EnviroMission Limited

ACN 094 963 238

Annual Report
Year Ended 30 June 2008

ENVIROMISSION LIMITED AND CONTROLLED ENTITY
ABN 52 094 238

CORPORATE DIRECTORY

Board of Directors
Roger C Davey (Chairman)
David N Galbally QC
Guoxiang Ma (alternate, Yue Tang)

Company Secretary

Registered Office
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3 Raglan Street
SOUTH MELBOURNE VIC 3205
Telephone: (03) 9670 3766
Facsimile: (03) 9670 3691
Email: admin@enviromission.com.au
Web Page: www.enviromission.com.au

Share Registry
ComputerShare Investor Services Pty Ltd
452 Johnson Street
ABBOTTSFORD VIC 3067
Telephone: (03) 9415 5000

Bankers
National Australia Bank Limited

MELBOURNE VIC 3000

Auditor
MSI Ragg Weir
Chartered Accountants
3 Raglan Street
HAWTHORN VIC 3205

Home Stock Exchange
Perth

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DIRECTORS' REPORT

Your Directors herewith present their report on the Company and its controlled entities for the financial year ended 30th June 2008.

DIRECTORS

At the date of this report, the Directors in office, together with particulars of their qualifications, experience and special responsibility are:

Mr Roger C Davey	Executive Chairman, Chief Executive Officer
Qualifications	B.Bus, CPA, CFTP
Experience	Board member since 2001 Mr Davey is executive director and Chief Executive Officer of the Company. Mr Davey has extensive working knowledge of, and experience in, commodity and financial risk management. Mr Davey holds qualifications of Bachelor of Business (Economics/Accounting), Member of Certified Practising Accountants, Member of Securities Institute of Australia and Member of the Finance and Treasury Association Limited. Mr Davey is a director of SolarMission Technologies, Inc a major shareholder of EnviroMission. He was a director of Australia's largest stockbroking firm, McIntosh Risk Management Ltd (now Merrill Lynch) and responsible for the creation and development of financial futures operations as managing director of McIntosh Risk Management Ltd. He was a director of the Sydney Futures Exchange Ltd and Bain Refco Commodities Limited, a large Brokerage House owned by Refco Inc, of the USA and Deutsche Bank AG. Mr Davey was responsible for the creation and development of the futures clearing services offered by Deutsche Bank Australia. He has also been a director and Chief Financial Officer of companies listed in Australia, USA and Canada, one with a triple listing on the Vancouver Stock Exchange, NASDAQ and ASX.
Directorships in listed entities	Nil
Interests in shares	5,326,679
Interests in options	Nil

DIRECTORS' REPORT (CONT'D)

Mr David N Galbally QC	Non-Executive Director
Qualifications	B Juris LLB
Experience	Non Executive Director since June 2004 Mr Galbally is a Director of the Company. He has extensive experience in the areas of criminal law and white collar crime, corporate law, and media and sports law. David adds a depth of experience in corporate governance and due diligence processes to the board of EnviroMission. Mr Galbally is an accredited mediator and also has wide ranging experience in environmental and Occupational Health & Safety matters. Mr Galbally was a partner in the legal firm Galbally & O'Bryan from 1977 to 1983, appointed as Queen's Council in 1996 and a partner in the firm Browne & Co from 2000 to the present. Service to the community is highlighted by Mr Galbally's board appointments that include patron of Mental Health Council of Australia and the Epilepsy Foundation and honorary chair of the board of the Royal Children's Hospital for Hormone Research.
Directorships in listed entities	GNV Limited
Interest in Shares	Nil
Interests in Options	Nil

Mr Guoxiang Ma	Non Executive Director
Qualifications	
Experience	Non Executive Director since June 2004 Mr Guoxiang Ma is the founding Chairman of Shanghai Xiang Jiang Industrial Co. Ltd., since 1994. Shanghai Jiang has been involved in property development and the building sector since inception. Mr Ma is also Chairman of Sunshine Energy (Aust.) Pty. Ltd., an investor in EnviroMission that will form an important link in the development of Solar Tower power stations in China.
Directorships in listed entities	Nil
Interest in Shares	10,714,286

Mr Yue Tang	Alternate Non Executive Director for Guoxiang Ma
Qualifications	
Experience	Alternate Non Executive Director for Guoxiang Ma since June 2004. Mr. Tang is Director and Secretary of Sunshine Energy (Aust.) Pty. Ltd. and Shanghai Xiang Jiang Industrial Co. Ltd. Mr. Tang is an engineer with experience in semiconductor research associated with solar power generation.
Directorships in listed entities	Nil
Interests in shares	Nil
Interests in options	Nil

Mr Geoffrey Parkinson	Non-Executive Director 2 November 2000 – 29 November 2007
Qualifications	-
Experience	Mr Geoffrey Parkinson has over 30 years experience in the banking and finance sector in key executive director and management roles. He has contributed extensively to the development of the sector through his widely adopted training and development programmes. Mr Parkinson is founder and director of West Australian based Mortgage Originator entity FinanceCorp North Pty Ltd. Mr Parkinson stood for re-election at the 2007 Annual General Meeting and was not re-elected.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

Information about the remuneration of directors and senior management is set out in the remuneration report of this Directors Report on pages 10.

OPTIONS

At the date of this report, there are no unissued ordinary shares under option.

During the year no options were issued or exercised. 1,025,000 options lapsed on 11 February, 2008.

At 30 June 2008 no options were on issue.

PRINCIPAL ACTIVITIES

The principal activity of the economic entity during the year was development of Solar Tower renewable energy technology in Australia.

There were no significant changes in the nature of these activities during the year except for:

- The Company issued shares to the value of $1,332,454 net of costs in settlement of loan funds received.

OPERATING RESULTS

The consolidated operating loss after income tax for the financial year ended 30 June 2008 was a loss of $1,666,848 (2007 – loss of 1,929,081).

REVIEW OF FINANCIAL POSITION

The net assets of the consolidated entity have decreased by $334,394 from 30 June 2007 to $4,922,400. The major movements were:

(i) Capital raisings – as detailed above
(ii) Capitalisation of debt $650,095
(iii) Amortisation of license rights, $507,614

DIRECTORS' REPORT (CONT'D)

The consolidated entity's working capital, being current assets less current liabilities is ($1,284,481) in 2008 compared with ($1,466,916) in 2007.

The trade and other payables and borrowings have decreased during the year due to the repayment of borrowed funds by the issue of shares in settlement.

The Directors believe the Company is in a stable position to expand and grow its current operations.

FUTURE DEVELOPMENTS

Likely developments in the operations of the economic entity and the expected results of those operations in subsequent financial years are included in the Managing Director's Report. In the opinion of the Directors any further information would prejudice the interest of the economic entity.

EVENTS SUBSEQUENT TO BALANCE DATE

There has not been any matter or circumstance, other than that referred to in Note 23, that has arisen since the end of the financial year, that has significantly, affected or may significantly affect, the operations of the consolidated entity, the results of those operations, or state of affairs of the consolidated entity in future financial years.

DIVIDENDS

The Directors do not propose to recommend payment of a dividend. No dividends have been paid or declared by the Company since the end of the previous financial year.

ENVIRONMENTAL REGULATIONS

The operations of the Company are not subject to any particular or significant environmental regulations under a Commonwealth, State or Territory law at this time.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of the court under Section 327 of the Corporations Act 2001 to bring proceedings on behalf of the Company or intervene in any proceedings in which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any proceedings during the year.

MEETINGS OF DIRECTORS

There were six meetings of the Company's Directors held during the year ended 30th June 2008 and the number of meetings attended by each Director are as follows:

Director	Meetings Eligible to Attend	Meetings Attended
Roger Chalmers Davey	6	6
Geoffrey Max Parkinson*	1	1
David Norman Galbally	6	6
Guoxiang Ma	6	-
Yue Tang	6	3

* Mr Parkinson was a director from 1 July 2007 – 29 November 2007

INDEMNIFICATION OF OFFICERS OR AUDITORS

During the financial year, the company paid a premium in respect of a contract insuring the directors of the company (as named above), the company secretary, and all executive officers of the company and of any related body corporate against a liability incurred as such as director, secretary or executive officer to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium. The company has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the company or of any related body corporate against a liability incurred as such an officer or auditor.

DIRECTORS' REPORT (CONT'D)

NON AUDIT SERVICES

There were no non-audit services provided by the entity's auditor, MSI Ragg Weir.

AUDITORS INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration under s307C of the Corporations Act 2001 in relation to the audit of the full year is included on page 11.

REMUNERATION REPORT (AUDITED)

The board policy for determining the nature and amount of remuneration of directors and executives is agreed by the board of directors as a whole. The board obtains professional advice where necessary to ensure that the company attracts and retains talented and motivated directors and employees who can enhance company performance through their contributions and leadership.

Remuneration Philosophy

The remuneration philosophy of the consolidated entity has been designed to align Director and Executive objectives with shareholder and business objectives by providing both a fixed and variable remuneration component and offering long-term incentives based on key performance areas. The Board believes the remuneration policy, to be appropriate and effective in its ability to attract and retain the best Executives and Directors to run and manage the consolidated entity, as well as create goal congruence between Directors, Executives and shareholders.

Executive Director Remuneration

In determining the level and make-up of executive remuneration, the Remuneration Committees negotiates a remuneration to reflect the market salary for a position and individual of comparable responsibility and experience. Remuneration is regularly compared with the external market by participation in industry salary surveys and during recruitment activities generally. If required, the Remuneration Committees may engage an external consultant to provide independent advice in the form of a written report detailing market levels of remuneration for comparable executive roles.

Remuneration consists of a fixed remuneration and a long term incentive portion as appropriate.

All Executives are eligible to receive a base salary (which is based on factors such as experience and comparable industry information), fringe benefits, options, and performance incentives. The Remuneration Committees reviews the Managing Directors remuneration package, and the Managing Director reviews the senior Executives' remuneration packages, annually by reference to the consolidated entity's performance, Executive performance and comparable information within the industry.

The performance of Executives is measured against criteria agreed annually with each Executive and is based predominantly on the overall success of the consolidated entity in achieving its broader corporate goals. Bonuses and incentives are linked to predetermined performance criteria. The Remuneration Committees may, however, exercise its discretion in relation to approving incentives, bonuses, and options, and can require changes to the Managing Director's recommendations. This policy is designed to attract the highest calibre of Executives and reward them for performance that results in long-term growth in shareholder wealth.

Executives and Directors do not receive any retirement benefits.

All remuneration paid to Directors and Executives is valued at the cost to the Company and expensed.

Non-Executive Director Remuneration

Non-executive directors' fees are paid within an aggregate limit which is approved by the shareholders from time to time. Retirement payments, if any, are agreed to be determined in accordance with the rules set out in the Corporations Act at the time of the Directors retirement or termination. Non-Executive Directors remuneration may include an incentive portion consisting of bonuses and/or options, as considered appropriate by the Board, which may be subject to shareholder approval in accordance with the ASX Listing Rules.

Performance Based Remuneration

As part of each Executive's remuneration package there is a performance-based component. This is based on the Executive meeting their responsibilities under the annual Business Plan related to the financial performance, technology development and commercialisation and regulatory requirements to commercialise the consolidated entity's assets. The measurement of the consolidated entity's performance is achieved via periodic board assessments of the consolidated entity's progress through its business plan, and by reference to its financial position. An individual member of staff's performance assessment is done by reference to their contribution to the consolidated entity's overall achievements. The intention of this program is to facilitate goal congruence between Executives with that of the business and shareholders. Generally, the Executive's performance-based remuneration is tied to the consolidated entity's successful achievement of certain key milestones as they relate to its operating activities, as well as the consolidated entity's overall financial position. Further information has not been disclosed as it is commercially confidential.

Relationship between the remuneration policy and company performance

The tables below set out summary information about the consolidated entity's earnings and movements in shareholder wealth for the five years to June 2008:

	30 June 2008	**30 June 2007**	**30 June 2006**	**30 June 2005**	**30 June 2004***
Revenue	108,943	15,990	379,609	160,193	103,646
Net profit/(loss) before tax	(1,666,848)	(1,929,081)	(1,725,166)	(1,975,481)	(1,726,312)
Net profit/(loss) after tax	(1,666,848)	(1,929,081)	(1,725,166)	(1,975,481)	(1,726,312)
Share price at start of year	$0.145	$0.16	$0.29	$0.21	$0.165
Share price at end of year	$0.045	$0.15	$0.15	$0.30	$0.18
Basic earnings/(loss) per share	(1.8)cps	(2.2)cps	(2.1)cps	(2.7)cps	(3.1)cps
Diluted earnings/(loss) per share	(1.8)cps	(2.2)cps	(2.1)cps	(2.7)cps	(3.1)cps

*EnviroMission Limited adopted the Australian equivalents to International Financial Reporting Standards with effect from 1 July 2004, which resulted in various changes to its accounting policies from that date. The results for the year ended 30 June 2004 are reported in accordance with EnviroMission Limited's previous accounting policies as permitted under Australian Accounting standards as applicable at that time.

The remuneration of the Directors and Executives are not linked to the performance, share price or earnings of the Company.

Key Management Personnel Compensation

The Key Management Personnel of EnviroMission Limited during the year were:

Mr R Davey	Chairman and Chief Executive Officer
Mr D Galbally QC	Non-Executive Director
Mr G Ma	Non-Executive Director
Mr Y Tang	Alternate Non-Executive Director
Mr I Riley	Company Secretary (resigned 3 July 2008)
Ms K Forte	Communications Executive

The aggregate compensation of the directors and senior management of the consolidated entity and the company is set out below:

	Consolidated		**Parent**	
	2008 $	**2007 $**	**2008 $**	**2007 $**
Short-term employment benefits	367,900	536,000	367,900	536,000
Post-employment benefits	-	-	-	-
Other long-term benefits	-	-	-	-
Termination benefits	-	-	-	-
Share based payments	-	-	-	-
	367,900	**536,000**	**367,900**	**536,000**

Refer to Remuneration Report contained within the Directors' Report for details on Key Management Personnel remuneration.

REMUNERATION REPORT (AUDITED) (CONT'D)

Details of Remuneration for Year Ended 30 June, 2008
The remuneration for each director and each executive officer of the consolidated entity receiving the highest remuneration during the year was as follows:

	Note	Salary, Fees And Commissions	Superannuation Contribution	Non-cash Benefits	Options	Total
Directors		**$**	**$**	**$**	**$**	**$**
Mr R Davey	(i)	250,000	-	-	-	250,000
Mr D Galbally		20,000	-	-	-	20,000
Mr G Parkinson	(ii)	8,333	-	-	-	8,333
Mr G Ma		20,000	-	-	-	20,000
Executive Officers						
Ms K Forte		96,000	-	-	-	96,000
Mr I Riley		89,500	-	-	-	89,500
		367,900		-	**-**	**367,900**

(i) Fees paid to Canterbury Mint Pty Ltd of which Mr Davey is a director
(ii) Director not reappointed at AGM, 29 November 2007.

Details of Remuneration for Year Ended 30 June 2007
The remuneration for each director and each of the five executive officers of the consolidated entity receiving the highest remuneration during the year was as follows:

	Note	Salary, Fees and Commissions	Superannuation Contribution	Non-cash Benefits	Options	Total
Directors		**$**	**$**	**$**	**$**	**$**
Mr R Davey	(i)	250,000	-	-	-	250,000
Mr D Galbally		20,000	-	-	-	20,000
Mr G Parkinson		20,000	-	-	-	20,000
Mr G Ma		20,000				20,000
Executive Officers						
Ms K Forte		96,000	-	-	-	96,000
Mr I Riley		130,000	-	-	-	130,000
		536,000	**-**	-	**-**	**536,000**

(i) Fees paid to Canterbury Mint Pty Ltd of which Mr Davey is a director

Options Issued as Part of Remuneration for the Year Ended 30 June 2007 and 30 June 2008

There were no options issued as part of remuneration during the years ended 30 June 2007 and 30 June 2008.

Shares issued as Part of Remuneration for the Year Ended 30 June 2007 and 30 June 2008
There were no shares issued as part of remuneration for the years ended 30 June 2007 and 30 June 2008.

Signed in accordance with a resolution of the Director's made pursuant to *s298(2) of the Corporations Act 2001.*

On behalf of the Board

R C DAVEY, Director
Melbourne, 30 September, 2008

msi RAGG WEIR
Chartered Accountants

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AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

TO THE DIRECTORS OF ENVIROMISSION LIMITED

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2008 there have been:

(i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

MSI Ragg Weir

MSI RAGG WEIR
Chartered Accountants

L.S. WONG
Partner

Melbourne: 30 September 2008

msi RAGG WEIR
Chartered Accountants

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ENVIROMISSION LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Enviromission Limited (the company) and Enviromission Limited and controlled entities (the consolidated entity), which comprises the balance sheet as at 30 June 2008, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

As permitted by the Corporations Regulations 2001, the company has disclosed information about the remuneration of directors and executives (remuneration disclosures) required by Accounting Standard AASB 124: Related Party Disclosures under the heading Remuneration Report of the Directors' Report and not in the finance report.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1 the directors also state, in accordance with Accounting Standard AASB 101: Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards (IFRS) ensures that the financial report, comprising the financial statements and notes, complies with IFRS.

The directors also are responsible for preparation and presentation of the remuneration disclosures contained in the directors' report in accordance with the Corporations Regulations 2001.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement and that the remuneration disclosures comply with Accounting Standard AASB 124: Related Party Disclosures.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

msi RAGG WEIR
Chartered Accountants

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
ENVIROMISSION LIMITED

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

Auditor's opinion

In our opinion:

(a) the financial report of Enviromission Limited and controlled entities is in accordance with the Corporations Act 2001, including:
  - (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2008 and of their performance for the year ended on that date;
  - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001;

(b) the financial report complies with International Financial Reporting Standards as disclosed in Note 1; and

(c) the remuneration disclosures contained in the directors' report comply with Accounting Standard AASB 124: Related Party Disclosures.

Inherent Uncertainty regarding continuation as a Going Concern

As disclosed in Note 1(a), the financial statements have been prepared on a going concern basis. The ability of the Company to continue as a going concern is dependent upon it continuing to secure sufficient funding from capital raisings by placement and new share issues for it to fund its ongoing activities. If the above capital raisings are not sufficient and the company is unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts that may be different to those stated in the financial statements.

MSI Ragg Weir

MSI RAGG WEIR
Chartered Accountants

L.S. WONG
Partner

Melbourne: 30 September 2008

DIRECTORS' DECLARATION

The Directors declare that:

a) in the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;

b) in the Directors' opinion, the remuneration report, the attached financial statements and notes thereto, are in accordance with the *Corporations Act 2001*, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity; and

c) the Directors have been given the declarations required by *s.295A* of the *Corporations Act 2001.*

Signed in accordance with a resolution of the Directors made pursuant to *s.295(5)* of the *Corporations Act 2001.*

On behalf of the Directors

Roger C Davey
Executive Chairman

MELBOURNE, 30 September, 2008

INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2008

		CONSOLIDATED ENTITY		PARENT ENTITY	
	Note	**2008**	**2007**	**2008**	**2007**
		$	**$**	**$**	**$**
Revenue	2	108,943	15,990	108,943	15,990
Impairment write-downs	3	-	-	(507,614)	(507,614)
Depreciation and amortisation	3	(516,829)	(524,219)	(9,215)	(16,605)
Corporate costs		(267,922)	(214,397)	(267,922)	(214,397)
Employment costs		(13,051)	(7,478)	(13,051)	(7,478)
Occupancy costs	3	(65,933)	(63,837)	(65,933)	(63,837)
Travel costs		(66,973)	(34,187)	(66,973)	(34,187)
Contracting/consulting costs		(480,639)	(971,481)	(480,639)	(971,481)
Borrowing and finance facility costs		(269,472)	(28,602)	(269,472)	(28,602)
Other expenses from ordinary activities		(94,972)	(100,870)	(94,972)	(100,870)
Operating loss before income tax		(1,666,848)	(1,929,081)	(1,666,848)	(1,929,081)
Income tax expense	4	-	-	-	-
Loss for the year		(1,666,848)	(1,929,081)	(1,666,848)	(1,929,081)

Earnings per share			
Basic Earnings per share	19	(1.8)	(2.2)
Diluted Earnings per share	19	(1.8)	(2.2)

The accompanying notes form an integral part of these financial statements

ENVIROMISSION LIMITED AND CONTROLLED ENTITY
ABN 52 094 238

BALANCE SHEET
AS AT 30 JUNE 2008

	Note	CONSOLIDATED ENTITY 2008 $	CONSOLIDATED ENTITY 2007 $	PARENT ENTITY 2008 $	PARENT ENTITY 2007 $
Current Assets					
Cash and cash equivalents	17	10,834	31,557	10,834	31,557
Trade and other receivables	7	128,972	254,620	128,972	254,620
Total Current Assets		139,806	286,177	139,806	286,177
Non-Current Assets					
Trade and other receivables	7	-	-	-	-
Other financial assets	8	-	-	6,133,675	6,641,289
Property, plant and equipment	9	4,527	13,742	4,527	13,742
Other non-current assets	10	68,679	68,679	68,679	68,679
Intangible assets	11	6,133,675	6,641,289	-	-
Total Non-Current Assets		6,206,881	6,723,710	6,206,881	6,723,710
Total Assets		6,346,687	7,009,887	6,346,687	7,009,887
Current Liabilities					
Trade and other payables	12	1,066,384	943,847	1,066,384	943,847
Interest bearing liabilities	13	357,903	809,246	357,903	809,246
Total Current Liabilities		1,424,287	1,753,093	1,424,287	1,753,093
Total Liabilities		1,424,287	1,753,093	1,424,287	1,753,093
Net Assets		4,922,400	5,256,794	4,922,400	5,256,794
Equity					
Issued capital	15	20,277,289	18,944,835	20,277,289	18,944,835
Accumulated losses		(15,354,889)	(13,688,041)	(15,354,889)	(13,688,041)
Total Equity		4,922,400	5,256,794	4,922,400	5,256,794

The accompanying notes form an integral part of these financial statements

ENVIROMISSION LIMITED AND CONTROLLED ENTITY
ABN 52 094 238

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2008

CONSOLIDATED	Issued Capital $	Retained Earnings $	Total $
At 1 July 2006	18,501,642	(11,758,960)	6,742,682
Loss for the year (A)		(1,929,081)	(1,929,081)
Exercise of options			
Issue of Shares	444,521		444,521
Costs of Share issue	(1,328)		(1,328)
At 30 June 2007	**18.944,835**	**(13,688,041)**	**5,256,794**

CONSOLIDATED	Issued Capital $	Retained Earnings $	Total $
At 1 July 2007	18,944,835	(13,688,041)	5,256,794
Loss for the year (A)		(1,666,848)	(1,666,848)
Exercise of options			
Issue of Shares	1,337,751		1,337,751
Costs of Share issue	(5,297)		(5,297)
At 30 June 2008	**20,277,289**	**(15,354,889)**	**4,922,400**

PARENT	Issued Capital $	Retained Earnings $	Total $
At 1 July 2006	18,501,642	(11,758,960)	6,742,682
Loss for the year (A)		(1,929,081)	(1,929,081)
Exercise of options			
Issue of Shares	444,521		444,521
Costs of Share issue	(1,328)		(1,328)
At 30 June 2007	**18.944,835**	**(13,688,041)**	**5,256,794**

PARENT	Issued Capital $	Retained Earnings $	Total $
At 1 July 2007	18,944,835	(13,688,041)	5,256,794
Loss for the year (A)		(1,666,848)	(1,666,848)
Exercise of options			
Issue of Shares	1,337,751		1,337,751
Costs of Share issue	(5,297)		(5,297)
At 30 June 2008	**20,277,289**	**(15,354,889)**	**4,922,400**

(A) Loss for the period equals total recognised income and expenses for the period

The accompanying notes form an integral part of these financial statements

ENVIROMISSION LIMITED AND CONTROLLED ENTITY
ABN 52 094 238

CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE, 2008

	Note	CONSOLIDATED ENTITY		PARENT ENTITY	
		2008 $	**2007 $**	**2008 $**	**2007 $**
Cash Flows From Operating Activities					
Receipts from customers					
Interest received		3,871	318	3,871	318
Payments to suppliers and employees		(674,689)	(708,519)	(674,689)	(708,519)
Net cash used in operating activities	17(b)	(670,818)	(708,201)	(670,818)	(708,201)
Cash Flows From Investing Activities					
Payments for property, plant and equipment		-	(1,091)	-	(1,091)
Payment for property option		-	(14,833)	-	(14,833)
Net cash used in investing activities		-	(15,924)		(15,924)
Cash Flows From Financing Activities					
Proceeds from borrowings		650,095	626,767	650,095	626,767
Proceeds from the issue of shares (net)		-	128,707	-	128,707
Net cash provided by financing activities		650,095	755,474	650,095	755,474
Net Increase (Decrease) in Cash Held		(20,723)	31,349	(20,723)	31,349
Cash and cash equivalents at the Beginning of the Financial Year		31,557	208	31,557	208
Cash and cash equivalents at the End of the Financial Year	17(a)	10,834	31,557	10,834	31,557

The accompanying notes form an integral part of these financial statements

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Corporate Information
EnviroMission Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Stock Exchange.

Statement of compliance
The financial report is a general purpose financial report which has been prepared in accordance with the Corporations Act 2001, Australian Accounting Standards and Australian Accounting Interpretations, and complies with other requirements of the law. Accounting Standards include Australian equivalents to International Financial Reporting Standards ('A-IFRS'). Compliance with the A-IFRS ensures that the financial statements and notes of the Company comply with International Financial Reporting Standards ('IFRS').

The financial statements were authorised for issue by the Directors on 30 September, 2008

Basis of preparation
The financial report has been prepared on the basis of historical cost except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

Adoption of new and revised Accounting Standards
In the current year, the Company has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current annual reporting period. The Company has also adopted the following standards as listed below which impacted on the Company's financial statements with respect to disclosure.

- AASB 101 'Presentation of Financial Statements (revised October 2006)
- AASB 7 'Financial Instruments: Disclosures'

Significant accounting policies
The following significant accounting policies set out below have been applied in the preparation and presentation of the financial report:

(a) going concern

The financial statements have been prepared on a going concern basis. The Company's present activities will be funded by existing working capital and loan funds made available by SolarMission Technologies, Inc. Short term need, over and above existing resources, will be met by placement and new share issues as and when required and by accessing the equity line credit facility which is available until December 2008. The Company plans to fund the development of commercial relationships with suppliers, contractors and other strategic alliances.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 30 JUNE, 2008**

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) basis of consolidation

The consolidated financial statements comprise the financial statements of EnviroMission Limited and its subsidiaries as at 30 June each year ("the Group").

The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

Where there is a loss of control of a subsidiary, the consolidated financial statements include the results for the part of the reporting period during which EnviroMission Limited has control.

(c) cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amount of cash, which are subject to an insignificant risk of changes in value and have a maturity of three months or less at date of acquisition.

(d) financial instruments issued by the company

Transaction costs on the issue of equity instruments

Transaction costs arising on the issue of equity instruments are recognised directly in equity as a reduction of the proceeds of the equity instruments to which the costs relate. Transaction costs are the costs that are incurred directly in connection with the issue of those equity instruments and which would not have been incurred had those instruments not been issued.

Interest and dividends

Interest and dividends are classified as expenses or as distributions of profit consistent with the balance sheet classification of the related debt or equity instruments or component parts of compound instruments.

Debt and Equity Instruments

Debt and equity instruments are classified as either liabilities or equity in accordance with the substance of the contractual arrangement.

(e) goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

i. where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
ii. for receivables and payables which are recognised inclusive of GST.

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

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

(f) impairment of assets

At each reporting date, the entity reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 30 JUNE, 2008**

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

(g) income tax

Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax

Deferred tax is accounted for using the comprehensive balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, branches, associates and joint ventures except where the consolidated entity is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with these investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax is accounted for using the comprehensive balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Current and deferred tax for the period
Current and deferred tax is recognised as an expense or income in the income statement, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

(h) intangibles

License Rights
Solar Tower project license rights are valued in the accounts at cost of acquisition less accumulated amortisation and any impairment losses and are amortised over the period in which their benefit is expected to be realised, being 20 years.

EnviroMission and its controlled entity have and exclusive Sub-license to build, own, operate and maintain one or more Solar Tower Power Stations within Australia.

The value of the license rights is dependent on the ability of the Company to generate income from the asset. No income has been earned from this asset to 30 June 2008 and at this time it is not possible to accurately determine the extent of the future income.

During the year ended 30 June 2008 the directors believe the Company has made significant progress in developing the intellectual property associated with the license rights and the directors have concluded that the carrying value of the license rights does not exceed the net amounts that are expected to ultimately be recovered through the cash inflows and outflows from use or arising from disposal.

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

(i) financial assets

Investments are recognised and derecognised on trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the time frame established by the market concerned, and are initially measured at fair value, net of transaction costs except for those financial assets classified as at fair value through profit or loss which are initially measured at fair value.

Subsequent to initial recognition, investments in subsidiaries are measured at cost in the company financial statements. Subsequent to initial recognition, investments in associates are accounted for under the equity method in the consolidated financial statements and the cost method in the company financial statements.

Other financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss', 'held-to-maturity investments', 'available-for-sale' financial assets, and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Loans and receivables
Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less impairment.
Interest is recognised by applying the effective interest rate.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Effective Interest Rate Method

The effective interest rate method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where a appropriate, a shorter period.
Income is recognised on an effective interest rate method for debt instruments other than those financial assets at 'fair value through profit and loss'.

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

(j) share-based payments

Equity-settled share-based payments with employees and other providing similar services are measured at the fair value of the equity instrument at the grant date. Fair value is measured by use of a binomial model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations. Further details on how the fair value of equity-settled share-based transactions has been determined can be found in the Remuneration Report.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of shares that will eventually vest.

(k) employment benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave, when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities recognised in respect of employee benefits expected to be settled within 12 months, are measured at their normal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting date.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(l) property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Plant and Equipment
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 fro the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation
The depreciable amount of all fixed assets including building and capitalized lease assets, but excluding freehold land, is depreciated on a straight-line basis over their useful lives to the economic entity commencing from the time the asset is held 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
Plant and equipment	3 to 5 years

The assets' residual vales and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater that 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 income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

(m) leases

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charges as expenses in the periods in which they are incurred. Lease incentives under operating leases are recognized as a liability and amortised on a straight-line basis over the life of the lease term.

(n) provisions

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

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cashflows estimated to settle the present obligation, its carrying amount is the present value of those cashflows.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 30 JUNE, 2008

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

(o) revenue

Revenue is measured at the fair value of the consideration received or receivable.

Interest Revenue

Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

(p) new accounting standards and interpretations not yet effective

Except for the amendments to AASB 7 Financial Instruments: Disclosures, which the Company has early adopted, Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Company for the annual reporting period ending 30 June 2008 are outlined in the table on the following pages:

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 30 JUNE, 2008

Reference	Title	Summary	Application date of standard*	Impact on Group Financial Report	Application date for Group*
AASB 2007-3	Amendments to Australian Accounting Standards arising from AASB 8 [AASB 5, AASB 6, AASB 107, AASB 119, AASB 127, AASB 134, AASB136 & AASB 1023 & AASB 1038]	Amending standard issued as a consequence of AASB 8 Operating Segments.	1 January 2009	AASB 8 is a disclosure standard so will have no direct impact on the amounts included in the Group's financial statements. It is not expected to have a significant impact on the segment disclosures made as currently reported segments are aligned with management reports.	1 July 2009
AASB 2007-6	Amendments to Australian Accounting Standards arising from AASB 123 [AASB 1, AASB 101, AASB 107, AASB 111, AASB 116 & AASB 138 and Interpretations 1 & 12	Amending standard issued as a consequence of AASB 123 (revised) Borrowing Costs.	1 January 2009	As the Group does not currently construct or produce any qualifying assets which are financed by borrowings the revised standard will have no impact.	1 July 2009
AASB 8	Operating Segments	This new standard will replace AASB 114 Segment Reporting and adoption of management approach to Segment Reporting	1 January 2009	Refer to AASB 2007-3 above	1 July 2009
AASB 123 (revised June 2007)	Borrowing Costs	AASB 123 previously permitted entities to choose between expensing all borrowing costs and capitalising those that were attributable to the acquisition, construction or production of a qualifying asset. The revised version of AASB 23 requires borrowing costs to be capitalised if they are directly attributable to the acquisition, construction or production of a qualifying asset.	1 January 2009	Refer to AASB 2007-6 above.	1 July 2009
AASB 2008-1	Amendments to AASB 2 "Share Based Payments"	The amendment clarifies that vesting conditions are restricted to: - service conditions; and - Performance conditions only. Other features of a share-based payment are not vesting conditions. This restriction was not clearly stated in the pre-amended standards. This means that all other terms and conditions are accounted for in the value of the share or option at grant date. It also specifies that all cancellations, whether by the entity or by other parties, should receive the same accounting treatment.	1 January 2009	Not expected to impact on the Group financial report.	1 January 2009
AASB 2008- 2	Amendments to AASB 132 "Puttable Financial Instruments and Obligations arising on Liquidation."	In instances where a puttable financial instrument imposes an obligation on the entity to deliver to another party, a pro-rata share of net assets of the entity only on liquidation, the entity is permitted to classify the financial instrument as equity if the instrument meets specified requirements.	1 January 2009	Not expected to impact on the Group financial report.	1 January 2009

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 30 JUNE, 2008

Reference	Title	Summary	Application date of standard*	Impact on Group Financial Report	Application date for Group*
AASB 2008-3	Amendments to Australian Accounting Standards Arising from AASB 3 and AASB 127 [AASBs 1, 2, 4, 5, 7, 101, 107, 112, 114, 116, 121, 128, 131, 132, 133, 134, 136, 137, 138 & 139 and Interpretations 9 & 107].	Consequential amendments to other standards arising from AASB 39 (Revised) and AASB 127 (Amended).	1 January 2009	Not expected to impact on the Group financial report.	1 January 2009
AASB 123 Borrowing Costs (Revised)	AASB 2007-6 Amendments to Australian Accounting Standards 1, 101, 107, 111, 116, 138 and Interpretations & 12.	This revision eliminates the option to expense borrowing costs on qualifying assets and requires that they be capitalised. The transitional provision provided allows for prospective application of this revision from either application date or adoption date if prior to 1 January 2009. The Amending Standard eliminates reference to the expensing option in various other pronouncements.	1 January 2009	Not expected to impact on the Group financial report.	1 January 2009
AASB 3 Business Combinations (Revised)	AASB 127 Consolidated and Separate Financial Statements (Amended), AASB 2008-3 Amendments to AASBs arising from AASB 3 and AASB 127	The AASB issued the revised AASB 3 in March 2008 for application by for-profit entities only. They have committed to address the not-for-profit requirements prior to the standard becoming mandatory on 1 July 2009. Early adoption of these revisions and amendments are permitted. The revised and amended standards incorporate many changes which will have a significant impact on the profit and loss for entities entering into business combinations.	1 July 2009	Not expected to impact on the Group financial report	1 July 2009
AASB 101 Presentation of Financial Statements (Revised September 2007)	AASB 2007-8 Amendments to Australian Accounting Standards & Interpretations and AASB 2007-10 Further Amendments to AASBs arising from AASB 101	The revised standard affects the presentation of changes in equity and comprehensive income. It does not change the recognition, measurement or disclosure of specific transactions and other events required by other AASB standards however, it is important to note that the AASB has decided that Australian issuers must make use in financial reports of the descriptions- Statement of Financial Performance and Position rather than Balance Sheet and Income Statement and use the term "financial report" and not "financial statement". The Amending Standard updates references in various other pronouncements.	1 January 2009	AASB 101 is a disclosure standard so will have no direct impact on the amounts included in the Group's financial statements.	1 January 2009
AASB 8 Operating Segments	AASB 2007-3 Amendments to Australian Accounting Standards 5, 6, 102, 107, 119, 127, 134, 136, 1023 & 1038 arising from AASB 8.	This standard supersedes AASB 114 Segment Reporting introducing a US GAAP approach of management reporting as part of the convergence project with FASB. This standard only applies to entities that have public accountability therefore any entities that do not fall within scope may wish to early adopt and avoid segment reporting. The Amending Standard updates references in various other pronouncements.	1 January 2009	AASB 8 is a disclosure standard so will have no direct impact on the amounts included in the Group's financial statements. It is not expected to have a significant impact on the segment disclosures made as currently reported segments are aligned with management reports.	1 January 2009

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 30 JUNE, 2008**

Reference	Title	Summary	Application date of standard*	Impact on Group Financial Report	Application date for Group*
Revised AASB 3: Business Combinations	Amended AASB 127: Consolidated and Separate Financial Statements and AASB 2008-3: Amendments to Australian Accounting Standards Arising from AASB 3 and AASB 127.	Provides a choice to measure a non-controlling interest at fair value or at its proportionate share of the acquired entity's net assets. Measuring the non-controlling interest at fair value will result in goodwill attributable to the non-controlling interest being reflected in the balance sheet. If a liability is recognised in the balance sheet for a payment that is contingent on a future event, the obligation will be measured at fair value at the acquisition date, and any subsequent changes to the fair value may be reflected in the income statement, rather than against goodwill on the balance sheet. The revised standard also addresses problems that existed under the old requirements. The requirements for acquisitions made over a period of time in a target entity are simplified in the revised standard, and guidance is included to assist entities in determining which transactions form part of a business acquisition. Revisions may result in merger and acquisition activity having a high impact on profit and loss in some entities. Early adoption is only permitted for "For Profit" entities.	1 July 2009	Not expected to impact on the Group financial report.	1 July 2009
Interpretation 12 Service Concession Arrangements	Interpretation 4 Determining whether an Arrangement contains a lease (Revised), Interpretation 129 Service Concession Arrangements: Disclosure (Revised), AASB 2007-2 Amendments to Australian Standards arising from AASB Interpretation 12	Addresses the appropriate accounting for service concession arrangements under which private sector entities participate in the development, financing, operation and maintenance of infrastructure for the provision of public services, such as transport, water and energy facilities.	1 January 2008	As the Group does not currently have Service Concession Arrangements the Interpretation will have no impact.	1 January 2008
Interpretation 13	Customer Loyalty Programmes	Concludes that an entity shall account for award credits as a separately identifiable component of the sales transaction(s) in which they are granted (the 'initial sale'). The fair value of the consideration received or receivable in respect of the initial sale shall be allocated between the award credits and the other components of the sale.	1 July 2008	As the Group does not currently have a Customer Loyalty Programme the Interpretation will have no impact.	1 July 2008
Interpretation 14 AASB 119	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction.	Concludes that an entity shall determine the availability of a refund or a reduction in future contributions in accordance with the terms and conditions of the plan and any statutory requirements in the jurisdiction of the plan.	1 January 2008	As the Group does not have any Defined Benefit Assets the Interpretation will have no impact.	1 January 2008
Interpretation 15	Agreements for the Construction of Real Estate.	Provides guidance on how to determine whether an agreement for the construction of real estate is within the scope of AASB111 Construction Contracts or AASB 118 Revenue and, accordingly, when revenue from the construction should be recognised.	1 January 2009	Not expected to impact on the Group financial report.	1 January 2009

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 30 JUNE, 2008

Reference	Title	Summary	Application date of standard*	Impact on Group Financial Report	Application date for Group*
Interpretation 16	Hedges of a Net Investment in a Foreign Operation.	Concludes that: a) the presentation currency does not create an exposure to which an entity may apply hedge accounting. Consequently, a parent entity may designate as a hedged risk only the foreign exchange differences arising from a difference between its own functional currency and that of its foreign operation. b) the hedging instrument(s) may be held by any entity or entities within the group. That on disposal of a hedged foreign operation while IAS 39 must be applied to determine the amount that needs to be reclassified to profit or loss from the foreign currency translation reserve in respect of the hedging instrument, IAS 21 must be applied in respect of the hedged item.	1 January 2009	Not expected to impact on the Group financial report.	1 January 2009
AASB139 Financial Instruments: Recognition and Measurement	Amendments to AASB 139 "Financial Instruments: Recognition and Measurement"	The amendment clarifies how, the principles that determine whether a hedged risk or portion of cash flows is eligible for designation, should be applied in particular situations. The amendment addresses two particular situations: • the designation of a one-sided risk in a hedged item • the designation of inflation in particular situations	1 July 2009	Not expected to impact on the Group financial report.	1 July 2009
AASB 2008-5	Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 7, 101, 102, 107, 108, 110, 116, 118, 119, 120, 123, 127, 128, 129, 131, 132, 134, 136, 138, 139, 140, 141, 1023 & 1038].	The amendments are part of the Annual Improvements Project and have ramifications across the requirements of several AASB standards.	1 January 2009	Not expected to impact on the Group financial report.	1 January 2009
AASB 2008-6	Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1 & AASB 5].	These are further amendments arising from the Annual Improvements Project and specifically impact AASB1 and AASB5.	1 July 2009	Not expected to impact on the Group financial report.	1 July 2009

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2008

Reference	Title	Summary	Application date of standard*	Impact on Group Financial Report	Application date for Group*
AASB 2008-7	Amendments to Australian Accounting Standards – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate [AASB 1, AASB 118, AASB 121, AASB 127 & AASB 136].	This Standard: a) amends AASB 1 to allow first-time adopters, in their separate financial statements, to use a deemed cost option for determining the cost of an investment in a subsidiary, jointly controlled entity or associate. The deemed cost of such an investment can be either its: i. fair value (determined in accordance with AASB 139 Financial Instruments: Recognition and Measurement) at the entity's date of transition to Australian-equivalents-to-IFRSs; or ii. previous GAAP carrying amount at that date. A first-time adopter may choose either deemed cost option to measure its investment in each subsidiary, jointly controlled entity or associate that it elects to measure using a deemed cost; b) removes from AASB 118 the requirement to deduct dividends declared out of pre-acquisition profits from the cost of an investment in a subsidiary, jointly controlled entity or associate. Therefore, all dividends from a subsidiary, jointly controlled entity or associate are recognised by the investor as income; c) amends AASB 127 to require, in particular circumstances, a new parent entity established in a group reorganisation to measure the cost of its investment at the carrying amount of the share of the equity items shown in the separate financial statements of the original parent at the date of the reorganisation. The relevant circumstances include that the reorganisation involves: i. the new parent obtaining control of the original parent through an exchange of equity instruments; ii. no change to the group's assets and liabilities; and a) no change to the owners' absolute and relative interests in the net assets; and amends AASB 136 to include recognising a dividend from a subsidiary, jointly controlled entity or associate, together with other evidence, as an indication that the investment in the subsidiary, jointly controlled entity or associate may be impaired.	1 January 2009	Not expected to impact on the Group financial report.	1 January 2009

* designates the beginning of the applicable annual reporting period

Critical Accounting Judgments and Key Sources of Estimation Uncertainty

In the application of the Group's accounting policies, which are described in Note 1, management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgments. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Key Estimates

The Company assesses impairment at each reporting date by evaluating conditions specific to the Company 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.

Key Judgments – tax losses

The Company has not recognised a deferred tax asset with regard to unused tax losses and other temporary differences, as it has not been determined whether the Company will generate sufficient taxable income against which the unused tax losses and other temporary differences can be utilised.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)
FOR YEAR ENDED 30 JUNE, 2008**

	CONSOLIDATED ENTITY		PARENT ENTITY	
	2008 $	**2007 $**	**2008 $**	**2007 $**
2. REVENUE FROM ORDINARY ACTIVITIES				
(a) Revenue from operating activities				
Research & development tax offset	95,475	-	95,475	-
	95,475	-	95,475	-
(b) Revenue from non-operating activities				
Rent received	5,611	-	5,611	-
Interest received	2,140	2,139	2,140	2,139
Other Income	5,717	13,851	5,717	13,851
	13,468	15,990	13,468	15,990
Total Revenue	108,943	15,990	108,943	15,990

3. LOSS FROM OPERATIONS

Loss before income tax has been arrived at after crediting/ (charging) the following gains and losses from continuing operations:

	CONSOLIDATED ENTITY 2008 $	CONSOLIDATED ENTITY 2007 $	PARENT ENTITY 2008 $	PARENT ENTITY 2007 $
Depreciation – property, plant & equipment	9,215	16,605	9,215	16,605
Amortisation-license	507,614	507,614	-	-
Operating Lease Expense	59,626	55,356	59,626	55,356
Impairment write-down, non-current other financial asset	-	-	507,614	507,614

	CONSOLIDATED ENTITY 2008 $	CONSOLIDATED ENTITY 2007 $	PARENT ENTITY 2008 $	PARENT ENTITY 2007 $
4. INCOME TAX				
(a) The Components of Tax Expense comprise:				
Current Tax	-	-	-	-
Deferred Tax	-	-	-	-
	-	-	-	-
(b) The prima facie tax from ordinary activities before income tax is reconciled to the income tax expense as follows:				
Loss from Ordinary Activities	1,666,848	1,929,081	1,666,848	1,929,081
Income tax expense/(benefit) calculated at 30%	500,054	578,724	500,054	578,724
Add: Tax Effect of:				
- Accrued Expenses	13,143	16,043	13,143	16,043
- Permanent Differences	102,386	22,360	224,213	151,067
- Other Temporary Differences	-	3,440	-	3,440
- R & D tax offset	-	95,475	-	95,475
	(384,525)	(441,406)	(262,698)	(319,579)
Less: Tax Effect of:				
- Deductible Black Hole Expenditure	(64,582)	(64,582)	(64,582)	(64,582)
	(449,107)	(505,988)	(327,280)	(384,161)
Add: Income Tax losses carried forward not taken up as benefit	449,107	505,988	327,280	384,161
	-	-	-	-
Future income tax benefits not brought to account as assets:				
Tax losses	3,981,388	3,532,281	2,891,314	2,564,034

The taxation benefits of tax losses and temporary differences not brought to account will only be obtained if:

i) the consolidated entity derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised.

ii) The consolidated entity continues to comply with the conditions for deductibility imposed by law, and

iii) No change in tax legislation adversely affects the consolidated entity in realising the benefits from deducting the losses.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 30 JUNE, 2008

5. KEY MANAGEMENT PERSONNEL

(a) Key Management Personnel Remuneration and Policies

Details of Key Management Personnel Remuneration and Policies are detailed in the Remuneration Report contained within the Directors Report.

(b) Option holdings by Key Management Personnel and their nominees

No options were held at the beginning or end of the year and no options were granted or exercised during the year by any key management personnel

(c) Shareholdings by Key Management Personnel and their nominees

2008	Balance 1/7/07	Granted as compensation	Received on exercise of options	Net change other(i)	Balance 30/06/08	Balance held nominally
Mr R Davey	5,326,679				5,326,679	
Mr D Galbally	-				-	
Mr G Ma	10,714,286				10,714,286	
Mr Y Tang	-				-	
Mr G Parkinson	20,000			(20,000)	-	
Ms K Forte	155,000				155,000	
Mr I Riley	500,000				500,000	
	16,715,965				**16,695,965**	

(i) Net change other refers to shares purchased or disposed of during the year

2007	Balance 1/7/06	Granted as compensation	Received on exercise of options	Net change other(i)	Balance 30/06/07	Balance held nominally
Mr R Davey	5,326,679				5,326,679	
Mr D Galbally	-				-	
Mr G Parkinson	20,000				20,000	-
Mr G Ma	10,714,286				10,714,286	
Mr Y Tang	-				-	
Ms K Forte	155,000				155,000	-
Mr I Riley	500,000				500,000	-
	16,715,965				16,715,965	

(i) Net change other refers to shares purchased or disposed of during the year, or Directors no longer requiring disclosure.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 30 JUNE, 2008

	CONSOLIDATED ENTITY		PARENT ENTITY	
	2008 $	2007 $	2008 $	2007 $
6. AUDITORS' REMUNERATION				
Remuneration for audit or review of the financial reports of the parent entity or any entity in the consolidated entity:				
Audit and review of the financial statements	25,750	17,500	25,750	17,500
Other services	-	-	-	-
	25,750	17,500	25,750	17,500
7. TRADE AND OTHER RECEIVABLES				
Current				
Trade debtors (a)	-	-	-	-
Security deposits	6,050	6,050	6,050	6,050
GST Receivable	18,508	17,603	18,508	17,603
Other Receivable	104,414	230,967	104,414	230,967
	128,972	254,620	128,972	254,620
Non-Current				
Receivable from controlled entity	-	-	398,874	398,874
Impairment write-down	-	-	(398,874)	(398,874)
	-	-	-	-

(a) Trade debtors are all due in 30 days and represent rent receivable in 2008 and rent receivable and cost reimbursement in 2007.

(b) The average credit period on trade and other receivables is 30 days. No interest is charged on the receivables. The consolidated Company has financial risk management policies in place to ensure that all receivables are received within the credit timeframe.

(c) Due to the short term nature of these receivables, their carrying value is assumed to be approximate their fair value.

8. OTHER FINANCIAL ASSETS

Investments carried at cost

	CONSOLIDATED 2008 $	CONSOLIDATED 2007 $	PARENT 2008 $	PARENT 2007 $
Non-current				
Investments in subsidiaries	-	-	10,180,889	10,180,889
Less provision for diminution	-	-	(4,047,214)	(3,539,600)
	-	**-**	6,133,675	6,641,289

Details of the investments in the controlled entities are:

Name of Entity	Country of Incorporation	% Held 2008	% Held 2007
SolarMission Limited	Australia	100	100
Pure Solar Power (IP) Pty Ltd	Australia	100	100

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 30 JUNE, 2008**

	CONSOLIDATED ENTITY		PARENT ENTITY	
	2008 $	2007 $	2008 $	2007 $

9. PROPERTY, PLANT AND EQUIPMENT

	2008 $	2007 $	2008 $	2007 $
Plant and Equipment – at cost	140,119	140,119	140,119	140,119
Less : Accumulated depreciation	(135,592)	(126,377)	(135,592)	(126,377)
	4,527	13,742	4,527	13,742
Reconciliation of Carrying Value				
Balance at beginning of year	13,742	29,256	13,742	29,256
Acquisitions	-	1,091	-	1,091
Depreciation expense	(9,215)	(16,605)	(9,215)	(16,605)
Disposals	-	-	-	-
Balance at end of year	4,527	13,742	4,527	13,742

10. OTHER NON-CURRENT ASSETS

	2008 $	2007 $	2008 $	2007 $
Option fee and costs – Buronga land	68,679	68,679	68,679	68,679

11. INTANGIBLE ASSETS

	2008 $	2007 $	2008 $	2007 $
Solar Tower license – at cost	10,152,284	10,152,284	-	-
Accumulated amortisation	(4,018,609)	(3,510,995)	-	-
	6,133,675	6,641,289	-	-

12. TRADE AND OTHER PAYABLES

	2008 $	2007 $	2008 $	2007 $
Current				
Trade creditors	694,633	717,925	694,633	717,925
Other creditors and accruals	371,751	225,922	371,751	225,922
	1,066,384	943,847	1,066,384	943,847

(a) The average credit period on purchases is 30 days. No interest is charged on the trade payables. The Company has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

13. INTEREST BEARING LIABILITIES

	2008 $	2007 $	2008 $	2007 $
Current - unsecured				
Loan, related party	-	100,000	-	100,000
Other loan	85,000	-	85,000	-
Loan SolarMission Technologies, Inc, (director related)	200,183	626,767	200,183	626,767
Foreign currency loan	72,720	82,479	72,720	82,479
	357,903	809,246	357,903	809,246

Borrowings are interest bearing and repayable within twelve months. Foreign currency loan, US$70,000 is repayable in US dollars.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 30 JUNE, 2008**

	CONSOLIDATED ENTITY		PARENT ENTITY	
	2008 $	2007 $	2008 $	2007 $
14. PROVISIONS				
Current Provisions				
Employee Entitlements (a)	-	-	-	-

(a) The company had no employees at 30 June 2008 (2007: nil)

15. CONTRIBUTED EQUITY

(a) Issued and Paid Up Capital

	2008 $	2007 $	2008 $	2007 $
99,585,405 (2007: 87,226,937) ordinary shares fully paid)	20,277,289	18,944,835	20,277,289	18,944,835

Fully paid ordinary shares carry one vote per share and carry the right to dividends. Changes to the Corporations' Law abolished the authorised capital and par value concept in relation to the Share Capital from 1 July 1998. Therefore, the Company does not have a limited amount of authorised capital and issued shares do not have a par value.

(b) Movements in ordinary share capital of the company were as follows:

Date	Details	Number of shares	$
01-07-2006	Opening Balance	85,137,093	18,501,642
21-08-2006	Share allotment at $0.15 for working capital	866,900	130,035
20-03-2007	Share allotment at $0.30 for services provided	175,000	52,500
20-03-2007	Share allotment at $0.25 for services provided	1,047,944	261,986
	Costs of capital raising		(1,328)
30-06-2007		87,226,937	18,944,835
01-07-2007	Opening Balance	87,226,937	18,944,835
01-08-2007	Share allotment at $0.15 in settlement of loan	4,333,334	650,000
21-09-2007	Share allotment at $0.1213 in settlement of loan	2,419,781	293,519
21-01-2008	Share allotment at $0.10 in settlement of loan	1,457,108	145,711
14-04-2008	Share allotment at $0.06 in settlement of loan	1,211,917	72,715
30-06-2008	Share allotment at $0.045 in settlement of loan	3,906,795	175,806
	Less: Cost of capital raising		(5,297)
30-06-2008	Closing Balance	100,555,872	20,277,289

(c) Terms and conditions of contributed equity

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 30 JUNE, 2008

15. CONTRIBUTED EQUITY (CONT'D)

(d) Options

Each option entitles the holder to subscribe for 1 ordinary share in EnviroMission Limited upon the payment of $0.20 (20 cents). The options lapsed on 11 February 2008.

	2008 No.	2007 No.
Balance at beginning of the financial year	1,025,000	1,025,000
Granted during the financial year	-	-
Exercised during the financial year	-	-
Lapsed during the financial year	(1,025,000)	-
Balance at end of the financial year	-	1,025,000

16. RELATED PARTY DISCLOSURES

(a) Director Transactions

Loans:

During the year the Directors did not provide any loans to EnviroMission Limited.

Director-related entity transactions:

Director's remuneration received via Director related entities is included in the Remuneration Report in the Directors Report.

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

The $100,000 unsecured loan received in the previous financial year from the spouse of director R Davey, was repaid.

Related party payables included in Note 12, Trade and Other Payables.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)
FOR YEAR ENDED 30 JUNE, 20008

17. NOTES TO THE STATEMENT OF CASH FLOW

	CONSOLIDATED ENTITY		PARENT ENTITY	
	2008 $	**2007 $**	**2008 $**	**2007 $**
(a) Reconciliation of Cash and Cash Equivalents For the purposes of the statement of cash flows, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows				
Cash and cash equivalent	10,834	31,557	10,834	31,557
(b) Reconciliation of Net Profit/(Loss) From Ordinary Activities After Related Income Tax to Net Cash Flows From Operating Activities				
Operating loss after income tax	(1,666,848)	(1,929,081)	(1,666,844)	(1,929,081)
Depreciation/amortisation	516,829	524,219	9,215	16,605
Foreign exchange gain	(3,071)	(11,696)	(3,071)	(11,696)
Impairment write-down	-	-	507,614	507,614
Equity issues for services provided	110,900	314,486	110,900	314,486
Changes in operating assets and liabilities:				
(Decrease)/Increase in current receivables	125,648	27,954	125,648	27,954
Decrease/(Increase) in current liabilities	245,724	365,917	245,724	365,917
Net cash outflow from operating activities	(670,818)	(708,201)	(670,818)	(708,201)

18. INVESTMENTS

	Country of Incorporation	Carrying Value of Parent Entity's Investment 2008 $	Carrying Value of Parent Entity's Investment 2007 $	Contribution to Consolidated Loss 2008 $	Contribution to Consolidated Loss 2007 $
Parent Entities					
EnviroMission Limited	Australia	-	-	(1,159,234)	(1,421,467)
Controlled Entity					
SolarMission Limited	Australia	6,133,575	6,641,189	(507,614)	(507,614)
Pure Solar Power (IP) Pty Ltd	Australia	100	100	-	-
		6,133,675	6,641,289	(1,666,848)	(1,929,081)

EnviroMission Limited is the ultimate parent entity. The investment in the controlled entity comprises ordinary shares and all shares held as at 30 June 2008 are unquoted. The controlled entities are 100% owned at the end of the current financial year.

	2008	2007
19. EARNINGS/(LOSS) PER SHARE		
Basic earnings/(loss) per share (cents per share)	(1.8)	(2.2)
Diluted earnings/(loss) per share (cents per share)	(1.8)	(2.2)
Earnings used in the calculation of earnings per share (dollars)	(1,666,848)	(1,929,081)
	2008 No	**2007 No**
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic (loss) per share	93,951,600	86,256,470

	CONSOLIDATED ENTITY		PARENT ENTITY	
	2008 $	**2007 $**	**2008 $**	**2007 $**
20. COMMITMENTS FOR EXPENDITURE				
Operating Rental Leases- Commitments for Expenditure				
Not later than one year	14,058	55,781	14,058	55,781
Later than one year but not later than five	-	11,714	-	11,714
	14,058	67,495	14,058	67,495

21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The consolidated entity's principal financial instruments comprise cash and cash equivalents, trade and other receivables and trade and other payables. The main purpose of these financial instruments is to finance the consolidated entity's operations. The consolidated entity has various other financial assets and liabilities such as receivables and trade payables, which arise directly from its operations. It is, and has been throughout the entire period, the consolidated entity's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the consolidated entity's financial instruments is market risk. Other minor risks are summarised below. The Board reviews and agrees policies for managing each of these risks.

Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the entity's income or the value of its holdings of financial instruments.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising the return.

The entity does not have any material exposure to market risk other than interest rate risk.

(a) Cash flow interest rate risk

The consolidated entity's exposure to the risks of changes in market interest rates relates primarily to the consolidated entity's short-term deposits with a floating interest rate. These financial assets with variable rates expose the consolidated entity to cash flow interest rate risk. All other financial assets and liabilities in the form of receivables and payables are non-interest bearing. The consolidated entity does not engage in any hedging or derivative transactions to manage interest rate risk.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)
FOR YEAR ENDED 30 JUNE, 20008

The following tables set out the carrying amount by maturity of the parent entity and consolidated entity's exposure to interest rate risk and the effective weighted average interest rate for each class of these financial instruments. Also included is the effect on profit and equity after tax if interest rates at that date had been 10% higher or lower with all other variables held constant as a sensitivity analysis.

Consolidated Entity

	Note	Float Interest Rate		Non-Interest Bearing		Total Carrying mount		Interest Rate Risk Sensitivity -10%		+10%	
		2008 $	2007 $	2008 $	2007 $	2008 $	2007 $	2008 $	2007 $	2008 $	2007 $
Financial Assets											
Cash at bank	17	10,834	31,557			10,834	31,557	(214)	(210)	214	210
Trade and other receivables	7			122,922	248,570	122,922	248,570				
Security deposits	7	6,050	6,050			6,050	6,050	-	-	-	-
Total		16,884	37,607	122,922	248,570	139,806	286,177	(214)	(210)	214	210
Weighted average interest rate		1.25%	1.00%								
Financial Liabilities											
Trade and other payables	13	357,903	809,246	1,066,584	943,847	1,424,487	1,753,093	2,074	2,860	(2,074)	(2,860)
Total		357,903	809,246	1,066,584	943,847	1,424,487	1,753,093	2,074	2,860	(2,074)	(2,860)
Weighted average interest rate		10.5%	12.0%								
Net Financial assets (liabilities)		(341,019)	(771,639)	(943,662)	(694,277)	(1,284,681)	(1,465,916)	1,860	2,650	(1,860)	(2,650)

The consolidated entity has not entered into any hedging activities to cover interest rate risk. In regard to its interest rate risk, the consolidated entity continuously analyses its exposure. Within this analysis consideration is given to potential renewals of existing positions, alternative investments and the mix of fixed and variable interest rates.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 30 JUNE, 2008
21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

Parent Entity

	Note	**Float Interest Rate**		**Non-Interest Bearing**		**Total Carrying mount**		**Interest Rate Risk Sensitivity -10%**		**+10%**	
		2008 $	**2007 $**	**2008 $**	**2007 $**	**2008 $**	**2007 $**	**2008 $**	**2007 $**	**2008 $**	**2007 $**
Financial Assets											
Cash at bank	17	10,834	31,557			10,834	31,557	(214)	(210)	214	210
Trade and other receivables	7			122,922	248,570	122,922	248,570				
Security deposits	7	6,050	6,050			6,050	6,050	-	-	-	-
Total		16,884	37,607	122,922	248,570	139,806	286,177	(214)	(210)	214	210
Weighted average interest rate		1.25%	1.00%								
Financial Liabilities											
Trade and other payables	13	357,903	809,246	1,066,584	943,847	1,424,487	1,753,093	2,074	2,860	(2,074)	(2,860)
Total		357,903	809,246	1,066,584	943,847	1.424.487	1,753,093	2,074	2,860	(2,074)	(2,860)
Weighted average interest rate		10.5%	12.0%								
Net Financial assets (liabilities)		(341,019)	(771,639)	(943,662)	(694,277)	(1,284,682)	(1,465,916)	1,860	2,650	(1,860)	(2,650)

The consolidated entity has not entered into any hedging activities to cover interest rate risk. In regard to its interest rate risk, the consolidated entity continuously analyses its exposure. Within this analysis consideration is given to potential renewals of existing positions, alternative investments and the mix of fixed and variable interest rates.

A sensitivity of 10% has been selected as this is considered reasonable given the current level of both short term and long term Australian dollar interest rates. A 10% sensitivity would move short term interest rates at 30 June 2008 from 6.72% to 7.40% representing a 68 basis points shift. This would represent two to three increases which is reasonably possible in the current environment with the bias coming from the Reserve Bank of Australia and confirmed by market expectations that interest rates in Australia are more likely to move up than down in the coming period.

Based on the sensitivity analysis only interest revenue from variable rate deposits and cash balances is impacted resulting in a decrease or increase in overall income.

(b) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash to ensure the ability to meet debt requirements. The consolidated entity manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The consolidated entity aims at maintaining flexibility in funding by having in place operational plans to source further capital and borrowings as required.

Liquidity risk is measured using liquidity ratios such as working capital as follows:

	30 June 2008	**30 June 2007**
Current Assets	139,806	286,177
Current Liabilities	1,424,287	1,753,093
Surplus/(Deficit)	(1,284,481)	(1,466,916)

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 30 JUNE, 2008

21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(c) Commodity Price Risk

The consolidated entity is not exposed to commodity price risk.

(d) Price Risk Sensitivity Analysis

The Group is not exposed to equity securities price risk.

(e) Foreign Exchange Risk

Foreign exchange risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the entity's functional currency. The consolidated entity's foreign transactions are immaterial and it is not exposed to significant foreign currency risk.

(f) Net Fair Values

For financial assets and liabilities, the net fair value approximates their carrying value. No financial assets and financial liabilities are readily traded on organised markets in standardised form. The consolidated entity has no financial assets where carrying amount exceeds net fair values at balance date.

The consolidated entity's receivables at balance date are detailed in Note 7 and comprise primarily of GST input tax credits refundable by the ATO.

The credit risk on financial assets of the economic entity which have been recognised on the Balance Sheet is generally the carrying amount.

(g) Capital Risk Management

When managing capital, management's objectives is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management also maintain a capital structure that ensures the lowest cost of capital available to the entity.

In order to maintain or adjust the capital structure, the entity may adjust the amount of dividends paid to shareholders, return capital to shareholder, issue new shares, enter into joint ventures or sell shares.

The entity does not have a defined share buy-back plan.

No dividends were paid in 2007 and no dividends are expected to be paid in 2008.

There is no current intention to incur additional debt funding on behalf of the company beyond those facilities which presently exist.

The consolidated entity is not subject to any externally imposed capital requirements.

Management reviews management accounts on a monthly basis and reviews actual expenditure against budget on a quarterly basis.

22. SEGMENT INFORMATION

The Company and group operate within one segment within Australia, Solar Tower development.

23. SUBSEQUENT EVENTS

Since the end of the financial year the following events or circumstances may impact on the operation or states of affairs of the economic entity in the future financial years:

EnviroMission's Stock Exchange Offer to SolarMission Technologies Inc (SMT) security holders was extended to allow sufficient time for all eligible stock holders to receive, consider and respond (if applicable) to the offer.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 30 JUNE, 2008

23. SUBSEQUENT EVENTS (CONT'D)

The Stock Exchange Offer to SMT eligible security holders successfully delivered the majority shareholding sought by the offer.

EnviroMission received responses from all SMT common share holders with 96% of the total number of shareholders accepted EnviroMission's 3:1 Stock Exchange Offer (representing 58.92% of the total common shares on issue).

100% of warrant holders accepted the 2:1 Stock Exchange Offer.

Subject to EnviroMission shareholder approval (at the next meeting of the members of EnviroMission – anticipated to be the upcoming Annual General Meeting) the total number of ordinary free trading EnviroMission share required to be issued to SMT common share and warrant holders will be 145,818,831.

In the weeks leading up to the close of the Stock Exchange Offer (1 August, 2008), EnviroMission negotiated a licence agreement with SMT to meet the strategic intent of the acquisition (global development rights) and to also ensure sufficient commercial terms to ensure equity to all SMT security holders, including security holders that may decline the EnviroMission Stock Exchange Offer.

EnviroMission's licence agreement with SMT, effective 31 July, 2008, secured the global Solar Tower development licence in all markets, excluding China.

EnviroMission issued 5,000,000 (five million) ordinary free trading shares to SMT as an equity consideration for the global Solar Tower licence (excluding China), with additional 'commercial in confidence' provisions to satisfy the immediate and equitable assignment of the Solar Tower licence to EnviroMission; subject also to EnviroMission shareholder approval of the Stock Exchange Offer to SMT.

The agreement included additional commercial terms, including agreed milestones aimed at providing ongoing equity opportunity to SMT (EnviroMission anticipates owning 58.92% of SMT subject to shareholder approval).

Whilst EnviroMission anticipates a major shareholding in SMT it must also anticipate possible dissent from any other SMT shareholder that may attempt to impose barriers contrary to the agreed development objectives that formed the basis of the acquisition. Assignment of the licence ahead of the formalization of EnviroMission's acquisition of SMT is a key measure of good faith and intention to guarantee the development rights sought via the acquisition will be available and exclusive to EnviroMission.

ANALYSIS OF MEMBERS' SHARE HOLDINGS

At 29 August 2008 there were 105,472,539 ordinary fully paid shares.

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There were 1,421 holders of ordinary shares.

Range of Holding	No. of Shareholders	Number of Shares	Percent of Issued Capital
1-1,000	19	12,035	0.01
1,001-5,000	400	1,376,970	1.31
5,001-10,000	344	2,987,418	2.83
10,001-100,000	565	18,212,040	17.27
100,000 and over	93	82,884,076	78.58
	1,421	105,472,539	100.00

Number of shareholders with less than a marketable parcel 512

Substantial Shareholders

20 Largest Holders of Ordinary Shares

Name	Number of Shares	Percent of Issued Capital
ANZ NOMINEES LIMITED <CASH INCOME A/C>	28,640,557	27.15
SUNSHINE ENERGY (AUST)PTY LTD	10,714,286	10.16
CITICORP NOMINEES PTY LIMITED	4,189,820	3.97
CANTERBURY MINT PTY LTD	2,713,273	2.57
CANTERBURY MINT PTY LTD (CANTERBURY MINT S/FUND A/C)	2,613,406	2.48
UBS WEALTH MANAGEMENT AUSTRALIA NOMINEES PTY LTD	2,536,851	2.41
LEAP INTERNATIONAL PTY LTD	2,200,333	2.09
MR WILLIAM CARLIN & MS HEATHER ROBINSON	1,665,403	1.58
ANDELOU PTY LTD	1,500,000	1.42
MERRLI LYNCH (AUSTRALIA) NOMINEES PTY LTD	1,393,276	1.32
J DONALD PORTER & COMPANY INC.	1,047,944	0.99
MR PAUL TEMPLE <PAUL TEMPLE REVOCABLE A/C>	1,034,341	0.98
MR HEINZ-JOACHIM MULLER & MS ELISABETH MARIA MULLER-LOTH <JOLI SUPER A/C>	1,000,000	0.95
MR JOHN TENTOMAS & MRS VICKY TENTOMAS <THE JOVITEN FUND A/C>	800,000	0.76
AUSTRALIAN INVESTMENT SYNDICATE PTY LTD	750,000	0.71
NATIONAL NOMINEES LIMITED	712,149	0.68
MR BRADLEY MARK ROSS	621,500	0.59
CORLESS SUPERANNUATION MANAGEMENT PTY LTD	558,000	0.53
MRS HEATHER BLANCH	541,243	0.51
ANDELOU PTY LTD	500,000	0.47
	65,732,382	62.32

Voting Rights

At a general meeting of shareholders:

(a) On a show of hands, each person who is a member or sole proxy has one vote

(b) On a poll, each shareholder is entitled to one vote for each fully paid share

CORPORATE GOVERNANCE STATEMENT

The directors of EnviroMission Limited believe benefits will flow from the maintenance of the highest possible standards of corporate governance. A description of the company's main corporate governance practises is set out below. The Company has adopted the 2nd Edition of the "Corporate Governance Principals and Recommendations of the ASX Corporate Governance Council" issued by the ASX Corporate Governance Council in August 2007.

The Board is arranging for greater use of the Company's website for communicating with shareholders, and will be arranging for its charters, policies or summaries to be made available on the website as encouraged by the 2nd Edition principles.

Principal No	Best Practice Recommendation	Compliance	Reason for Non-compliance
1.1	Establish the functions reserved to the board and those delegated to senior executives and disclose those functions.	The board has adopted a formal charter setting out the responsibilities of the Board. Any functions not reserved for the Board and not expressly reserved for members by the Corporations Act and ASX Listing Rules are reserved for senior executives.	Not applicable
1.2	Disclose the process for evaluating the performance of senior executives.	Senior executives' performance is reviewed annually by the board using a 180 degree review methodology (objective and subjective process) to assess the extent that key performance indicators have been met; this process is contextualised against overall company performance relative to market sector and broader market considerations.	Not applicable
1.3	Provide the information indicated in the Guide to reporting on Principal 1.	A performance evaluation has been completed during the reporting period in accordance with the process detailed in 1.2 above.	Not applicable
2.1	A majority of the Board should be independent of directors.	Currently EnviroMission has one independent director (Mr David Galbally QC) and two non independent directors (Mr Guoxiang Ma and Mr Tang).	Not applicable
2.2	The chair should be an independent director.	The Chairman, Mr Roger Davey, is not independent.	EnviroMission's market capitalisation and current working capital constraints prevent a restructure or expansion of the EnviroMission board sufficient to meet the recommendation of the ASX at this point in time.

Principal No	Best Practice Recommendation	Compliance	Reason for Non-compliance
2.3	The roles of chair and chief executive officer should not be exercised by the same individual	The roles of the Chair and Chief Executive Officer are carried out by Mr Roger Davey.	EnviroMission's market capitalisation and working capital constraints prevents a restructure or expansion of the EnviroMission board sufficient to meet the best practice standard recommended by the ASX at this point in time. Decisions that directly and or personally impact on Mr Davey are chaired by an alternate director.
2.4	The board should establish a nomination committee.	The board does not have a nomination committee.	Due to the size, scale and resources of EnviroMission the role of a nomination committee is carried out by the full board. The full board considers the appointment of new directors, on an informal basis.
2.5	Disclose the process for evaluating the performance of the board, its committee and individual directors.	Internal appraisals are generally conducted by the chairperson and may take the form of an informal chat with each individual director, a peer assessment or something more structured.	Not applicable.
2.6	Provide the information indicated in the Guide to reporting on Principle 2.	The skills, experience and expertise relevant to the position held by each director is disclosed in the Directors' Report which forms part of the Annual Report. The name of the Independent Directors are disclosed above in the Annual Report. The directors are entitled to take independent professional advice at the expense of the company. The period of office held by each director is disclosed in the Directors' Report which forms part of this Annual Report.	Not applicable
3.1	Establish a code of conduct and disclose the code for a summary of the code as to: • the practise necessary to maintain confidence in the Company's integrity; • the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders; • the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.	The Board is arranging for greater use of the Company's website for communicating with shareholders, and will be arranging for the Code of Conduct to be made available on the website as encouraged by the 2nd Edition principles.	Not applicable

Principal No	Best Practice Recommendation	Compliance	Reason for Non-compliance
3.2	Establish a policy concerning trading in Company securities by directors, senior executives and employees, and disclose the policy or a summary of that policy.	The Board is arranging for greater use of the Company's website for communicating with shareholders, and will be arranging for a Trading Policy to be made available on the website as encouraged by the 2nd Edition principles.	Not applicable.
3.3	Provide the information indicated in the Guide to reporting on Principle 3.	The information has been disclosed in the Annual Report.	Not applicable.
4.1	The board should establish an audit committee.	The company has an established an Audit Committee.	Not applicable.
4.2	The audit committee should be structured so that it: consists only of non-executive directors; • consists of a majority of independent directors; • is chaired by an independent chair, who is not chair of the board; • has at lease three members	The Audit Committee has two members, consisting of the non-executive director, Mr David Norman Galbally and executive director Mr Roger Chalmers Davey. The Audit Committee is chaired by Mr David Galbally.	Not applicable.
4.3	The audit committee should have a formal charter.	The Board is arranging for greater use of the Company's website for communicating with shareholders, and will be arranging for the Audit and Risk Management charter to be made available on the website as encouraged by the 2nd Edition principles.	Not applicable.
4.4	Provide the information in the Guide to reporting on Principle 4.	The names of the members of the Audit Committee are disclosed above. The qualifications of the members of the Audit Committee are disclosed in the Directors' Report which forms part of this Annual Report. The audit committee will meet twice in each year, before sign off of the annual and half year financial statements.	Not applicable.
5.1	Establish written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.	The Board is arranging for greater use of the Company's website for communicating with shareholders, and will be arranging for the Continuous Disclosure Policy to be made available on the website as encouraged by the 2nd Edition principle.	Not applicable.

Principal No	Best Practice Recommendation	Compliance	Reason for Non-compliance
5.2	Provide the information indicated in the Guide to reporting on Principle 5.	The information has been disclosed in the Annual Report.	Not applicable.
6.1	Design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose that policy or a summary of that policy	The Board is arranging for greater use of the Company's website for communicating with shareholders, and will be arranging for a Shareholder Communications Policy to be made available on the website as encouraged by the 2nd Edition principles.	Not applicable.
6.2	Provide the information indicated in the Guide to reporting on Principle 6.	The information has been disclosed in the Annual Report	Not applicable.
7.1	Establish policies for the oversight and management of material business risk and disclose a summary of those policies.	This policy outlines the material risks face by the Company as identified by the Board. Given the size and scale of EnviroMission Limited does not have a Risk sub-committee or Internal Audit function.	
7.2	The board should require management to design and implement the risk management and internal control system to manage the Company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the Company's management of its material business risks.	The Board believes the risk management and internal control systems designed and implemented by the Directors and the Financial Officer is adequate given the size and nature of the company's activities. The board informally reviews and requests management to report on risk management and internal control.	Management has not formally reported to the board as to the effectiveness of the company's management of its material business risks. Given the nature and size of the Company and the Board's ultimate responsibility to manage the risks of the Company this is not considered critical. The company intends to develop the risk reporting framework into a detailed policy as its operations continue to grow.
7.3	The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial office (or equivalent) that the declaration provided in accordance with section 295A is the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	The Board receives assurance from Mr Roger Davey (Executive Chairman and Director) and the chief financial officer (if in the form of a declaration, prior to approving financial statement.	Not applicable.

Principal No	Best Practice Recommendation	Compliance	Reason for Non-compliance
7.4	Companies should provide the information indicated in the Guide to reporting on Principle 7.	The information has been disclosed in the Annual Report.	Not applicable.
8.1	The board should establish a remuneration committee.	The company does have an established remuneration committee	Not applicable
8.2	Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.	The structure of non-executive directors' remuneration is clearly distinguished from that of executive directors and senior executives, as described in the Directors' Report which forms part of this Annual Report.	Not applicable.
8.3	Companies should provide the information indicated in the guide to reporting on Principle 8.	The information has been disclosed in the Annual Report.	Not applicable.