – delisted Mar 2021 Brainchip Holdings Limited (ASX: BRN) Feb 2019 - Dec 2019

Experience and Expertise:

Stephe Wilks is a professional company Director, with a long record leading successful global technology companies in high growth and disruptive industries. He has headed several Australian and international technology companies, including as Regional Director (Asia and Japan) Regulatory affairs for BT Asia Pacific, Managing Director of XYZed Pty Ltd (an Optus company), Chief Operating Officer of both Nextgen Networks and Personal Broadband Australia, and as Consulting Director of NM Rothschild and Sons.

Stephe is Chair of 1st Group Limited (ASX:1ST), and his extensive finance, strategic management, M&A and public affairs expertise add significant value to the BluGlass board.

Stephe Wilks has been a director of BluGlass for four years.

MR. VIVEK RAO — **Non-Executive Director**
BS-Electronics, MS-EE

Special Responsibilities: Audit and Risk Committee member

Former Directorships last three years: Revasum Limited (ASX: RVS)
January 2018 – September 2021

Experience and Expertise:

Vivek Rao is the President & Chief Operations Officer of SPT Microtechnologies (a Division of SPP Technologies). Vivek is a seasoned semiconductor professional with more than 30 years' experience in the semiconductor capital equipment industry in various managerial and technical leadership roles and brings to the BluGlass board a strong understanding of BluGlass' target markets and customers.

He has also served as a NED and Chair of fellow ASX listed semiconductor company, Revasum (ASX:RVS) from 2018 to 2021.

Vivek has been a director of BluGlass for five years.

JEAN-MICHEL PELAPRAT — **Non-Executive Director**
BSPhy

Experience and Expertise:

Jean-Michel brings deep photonics industry expertise, with over 30 years' experience establishing, commercialising and scaling laser and semiconductor businesses. As co-founder and former Director of NUBURU – a US-based company recognised as a pioneer in blue GaN lasers for industrial, 3D printing and display – Jean-Michel helped steer the business from start-up to a recognised industry leader. Jean-Michel retired as Director of NUBURU in March 2022 and remains as head of the Advisory Board, as the company merges with Tailwind Acquisition Corp to take the business public.

Before founding NUBURU, Jean-Michel held numerous leadership positions in high-growth photonics businesses, including President and CEO of Vytran, a fiber optics capital equipment company supplying optical communications, fiber lasers, medical devices, sensing and aerospace applications. He led the business to growth and profitability during the 2009-2010 recession and served on the Board of Vytran's sister company, NKT Photonics.

Other senior roles include Chair and CEO of Novalux, Inc. a start-up developing red-green-blue (RGB) semiconductor laser sources for the projection display industry, and Director of Nuvonux, a pioneer in infrared high-powered semiconductor lasers for industrial and defence.

Prior to Novalux, Jean-Michel spent 13 years at Coherent, Inc. There, his positions included Vice President and General Manager for both Diode-Pumped Solid-State (DPSS) and Laser business and Semiconductor Laser groups—with a focus on aggressive organic growth combined with several M&As. He pioneered the DPSS and the Optically Pumped Semiconductor Laser (OPSL) mass-market adoption. He was also the Vice President of Strategic Marketing for the company.

Jean-Michel holds a degree in Physics from the University of Montpellier, France (USTL) and has undertaken Sales Management and Finance education at the Wharton School of Business and studied Strategic Marketing for the High-Tech Industry at Stanford University. He previously served as the Chair of the Corporate Associates committee for several years and a Director of the Optical Society of America.

Jean-Michel has been a director of BluGlass for one year.

PRESIDENT

Mr Jim Haden, *MsEE, BEE*

Jim Haden is an expert laser diode executive with more than three decades' industry expertise. He has a demonstrated track record transforming advanced technology businesses from R&D and early-stage product development to profitable, high growth commercial entities. He has held senior executive and advisory roles at several of BluGlass' prospective customers and competitors, including Senior Technical and Operations Adviser at Kyocera SLD, Chief Operating Officer at nLight, Director of Operations and Product Line Management at Coherent, and Director of Operations at JDS Uniphase (now Lumentum).

Jim's unique synergy of deep technical, commercialisation and leadership skills along with his extensive customer and supply chain network will be invaluable in helping BluGlass solve our reliability challenges as we transition the Company to profitability and deliver a pipeline of next-generation laser products to market.

In his most recent role at Soora Laser Diode (now Kyocera-SLD), Jim was responsible for guiding operations and development teams to stabilise, improve, and ramp high-power blue GaN lasers. This product development delivered a leading automotive customer (BMW) and rapid revenue growth, assisting in their acquisition by Kyocera in January 2021. Prior to this, Jim was the Chief Operating Officer at nLIGHT, helping transform the business from early-stage revenue generation to its current market leadership position. During his time with nLIGHT, he more than doubled revenue, delivered a four-fold increase in R&D return on investment, streamlined production management, and improved manufacturing yields and cost margins; ultimately assisting the business to attract expansion capital of US$25M.

Other senior roles include Director of Operations and Product Line Management at Coherent Incorporation, Director of Operations South Bay Operations at JDS Uniphase, and Director of Operations at Spectra Diode Lasers (acquired by JDS Uniphase for US$41B).

As President, Jim oversees all aspects of the business and has been leading the company for one year.

COMPANY SECRETARY

Mr Emmanuel Correia

Emmanuel Correia is a Chartered Accountant and has extensive experience in the corporate finance and equity capital markets. Emmanuel is a co-founder of Peloton Capital and Peloton Advisory and has had over 25 years public market and corporate finance experience in Australia, North America and the United Kingdom. He has held various senior positions with Big 4 accounting firms and boutique corporate finance houses.

Emmanuel provides corporate advice to a diverse client base both in Australia and in overseas markets. Emmanuel has previously held a number of public company directorships and his key areas of expertise include Initial Public Offerings and secondary capital raisings, corporate strategy and structuring merger and acquisitions. Emmanuel is currently a non-executive director of Pantera Minerals Limited, BPM Resources Limited and Ookami Limited.

Emmanuel has been Company Secretary for BluGlass for sixteen years.

REMUNERATION REPORT 2021-2022 (AUDITED)

INTRODUCTION

The Directors of BluGlass Limited present the Remuneration Report for the Company and its controlled entities for the year ended 30 June 2022. This Remuneration Report forms part of the Directors Report and is subject to audit by the external auditor in accordance with the Corporations Act 2001.

The Report details the nature and amount of remuneration for the Group's non-executive directors and the Group's Key Management Personnel. The Key Management Personnel are the key people accountable for directing the affairs of the Company and its controlled entities.

The people who currently hold Key Management Personnel positions are listed in the table below

NON-EXECUTIVE DIRECTORS		EXECUTIVES	
Vivek Rao	Director	James Walker	Executive Chair
Stephe Wilks	Director	Jim Haden	President
Jean-Michel Pelaprat	Director	Ian Mann	Chief Operations & Technology Officer
		Brad Siskavich	Vice President

REMUNERATION STRATEGY

The remuneration policy of BluGlass Limited has been designed to align shareholder objectives with the strategic business objectives of BluGlass. This is achieved by providing;

1. a competitive market related fixed remuneration component,
2. a small component of short-term incentives and
3. long-term incentives based on key performance areas affecting the consolidated entity's ability to commercialise its technology milestones when achieved.

The remuneration policy, setting the terms and conditions for the directors and executives was developed by the remuneration committee and approved by the Board after seeking professional advice from independent external consultants.

The Board of BluGlass Limited aims for the remuneration strategy to attract and retain the appropriate executives and directors to run and manage the consolidated entity.

The ability to attract the best staff is achieved via ensuring all staff as well as executives and directors have access to a meaningful and rewarding long term incentive scheme currently in the form of an employee option scheme in association with an employee share trust that creates goal congruence between directors, executives and shareholders.

The Directors are currently reviewing the employee option plan so that it continues to maintain the alignment between directors, executives and shareholders.

NON-EXECUTIVE DIRECTORS' REMUNERATION

The Board policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. The board determine payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. No such advice has been obtained during the year.

The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting. Fees for non-executive directors are not linked to the performance of the consolidated entity. However, to align directors' interests with shareholder interests, the directors are encouraged to hold shares in the Company and are able to participate in the Company's employee option scheme.

The current remuneration of non-executive directors is:

Position	Remuneration $
Chair	105,000
Director	70,000
Committee Chair	5,000
Committee member	2,500

A non-executive director's remuneration thus comprises the base board fee, any applicable committee chair fee and the 10.5% superannuation levy contribution.

		SHORT TERM		POST EMPLOYMENT	LONG TERM INCENTIVES	TOTAL REMUNERATION	
		Board and Committee fees cash $	Bonus $	Superann-uation $	Share Based Payments (performance rights) $	Total $	% of remuneration that is non-cash
Non-executive Directors							
Vivek Rao	**2022**	**65,000**	**-**	**6,175**	**65,607**	**136,782**	**48.0**
	2021	65,000	-	6,175	1,192	72,367	1.6
Stephe Wilks	**2022**	**62,500**	**-**	**6,250**	**65,607**	**134,357**	**48.8**
	2021	62,500	-	5,937	1,192	69,629	1.7
Jean-Michel Pelaprat	**2022**	**60,000**	**-**	**-**	**10,483**	**70,483**	**14.9**
	2021	10,000	-	-		10,000	-
Total	**2022**	**187,500**	**-**	**12,425**	**141,697**	**341,622**	
Total	2021	137,500	-	12,112	2,384	151,996	

* Share based payments includes the periodic annual expense costs for the rights issued to directors in December 2020.

EXECUTIVE REMUNERATION

The Board's policy for determining the nature and amount of remuneration for executives of the consolidated entity is as follows.

All key management personnel receive a base salary (which is based on factors such as length of service and experience), superannuation, access to a limited short-term cash incentive scheme and to the longer-term incentive scheme via options. Short term incentives are only paid once predetermined annual key performance indicators have been met and are capped at 20% of base salary. Longer term incentives may be paid in the form of options or rights and are intended to align the interests of the key management personnel and company with those of shareholder. In this regard, key management personnel are prohibited from limiting risk attached to those instruments by use of derivatives or other means.

The board review executive packages annually by reference to the consolidated entity's performance, executive performance and comparable information from similar industry sectors.

The performance of executives is measured against criteria agreed annually with each executive and is based predominantly on the achievement of specific BluGlass technology and commercial milestones being achieved and the efficient conduct of the Group's operations. All bonuses and incentives are linked to these predetermined performance criteria or milestones. The Board may, however, exercise its discretion in relation to approving incentives, bonuses and options, and can recommend changes to the committee's recommendations. Any changes must be justified by reference to measurable performance criteria. The policy is designed to reward executives for performance that will result in long-term growth in shareholder wealth.

Executives are also entitled to participate in the employee share and option arrangements under the employee incentive scheme. Executives receive a superannuation guarantee contribution required by the government, which is currently 10% (10.5% from 1 July 2022), and do not receive any other retirement benefits. Some individuals, however, have chosen to sacrifice part of their salary to increase payments towards superannuation.

All remuneration paid to executives is valued at the cost to the Group and expensed. Rights given to executives are valued at grant date using the Black-Scholes model.

EXECUTIVE TOTAL REMUNERATION

		SHORT TERM		POST EMPLOYMENT	LONG TERM INCENTIVES	TOTAL REMUNERATION	% OF REMUNERATION
		Cash Salary	KPI Related Incentive	Superannuation	Share Based Payments Performance rights	Total	Share based
Executives		$	$	$	$	$	%
James Walker	**2022**	**180,638**	**50,000**	**18,064**	**65,607**	**314,309**	20.9
	2021	107,158	-	10,180	1,192	118,530	1.0
Jim Haden	**2022**	**284,900**	**-**	**35,687**	**145,439**	**466,026**	31.2
	2021	-	-	-	-	-	-
Ian Mann	**2022**	**283,409**	**-**	**28,341**	**312,625**	**624,375**	50.1
	2021	288,102	14,235	25,000	219,396	546,733	40.1
Brad Siskavich	**2022**	**228,378**	**-**	**25,198**	**160,054**	**413,630**	38.7
	2021	-	-	-	-	-	-
Giles Bourne (Resigned 4 June 2021)*	**2022**	**-**	**-**	**-**	**-**	**-**	-
	2021	531,544	47,918	40,900	(563,124)	57,238	(93.8)
Total	**2022**	**977,325**	**50,000**	**107,290**	**683,725**	**1,818,340**	
Total	2021	926,804	62,153	76,080	(342,536)	722,501	

*Giles Bourne termination payment is included under cash salary at $159,000 and superannuation at $15,900 in 2021 of the table. Giles Bourne unvested share-based payment were all forfeited at 30 June 2021.

The value of share-based payments in the above table reflects the share based payment expense recognised in the profit and loss and other comprehensive income for the year and not the fair value of the rights granted during the year and may not reflect the current market value of the shares granted. Additionally, no discount for uncertainty has been assigned to these valuations, which do carry the risk of not meeting non-market based vesting conditions.

CONTRACTED EXECUTIVE REMUNERATION

The Company Secretary, Emmanuel Correia is contracted to BluGlass from Cardrona Energy Pty Ltd. The contract includes provisions that the contract may be terminated by either party with one months' notice. Payments for services to Cardrona were $79,200 in 2022 (2021: $79,200). As a contracted position the Company Secretary does not form part of the BluGlass' executive team.

EMPLOYMENT CONTRACTS OF EXECUTIVES

The employment terms and conditions of the president and other executives are formalised in contracts of employment. All executives are permanent employees of BluGlass Limited.

Terms of employment require that the relevant group entity provide an executive contracted person with a minimum of one months' notice prior to termination of contract. The CEO's contract is subject to 3 months' notice. Termination payments are determined by the Board a termination payment is deemed appropriate. A contracted person deemed employed on a permanent basis may terminate their employment by providing at least one months' notice. Termination payments are not payable on resignation or under the circumstances of unsatisfactory performance.

PERFORMANCE BASED REMUNERATION

As part of the executive remuneration package there is a performance-based component, consisting of key performance indicators (KPIs). The intention of this program is to facilitate goal congruence between executives with that of the business and shareholders. The KPIs are set annually, with a certain level of consultation with executives to ensure buy-in. The measures are specifically tailored to the areas each executive is involved in and has a level of control over. The KPIs target areas the Board believes hold greater potential for group expansion and profit and cover financial and non-financial as well as short- and long-term goals. The level set for each KPI is based on budgeted figures for the group and respective industry standards.

Performance in relation to the KPIs is assessed annually, with bonuses being awarded depending on the number and deemed difficulty of the KPIs achieved and the period of employment for the period. Following the assessment, the KPIs are reviewed by the Board in light of the desired and actual outcomes, and their efficiency is assessed in relation to the group's goals and shareholder wealth, before the KPIs are set for the following year.

The IP portfolio at the end of 30 June 2022 now includes 93 granted patents in various countries, covering six separate patent families. In addition, there are 14 patent applications in various stages filed in numerous countries.

	2017	2018	2019	2020	2021	2022
Revenue and other income $'000	2,802	2,811	2,747	3,822	4,362	4,266
Net Loss $'000	3,661	3,840	14,421	5,994	6,298	9,356
Share price at year-end cents	26	30	16	3	3	3
Patents lodged	9	1	6	8	10	14
Patents Granted	14	2	18	11	11	9

BluGlass' potential value exists in it being able to finalise its research and development programmes and to then commercialise its IP portfolio into the growing markets for LED, GaN on silicon and high efficiency solar cell manufacturing equipment.

MOVEMENT IN SHAREHOLDINGS OF KMP AS AT 30 JUNE 2022

	Total	Direct	* BLG ESS	Movement			Total	Direct	*BLG ESS
Non-Executives directors	Opening Balance			On	Off	Other	Closing Balance		
Vivek Rao	**684,850**	684,850	-	566,088	90,000	-	**1,340,938**	1,340,938	-
Stephe Wilks	**427,750**	427,750	-	598,693	90,000	-	**1,116,443**	1,026,443	90,000
Jean Michel Pelaprat	**-**	-	-	312,500	-	-	**312,500**	312,500	-
Executives									
James Walker	**796,340**	796,340	-	1,721,918	90,000	-	**2,608,258**	2,608,258	-
Jim Haden	**-**	-	-	833,333	-	-	**833,333**	833,333	-
Ian Mann	**3,429,830**	2,379,830	1,050,000	1,338,655	-	-	**4,768,485**	3,718,485	1,050,000
Brad Siskavich	**1,359,756**	1,359,756	-	339,939	-	-	**1,699,695**	1,699,695	-

* On/off movement represents share acquisition movement on market and off-market. Off market transaction typically represent the receipt of shares from vested options/rights.

OPTIONS AND PERFORMANCE RIGHTS HELD BY KMP AS AT 30 JUNE 2022

		Movement								
Non-Executives directors	**Opening Balance**	**Vested in O/B**	**Vested in period**	**Total Vested**	**Exercised**	**Granted in period**	**Expired or Forfeited in period**	**Closing Balance**	**Vested and exercisable %**	**Unvested %**
Vivek Rao	1,300,000	60,000	130,000	190,000	90,000	-	210,000	1,000,000	10	90
Stephe Wilks	1,300,000	60,000	130,000	190,000	,90,000	-	210,000	1,000,000	10	90
Jean-Michel Pelaprat	-	-	-	-	-	900,000	-	900,000	-	100
Executives										
James Walker	1,300,000	60,000	130,000	190,000	90,000	-	210,000	1,000,000	10	90
Jim Haden	-	-	-	-	-	15,000,000	-	15,000,000	-	100
Ian Mann	11,404,758	-	-	-	-	-	8,711,758	2,693,000	-	100
Brad Siskavich	3,307,000	-	-	-	-	-	150,000	3,157,000	-	100

Options and performance rights vested when the criteria described above have been met. Options and performance rights are then converted into ordinary shares and held in the BluGlass Employee Share Scheme Trust until they are elected to be withdrawn by the beneficiary.

For clarity the vested options held as shares in the Trust are also disclosed in the KMP's shareholding above as they can be exercised and withdrawn at any time once vested.

SHARES ISSUED ON EXERCISE OF COMPENSATION OPTIONS

No options were exercised during the year by the Company's employee share trust, BluGlass Employee Incentive Plan Pty Ltd. When options that have been granted as compensation in prior periods meet the requisite vesting conditions they are exercised by the trust into shares. These shares are then held in the share trust for the eligible employees until employees exercise their right to withdraw the shares from the trust. During the year no shares were withdrawn from the trust.

APPROVAL OF 2021 REMUNERATION REPORT

A resolution seeking approval of the 2021 Remuneration Report was tabled at the November 2021 Annual General Meeting. The resolution was passed at that meeting with the vote in favour recorded of 97%.

REMUNERATION ADVISORS

No remuneration advisors were engaged during the year nor was any formal remuneration advice received during the year.

END OF REMUNERATION REPORT - AUDITED

DIRECTORS' REPORT CONT.

MEETINGS OF DIRECTORS

During the financial year, 9 meetings of directors were held. Attendances by each director during the year were:

	DIRECTORS' MEETINGS		COMMITTEE MEETINGS Audit & Risk Committee	
	Number eligible to attend	Number Attended	Number eligible to attend	Number Attended
James Walker	11	11	2	2
Vivek Rao	11	11	2	2
Stephe Wilks	11	11	2	2
Jean Michel Pelaprat	11	11	-	-

INDEMNITIES GIVEN TO AND INSURANCE PREMIUMS PAID FOR AUDITORS AND OFFICERS

The Group has entered into Deeds of Indemnity, Insurance and Access with each of the directors and the Company Secretary. Each deed provides officers with the following:

- A right to access certain Board papers of the Group during the period of their tenure and for a period of seven years after that tenure ends;
- Subject to the Corporations Act 2001, an indemnity in respect of liability to persons other than the Group and its related bodies corporate that they may incur while acting in their capacity as an officer of the Group or a related body corporate, except where that liability involves a lack of good faith, and for defending certain legal proceedings; and the requirement that the Group maintains appropriate directors' and officers' insurance for the officer
- No liability has arisen under these indemnities as at the date of this report
- The Group has paid premiums of $42,500 (2021: $49,557) to insure each of the directors, secretary and executives against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of a director or officer of the Group, other than conduct involved in a wilful breach of duty in relation to the Group
- The Group has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify any current or former officer or auditor of the Group against a liability incurred as such by an officer or auditor

OPTIONS

At the date of this report, the unissued ordinary shares of BluGlass Limited under option/rights are as follows:

Grant Date	Date of Expiry	Exercise Price	Number Under Option
9/12/2020	31/12/2024	-	7,850,000
8/3/2021	30/4/2023	-	1,000,000
20/09/2021	30/06/2023	-	15,000,000
22/11/2021	31/12/2023	-	900,000
06/06/2022	30/11/2022	$0.03	155,707,155
			180,457,155

CORPORATE GOVERANCE POLICY AND STATEMENT

The Groups Corporate Governance statement can be viewed on the Company's website at www.bluglass.com.au

PROCEEDINGS ON BEHALF OF 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 or taking responsibility on behalf of the Company for all or any part of those proceedings.

NON-AUDIT SERVICES

The Board has considered the non-audit services provided during the year by the auditor and, in accordance with written advice provided by resolution of the Audit and Risk Committee, is satisfied that the provision of those non-audit services during the year is compatible with, and did not compromise, the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- All non-audit services were subject to the corporate governance procedures adopted by the Group and have been reviewed by the Audit and Risk Committee to ensure they do not impact the impartiality and objectivity of the auditor
- The non-audit services do not undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Group, acting as an advocate for the Group or jointly sharing risks and rewards

Details of the amounts paid to the auditors of the Group, Grant Thornton, and its related practices for audit and non-audit services provided during the year are set out in Note 5 to the financial statements.

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration as required by s307C of the Corporation Act 2001 for the year ended 30 June 2022 has been received and can be found on page 20 and forms part of the Directors' Report.

This Directors' Report incorporating the Remuneration Report is signed in accordance with a resolution of the Board of Directors.

James Walker

Executive Chair
23 August 2022

Grant Thornton Audit Pty Ltd
Level 17
383 Kent Street
Sydney NSW 2000
Locked Bag Q800
Queen Victoria Building NSW
1230

T +61 2 8297 2400

Auditor's Independence Declaration

To the Directors of BluGlass Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the audit of BluGlass Limited for the year ended 30 June 2022, I declare that, to the best of my knowledge and belief, there have been:

a no contraventions of the auditor 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.

Grant Thornton

Grant Thornton Audit Pty Ltd
Chartered Accountants

M Aziz
Partner – Audit & Assurance

Sydney, 23 August 2022

PROFIT OR LOSS AND COMPREHENSIVE INCOME

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

	Note	Consolidated Entity	
		2022 $	**2021 $**
Revenue	**2**	604,749	363,573
Other income	**2**	3,661,282	3,993,477
Finance income	**2**	506	4,782
Employee benefits expense	**17**	(4,031,597)	(3,640,897)
Professional fees		(126,954)	(112,268)
Board and secretarial fees		(496,743)	(339,551)
Corporate compliance & legal expense		(126,324)	(90,227)
Consultant fees		(216,974)	(381,749)
Finance cost		(136,241)	(82,603)
Rent expense		(97,916)	(91,410)
Travel and accommodation expense		(132,698)	(17,619)
Consumables		(3,635,182)	(3,070,107)
Depreciation and amortisation expense		(2,335,447)	(2,133,076)
Share based payment expense	**23**	(825,392)	536,276
Other expenses		(1,460,623)	(1,236,961)
Loss before income tax	**3**	**(9,355,554)**	**(6,298,360)**
Income tax expense	**4**	-	-
Loss for the year		**(9,355,554)**	**(6,298,360)**
Other comprehensive income net of tax		**345,265**	**9,650**
Total comprehensive income		**(9,010,289)**	**(6,288,710)**
Loss attributable to:			
• Members of the parent entity		**(9,355,554)**	**(6,298,360)**
• Non-controlling interest		-	-
		(9,355,554)	**(6,298,360)**
Total Comprehensive Income attributable to:			
• Members of the parent entity		**(9,010,289)**	**(6,288,710)**
• Non-controlling interest		-	-
		(9,010,289)	**(6,288,710)**
Earnings Per Share			
Basic loss per share (cents per share)	**6**	(0.89)	(0.87)
Diluted loss per share (cents per share)	**6**	(0.89)	(0.87)

The financial statements should be read in conjunction with the following notes.

FINANCIAL POSITION

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022

	Note		Consolidated Entity	
			2022 $	**2021 $**
Current Assets				
Cash and cash equivalents	7		5,351,589	4,176,300
Trade and other receivables	8		3,394,110	3,350,971
Inventories	9		83,246	131,137
Other current assets	10		38,848	59,330
TOTAL CURRENT ASSETS			**8,867,793**	**7,717,738**
Non-Current Assets				
Security deposit			319,093	-
Property, plant and equipment	11		11,270,348	5,839,728
Intangible Assets	12		-	-
TOTAL NON-CURRENT ASSETS			**11,589,441**	**5,839,728**
TOTAL ASSETS			**20,457,234**	**13,557,466**
Current Liabilities				
Trade and other payables	14		489,044	565,589
Lease liabilities	20		738,454	184,009
Short-term provisions	16		694,153	674,170
Borrowings	15		-	1,954,140
TOTAL CURRENT LIABILITIES			**1,921,651**	**3,377,908**
Non-Current Liabilities				
Long-term provisions	16		1,426,863	1,298,163
Lease liabilities	20		3,888,388	1,372,066
TOTAL NON-CURRENT LIABILITIES			**5,315,251**	**2,670,229**
TOTAL LIABILITIES			**7,236,902**	**6,048,137**
NET ASSETS			**13,220,332**	**7,509,329**
Equity				
Issued capital	18		89,262,827	75,227,463
Reserves	19		123,481	(46,912)
Accumulated losses			(76,165,976)	(67,671,222)
TOTAL EQUITY			**13,220,332**	**7,509,329**

The financial statements should be read in conjunction with the following notes.

CHANGES IN EQUITY

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2022

	Issued Capital	Share-Based Payments Reserve	Other Reserves	Accumulated Losses	Total
	$	$	$	$	$
Consolidated Entity					
Balance at 1 July 2020	**73,068,525**	**1,866,982**	**(982,452)**	**(61,559,577)**	**12,393,478**
Profit for the year	-	-	-	(6,298,360)	**(6,298,360)**
Other comprehensive income	-	-	9,650	-	**9,650**
Total comprehensive income for the year	**-**	**-**	**9,650**	**(6,298,360)**	**(6,288,710)**
Transactions with owners in their capacity as owners					
Shares issued during the year (Note 18)	2,299,673	(241,651)	-	-	2,058,022
Share transaction costs during the year (Note 18)	(140,735)	-	-	-	(140,735)
Share based payments (Note 23)		499,025	-	-	499,025
Expired option (Note 23)	-	(186,715)	-	186,715	-
Forfeited options (Note 23)		(1,011,751)	-	-	(1,011,751)
Balance at 30 June 2021	**75,227,463**	**925,890**	**(972,802)**	**(67,671,222)**	**7,509,329**
Balance at 1 July 2021	**75,227,463**	**925,890**	**(972,802)**	**(67,671,222)**	**7,509,329**
Profit for the year	-	-	-	(9,355,554)	**(9,355,554)**
Other comprehensive income	-	-	345,265	-	**345,265**
Total comprehensive income for the year	**-**	**-**	**345,265**	**(9,355,554)**	**(9,010,289)**
Transactions with owners in their capacity as owners					
Shares issued during the year (Note 18)	14,523,413	-	-	-	14,523,413
Share transaction costs during the year (Note 18)	(627,513)	-	-	-	(627,513)
Shares issued in lieu of cash	62,549	(62,549)	-	-	-
Share based payments (Note 23)	-	825,392	-	-	825,392
Rights exercised (Note 23)	76,915	(76,915)	-	-	-
Rights lapsed (Note 23)	-	(860,800)	-	860,800	-
Forfeited options (Note 23)		-	-	-	-
Balance at 30 June 2022	**89,262,827**	**751,018**	**(627,537)**	**(76,165,976)**	**13,220,332**

The financial statements should be read in conjunction with the following notes.

CASHFLOWS

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2022

	Note		Consolidated Entity	
			2022	2021
			$	$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers			604,749	363,573
Research and development tax rebate			3,319,861	2,734,495
Interest received			506	4,782
Interest paid on lease liabilities	20		(104,208)	(82,603)
Government grants			314,231	657,329
Payments to suppliers and employees			(10,358,632)	(8,486,412)
Net cash used in operating activities	**22**		**(6,223,493)**	**(4,808,836)**
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment	11		(4,277,056)	(90,099)
Net cash used in investing activities			**(4,277,056)**	**(90,099)**
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from issue of shares, net of transaction costs	18		13,895,865	1,859,265
Lease liability	20		(273,854)	(168,410)
Interest paid			(32,033)	-
Proceeds from options exercised	23		-	-
Proceed from borrowings	15		-	1,954,140
Borrowing repayments	15		(1,954,140)	-
Net cash provided by financing activities			**11,635,838**	**3,644,995**
Net increase/(decrease) in cash held			1,135,289	(1,253,940)
Cash at beginning of financial year			4,176,300	5,430,240
Cash at end of financial year	**7**		**5,351,589**	**4,176,300**

The financial statement should be read in conjunction with the following notes.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report covers BluGlass Limited as a consolidated entity ("Group"). BluGlass Limited is a listed public Company, incorporated and domiciled in Australia.

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

The financial statements were authorised for issue on 23rd August 2022 by the directors of the Company.

The following is a summary of the material accounting policies adopted by the consolidated entity in the preparation of the financial report.

Basis of Preparation

The consolidated general-purpose financial statements of the Group have been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. Compliance with Australian Accounting Standards results in full compliance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). BluGlass Limited is a for-profit entity for the purpose of preparing financial statements.

The accounting policies set out below have been consistently applied to all years presented.

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

Going Concern

Notwithstanding the loss for the financial year and the negative cashflows from operations, the financial statements have been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and the discharge of liabilities in the normal course of business.

The Directors believe that there are reasonable grounds that the Group will be able to continue as a going concern, on the following basis:

- The Group has cash and cash equivalents of $5,351,589 as at 30 June 2022 (2021: $4,176,300). As at that date, the Group had current assets of $8,867,793 (2021: $7,717,738) and net assets of $13,220,332 (2021: $7,509,329). The Group has performed a detailed cash flow forecast, and determined that it will have adequate cash resources with the completion of the rights issue in November to fund its operations for the next 12 months;
- Notwithstanding the above, if required, the Group has the ability to continue to raise additional funds on a timely basis pursuant to the Corporations Act 2001. The Group has raised in excess of $13.8 million in the 2022 financial year. The Directors have no reason to believe that it will not be able to continue to source equity or alternative funding if required;
- If required, the Group has the ability to finance the 2023 research and development tax rebate to have access to the funding earlier, this will improve the liquidity of the Group; and
- The Group has the ability to scale back a significant portion of its development activities if required.

As a result of these factors, there is material uncertainty as to whether the Group will continue as a going concern and therefore whether it will realise its assets and settle its liabilities and commitments in the normal course of business at the amounts stated in the financial report.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

Accounting Policies

Notwithstanding the above, the Directors are confident they will be successful in one of or a combination of the above factors and on this basis the financial report has been prepared on a going concern basis. Accordingly, no adjustments have been made to the financial report relating to the recoverability and classification of the asset carrying amounts and of the liabilities that might be necessary should the Group not continue as a going concern. Accordingly, the Directors have prepared the financial report on a going concern basis.

a. Principles of Consolidation

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by BluGlass Limited at the end of the reporting period. BluGlass controls an entity when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Where controlled entities have entered or left the Group during the year, the financial performance of those entities are included only for the period of the year they were controlled. A list of controlled entities is contained in Note 13 to the financial statements. All controlled entities have a June financial year-end.

In preparing the consolidated financial statements all inter-group balances and transactions between entities in the consolidated group have been eliminated on consolidation. Accounting policies of subsidiaries are consistent with those adopted by the parent entity.

Non-controlling interests, presented as part of equity, represents the portion of a subsidiary's profit or loss and net assets that is not held by the Group. The Group attributes total comprehensive income or loss of subsidiaries and the non-controlling interests' bond on their respective ownership interests.

b. Income Tax

The income tax expense (revenue) for the year comprises current income tax expense (revenue) and deferred tax expense (revenue).

Current income tax expense charged to the profit and loss is the tax payable on taxable income calculated using applicable tax rates enacted, or substantially enacted, as at reporting period. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the consolidated entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

Tax consolidation

BluGlass Limited and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under tax consolidation legislation. BluGlass Limited is responsible for recognising the current and deferred tax assets and liabilities for the tax consolidated group. The group notified the Australian Taxation Office that it had formed an income tax consolidated group to apply from 21 September 2006. The tax consolidated group has entered a tax sharing agreement whereby each Company in the group contributes to the income tax payable in proportion to their contribution to the net profit before tax of the tax consolidated group.

c. Inventories

Inventories are measured at the lower of cost and net realisable value.

d. Plant and Equipment

Each class of plant and equipment is carried at cost as indicated, less, where applicable, any accumulated depreciation and impairment losses.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

d. Plant and Equipment (cont.)

Plant and equipment are measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The depreciable amount of all fixed assets including building and capitalised lease assets is depreciated on a straight-line basis over their useful lives to the consolidated group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	
	Depreciation Rate
Furniture and fittings	10%
Leasehold improvements	20-100%
Plant and equipment	33.33%
Computer hardware and software	33.33%
Right of use	Life of lease

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each Statement of Financial Position date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the profit or loss statement.

e. Financial Instruments

Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss, which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below. Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and subsequent measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with AASB 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable). For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:

- amortised cost
- fair value through profit or loss (FVPL)
- equity instruments at fair value through other comprehensive income (FVOCI)
- debt instruments at fair value through other comprehensive income (FVOCI)

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

e. Financial Instruments (cont.)

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses. Classifications are determined by both

- The entities business model for managing the financial asset
- The contractual cash flow characteristics of the financial assets. All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables, which is presented within other expenses

Subsequent measurement financial assets

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments under AASB 9.

Impairment of Financial assets

AASB 9's impairment requirements use more forward-looking information to recognize expected credit losses – the 'expected credit losses (ECL) model'. Instruments within the scope of AASB 9 included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under AASB 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

The Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument. In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date. '12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category. Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Classification and measurement of financial liabilities

The Group's financial liabilities include borrowings and trade and other payables. Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at fair value through profit or loss. Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for financial liabilities designated at FVPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss. All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

f. Impairment of assets

At the end of each reporting period, the Group assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information including dividends received from subsidiaries, associates or jointly controlled entities deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

g. Intangibles

Patents and trademarks

Patents and trademarks are recognised at cost of acquisition. Patents and trademarks and intellectual property have a finite life and are carried at cost less any accumulated amortisation and any impairment losses. Patents and trademarks are amortised over their useful life ranging from 5 to 10 years. All new patent and trademark costs are expensed during the year they are incurred.

Research and development

Expenditure during the research phase of a project is recognised as an expense when incurred. Development costs are capitalised only when technically feasibility studies identify that the project will deliver future economic benefits and these benefits can be measured reliably.

Intellectual property

Intellectual property (IP) which represents in process research is recognised at cost of acquisition. IP has a finite life once the asset is ready for use. Once the asset is ready for use the asset will be carried at cost less any accumulated amortisation and any impairment losses.

h. Foreign Currency Transactions and Balances

Functional and presentation currency

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent and controlled entity's functional and presentation currency.

Transaction and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the profit or loss, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the income statement.

i. Employee Benefits

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Those cash flows are discounted using market yields on high quality corporate bonds with terms to maturity that match the expected timing of cash flows.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

i. Employee Benefits (cont.)

Equity-settled compensation

The Group operates an equity-settled share-based payment employee share and option scheme. The fair value of the equity to which employees become entitled is measured at grant date and recognised as an expense over the vesting period, with a corresponding increase to an equity account. The fair value of shares is ascertained as the market bid price. The fair value of rights with non-market conditions is ascertained using the Black Scholes model. A Binomial pricing model incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at each reporting date such that the amount recognised for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

j. Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

k. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

l. Revenue and Other Income

Revenue arises mainly from foundry revenue. To determine whether to recognise revenue, the Group follows a 5-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligation(s) are satisfied

In all cases, the total transaction price for a contract for foundry revenue is allocated amongst the various performance obligations based on their relative stand-alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties. Revenue is recognised either on delivery of wafers to the customer or over time, when (or as) the Group satisfies performance obligations by transferring the promised goods or services to its customers and upon acceptance of the customer. The Group currently has no obligation for returns, refunds or warranties.

The Group recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other liabilities in the statement of financial position. Similarly, if the Group satisfies a performance obligation before it receives the consideration, the Group recognises either a contract asset or a receivable in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

m. Leases

The Group as a lessee

The Group considers whether a contract is or contains a lease. A lease is defined as ‘a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration’.

The Group assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group
- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract
- the Group has the right to direct the use of the identified asset throughout the period of use. The Group assess whether it has the right to direct ‘how and for what purpose’ the asset is used throughout the period of use

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

m. Leases (Continued)

Measurement and recognition of leases as a lessee

At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

On the statement of financial position, right-of-use assets have been included in property, plant and equipment.

n. Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

o. Government Grants

Government grants are recognised at fair value where there is reasonable assurance that the grant will be received and all grant conditions will be met. Grants relating to expense items are recognised as income over the periods necessary to match the grant to the costs they are compensating. Grants relating to assets are credited to deferred income at fair value and are credited to income over the expected useful life of the asset on a straight-line basis.

p. Borrowing costs

Borrowing costs are expensed in the period in which they are incurred and reported in finance costs.

q. Comparative Figures

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

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

r. Critical accounting estimates and judgments

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

Key estimates — Impairment

The Group assesses impairment at the end of each reporting period by evaluating conditions and events specific to the Group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates. See Note 12: Intangible assets for further disclosure of impairment.

Key estimates — Share options

The Company issued options under the BluGlass Limited employee incentive option scheme. The options granted in the year were valued using the Black-Scholes model at the date of grant. The prior year options were valued the same as they are currently valued. The key inputs to the pricing model are disclosed on Note 23. In addition to the pricing, key judgements revolve around the likelihood of vesting and estimated vesting date where there are vesting conditions. These judgements impact the expense recorded for the period.

Key estimates — Deferred Taxes

Deferred taxes have not been recognised on the Company's tax losses due to the uncertainty in relation to the timing of the losses being utilised in the future.

Key estimates- R&D tax rebate

The Company accrues the R&D tax rebate estimate for the current period. The current tax advisors review management's estimate of the R&D tax rebate that the Company expects to receive upon lodgement of the Company tax return. This judgement impacts the revenue recorded for the period.

Key estimates- Lease make good provision

The Group has received an external estimate to return the current lease to the original condition the property was in at the beginning of the lease. This judgement impacts the provisions recorded and the expensed amounts for the period.

Key estimates- Acquisition valuation

The Group has apportioned the asset acquisition. All acquisition base costs were apportioned to the purchase price of the acquired assets. The percentage of each asset class acquired was apportioned to the acquisition cost to the Group.

s. Adoption of New and Revised Accounting Standards

The Group has adopted all the amendments to Australian Accounting Standards issued by the Australian Accounting Standards Board, which are relevant to and effective for the Group's financial statements for the annual period beginning 1 July 2021. None of these have a material impact on the Group's financial statements

t. Accounting standards and interpretations issued but not yet effective

At the date of authorisation of these consolidated financial statements, several new, but not yet effective, Standards and amendments to existing Standards, and Interpretations have been published by the IASB. None of these Standards or amendments to existing Standards have been adopted early by the Group.

Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. New Standards, amendments and Interpretations not adopted in the current year have not been disclosed as they are not expected to have a material impact on the Group's financial statements.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

u. Acquisition of assets

In March 2022, BluGlass acquired a commercial Silicon Valley laser diode production facility lease and manufacturing equipment for US$2.5 million. The acquisition purchase was facilitated by US$2,000,000 in cash and a further US$500,000 in BluGlass shares. The total fair value less acquisition costs amounted to US$2,378,628 (AUD$3,449,917).

The share price was valued at date of issue on 31 March 2022 of $0.03 for 20,664,159 with the date of issue USD exchange rate at 0.7482. The grant date has been determined as at 31 March 2022.

The assets acquired are recognised on the fixed asset register and were apportioned as per below:

Acquisition apportioned costs	USD	AUD
Computer Equipment	19,435	28,189
Furniture & Fittings	37,635	54,585
Plant & Equipment	2,321,558	3,367,143
Total Acquisition apportioned costs	**2,378,628**	**3,449,917**

NOTE 2: REVENUE AND OTHER INCOME

	Consolidated Entity	
	2022 **$**	**2021** **$**
Revenue		
• Other revenue - foundry revenue recognised at point in time	604,749	363,573
Total Revenue	**604,749**	**363,573**
Other Income		
• Research and development tax rebate	3,347,051	3,336,148
• Government grant – Job-saver*	314,231	657,329
Total other income	**3,661,282**	**3,993,477**

* 2021 government grants include Job-keeper and Manufacturing grant

Finance Income		
• interest received from bank	506	4,782
Total finance income	**506**	**4,782**

NOTE 3: LOSS FOR THE YEAR

	Consolidated Entity	
Expenses:	**2022** **$**	**2021** **$**
Finance cost on ROU asset leases	104,208	82,603
Share based payments	825,392	(536,276)

NOTE 4: INCOME TAX EXPENSE

	Consolidated Entity	
	2022 **$**	**2021** **$**
(a) The components of tax expense comprise:		
• Current tax	-	-
• Deferred tax	-	-
	-	-
(b) The prima facie tax on loss before income tax is reconciled to the income tax as follows:		
Prima facie tax payable on loss before income tax at 25% (2021: 27.5%)		
• consolidated entity	(2,338,888)	(1,732,049)
Add:		
Tax effect of:		
• share based payments during year	203,281	(147,276)
• other non-allowable items	88,135	116,713
	291,416	(30,563)
Add:		
Income tax benefit not brought to account	(2,047,472)	(1,762,612)
Income tax benefit attributable to the entity		
Accumulated tax losses not brought to account	13,808,837	11,761,365

NOTE 5: AUDITORS' REMUNERATION

	Consolidated Entity	
	2022 **$**	**2021** **$**
Remuneration of the auditor for:		
• auditing or reviewing the financial reporting	70,033	69,750
• Non-audit services- Taxation compliance services	-	-
	70,033	**69,750**

NOTE 6: LOSS PER SHARE

	Consolidated Entity	
	2022 $	2021 $
(a) Loss attributable to members of the parent entity	9,355,554	6,298,360
(b) Basic and diluted loss per share (cents per share)	0.89	0.87
	No.	No.
(c) Weighted average number of ordinary shares outstanding during the year used in calculating basic and diluted EPS.	1,056,845,895	724,614,992

NOTE 7: CASH AND CASH EQUIVALENTS

	Consolidated Entity	
	2022 $	2021 $
Cash at bank and in hand	624,446	46,969
Short-term bank deposits	4,726,798	4,128,986
Petty cash	345	345
	5,351,589	4,176,300

The effective interest rate on short-term bank deposits was 0.5% (2021: 0.5%).

NOTE 8: TRADE AND OTHER RECEIVABLES

	Consolidated Entity	
	2022 $	2021 $
Research and development tax rebate	3,262,236	3,250,000
Trade receivables	37,681	17,021
Other receivables	94,193	83,950
	3,394,110	3,350,971

All amounts are short-term. The net carrying value of other receivables is considered a reasonable approximation of fair value. No impairment of receivables is deemed to exist. There were no bad debts during the year (2021: nil).

NOTE 9: INVENTORIES

	Consolidated Entity	
	2022 $	2021 $
CURRENT		
Consumables at cost	83,246	131,137
	83,246	131,137

NOTE 10: OTHER CURRENT ASSETS

	Consolidated Entity	
	2022 $	2021 $
CURRENT		
Prepayments	38,848	37,565
Security deposit	-	21,765
	38,848	59,330

NOTE 11: PROPERTY PLANT AND EQUIPMENT

Property plant and equipment	2022 $	2021 $
Plant and equipment		
At cost	13,172,713	9,539,587
Accumulated depreciation	(8,533,788)	(7,333,004)
Total plant and equipment	4,638,925	2,206,583
Leased plant and equipment		
At cost	1,006,170	1,006,170
Accumulated depreciation	(1,006,170)	(1,006,170)
	-	-
Leasehold improvements		
At cost	7,012,450	6,392,671
Accumulated depreciation	(5,691,809)	(4,986,657)
Total leasehold improvements	1,320,641	1,406,014
Lease make good provision		
At cost	1,380,038	1,235,000
Accumulated depreciation	(605,473)	(463,780)
Total lease make good provision	774,565	771,220
Computer equipment		
At cost	436,560	391,685
Accumulated depreciation	(385,687)	(378,466)
Total computer equipment	50,873	13,219
Furniture and fittings		
At cost	214,265	150,583
Accumulated depreciation	(151,242)	(150,583)
Total furniture and fittings	63,023	-

NOTE 11: PROPERTY PLANT AND EQUIPMENT (CONT.)

Right of use asset		
At cost	5,222,194	1,878,222
Accumulated depreciation	(799,874)	(435,530)
Total right of use asset	4,422,320	1,442,692
Total property, plant and equipment	11,270,348	5,839,728

(a) Movements in Carrying Amounts

Movement in the carrying amounts for each class of plant and equipment between the beginning and the end of the current financial year

	Right of use Asset $	**Plant and Equipment $**	**Lease Make Good $**	**Leasehold Improvements $**	**Computer Equipment $**	**Furniture & Fittings**	**Total $**
Consolidated Entity:							
Balance at 30 June 2021	1,442,692	2,206,583	771,220	1,406,014	13,219	-	5,839,728
Additions	3,343,972	3,548,721	145,038	619,779	44,875	63,682	7,766,068
Disposals	-	-	-	-	-	-	-
Depreciation expense	(364,344)	(1,116,378)	(141,693)	(705,152)	(7,221)	(659)	(2,335,447)
Balance at 30 June 2022	4,422,320	4,638,926	774,565	1,320,641	50,873	63,023	11,270,348

*The value of assets under construction of $512,595 (2021: $Nil) are included within Leasehold improvement that is not yet depreciated.

NOTE 12: INTANGIBLE ASSETS

	Consolidated Entity	
	2022 $	2021 $
In process research and development:		
Cost	12,130,080	12,130,080
Accumulated impairment	(12,130,080)	(12,130,080)
Net carrying value	-	-

NOTE 13: CONTROLLED ENTITIES

(a) Controlled Entities Consolidated

	Country of Incorporation	Percentage Owned (%)*	
		2022	2021
Parent Entity:			
BluGlass Limited	Australia	-	-
Subsidiaries of BluGlass Limited:			
Gallium Enterprises Pty Ltd	Australia	100	100
BluSolar Pty Ltd (Deregistered 25 May 2022)	Australia	-	100
BluGlass Deposition Technologies Pty Ltd (Deregistered 25 May 2022)	Australia	-	100
BluGlass Research Pty Ltd (Deregistered 25 May 2022)	Australia	-	100
EpiBlu Technologies Pty Ltd	Australia	100	100
BluGlass Incorporated**	United States	100	100

* Percentage of voting power is in proportion to ownership

** BluGlass Inc was incorporated in the US during September 2020 to be the testing and sales facility for BluGlass.

NOTE 14: TRADE AND OTHER PAYABLES

	Consolidated Entity	
	2022 $	2021 $
Current		
Trade payables	219,112	191,766
Sundry payables and accrued expenses	269,932	373,823
	489,044	565,589

The carrying values of trade payables, sundry and accrued payables are considered to be reasonable approximation of fair value.

NOTE 15: BORROWINGS

	Consolidated Entity	
	2022 $	2021 $
Current		
Borrowings*	-	1,954,140
	-	1,954,140

*With the completion of the Rights issue and two separate placements in June and July 2021 this loan was repaid in full in July 2021.

NOTE 16: PROVISIONS

	Consolidated Entity	
	2022 $	2021 $
Current		
Employee benefits	694,153	674,170
Total Current Provisions	**694,153**	**674,170**
Non-Current		
Lease make good	1,380,038	1,235,000
Employee benefits	46,825	63,163
Total Non-current provisions	**1,426,863**	**1,298,163**
	2,121,016	**1,972,333**

	Lease Make Good $	Employee Benefits $	Total $
Consolidated Group			
Opening balance at 1 July 2021	1,235,000	737,333	1,972,333
Additional provisions	145,038	220,215	365,253
Amounts used	-	(216,570)	(216,570)
Balance at 30 June 2022	1,380,038	740,978	2,121,016

NOTE 17: EMPLOYEE BENEFITS EXPENSE

	Consolidated Entity	
	2022 $	2021 $
Wages and salaries	3,827,401	3,403,740
Superannuation	204,196	237,157
Total employee benefit expense	**4,031,597**	**3,640,897**
Share based payments	**825,392**	**(536,276)**

NOTE 18: ISSUED CAPITAL

	Consolidated Entity	
	2022 $	2021 $
1,275,646,626 (2021: 789,244,600) fully paid ordinary shares	89,262,827	75,227,463
	89,262,827	75,227,463

The Company has authorised share capital amounting to 789,244,600 ordinary shares.

(a) **Ordinary Shares 2022**	**No.**	**$**
At the beginning of reporting period	789,244,600	75,227,463
Shares issued during the year		
• 13 July 2021	197,333,326	5,910,201
• 16 July 2021	16,666,667	500,000
• 1 December 2021	1,960,532	139,465
• 31 March 2022	134,880,759	4,046,423
• 21 April 2022	123,560,740	3,706,822
• 12 May 2022	11,166,669	335,000
• 30 May 2022	833,333	25,000
Share Issue transaction costs	-	(627,548)
At reporting date	1,275,646,626	89,262,827

(a) **Ordinary Shares 2021**	**No.**	**$**
At the beginning of reporting period	711,855,027	73,068,525
Shares issued during the year		
• 6 July 2020	7,167,594	172,022
• 4 August 2020	654,062	58,021
• 9 December 2020	2,901,250	69,630
• 11 June 2021	66,666,667	2,000,000
Share Issue transaction costs	-	(140,735)
At reporting date	789,244,600	75,227,463

NOTE 18: ISSUED CAPITAL (CONT.)

SHARES ISSUED IN 2022 FINANCIAL YEAR

- On 13 July 2021, BluGlass completed a non-renounceable entitlement rights issue, raising $5,910,201 before costs. The rights issue enabled eligible shareholders to subscribe for new shares in the Company on a 1 for 4 basis at $0.03 per share.
- On 16 July 2021, BluGlass completed a private placement of shares valued at $500,000 on the same terms as the rights issue. The issue price was $0.03.
- On 1 December 2021, 1,690,532 were issued in lieu of cash payments for accrued and unpaid Director fees owed as at 30 June 2021 as approved at the Company's 2021 AGM on 22 November 2022. The fees were owed to BluGlass Directors who withheld 50% of their fees for 3 months. The value of the issued capital was determined as the fair value at grant date on 22 November 2022. On this date, a further 270,000 shares were issued to Directors as a result of the vesting of Performance Rights.
- On 31 March 2022 BluGlass completed a capital raise for the acquisition of a new facility in California USA. 114,216,600 shares were issued under a private placement at an issue price of $0.03. started. On this date, a further 20,664,159 shares were issued as part consideration for the acquisition of the new facility Amount raised was $8,113,245 and the issue price was $0.03.
- On 21 April 2022, BluGlass completed a non-renounceable entitlement rights issue, raising $3,706,822 before costs. The rights issue enabled eligible shareholders to subscribe for new shares in the Company on a 1 for 4 basis at $0.03 per share.
- On 12 May 2022, BluGlass issued a further 11,166,669 shares at $0.03 per share for the 21 April 2022 right issue shortfall amount.
- On 30 May 2022, BluGlass issued a further 833,333 shares at $0.03 per share for the 21 April 2022 right issue shortfall amount.

SHARES ISSUED IN 2021 FINANCIAL YEAR

- As part of the COVID-19 response in 2020. The Board and Management of BluGlass required all staff and directors to receive shares in lieu of their salary as part of capital preservation measures. Directors and executives were required to be remunerated 50% of their total fees and salaries in BluGlass shares and other staff were required to be remunerated 25% of their total salary in BluGlass shares. The shares were issued at $0.02 per share being the same price as the rights issue and were valued on the income statement at the BluGlass share price on 9 April 2020 of $0.024 being the fair value at the grant date ($241,651). The shares to staff and executives were issued on 6 July 2020 valued at $172,022 and to Directors on 9 December 2020 valued at $69,630.
- On 4 August, as part of the STI program for key personnel, 654,062 were awarded to staff on achievement of KPI's. 654,062 shares were issued and were valued on the income statement at the fair value at grant date.
- On 11 June 2021 completed a private placement of shares valued at $2,000,000 the issue price was $0.03c.

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held.

At the shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands. Shares have no par value.

(b) Options

For information relating to the BluGlass Limited employee option plan, including details of options issued, exercised and lapsed during the financial year and options outstanding at the end of the financial year, refer to Note 23 Share-based Payments.

(c) Capital Management

Management controls the capital of the consolidated entity in order to maintain a good debt to equity ratio, provide the shareholders with adequate returns and ensure that the consolidated entity can fund its operations and continue as a going concern.

The consolidated entity's capital comprises ordinary share capital. There are no externally imposed capital requirements.

There have been no changes in the strategy adopted by management to control the capital of the consolidated entity since the prior year.

NOTE 19: RESERVES

(a) Share based payments

The reserve records items recognised as expenses on valuation of employee share options and shares. The Company has elected to reclassify amounts representing expired options to accumulated losses.

(b) Foreign currency translation reserve

Comprises foreign currency translation differences arising from the translation of financial statements of the Group's foreign entities into Australia dollars.

(c) Other Reserves

This reserve is used to recognise the difference between purchase consideration paid and the non-controlling interest carrying value.

	Share Option Reserve $	Foreign Currency Translation Reserve $	Other Reserves $	Total $
Consolidated Group				
Opening balance at 1 July 2021	925,888	9,650	(982,450)	(46,912)
Movement	(174,870)	345,263	-	170,393
Balance at 30 June 2022	751,018	354,913	(982,450)	123,481

NOTE 20: LEASE LIABILITIES

	Current liability	Non-current liability	Total
30 June 2022	**$**	**$**	**$**
Lease payments	960,079	4,422,659	5,382,738
Finance charges	(221,625)	(534,271)	(755,896)
Net Present Values	738,454	3,888,388	4,626,842

Total cash outflow for leases for the year ended 30 June 2022 was $378,062.

	Lease Liability $
Consolidated Group	
Opening balance at 1 July 2021	1,556,075
New leases	3,344,621
Interest accrued	104,208
Cash repayment	(378,062)
Balance at 30 June 2022	4,626,842

The Silverwater lease was renewed for an additional term of five years from February 2018. The property lease is a non-cancellable lease with a five-year term with an extension option of an additional five years to February 2028 with rent payable monthly in advance. Contingent rental provisions within the lease agreement require the minimum lease payments shall be increased by the greater of CPI or 3.0% per annum. The lease does not allow for subletting of any lease areas.

NOTE 20: LEASE LIABILITIES (CONT.)

BluGlass entered into a new four-year lease from November 2021 for a facility in New Hampshire USA for packaging and testing. The property lease is a non-cancellable lease with a four-year term. Contingent rental provisions within the lease agreement require the minimum lease payments shall be increased by the greater of CPI or 2.5% per annum. The lease does not allow for subletting of any lease areas.

BluGlass also entered into a new three year lease from June 2022 for the new facility in California USA. The property lease is a non-cancellable lease with a three-year term with an extension option for an additional three years to August 2028 with rent payable monthly in advance. Contingent rental provisions within the lease agreement require the minimum lease payments shall be increased by the greater of CPI or 3.5% per annum. The lease does not allow for subletting of any lease areas.

NOTE 21: OPERATING SEGMENTS

(a) Business and geographical segments

The Group identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

The Group is managed primarily on the basis of research and development activities. The Group's operation has one main risk profile and performance assessment criteria. Operating segments are therefore determined on the same basis.

Reportable segments disclosed are based on aggregating operating segments where the segments are considered to have similar economic characteristics and are also similar with respect to the following:

- the products sold and/or services provided by the segment;
- the manufacturing process;
- the type or class of customer for the product or service;
- the distribution method; and any external regulatory requirements

Applying the above criteria, the Group only has one operating division being the research and manufacture of Gallium Nitride (GaN).

The Group operates in two geographical area being in Australia and the United States. The Group undertook new operations in the US this year. The Group did not discontinue any of its existing operations during the year.

	Australia	USA	Intersegmental Elimination	Total
30 June 2022	**$**	**$**	**$**	**$**
Sales to Customers	604,749	-		604,749
Intersegment Revenue		3,142,282	(3,142,282)	-
Other Revenue	3,661,279	3	-	3,661,282
Interest Revenue	506	-		506
Total Segment Revenue	**4,266,534**	**3,142,285**	**(3,142,282)**	**4,266,537**
Depreciation and amortisation	2,125,687	209,760	-	2,335,447
Employee benefit expense	2,300,329	1,731,268	-	4,031,597
Other expenses	9,392,424	1,004,905	(3,142,282)	7,255,047
Segment Results	**(9,551,906)**	**196,352**	**-**	**(9,355,554)**
Segment Assets	17,069,729	8,179,411	(4,791,906)	20,457,234
Segment Liabilities	3,630,704	8,919,454	(5,313,256)	7,236,902

	Australia	USA	Intersegmental Elimination	Total
30 June 2021	**$**	**$**	**$**	**$**
Sales to Customers	334,510	29,063	-	363,573
Other Revenue	3,998,259	-	-	3,998,259
Total Segment Revenue	**4,332,769**	**29,063**	**-**	**4,361,832**
Segment Results	**(5,567,589)**	**(730,771)**	**-**	**(6,298,360)**
Segment Assets	14,296,535	62,264	(801,333)	13,557,466
Segment Liabilities	6,048,137	801,333	(801,333)	6,048,137

NOTE 22: CASH FLOW INFORMATION

	Consolidated Entity	
	2022 $	2021 $
(a) Reconciliation of Cash Flow from Operations with Loss after Income Tax		
Loss after income tax	(9,355,554)	(6,298,360)
Non-cash flows in loss		
Depreciation expense	2,335,447	2,133,076
Share based payment	825,392	(536,276)
Other non-cash items	212,944	91,220
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries		
(Increase)/decrease in trade and other receivables	(43,139)	(431,843)
(Increase)/decrease in other assets	(298,611)	(1,300)
(Increase)/decrease in inventories	47,891	8,417
Increase/(decrease) in trade and other payables and accruals	(96,546)	158,086
Increase/(decrease) in provisions	148,683	68,144
Cash flow from operations	(6,223,493)	(4,808,836)

NOTE 23: SHARE-BASED PAYMENTS

The following share-based payments existed at 30 June 2022:

	Consolidated Entity			
	2022		2021	
	Number of options and performance rights	Weighted Average Exercise Price $	Number of options and performance rights	Weighted Average Exercise Price $
Outstanding at the beginning of the year	19,835,612	-	22,160,112	0.02
Granted	15,900,000	-	11,850,000	-
Forfeited	-	-	(12,174,500)	-
Exercised	(270,000)	-	-	-
Expired	(10,715,612)	-	(2,000,000)	0.28
Outstanding at year-end	24,750,000	-	19,835,612	-
Exercisable at year-end	300,000	-	180,000	-

The total rights on issue at year-end have a weighted average exercise price of nil (2021: nil) and a weighted average remaining contractual life of 1.63 years.

The life of the options and performance rights is based on the historical exercise patterns, which may not eventuate in the future.

The fair values of the granted performance rights were determined by the vesting conditions of the rights.

NOTE 23: SHARE-BASED PAYMENTS (CONT.)

Rights on issue in 2022

December 2020 Rights Issue

The non-market condition performance rights were valued using the Black-Scholes model at grant date. Management have then estimated the number of instruments that will ultimately vest based on the expectations for meeting non-market-based vesting conditions. These performance rights were valued at $0.0997.

The non-market vesting conditions for rights issued are spread between Directors' rights and executive rights with both rights expiring 31 December 2024 with no exercise price and issued in equity.

Executive rights vesting conditions:

- 20% of the Performance Rights to be issued will vest on the attainment of $1 million of laser diode product revenue over a calendar 12-month period within the Vesting Period; and
- 80% Performance Rights to be issued will vest on the attainment of $5 million of laser diode product revenue over a calendar 12-month period within the Vesting Period.

Director's rights vesting conditions:

- 14% Performance Rights to be issued will vest on the attainment of $1 million of laser diode product revenue over a calendar 12-month period within the Vesting Period;
- 56% Performance Rights to be issued will vest on the attainment of $5 million of laser diode product revenue over a calendar 12-month period within the Vesting Period; and
- 30% Performance Rights to be issued will vest at a rate of 100,000 Performance Rights for each year of service over the Vesting Period.

March 2021 Rights Issue

These rights were valued on the date the rights were granted on 20 March 2021, expiring 1 May 2023. The rights were valued using the Black-Scholes model at grant date. Management have then estimated the number of instruments that will ultimately vest based on the expectations for meeting non-market based vesting conditions. These performance rights were valued at $0.075. The non-market vesting conditions for these rights are:

- 50% of the Performance Rights will vest upon successfully delivering 3 products that generate a combined revenue of greater than $1,000,000 by April 2022; and
- 50% of the Performance Rights will vest upon remaining at BluGlass until 30 April 2023 and achieving the first milestone condition.

September 2022 Rights Issue

These rights were valued on the date the rights were issued on 20 September 2021, expiring 30 June 2023. The rights were valued using the Black-Scholes model at grant date. Management have then estimated the number of instruments that will ultimately vest based on the expectations for meeting non-market based vesting conditions. These performance rights were valued at $0.032. The non-market vesting conditions for these rights are:

Series 1: 5 million rights - Between 75-100% of series 1 rights vest subject to laser diode products being ready for beta testing and reliability by 30 June 2022.

Series 2: 2.5 million rights – Between 20-100% if series 2 rights to vest subject to laser diode product contracted sales reaching $250,000 by 30 September 2022.

Series 3: 2.5 million rights- Between 75-100% of series 3 rights to vest subject to agreed laser diode product being launched with the industry agreed specification being achieved by 31 December 2022.

Series 4: 5 million rights – Between 75-100% of series 4 rights to vest subject to laser diode product contracted sales reaching US $1,000,000 by 31 December 2022.

All rights have an underlying service condition to remain employed until the time of vesting.

NOTE 24: RELATED PARTY TRANSACTIONS

	Consolidated Entity	
	2022 $	2021 $
The totals of remuneration paid to key management personnel of the group during the year are as follows:		
Short term employment benefits	1,214,825	1,126,457
Post-employment benefits	119,715	88,192
Share-based payments	825,421	(340,152)
	2,159,961	874,497

Key Management Personnel have had with the group during the year, and the group has no other related parties.

NOTE 25: FINANCIAL RISK MANAGEMENT

The Group's financial instruments consist mainly of deposits with banks, short-term investments, accounts receivable and payable, loans to a subsidiary and leases.

The totals for each category of financial instruments, measured in accordance with AASB 9 as detailed in the accounting policies to these financial statements, are as follows:

	Note		Consolidated Entity	
			2022	2021
Financial Assets			$	$
Cash and cash equivalents	7		5,351,589	4,176,300
Trade and other receivables	8		3,394,110	3,350,971
			8,745,699	7,527,271

Financial Liabilities				
Trade and other payables	14		489,043	565,589
Lease liabilities	20		4,626,842	1,556,075
Borrowings	15		-	1,954,140
			5,115,885	4,075,804

The Audit and Risk Committee (ARC) has been delegated responsibility by the Board of Directors for, amongst other issues, monitoring and managing financial risk exposures of the Group. The ARC monitors the Group's financial risk management policies and exposures and approves financial transactions within the scope of its authority. It also reviews the effectiveness of internal controls relating to commodity price risk, counter party credit risk, currency risk, financing risk and interest rate risk. The ARC meets regularly and minutes are reviewed by the Board.

The ARC's overall risk management strategy seeks to assist the consolidated group in meeting its financial targets, while minimising potential adverse effects on financial performance. Its functions include the review of the use of hedging derivative instruments, credit risk policies and future cash flow requirements.

Specific Financial Risk Exposures and Management

The main risk the Group is exposed to through its financial instruments is interest rate risk. Other risks include foreign currency risk, liquidity risk, credit risk, and commodity and equity price risk.

The maximum exposure to financial risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the Statement of Financial Position and notes to the financial statements.

NOTE 25: FINANCIAL RISK MANAGEMENT (CONT.)

(a) Credit Risk

The group does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the consolidated entity.

(b) Price Risk

The group has no exposure to commodity price risk.

(c) Liquidity Risk

Liquidity risk is that the Group might be unable to meet its obligations. The Group manages its liquidity needs by monitoring scheduled debt servicing payments for long-term financial liabilities as well as forecast cash inflows and outflows due in day-to-day business. The data used for analysing these cash flows is consistent with that used in the contractual maturity analysis below. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for a 180-day and a 360-day lookout period are identified monthly.

The Group's objective is to maintain cash and marketable securities to meet its liquidity requirements for 30-day periods at a minimum. This objective was met for the reporting periods. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the ability to sell long-term financial assets.

The Group considers expected cash flows from financial assets in assessing and managing liquidity risk, in particular its cash resources and trade receivables. The Group's existing cash resources and trade receivables significantly exceed the current cash outflow requirements.

As at 30 June 2022 the Group's non-derivative financial liabilities have contractual maturities (including interest payments where applicable) as summarised below:

30 June 2022	Current		Non-Current	
	Within 6 months $	6 to 12 months $	1 to 5 years $	Later than 5 years $
Trade and other payables	489,043	-	-	-
Lease liabilities	369,227	369,227	3,888,388	-
Borrowings	-	-	-	-
Total	**858,270**	**369,227**	**3,888,388**	**-**

30 June 2021	Current		Non-Current	
	Within 6 months $	6 to 12 months $	1 to 5 years $	Later than 5 years $
Trade and other payables	585,589	-	-	-
Lease liabilities	92,004	92,005	912,286	459,780
Borrowings	1,954,140	-	-	-
Total	**2,631,733**	**92,005**	**912,286**	**459,780**

Financial assets and financial liabilities are being held at amortised costs.

NOTE 25: FINANCIAL RISK MANAGEMENT (CONT.)

(d) Market Risk

(i) *Foreign Exchange Risk*

The group does not have any material foreign exchange risk exposure to any single asset or liability or group of assets or liabilities under financial instruments entered into by the consolidated entity.

(ii) *Interest Rate Risk*

The consolidated entity's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets is as follows:

	Weighted Average Effective Interest Rate		Floating Interest Rate	
	2022 $	**2022 %**	**2021 $**	**2021 %**
Consolidated Entity				
Financial Assets:				
Cash	624,791	0.01	47,314	0.01
Investments in term deposits and bank bills	4,726,798	0.01	4,128,986	0.01
Total Financial Assets	5,351,589		4,176,300	

All other financial assets and liabilities are non-interest bearing.

(iii) *Financial instrument composition and maturity analysis*

All trade and sundry payables are expected to be paid within the next 45 days.

(iv) *Net Fair Values*

All financial assets and liabilities at 30 June 2022 have maturities of less than 45 days and carrying value represents net fair value.

(v) *Sensitivity analysis*

The consolidated and parent entity does not have projected exposure to foreign currency risk or price risk and no material projected exposure to interest rate risk.

NOTE 26: CONTINGENT LIABILITIES

Contingent liabilities include, the lease for 74 Asquith Street is supported by The Commonwealth Bank of Australia ("CBA") bank guarantee for $138,000. Collateral for the bank guarantee is a set-off against cash invested with the CBA for $138,000. The CBA also holds a Guarantee against the Company credit cards of $50,000.

NOTE 27: EVENTS AFTER REPORTING DATE

BluGlass signed the extension of the Silverwater lease option on 22 August 2022 to extend the lease for a further 5 years to 14 February 2028.

No other significant events have occurred after Statement of Financial Position date.

NOTE 28: BLUGLASS LIMITED PARENT COMPANY INFORMATION

	2022	2021
	$	$
Parent entity		
Assets		
Current assets	8,607,146	7,705,901
Non-current assets	8,243,889	8,936,465
Total assets	16,851,035	16,642,366
Liabilities		
Current liabilities	1,177,392	3,377,908
Non-current liabilities	2,453,311	2,670,228
Total liabilities	3,630,703	6,048,136
Net Assets	13,220,332	10,594,230
Equity		
Issued capital	89,262,827	75,227,463
Accumulated Losses	(75,811,061)	(64,576,671)
Share based payments reserve	751,018	925,890
Other reserve	(982,452)	(982,452)
Total Equity	13,220,332	10,594,230

Financial performance		
Loss for the year	(9,551,906)	(5,567,589)
Other comprehensive income	-	-
Total comprehensive income	(9,551,906)	(5,567,589)

Refer to Note 20 for Capital and leasing commitments and Note 26 for Contingent Liabilities.

NOTE 29: COMPANY DETAILS AND PRINCIPAL PLACE OF BUSINESS

The registered office and principal place of business of the Company is:

BLUGLASS LIMITED
74 ASQUITH STREET
SILVERWATER NSW 2128
Ph: +61 2 9334 2300

DIRECTORS' DECLARATION

1. In the opinion of the directors of BluGlass Limited:

   a. the consolidated financial statements and notes of BluGlass Limited are in accordance with the Corporations Act 2001, including
      I. giving a true and fair view of its financial position as at 30 June 2022 and of its performance for the financial year ended on that date; and
      II. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and

   b. there are reasonable grounds to believe that BluGlass Limited will be able to pay its debts as and when they become due and payable.

2. The directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the chief executive officer and chief financial officer for the financial year ended 30 June 2022.

3. Note 1 confirms that the consolidated financial statements also comply with International Financial Reporting Standards.

Signed in accordance with a resolution of the directors:

James Walker
Executive Chair
23 August 2022

Grant Thornton Audit Pty Ltd
Level 17
383 Kent Street
Sydney NSW 2000
Locked Bag Q800
Queen Victoria Building NSW 1230

T +61 2 8297 2400

Independent Auditor's Report

To the Members of BluGlass Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of BluGlass Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2022, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated 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:

a giving a true and fair view of the Group's financial position as at 30 June 2022 and of its performance for the year ended on that date; and

b complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the 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 (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Material uncertainty related to going concern

We draw attention to Note 1 in the financial statements, which indicates that the Group incurred a net loss of $9,355,554 and an operating net cash outflow of $6,223,493 during the year ended 30 June 2022. As at that date, the Group had net current assets of $6,946,142 (2021: $4,339,830) and net assets of $13,220,332 (2021: $7,509,329). As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
Research and Development Rebate (Note 2 and Note 8)	

The Company accounts for the Research and Development ("R&D") tax incentive as a Government Grant in accordance with AASB 120 Accounting for Government Grants and Disclosure of Government Assistance.
 	
Under the R&D tax incentive scheme, the Company receives a refundable tax offset of 43.5% (18.5% on top of the company's corporate tax rate of 25%) of eligible expenditure if its aggregated turnover is less than $20 million per annum, provided it is not controlled by income tax exempt entities. An application is filed with AusIndustry to register the R&D Activities is undertaken in the financial year. The application must be filed within 10 months of the financial year end. Following this filing, AusIndustry issues a unique Registration Number which must be included in the Income Tax Return to facilitate the company receiving the refundable R&D tax offset. If the company has no tax liabilities, the offset will be in the form of a cash refund. The process to measure the amount of expenses to claim involves significant management judgement.
 	
This area is a key audit matter due to the inherent subjectivity that is involved in the Company making judgements in relation to the calculation and recognition of the R&D tax incentive income and receivable.
	Our procedures included, amongst others:
	
	• making enquiries with management to obtain and document an understanding of their process to calculate the R&D tax incentive;
	• evaluating management's processes and controls to determine if it appropriately addresses the risks;
	• evaluating the use and reliance on management's expert in preparation of the R&D rebate claim;
	• utilising an internal R&D tax specialist in:
	  – reviewing the methodology used by management and management's expert for consistency with the R&D tax offset rules; and
	  – considering the nature of the expenses against the eligibility criteria of the R&D tax incentive scheme to assess whether the expenses included in the estimate were likely to meet the eligibility criteria.
	• agreeing a sample of expense items included within the claim to supporting documentation;
	• comparing the nature of the R&D expenditure included in the current year estimate to the prior year claim;
	• assessing historical reliability of estimates to support the reliability of the estimate; and
	• assessing the adequacy of the relevant disclosures in the financial statements.

Key audit matter	How our audit addressed the key audit matter
Asset Purchase Agreement (Note 11)	
During the year, BluGlass Inc entered into an Asset Purchase Agreement with NeoPhotonics Corporation to purchase certain assets currently used in NeoPhotonics' compound semiconductor wafer fabrication facility in California, U.S.A ("Fremont Facility"). The Purchase Price for the assets comprised of $2,000,000 USD in cash and fully paid ordinary shares of Bluglass Limited with a value of $USD500,000. This area is a key audit matter due to the judgement involved in accounting for the Asset Purchase Agreement and inherent subjectivity that is involved in the Group making judgements and assumptions used to value the assets acquired.	Our procedures included, amongst others: • Obtaining management's assessment for the accounting treatment of the NeoPhotonics Corporation - Asset Purchase Agreement and reviewing the assessment for appropriateness and audit key assumptions; • Obtaining signed agreements for the transaction and agreeing consideration paid to bank statements and issuance of shares; • Assessing management's apportionment of the cost to the fair values of the assets acquired; • Verifying the mathematical accuracy of the schedule; and • Assessing the adequacy of the Group's disclosures in respect to the transaction.
Share based payments (Note 23)	
The Company has multiple issues of share-based payments (rights) to its employees and Directors. There is estimation uncertainty in determining the probabilities of meeting non-market-based vesting conditions. This area is a key audit matter due to the inherent subjectivity involved in the Group making judgements and assumptions used to value the share-based payments and to estimate the number of instruments that will ultimately vest based on the expectations for meeting non-market based vesting conditions.	Our procedures included, amongst others: • Inquiring about new and existing share-based payment transactions; • Performing a walkthrough to identify controls and processes; • Assessing whether the accounting methodology has been consistently applied and in accordance with AASB 2 Share based payment ("AASB 2"); • Reviewing the vesting conditions and supporting documentation for any lapsed and unvested Rights during the year; • Assessing the non-market assumptions for appropriateness and historical accuracy; • Verifying the mathematical accuracy of the valuation schedule; • Assessing the appropriateness of management's estimate of the fair value of Rights granted; and • Assessing the adequacy of the Company's disclosures in respect to share based payments.

Information other than the financial report and auditor's report thereon

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2022, 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 we do not express any form of assurance conclusion thereon.

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

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

Responsibilities of the Directors for the financial report

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

In preparing the financial report, the Directors are responsible for assessing the 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 the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/auditors_responsibilites/ar1_2020.pdf. This description forms part of our auditor's report.

Report on the remuneration report

Opinion on the remuneration report

We have audited the Remuneration Report included in pages 12 to 17 of the Directors' report for the year ended 30 June 2022.

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

Responsibilities

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

Grant Thornton Audit Pty Ltd
Chartered Accountants

M Aziz
Partner – Audit & Assurance

Sydney, 23 August 2022