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Annual Report Year Ended 30 June, 2009

EnviroMission's Annual Report for the year ended 30 June, 2009 follows.

The audited accounts enclosed differ from those released on August 31 (4E) as to the accounting treatment of SolarMission Technologies Inc. acquisition on consolidation.

The Goodwill on Consolidation, some \$5.9 million, has been written down to Zero (Value of Technology) and will be revalued in the books of EnviroMission Limited on the success of the first power plant.

Roger C. Davey
Executive Chairman
Chief Executive Officer
EnviroMission Limited

Media Enquires

Kim Forte (+61414690356)
Communications Manager
Enviromission Limited
Director
EnviroMission (USA), Inc.

ENVIROMISSION LIMITED AND CONTROLLED ENTITIES

ABN: 52 094 963 238

**Annual Financial Report For The Year Ended
30 June 2009**

ENVIROMISSION LIMITED AND CONTROLLED ENTITIES
ABN 52 094 238

CORPORATE DIRECTOY

Board of Directors

Roger Davey (Chairman)
David N Galbally QC
Guoxiang Ma (alternate, Yue Tang)

Company Secretary

Andrew Draffin

Registered Office

Ground Floor
3 Raglan Street
South Melbourne, Victoria

Telephone: (03) 9670 3766
Facsimile: (03) 9670 3691
Email: admin@enviromission.com.au
Web Page: www.enviromission.com.au

Auditors

MSI Ragg Weir
Chartered Accountants

Share Registry

Computershare Investor Services
452 Johnson Street
Abbotsford Vic 3067

Telephone: (03) 9415 5000

Bankers

National Australia Bank Limited
Ground Level
330 Collins Street
Melbourne, Victoria

ASX Hone Branch

Australian Stock Exchange Limited
2 The Esplande
Perth, Western Australia

Solicitors

DLA Piper
Level 6, Building 6

ENVIROMISSION LIMITED AND CONTROLLED ENTITIES

30 June 2009

ABN: 52 094 963 238

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**ENVIROMISSION LIMITED ABN: 52 094 963 238 AND CONTROLLED ENTITIES
REPORT OF THE DIRECTORS'**

Your directors present their report, together with the financial statements of the Group, being the Company and its controlled entities for the financial year ended 30 June 2009.

Principal Activities and Significant Changes in Nature of Activities

The principal activities of the consolidated group during the financial year were:

- Development of Solar Tower renewable energy technology in Australia and the United States of America.

Operating Results and Review of Operations for the year

Operating Results

The consolidated operating loss after income tax for the financial year ended 30 June 2009 was a loss of \$11,634,372 (2008 - 1,666,848 loss).

Review of Operations

Operations over the last financial year have reflected EnviroMission's revised Solar Tower development, to a priority to control, lead and promote Solar Tower licence and technology commercialisation opportunities to markets other than Australia.

The acquisition of the majority holding in SolarMission Technologies Inc (SolarMission) via a share exchange offer for eligible SolarMission securities in the second quarter of the 2008/09 financial year enabled EnviroMission to successfully gain control of the global Solar Tower development rights and Intellectual property.

The costs associated with this extraordinary strategic event, the EnviroMission share exchange offer included regulator and legal fees, independent experts' reports, printing and mailings which are included in the expenditure of the 2008/09 accounts and have not been treated as an extraordinary event however similar costs are not expected in future accounts.

EnviroMission's commitment to Solar Tower development in the United States also correlates to increased operational expenditure in that market over the 2008/09 period that includes the establishment and resourcing of EnviroMission's newly incorporated entity, EnviroMission (USA), Inc., at offices in Phoenix, Arizona.

Australian operations are now focused on the general management of the global Solar Tower licence, global operations that have included rollout of EnviroMission's US entity, EnviroMission (USA), Inc. and corporate administration of the EnviroMission group of controlled companies - SolarMission and EnviroMission (USA), Inc.

Support for EnviroMission's strategic intent has been reflected in positive and consistent capital raisings out of that market over the last financial year.

EnviroMission secured a formal agreement with Raymond James & Associates, a leader in the investment banking sector in the USA. They will provide expertise in reaching US financial markets that are yet to be fully explored by utilising their 27 domestic and international investment banking and institutional sales offices. Raymond James & Associates also share a strong technology and energy focus with EnviroMission.

Capital raisings out of the US have also provided additional value to net operating capital via the effect of the exchange rate on inbound US dollars that has also provided a natural hedge against the cost of EnviroMission doing business in the US market.

EnviroMission formalised a consultancy agreement with Arup, an independent company of designers, planners, engineers, consultants and technical specialists, to provide EnviroMission with cost effective access to a multidisciplinary team and project management of the front end engineering design and review aspects of future Solar Tower proposals to also remove the need for a permanently contracted engineering function inside the business.

Litigation imposed on EnviroMission via EnviroMission's association with SolarMission resulted in extraneous costs of capital and resources; whilst all claims before the Nevada Federal District Court were dismissed, EnviroMission was required to provide a defence that has been included in the 2008/09 accounts; the court awarded all defendant's court costs be met by the Plaintiff, Daya Ranjit Senanayake – EnviroMission and SolarMission will actively seek these costs from Mr Senanayake.

EnviroMission has now consulted legal advice around the proper course of action for recovery of the awarded costs by the Nevada court, action for damages for the defamation and damage caused to both businesses and securities related anomalies that emerged in filings by the Plaintiff to the court.

A reduction in EnviroMission's operational overheads in Australia included the outsourcing of the combined roles of Chief Financial Officer and Company Secretary to Mr Andrew Draffin, CA and partner of Draffin Walker Pty. Ltd. for a more commercially competitive rate to also provide EnviroMission with a fully integrated and outsourced accounting function.

A remuneration review was conducted for the first time since 2005 to provide overdue and necessary incentives to EnviroMission's executives in line with similar roles in similar sized public companies; the review was made in step with community views that reject excessive executive remuneration.

**ENVIROMISSION LIMITED ABN: 52 094 963 238 AND CONTROLLED ENTITIES
REPORT OF THE DIRECTORS'**

Financial Position

The net assets of the consolidated group have decreased by \$2,480,034 from 30 June 2008 to \$2,442,466 at 30 June 2009. This decrease is largely due to the following factors:

- The goodwill on consolidation resulting from the purchase of SolarMission Inc was deemed to be fully impaired resulting in a write-down of \$5,919,752;
- The amortisations rate of the The Australian licence to develop Solar Towers in Australia, held by SolarMission Ltd, a fully owned subsidiary of EnviroMission Ltd, has been revised to seven years from twenty years. The change resulted in the asset being written down by a further \$2,574,207, refer to note 11;
- Significant costs were incurred defending the Senanayake case, refer to note 19;
- \$2,693,945 of capital was raised during the year via share placements to various investors.
- 147,818,831 ordinary shares were issued in consideration of the Company's 58.92% interest in SolarMission Inc. See note 12.
- A further 5,000,000 shares were issued in consideration of the Company's purchase of the global licence for Solar Tower development.
- A further 907,400 ordinary shares were issued to retire debts of the Company.

The consolidated group has reduced its borrowings from \$357,903 to \$167,801.

The directors of the Company remain confident that further capital can be raised in both Australian and United States of America markets to meet the debts of the Company when they fall due and pursue the successful development of solar towers.

The directors believe the group is in a strong and stable financial position to complete the development of Solar Towers despite the write-down's brought to account for the financial year.

Significant Changes in State of Affairs

The following significant changes in the state of affairs of the parent entity occurred during the financial year:

Changes in controlled entities and divisions:

Purchase of 58.92% of SolarMission Inc, which controls the intellectual property for the Solar Towers that are to be developed for \$5,892,160.

Dividends Paid or Recommended

No dividends were paid or declared during the financial year.

After Balance Date Events

The case between Senanayake (as previously announced) and the Company was dismissed by the presiding judge on the 12th and 13th of August 2009. All claims filed by Mr Senanayake were dismissed without exception. The appeal period for Mr Senanayake has also passed bringing an end to the civil matter brought by Mr Senanayake. Mr Senanayake has no claims against the Company or its directors at the date of this report. The Company's legal counsel has been instructed to advice on the remedies available to the Company as a result of the damages caused by Mr Senanayake. The Consolidated Group has spent significant resources defending the matter that would have otherwise gone towards progressing a valuable energy technology that can be to the benefit of many.

**ENVIROMISSION LIMITED ABN: 52 094 963 238 AND CONTROLLED ENTITIES
REPORT OF THE DIRECTORS'**

Information on Directors

Roger C Davey

Qualifications
Experience

- Executive Chairman, Chief Executive Officer
- B.Bus, CPA, CFTP
- Mr Davey is the 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 the Securities Institute of Australia and Member of the Finance and Treasury Association Limited.
- Mr Davey was a director of Australia's largest stockbroking firm, McIntosh Securities Ltd (now Merrill Lynch) and he was responsible for the creation and development of financial futures operations as managing director of McIntosh Risk Management Ltd. He was also a director of the Sydney Futures Exchange Ltd and Bain Refco Commodities Ltd, 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 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 the ASX.

Interest in Shares and Options

- 51,247,679

Directorships held in other listed entities during the three years prior to the current year

- Nil

David N Galbally QC

Qualifications
Experience

- Non-Executive Director
- B Juris LLB
- Mr Galbally has extensive experience in areas of criminal law, white collar crime, corporate law 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 and Safety matters.

Mr Galbally was a partner in the legal firm of Galbally & O'Bryan from 1977 to 1983, appointed Queens Council in 1996 and partner in the firm Browne and Co from 2000 to 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.

Interest in Shares and Options

- 1,150,000

Directorships held in other listed entities during the three years prior to the current year

- GNV Limited

Guoxiang Ma

Qualifications
Experience

- Non-Executive Director
- Mr Guoxiang Ma is the founding Chairman of Shanghai Xiang Jiang Industrial Co. Ltd., since 1994. Shanghai Jiang has been involved in the property development and 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.

Interest in Shares and Options

- 14,663,276

Directorships held in other listed entities during the three years prior to the current year

- Nil

Yue Tang

Qualifications
Experience

- Alternate to Guoxiang Ma
- Mr Tang is a 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.

Interest in Shares and Options

- 14,663,276

Directorships held in other listed entities

- Nil

Company Secretary

Mr Andrew Draffin was appointed Company Secretary on 2 March 2009 and holds office at the date of this report.

**ENVIROMISSION LIMITED ABN: 52 094 963 238 AND CONTROLLED ENTITIES
REPORT OF THE DIRECTORS'**

Meetings of Directors

During the financial year, six meetings of directors were held.

Attendances by each director during the year were as follows:

	Directors' Meetings		Audit Committee		Nominating Committee		Human Resources		Operating Committee	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Roger C Davey	6	6	-	-	-	-	-	-	-	-
David N Galbally QC	6	6	-	-	-	-	-	-	-	-
Guoxiang Ma	6	-	-	-	-	-	-	-	-	-
Yue Tang	6	3	-	-	-	-	-	-	-	-

Indemnifying Officers or Auditor

During or since the end of the financial year, the company has not given an indemnity or entered into an agreement to indemnify, or paid or agreed to pay any insurance premiums.

Options

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

Grant Date	Date of expiry	Exercise price	Number under option
15/10/2008	1/02/2011	\$0.25	12,528,470
23/12/2008	1/02/2011	\$0.10	15,267,175
27/02/2009	1/02/2011	\$0.09	17,771,136
11/05/2009	1/02/2011	\$0.092	1,426,888
15/06/2009	1/02/2001	\$0.09	2,058,376
18/08/2009	1/02/2011	\$0.084	494,641
14/09/2009	1/02/2011	\$0.09	623,589
			50,170,275

Options holders do not have any rights to participate in any issues of shares or other interests in the Company or any other entity.

There have been no unissued shares or interests under option of any controlled entity within the Group during or since reporting date with the exception of those motioned above.

For details of options issued to directors and executives as remuneration, refer to the Remuneration Report.

During the year ended 30 June 2009, no ordinary shares of EnviroMission Limited were issued on the exercise of options granted. No amounts are unpaid on any of the shares.

No person entitled to exercise the option had or has any right by virtue of the option to participate in any share issue of any other body corporate.

Proceedings on Behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings, except as discussed above.

Non-audit Services

No non-audit services were provided by the Company's auditors during the financial year.

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2009 has been received and can be found on page 12 of the Annual Report.

**ENVIROMISSION LIMITED ABN: 52 094 963 238 AND CONTROLLED ENTITIES
REPORT OF THE DIRECTORS'**

REMUNERATION REPORT

Remuneration policy

The remuneration policy of EnviroMission Limited has been designed to align key management personnel objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the Consolidated Group's financial results. The board of EnviroMission Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best key management personnel to run and manage the Consolidated Group, as well as create goal congruence between directors, executives and shareholders.

The board's policy for determining the nature and amount of remuneration for key management personnel of the consolidated group is as follows:

- The remuneration policy is required to be developed and approved by the board after seeking professional advice from independent external consultants.
- Performance incentives are generally only paid once predetermined key performance indicators have been met.
Incentives paid in the form of options or rights are intended to align the interests of the directors and company with those of the shareholders. In this regard, key management personnel are prohibited from limiting risk attached to those instruments by use of derivatives or other means.
- The board reviews key management personnel packages annually by reference to the consolidated group's performance, executive performance and comparable information from industry sectors.

The performance of key management personnel is measured against criteria agreed bi-annually with each executive and is based predominantly on the forecast growth of the Consolidated Group's profits, developments and shareholders' value. All bonuses and incentives must be linked to predetermined performance criteria. The board may, however, exercise its discretion in relation to approving incentives, bonuses and options. The policy is designed to attract the highest calibre of executives and reward them for performance that results in long-term growth in shareholder wealth.

Key management personnel subject to the arrangement are subject to a policy governing the use of external hedging arrangements. Such personnel are prohibited from entering into hedge arrangements, ie put options, on unvested shares and options which form part of their remuneration

All remuneration paid to key management personnel is valued at the cost to the company and expensed.

The board policy is to remunerate non-executive directors at market rates for time, commitment and responsibilities. The board determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting.

Performance based remuneration

The key performance indicators (KPIs) are set annually, with a certain level of consultation with key management personnel to ensure buy-in. The measures are specifically tailored to the areas each individual is involved in and has a level of control over. The KPIs target areas the board believes hold greater potential for group expansion and profit, covering financial and non-financial as well as short and long-term goals. The level set for each KPI is based on budgeted figures for the group and respective industry standards.

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

In determining whether or not a KPI has been achieved, EnviroMission Limited bases the assessment on audited figures.

**ENVIROMISSION LIMITED ABN: 52 094 963 238 AND CONTROLLED ENTITIES
REPORT OF THE DIRECTORS'**

Relationship between remuneration policy and company performance

The remuneration policy has been tailored to increase goal congruence between shareholders, directors and executives. Two methods have been applied to achieve this aim, the first being a performance-based bonus based on key performance indicators, and the second being the issue of options to the majority of directors and executives to encourage the alignment of personal and shareholder interests.

The following table shows the gross revenue, profits and dividends for the last five years for the listed entity, as well as the share prices at the end of the respective financial years.

	2005	2006	2007	2008	2009
	\$	\$	\$	\$	\$
Revenue	160,193	379,609	15,990	108,943	14,050
Net Profit	(1,975,481)	(1,725,166)	(1,929,081)	(1,666,848)	(11,634,372)
Share Price at Year-end	0.30	0.15	0.16	0.05	0.05
Dividends	0.00	0.00	0.00	0.00	0.00

Performance Conditions linked to Remuneration

The remuneration of Directors and Key Management Personnel are not linked to the performance of the share price or earnings of the Company.

Employment Details of Members of Key Management Personnel and Other Executives

The following table provides employment details of persons who were, during the financial year, members of key management personnel of the consolidated group, and to the extent different, were amongst the five group executives or company executives receiving the highest remuneration. The table also illustrates the proportion of remuneration that was performance and non-performance based and the proportion of remuneration received in the form of option.

Position Held as at 30 June 2009 and any change during the year

Group Key Management Personnel

Roger C Davey	Director, EnviroMission (USA) Inc & SolarMission Technologies Inc
David N Galbally QC	Director, EnviroMission (USA) Inc & SolarMission Technologies Inc
Guoxiang Ma	Director
Yue Tang	Alternate Director for Mr Ma
Kim Forte	Communications Manager & Director of EnviroMission (USA) Inc
Ian Riley (resigned 2 March 2009)	Company Secretary & Chief Financial Officer
Andrew Draffin	Company Secretary & Chief Financial Officer
David Rodli	Director, EnviroMission (USA) Inc & SolarMission Technologies Inc
George Horvath	Director, SolarMission Technologies Inc
Bill Willey	Director, SolarMission Technologies Inc

Proportions of elements of remuneration related to performance

Proportions of elements of remuneration not related to performance

	Proportions of elements of remuneration related to performance			Proportions of elements of remuneration not related to performance	
	Non-salary cash based incentives %	Shares/ Units %	Options/ Rights %	Fixed Salary/Fees %	Total %
Group Key Management Personnel					
Roger C Davey	-	-	-	336,464	336,464
David N Galbally QC	-	-	-	20,000	20,000
Guoxiang Ma	-	-	-	20,000	20,000
Yue Tang	-	-	-	-	-
Kim Forte	-	-	-	188,214	188,214
Ian Riley	-	-	-	78,500	78,500
Andrew Draffin	-	-	-	-	-
David Rodli	-	-	-	-	-
George Horvath	-	-	-	-	-
Bill Willey	-	-	-	-	-

**ENVIROMISSION LIMITED ABN: 52 094 963 238 AND CONTROLLED ENTITIES
REPORT OF THE DIRECTORS'**

Employment Details of Members of Key Management Personnel and Other Executives (continued)

Amounts due to Mr Davey, Mr Galbally and Mr Ma remain unpaid at 30 June 2009 and at the date of this report. \$80,214 remains outstanding to Ms Forte being the monthly fee due from SolarMission Technologies Inc. Accounting and financial services are provided by Draffin Walker Pty Ltd (refer to note 23 (b) for further details).

Remuneration Details for the Year Ended 30 June 2009

The following table of payments and benefits details, in respect to the financial year, the components of remuneration for each member of the key management personnel for the Consolidated Group:-

Table of Benefits and Payments for the year ended 30 June 2009

	Short-term benefits				Equity-settled share-based payments		Total \$
	Salary, Fees and Leave \$	Profit Share and bonuses \$	Non-monetary \$	Other \$	Shares/Units \$	Options/Rights \$	
2009							
Group Key Management Personnel							
Roger C Davey	336,464	-	-	-	-	-	336,464
David N Galbally QC	20,000	-	-	-	-	-	20,000
Guoxiang Ma	20,000	-	-	-	-	-	20,000
Yue Tang	-	-	-	-	-	-	-
Kim Forte	188,214	-	-	-	-	-	188,214
Ian Riley	78,500	-	-	-	-	-	78,500
Andrew Draffin	-	-	-	-	-	-	-
	643,178	-	-	-	-	-	643,178

	Short-term benefits				Equity-settled share-based payments		Total \$
	Salary, Fees and Leave \$	Profit Share and bonuses \$	Non-monetary \$	Other \$	Shares/Units \$	Options/Rights \$	
2008							
Group Key Management Personnel							
Roger C Davey	250,000	-	-	-	-	-	250,000
David N Galbally QC	20,000	-	-	-	-	-	20,000
Guoxiang Ma	20,000	-	-	-	-	-	20,000
G Parkinson	8,333	-	-	-	-	-	8,333
Kim Forte	96,000	-	-	-	-	-	96,000
Ian Riley	89,500	-	-	-	-	-	89,500
	483,833	-	-	-	-	-	483,833

CORPORATE GOVERNANCE STATEMENT

The Board of directors of the Company have adopted the following set of principles for the corporate governance of the Company. These principles establish the framework of how the board carries out its duties and obligations on behalf of the shareholders.

The ASX Listing Rules require listed companies to include in their annual report a statement disclosing the extent to which they have complied with the ASX Best Practice Recommendations in the reporting period. The recommendations are not prescriptive so that if a company considers that a recommendation is inappropriate having regard to its particular circumstances, the company has the flexibility not to follow it. Where a company has not followed all the recommendations, the annual report must identify which recommendations have not been followed and give reasons for not following them.

The Company has complied with the ASX Best Practice Recommendations except for the circumstances included on pages 10-11 which sets out the ASX Best Practice Recommendations with which the Company has not complied in the reporting period.

Details of the Company's corporate governance practices in the relevant reporting period are set out on the following pages.

**ENVIROMISSION LIMITED ABN: 52 094 963 238 AND CONTROLLED ENTITIES
REPORT OF THE DIRECTORS'**

The Board of Directors

Role of the Board

The primary responsibilities of the board are set out in a written policy and include:

- the establishment of the long term goals of the Company and strategic plans to achieve those goals;
- monitoring the achievement of those goals;
- the review of management accounts and reports to monitor the progress of the Company;
- the review and adoption of budgets for the financial performance of the Company and monitoring the results on a regular basis to assess performance;
- the review and approval of the annual and half-year financial reports;
- nominating and monitoring the external auditor;
- approving all significant business transactions;
- appointing and monitoring senior management;
- all remuneration, development and succession issues; and
- ensuring that the Company has implemented adequate systems of risk management and internal control together with appropriate monitoring of compliance activities.

The Board evaluates this policy on an ongoing basis.

Board performance review

The performance of all directors is assessed through review by the board as a whole of a director's attendance at and involvement in board meetings, their performance and other matters identified by the board or other directors. Significant issues are actioned by the board. Due to the board's assessment of the effectiveness of these processes, the board has not otherwise formalised measures of a director's performance.

The Company has not conducted a performance evaluation of the members of the board during the reporting period; however the board conducts a review of the performance of the Company against its objectives on an ongoing basis.

Board composition

The Directors' Report contains details of the directors' skill, experience and education as set out on page 3. The Board seeks to establish a Board that consists of directors with an appropriate range of experience, skill, knowledge and vision to enable it to operate the Company's business with excellence. To maintain this, the Company's policy is that executive directors should serve at least 3 years. At the completion of the first 3 years, the position of the director is reviewed to ascertain if circumstances warrant a further term.

At 30 June 2009, the board comprises an executive Chairman, one non independent non-executive director and one independent non-executive director.

The board is primarily responsible for identifying potential new directors but has the option to use an external consulting firm to identify and approach possible new candidates for directorship. The selection of the directors must be approved by the majority of the shareholders.

Retirement and re-election of directors

The Constitution of the Company requires directors, to retire from office after serving three three years service. Directors who have been appointed by the Board during the year are required to retire from office at the next Annual General Meeting. Retiring directors are eligible for re-election by shareholders.

Independence of directors

The board has reviewed the position and association of each of the three directors in office at the date of this report and considers that one of the directors is independent. In considering whether a director is independent, the board has regard to the independence criteria in ASX Best Practice Recommendations Principle 2 and other facts, information and circumstances that the board considers relevant. The board assesses the independence of new directors upon appointment and reviews their independence, and the independence of the other directors, as appropriate.

The board considers that Mr Galbally meets the criteria in Principle 2. Mr Galbally has no material business or contractual relationship with the Company, other than as a director, and no conflicts of interest which could interfere with the exercise of independent judgement. Accordingly, he is considered to be independent. Mr Davey and Mr Ma and Mr Ma's alternate director Mr Tang are either directly or through Company's associated with the directors major shareholders in the Company and therefore not considered to be independent.

Independent professional advice

With the prior approval of the Chairman, each director has the right to seek independent legal and other professional advice at the Company's expense concerning any aspect of the Company's operations or undertakings in order to fulfil their duties and responsibilities as directors.

Directors' remuneration

Details of the Company's remuneration policies are included in the "Remuneration Report" section of the Directors' Report.

Non-executive directors may be remunerated by cash benefits alone and will not be provided with retirement benefits (except in exceptional circumstances). Executive directors may be remunerated by fixed remuneration and no termination payments will be agreed other than a reasonable period of notice of termination as detailed in the executive's employment contract. Remuneration is not determined by individual performance.

The Company does not provide any equity-based remuneration to directors.

**ENVIROMISSION LIMITED ABN: 52 094 963 238 AND CONTROLLED ENTITIES
REPORT OF THE DIRECTORS'**

Ethical Standards

In pursuit of the highest ethical standards, the Company has adopted a Code of Conduct which establishes the standards of behaviour required of directors and employees in the conduct of the Company's affairs. This Code is provided to all directors and employees. The board monitors implementation of this Code. Unethical behaviour is to be reported to the Company's Chairman as soon as practicable.

The Code of Conduct is based on respect for the law, and acting accordingly, dealing with conflicts of interest appropriately, using the Consolidated Groups assets responsibly and in the best interests of the Company, acting with integrity, being fair and honest in dealings, treating other people with dignity and being responsible for actions and accountable for the consequences. The Company's Code of Conduct is available on the Company's website.

Trading in the Company's securities by directors and employees of the Company

The Board has adopted a policy in relation to dealings in the securities of the Company which applies to all directors and employees. Under the policy, directors are prohibited from short term or "active" trading in the Company's securities and directors and employees are prohibited from dealing in the Company's securities whilst in possession of price sensitive information. The Company's Chairman must also be notified of any proposed transaction.

This policy is provided to all directors and employees. Compliance with it is reviewed on an ongoing basis in accordance with the Company's risk management systems.

Audit Committee

Having regard to the number of members currently comprising the Company's board, the board does not consider it appropriate to delegate these responsibilities to a sub-committee of the board, however meetings are held regularly during the year between Mr Andrew Draffin, and the Company's auditor to discuss the Company's ongoing activities and to discuss any proposed changes prior to their implementation and to seek advice in relation thereto.

The audit will be rotated as is statutorily required, and the selection of auditor will be based upon industry experience, cost effectiveness and overall potential to provide pro-active assistance to the Company within the bounds of auditor independence requirements.

Continuous Disclosure

The Company has in place a continuous disclosure policy, a copy of which is provided to all Company officers and employees who may from time to time be in the possession of undisclosed information that may be material to the price or value of the Company's securities.

The continuous disclosure policy aims to ensure timely compliance with the Company's continuous disclosure obligations under the Corporations Act 2001 and ASX Listing Rules and ensure officers and employees of the Company understand these obligations.

The procedure adopted by the Company is essentially that any information which may need to be disclosed must be brought to the attention of the Chairman, who in consultation with the board (where practicable) and any other appropriate personnel, will consider the information and whether disclosure is required and prepare an appropriate announcement.

At least once in every 12 month period, the board will review the Company's compliance with this continuous disclosure policy and update it from time to time, if necessary.

Shareholder

The board aims to ensure that shareholders are kept informed of all major developments affecting the Company. Information is communicated to shareholders as follows:

- as the Company is a disclosing entity, regular announcements are made to the Australian Securities Exchange in accordance with the Company's continuous disclosure policy, including half-year reviewed accounts, year end audited accounts and an annual report;
- the board ensures the annual report includes relevant information about the operations of the Company during the year, changes in the state of affairs and details of future developments;
- shareholders are advised in writing of key issues affecting the Company by effective use of the Company's share registry;
- any proposed major changes in the Company's affairs are submitted to a vote of shareholders, as required by the Corporations Act 2001;
- the board encourages full participation of shareholders at the Annual General Meeting to ensure a high level of accountability and identification of the Company's strategies and goals. All shareholders who are unable to attend these meetings are encouraged to communicate or ask questions by writing to the Company; and
- the external auditor is required to attend the Annual General Meeting to answer any questions concerning the audit and the content of the auditor's report.

The Board reviews this policy and compliance with it on an ongoing basis.

**ENVIROMISSION LIMITED ABN: 52 094 963 238 AND CONTROLLED ENTITIES
REPORT OF THE DIRECTORS'**

Managing Business Risk

The Consolidated Group maintains policies and practices designed to identify and manage significant business risks, including:

- regular financial reporting;
- procedures and controls to manage financial exposures and operational risks;
- the Company's business plan;
- corporate strategy guidelines and procedures to review and approve the Company's strategic plans; and
- insurance and risk management programmes which are reviewed by the board.

The board reviews these systems and the effectiveness of their implementation annually and considers the management of risk at its meetings. The Company's risk profile is reviewed annually. The board may consult with the Company's external auditor on external risk matters or other appropriately qualified external consultants on risk generally, as required.

The board receives regular reports about the financial condition and operating results of the Consolidated Group. The Board believes that:

- the Company's financial reports present a true and fair view of the Company's financial condition and operational results and are in accordance with relevant accounting standards; and
- the Company's risk management and internal control systems are sound, appropriate and operating efficiently and effectively.

The Chief Executive Officer and the Company secretary has declared in writing to the board that the Company's financial reports are founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board.

Internal controls

Procedures have been established by the board that are designed to safeguard the assets and interests of the Company, and to ensure the integrity of reporting. These include accounting, financial reporting and internal control policies and procedures. To achieve this, the board perform the following procedures:

- ensure appropriate follow-up of significant audit findings and risk areas identified;
- review the scope of the external audit to align it with board requirements; and
- conduct a detailed review of published accounts.

Environmental Regulation

The Consolidated Group is not subject to any environmental regulations.

ASX BEST PRACTICE RECOMMENDATIONS

Pursuant to the ASX Listing Rules, the Company advises that it does not comply with the following Best Practice Recommendations,

Recommendation 2.1: The majority of the board should be independent directors.
Of the three directors only one is considered independent.

Recommendation 2.2: The Chairman should be an independent director.
The Chairman is a major shareholder of the company and hence is not considered independent.

Recommendation 2.3: The roles of the chairman and chief executive officer should not be exercised by the same individual
The role of the chief executive officer is held by Mr Davey who is also the chairman.

Recommendation 2.4: The board should establish a Nomination Committee.

The functions to be performed by a nomination committee under the ASX Best Practice Recommendations are currently performed by the full board and this is reflected in the written policy setting out the responsibilities of the board. Having regard to the number of members currently comprising the Company's board, the Board does not consider it appropriate to delegate these responsibilities to a sub-committee. These arrangements will be reviewed periodically by the board to ensure that they continue to be appropriate to the Company's circumstances.

Recommendation 2.6: The Company should provide the information indicated in the Guide to reporting on Principle 2

One of the matters to be included in the corporate governance section of the annual report pursuant to the *Guide to reporting on Principle 2* is "the names of members of the nomination committee and their attendance at meetings of the committee". As stated in the previous paragraph, the Board does not consider it appropriate for the Company to establish a nomination committee and therefore this information has not been included in the annual report or otherwise made publicly available. In all other respects, the Company has complied with the disclosure requirements contained in the *Guide to reporting on Principle 2* by the inclusion of information in this statement, but has not otherwise made the information publicly available.

Recommendation 4.1: The Board should establish an Audit Committee.

The functions to be performed by an audit committee under the ASX Best Practice Recommendations are currently performed by the full board and this is reflected in the written policy setting out the responsibilities of the Board. Having regard to the number of members currently comprising the Company's board, the Board does not consider it appropriate to delegate these responsibilities to a sub-committee of the Board, however meetings are held between senior management and the auditor regularly during the year to discuss the Company's ongoing activities and to discuss any proposed changes prior to their implementation and to seek advice in relation thereto.

**ENVIROMISSION LIMITED ABN: 52 094 963 238 AND CONTROLLED ENTITIES
REPORT OF THE DIRECTORS'**

ASX BEST PRACTICE RECOMMENDATIONS (continued)

Recommendation 4.2: Structure of the Audit Committee so that it consists of:

- only Non-Executive Directors;
- a majority of Independent Directors;
- an independent Chairperson, who is not chairman of the board;
- at least three members.

As mentioned under Recommendation 4.1, the Board does not consider it appropriate for the Company to establish a sub-committee of the board, therefore the structuring requirements of the Audit Committee are not applicable.

Recommendation 4.3: The Audit Committee should have a formal charter.

As stated above, the functions to be performed by an audit committee under the ASX Best Practice Recommendations are currently performed by the full board and this is reflected in the written policy setting out the responsibilities of the Board. Having regard to the number of members currently comprising the Company's board, the Board does not consider it appropriate to delegate these responsibilities to a sub-committee of the Board, however meetings are held between senior management and the auditor regularly during the year to discuss the Company's ongoing activities and to discuss any proposed changes prior to their implementation and to seek advice in relation thereto. In doing so, the Board also adheres to the Company's Code of Conduct and procedures to ensure independent judgement in decision making, as set out in relation to ASX Best Practice Recommendation 2.1. These arrangements will be reviewed periodically by the Board to ensure that they continue to be appropriate to the Company's circumstances.

Recommendation 4.4: Provide the information indicated in "Guide to reporting on Principle 4".

The *Guide to reporting on Principle 4* requires that the corporate governance section of the annual report include "details of the names and qualifications of those appointed to the audit committee". As stated in the previous paragraph, the Board does not consider it appropriate for the Company to establish an audit committee and therefore this information has not been included in the annual report. However as the Board fulfils the role of the audit committee, details of the Company's directors and their attendance at board meetings are set out in the Company's annual report. In all other respects, the Company has complied with the disclosure requirements contained in the *Guide to reporting on Principle 4*.

Recommendation 8.1: The Board should establish a Remuneration Committee.

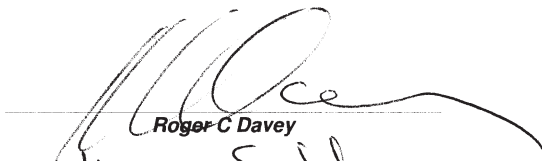
The functions to be performed by a remuneration committee under the ASX Best Practice Recommendations are currently performed by the full board and this is reflected in the written policy setting out the responsibilities of the Board. Having regard to the number of members currently comprising the Company's board, the Board does not consider it appropriate to delegate these responsibilities to a sub-committee. These arrangements will be reviewed periodically by the Board to ensure that they continue to be appropriate to the Company's circumstances.

Recommendation 8.3: Provide the information indicated in "Guide to reporting on Principle 8".

One of the matters to be included in the corporate governance section of the annual report pursuant to the *Guide to reporting on Principle 8* is "the names of members of the remuneration committee and their attendance at meetings of the committee". As stated in the previous paragraph, the Board does not consider it appropriate for the Company to establish a remuneration committee and therefore this information has not been included in the annual report. However as the board fulfils the role of the remuneration committee, details of the Company's directors and their attendance at board meetings are set out in the Company's annual report. In all other respects, the Company has complied with the disclosure requirements contained in the *Guide to reporting on Principle 8*.

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

Director



Roger C Davey

Dated this

30 day of Sept 2009

**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 2009 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

L.S. WONG
Partner

Melbourne: 30 September 2009

ENVIROMISSION LIMITED ABN: 52 094 963 238 AND CONTROLLED ENTITIES
INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2009

	Note	Consolidated Group		Parent Entity	
		2009	2008	2009	2008
Revenue	2	(24,316)	97,615	(24,392)	97,615
Other income	2	38,366	11,328	-	11,328
Employee benefits expense		(60,577)	(13,051)	(60,576)	(13,051)
Impairment write-downs		(5,729,306)	-	(9,040,277)	(507,614)
Corporate costs		(772,403)	(267,922)	(155,325)	(267,922)
Occupancy costs		(93,913)	(65,933)	(53,979)	(65,933)
Travel costs		(134,524)	(66,973)	(57,956)	(66,973)
Contracting & consulting costs		(1,092,522)	(480,639)	(479,377)	(480,639)
Borrowing & financing facility costs		-	(269,472)	-	(269,472)
Other expenses from ordinary activities		(388,193)	(69,222)	(201,686)	(69,222)
Audit fees		(21,000)	(25,750)	(21,000)	(25,750)
Doubtful debts		-	-	(720,093)	-
Depreciation and amortisation expense		(3,091,036)	(516,829)	(11,598)	(9,215)
Other expenses		-	-	-	-
Finance costs		(264,949)	-	(264,949)	-
Loss before income tax	3	(11,634,372)	(1,666,848)	(11,091,209)	(1,666,848)
Income tax expense	4	-	-	-	-
Loss from continuing operations		(11,634,372)	(1,666,848)	(11,091,209)	(1,666,848)
Loss for the year		(11,634,372)	(1,666,848)	(11,091,209)	(1,666,848)
Loss attributable to minority equity interest		-	-	-	-
Profit attributable to members of the parent entity		(11,634,372)	(1,666,848)	(11,091,209)	(1,666,848)
Overall Operations					
Basic earnings per share (cents per share)	7	(5.71)	(1.80)	(5.45)	(2.20)
Diluted earnings per share (cents per share)	7	(5.13)	(1.80)	(4.89)	(2.20)

The accompanying notes form part of these financial statements.

ENVIROMISSION LIMITED ABN: 52 094 963 238 AND CONTROLLED ENTITIES
BALANCE SHEET AS AT 30 JUNE 2009

	Note	Consolidated Group		Parent Entity	
		2009	2008	2009	2008
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	8	47,035	10,834	42,476	10,834
Trade and other receivables	9	359,680	121,153	17,980	121,153
TOTAL CURRENT ASSETS		<u>406,715</u>	<u>131,987</u>	<u>60,456</u>	<u>131,987</u>
NON-CURRENT ASSETS					
Trade and other receivables	9	-	-	-	-
Other financial assets	11	-	-	3,054,252	6,133,675
Property, plant and equipment	13	14,764	4,527	10,962	4,527
Intangible assets	14	3,454,237	6,133,675	400,000	-
Other assets	15	7,819	76,498	7,819	76,498
TOTAL NON-CURRENT ASSETS		<u>3,476,820</u>	<u>6,214,700</u>	<u>3,473,033</u>	<u>6,214,700</u>
TOTAL ASSETS		<u><u>3,883,535</u></u>	<u><u>6,346,687</u></u>	<u><u>3,533,490</u></u>	<u><u>6,346,687</u></u>
CURRENT LIABILITIES					
Trade and other payables	16	1,273,368	1,066,384	571,355	1,066,384
Borrowings	17	167,801	357,903	52,741	357,903
TOTAL CURRENT LIABILITIES		<u>1,441,169</u>	<u>1,424,287</u>	<u>624,096</u>	<u>1,424,287</u>
NON-CURRENT LIABILITIES					
TOTAL NON-CURRENT LIABILITIES		-	-	-	-
TOTAL LIABILITIES		<u>1,441,169</u>	<u>1,424,287</u>	<u>624,096</u>	<u>1,424,287</u>
NET ASSETS		<u>2,442,366</u>	<u>4,922,400</u>	<u>2,909,394</u>	<u>4,922,400</u>
EQUITY					
Issued capital	18	29,355,492	20,277,289	29,355,492	20,277,289
Reserves	25	76,134	-	-	-
Retained earnings		(26,989,261)	(15,354,889)	(26,446,098)	(15,354,889)
Parent interest		2,442,366	4,922,400	2,909,394	4,922,400
Minority equity interest		-	-	-	-
TOTAL EQUITY		<u>2,442,366</u>	<u>4,922,400</u>	<u>2,909,394</u>	<u>4,922,400</u>

The accompanying notes form part of these financial statements.

**ENVIRONMENT LIMITED ABN: 52 094 963 238 AND CONTROLLED ENTITIES
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2009**

Note	Share Capital							Total
	Ordinary	Redeemable Preference	Convertible Preference	Retained Earnings	Foreign Currency Translation Reserve	General Reserves	Minority Equity Interests	
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Consolidated Group								
Balance at 1 July 2007	18,944,835	-	-	(13,688,041)	-	-	-	5,256,794
Loss attributable to members of parent entity	-	-	-	(1,666,848)	-	-	-	(1,666,848)
Shares issued during the year	1,332,454	-	-	-	-	-	-	1,332,454
Sub-total	20,277,289	-	-	(15,354,889)	-	-	-	4,922,400
Dividends paid or provided for	-	-	-	-	-	-	-	-
Balance at 30 June 2008	20,277,289	-	-	(15,354,889)	-	-	-	4,922,400
Shares issued during the year	9,078,203	-	-	-	-	-	-	9,078,203
Loss attributable to members of parent entity	-	-	-	(11,634,372)	-	-	-	(11,634,372)
Adjustments from translation of foreign controlled entities	-	-	-	-	76,134	-	-	76,134
Transfers from retained earnings	-	-	-	-	-	-	-	-
Sub-total	29,355,492	-	-	(26,989,261)	76,134	-	-	2,442,366
Dividends paid or provided for	-	-	-	-	-	-	-	-
Balance at 30 June 2009	29,355,492	-	-	(26,989,261)	76,134	-	-	2,442,366

The accompanying notes form part of these financial statements.

Note	Share Capital							Total
	Ordinary	Redeemable Preference	Convertible Preference	Retained Earnings	Foreign Currency Translation Reserve	General Reserves	Minority Equity Interests	
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Parent Entity								
Balance at 1 July 2007	18,944,835	-	-	(13,688,040)	-	-	-	5,256,795
Loss attributable to members of parent entity	-	-	-	(1,666,848)	-	-	-	(1,666,848)
Shares issued during the year	1,332,454	-	-	-	-	-	-	1,332,454
Sub-total	20,277,289	-	-	(15,354,888)	-	-	-	4,922,401
Dividends paid or provided for	-	-	-	-	-	-	-	-
Balance at 30 June 2008	20,277,289	-	-	(15,354,888)	-	-	-	4,922,401
Shares issued during the year	9,078,203	-	-	-	-	-	-	9,078,203
Loss attributable to members of parent entity	-	-	-	(11,091,210)	-	-	-	(11,091,210)
Sub-total	29,355,492	-	-	(26,446,098)	-	-	-	2,909,394
Dividends paid or provided for	-	-	-	-	-	-	-	-
Balance at 30 June 2009	29,355,492	-	-	(26,446,098)	-	-	-	2,909,394

The accompanying notes form part of these financial statements.

**ENVIROMISSION LIMITED ABN: 52 094 963 238 AND CONTROLLED ENTITIES
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2009**

	Note	Consolidated Group		Parent Entity	
		2009	2008	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers		97,165	-	97,165	-
Interest received		2,593	3,871	2,593	3,871
Payments to suppliers and employees		(2,566,423)	(674,689)	(1,432,304)	(674,689)
Finance costs		(293,296)	-	(293,296)	-
Net cash provided by (used in) operating activities	21	<u>(2,759,961)</u>	<u>(670,818)</u>	<u>(1,625,841)</u>	<u>(670,818)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from sale of available-for-sale investments		15,973	-	-	-
Purchase of property, plant and equipment		(21,835)	-	(18,034)	-
Purchase of other non-current assets		-	-	(15)	-
Net cash provided by (used in) investing activities		<u>(5,862)</u>	<u>-</u>	<u>(18,048)</u>	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from issue of shares		2,693,945	650,095	2,693,945	650,095
Proceeds from borrowings		52,741	-	52,741	-
Amounts advanced to related entities		-	-	(713,251)	-
Repayment of borrowings		39,409	-	(357,903)	-
Net cash provided by (used in) financing activities		<u>2,786,094</u>	<u>650,095</u>	<u>1,675,532</u>	<u>650,095</u>
Net increase in cash held		20,271	(20,723)	31,642	(20,723)
Cash at beginning of financial year	8	10,834	31,557	10,834	31,557
Effect of exchange rates on cash holdings in foreign currencies		15,930	-	-	-
Cash at end of financial year	8	<u><u>47,035</u></u>	<u><u>10,834</u></u>	<u><u>42,476</u></u>	<u><u>10,834</u></u>

The accompanying notes form part of these financial statements.

**ENVIROMISSION LIMITED ABN: 52 094 963 238 AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009**

This financial report includes the consolidated financial statements and notes of EnviroMission Limited and controlled entities ('Consolidated Group' or 'Group'), and the separate financial statements and notes of EnviroMission Limited as an individual parent entity ('Parent Entity').

Note 1 Statement of Significant Accounting Policies

Basis of Preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations and the Corporations Act 2001.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

(a) Principles of Consolidation

A controlled entity is any entity over which EnviroMission Limited has the power to govern the financial and operating policies so as to obtain benefits from its activities. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are considered.

A list of controlled entities is contained in Note 12 to the financial statements.

As at reporting date, the assets and liabilities of all controlled entities have been incorporated into the consolidated financial statements as well as their results for the year then ended. Where controlled entities have entered the consolidated group during the year, their operating results have been included from the date control was obtained.

All inter-group balances and transactions between entities in the consolidated group, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those adopted by the parent entity.

Minority interests, being that portion of the profit or loss and net assets of subsidiaries attributable to equity interests held by persons outside the group, are shown separately within the Equity section of the consolidated Balance Sheet and in the consolidated Income Statement.

Business Combinations

Business combinations occur where control over another business is obtained and results in the consolidation of its assets and liabilities. All business combinations, including those involving entities under common control, are accounted for by applying the purchase method.

The purchase method requires an acquirer of the business to be identified and for the cost of the acquisition and fair values of identifiable assets, liabilities and contingent liabilities to be determined as at acquisition date, being the date that control is obtained. Cost is determined as the aggregate of fair values of assets given, equity issued and liabilities assumed in exchange for control together with costs directly attributable to the business combination. Any deferred consideration payable is discounted to present value using the entity's incremental borrowing rate.

Goodwill is recognised initially at the excess of cost over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If the fair value of the acquirer's interest is greater than cost, the surplus is immediately recognised in profit or loss.

(b) Income Tax

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

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

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

**ENVIROMISSION LIMITED ABN: 52 094 963 238 AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009**

(b) Income Tax (Continued)

Tax Consolidation

EnviroMission Limited and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under tax consolidation legislation. Each entity in the group recognises its own current and deferred tax assets and liabilities. Such taxes are measured using the 'stand-alone taxpayer' approach to allocation. Current tax liabilities (assets) and deferred tax assets arising from unused tax losses and tax credits in the subsidiaries are immediately transferred to the head entity.

The group notified the Australian Tax Office that it had formed an income tax consolidated group to apply from 1 July 2008. The tax consolidated group has entered a tax funding arrangement whereby each company in the group contributes to the income tax payable by the group in proportion to their contribution to the group's taxable income. Differences between the amounts of net tax assets and liabilities derecognised and the net amounts recognised pursuant to the funding arrangement are recognised as either a contribution by, or distribution to the head entity.

(c) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value as indicated 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 from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The cost of fixed assets constructed within the consolidated group includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads. Subsequent costs are included in the asset's carrying amount or recognised 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 is depreciated on a straight-line basis over the asset's useful life to the consolidated group commencing from the time the asset is held ready for use.

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

Class of Fixed Asset	Depreciation Rate
Plant and equipment	34%

The assets' residual values 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 than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement. When re-valued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

(d) Financial Instruments

Initial Recognition and Measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Company commits itself to either purchase or sell the asset (ie trade date accounting is adopted). Financial instruments are initially measured at fair value plus transactions costs except where the instrument is classified 'at fair value through profit or loss' in which case transaction costs are expensed to profit or loss immediately.

Classification and Subsequent Measurement

Finance instruments are subsequently measured at either fair value, amortised cost using the effective interest rate method or cost. Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as (a) the amount at which the financial asset or financial liability is measured at initial recognition (b) less principal repayments (c) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest method; and (d) less any reduction for impairment.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

The group does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of accounting standards specifically applicable to financial instruments.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009**

(d) Financial Instruments (Continued)

(i) Financial assets at fair value through profit or loss

Financial assets are classified at 'fair value through profit or loss' when they are either held for trading for the purpose of short term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the group's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

(iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

(v) Financial Liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At each reporting date, the group assess whether there is objective evidence that a financial instrument has been impaired. In the case of available-for sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the income statement.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

(e) Impairment of Assets

At each reporting date, the group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the assets carrying value. Any excess of the assets carrying value over its recoverable amount is expensed to the income statement.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

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

(f) Investments in Associates

Investments in associate companies are recognised in the financial statements by applying the equity method of accounting. The equity method of accounting recognised the group's share of post acquisition reserves of its associates.

The consolidated group's interests in joint venture entities are brought to account using the equity method of accounting in the consolidated financial statements. The parent entity's interests in joint venture entities are brought to account using the cost method.

(g) Intangibles

Goodwill

Goodwill and goodwill on consolidation are initially recorded at the amount by which the purchase price for a business combination exceeds the fair value attributed to the interest in the net fair value of identifiable assets, liabilities and contingent liabilities at date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Licences

Licences are recognised at cost of acquisition and have a finite life and are carried at cost less any accumulated amortisation and any impairment losses. Licences are amortised over their useful life ranging from twenty to seven years.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009**

(h) Foreign Currency Transactions and Balances

Functional and presentation currency

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

Transaction and balances

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

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

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

Group companies

The financial results and position of foreign operations whose functional currency is different from the group's presentation currency are translated as follows:

- assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;
- income and expenses are translated at average exchange rates for the period; and
- retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the groups foreign currency translation reserve in the balance sheet. These differences are recognised in the income statement in the period in which the operation is disposed.

(i) Employee Benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. Those cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

Equity-settled compensation

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

(j) Provisions

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

(k) Cash and Cash Equivalents

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

(l) Revenue and Other Income

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. Any consideration deferred is treated as the provision of finance and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established.

Dividend received from associates and joint venture entities are accounted for in accordance with the equity method of accounting.

Revenue relating to construction activities is detailed at Note 1(e).

Revenue recognition relating to the provision of services is determined with reference to the stage of completion of the transaction at reporting date and where outcome of the contract can be estimated reliably. Stage of completion is determined with reference to the services performed to date as a percentage of total anticipated services to be performed. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent that related expenditure is recoverable.

Investment property revenue is recognised on a straight-line basis over the period of lease term so as to reflect a constant periodic rate of return on the net investment.

All revenue is stated net of the amount of goods and services tax (GST).

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009**

(m) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in income in the period in which they are incurred.

(n) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables in the balance sheet are shown inclusive of GST.

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

(o) Comparative Figures

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

(p) Critical Accounting Estimates and Judgments

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

Key Estimates

(a) Impairment

The group assesses impairment at each reporting date by evaluating conditions and events specific to the Group that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

Impairment has been recognised in respect of goodwill at reporting date. Due to the deficiency in net assets in SolarMission Technologies Inc, an impairment loss of the maximum carrying value of \$5,919,752 was booked.

Key Judgements

(a) Provision for Impairment of Receivables

Loans to subsidiaries and controlled entities were included in receivables of the Parent Entity at balance date. There is an inherent uncertainty that these amount will not be collectable when called, therefore a provision for impairment was made against these receivables.

(q) 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. Short term need over and above existing resources will be met by placement and new share issues as and when required. The Company plans to fund the development by forming commercial relationships with suppliers, contractors and other strategic alliances.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

(r) New Accounting Standards for application in future periods

The AASB has issued new, revised and amended standards and interpretations that have mandatory application dates for future reporting periods. The Group has decided against early adoption of these standards. A discussion of those future requirements and their impact on the Group is as follows:-

● AASB 3 "Business Combinations", AASB 127 "Consolidated and Separate Financial Statements", 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] (applicable for annual reporting periods commencing from 1 July 2009) and 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] (applicable for annual reporting periods commencing from 1 January 2009). These standards are applicable prospectively and so will only affect relevant transactions and consolidations occurring from the date of application. In this regard, its impact on the Group is not able to be determined. Changes to accounting requirements include:-

- acquisition costs incurred in a business combination will no longer be booked to goodwill but will be expensed unless the cost relates to issuing debt or equity securities.
- contingent consideration will be measured at fair value at the acquisition date and may only be provisionally accounted for during a period of 12 months after acquisition.
- a gain or loss of control will require the previous ownership interests to be remeasured to their fair value.
- there shall be no gain or loss from transactions affecting a parent's ownership interest of a subsidiary with all transactions required to be accounted for through equity (this will not represent a change to the Group's policy).
- dividends declared out of pre-acquisition profits will not be deducted from the cost of an investment but will be recognised as income.
- impairment of investments in subsidiaries, joint ventures and associates shall be considered when a dividend is paid by the respective investee.
- where there is in substance no change to group interests, parent entities inserted above existing groups shall measure the cost of its investments at the carrying amount of its share of the equity items shown in the balance sheet of the original parent at the date of reorganisation.

The Group will need to determine whether to maintain its present accounting policy of calculating goodwill acquired based on the parent's share of net assets acquired or it will change so that goodwill recognised with also reflect that of the non-controlling interest.

● AASB 8 "Operating Segments" and AASB 2007-3 "Amendments to Australian Accounting Standards arising from AASB 8 [AASB 5, AASB 6, AASB 102, AASB 107, AASB 119, AASB 127, AASB 134, AASB 136, AASB 1023 & AASB 1038 (applicable for annual reporting periods commencing from 1 January 2009). This standard replaces AASB 114 and requires identification of operating segments on the basis of internal reports that are regulatory reviewed by the group's board for the purposes of decision making. Whilst the impact of this standard cannot be assessed at this stage, there is the potential for more segments to be identified. Given the lower economic level at which segments may be defined, and the fact that cash generating units cannot be bigger than operating segments, impairment calculations may be affected. Management presently do not believe impairment will result however.

● AASB 101 "Presentation of Financial Statements", AASB 2007-8 "Amendments to Australian Accounting Standards arising from AASB 101", and AASB 2007-10 "Further Amendments to Australian Accounting Standards arising from AASB 101" (all applicable to annual reporting periods commencing from 1 January 2009). The revised AASB 101 and amendments supersedes the previous AASB 101 and redefines the composition of financial statements including the inclusion of a statement of comprehensive income. There will be no measurement or recognition impact on the Group. If an entity has made a prior period adjustment or reclassification, a third balance sheet as at the beginning of the comparative period will be required.

● AASB 123 "Borrowing Costs" and 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]" (applicable for annual reporting periods commencing from 1 January 2009). The revised AASB 123 has removed the option to expense all borrowing costs and will therefore require the capitalisation of all borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. Management has determined that there will be no effect on the Group as a policy of capitalising qualifying borrowing costs has been maintained by the Group.

● AASB 2008-1 "Amendments to Australian Accounting Standard – Share based Payments: Vesting Conditions and Cancellations [AASB 2]" (applicable for annual reporting periods commencing from 1 January 2009). This amendment to AASB 2 clarifies that vesting conditions consist of service and performance conditions only. Other elements of a share based payment transaction should therefore be considered for the purposes of determining fair value. Cancellations are also required to be treated in the same manner whether cancelled by the entity or by another party.

● AASB 2008-2 "Amendments to Australian Accounting Standards – Puttable Financial Instruments and Obligations Arising on Liquidation [AASB 7, AASB 101, AASB 132 & AASB 139 & Interpretation 2]" (applicable for annual reporting periods commencing from 1 January 2009). These amendments introduce an exception to the definition of a financial liability to classify as equity instruments certain puttable financial instruments and certain other financial instruments that impose an obligation to deliver a pro-rata share of net assets only upon liquidation.

● AASB 2008-5 "Amendments to Australian Accounting Standards arising from the Annual Improvements Project" (July 2008) (AASB 2008-5) and AASB 2008-6 "Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project" (July 2008) (AASB 2008-6) detail numerous non-urgent but necessary changes to accounting standards arising from the IASB's annual improvements project.

● AASB 2008-8 "Amendments to Australian Accounting Standards – Eligible Hedged Items" [AASB 139] (applicable for annual reporting periods commencing from 1 July 2009). This amendment clarifies how the principles that determine whether a hedged risk or portion of cash flows is eligible for designation as a hedged item should be applied in particular situations and is not expected to materially affect the Group.

● AASB Interpretation 15 "Agreements for the Construction of Real Estate" (applicable for annual reporting periods commencing from 1 January 2009) Under the interpretation, agreements for the construction of real estate shall be accounted for in accordance with AASB 111 where the agreement meets the definition of 'construction contract' per AASB 111 and when the significant risks and rewards of ownership of the work in progress transfer to the buyer continuously as construction progresses. Where the recognition requirements in relation to construction are satisfied but the agreement does not meet the definition of 'construction contract', revenue is to be accounted for in accordance with AASB 118. Management does not believe that this will represent a change of policy to the Group.

● AASB Interpretation 16 "Hedges of a Net Investment in a Foreign Operation" (applicable for annual reporting periods commencing from 1 October 2008). Interpretation 16 applies to entities that hedge foreign currency risk arising from net investments in foreign operations and that want to adopt hedge accounting. The interpretation provides clarifying guidance on several issues in accounting for the hedge of a net investment in a foreign operation and is not expected to impact the Group.

● AASB Interpretation 17 "Distributions of Non-Assets to Owners" (applicable for annual reporting periods commencing from 1 July 2009). This guidance applies prospectively only and clarifies that non-cash dividends payable should be measured at the fair value of the net assets to be distributed where the difference between the fair value and carrying value of the assets is recognised in profit or loss.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

Note 2 Revenue and Other Income

	Note	Consolidated Group		Parent Entity	
		2009	2008	2009	2008
		\$	\$	\$	\$
Sales Revenue					
— sale of goods		-	-	-	-
Total Sales Revenue		-	-	-	-
Other Revenue					
— interest received	2(a)	4,031	2,140	3,955	2,140
— government subsidies received		-	95,475	-	95,475
— Unrealised foreign exchange gain/(loss)		(28,347)	-	(28,347)	-
Total Other Revenue		(24,316)	97,615	(24,392)	97,615
Total Sales Revenue and Other Revenue		(24,316)	97,615	(24,392)	97,615
Other Income					
— gains on disposal of non-current investments		38,366	-	-	-
— Rent received		-	5,611	-	5,611
— other income		-	5,717	-	5,717
Total Other Income		38,366	11,328	-	11,328
(a) Interest revenue from:					
— financial institutions		4,031	2,140	3,955	2,140
Total interest revenue on financial assets not at fair value through profit or loss		4,031	2,140	3,955	2,140

Note 3 Profit for the Year

	Consolidated Group		Parent Entity	
	2009	2008	2009	2008
	\$	\$	\$	\$
(a) Expenses				
Impairment of non-current investments	68,679	-	9,040,277	507,614
Foreign currency translation losses	28,347	-	28,347	-
Impairment of goodwill	5,892,160	-	-	-
Depreciation on property, plant & equipment	11,598	9,215	11,598	9,215
Amotisation - licence	3,079,438	507,614	-	-
Bad and doubtful debts:				
— wholly-owned subsidiaries	-	-	86,792	-
— other related parties	-	-	633,302	-
Total bad and doubtful debts	-	-	720,094	-

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

Note 4 Income Tax Expense

	Note	Consolidated Group		Parent Entity	
		2009	2008	2009	2008
		\$	\$	\$	\$
(a) The components of tax expense comprise:					
Current tax		-	-	-	-
Deferred tax		-	-	-	-
Recoupment of prior year tax losses		-	-	-	-
Under provision in respect of prior years		-	-	-	-
		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(b) The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax as follows:					
Prima facie tax payable on profit from ordinary activities before income tax at 30% (2008: 30%)					
— consolidated group		(3,490,312)	(500,054)		
— parent entity				(3,327,363)	(500,054)
Add:					
Tax effect of:					
— other non-allowable items		1,431	-	1,431	-
— write-downs to recoverable amounts		915,250	-	2,691,479	-
— Non-deductible expenses		(43,450)	13,143	(43,450)	13,143
— Permanent differences		-	224,213	-	224,213
— Provision for doubtful debts		-	-	216,028	-
		<u>(2,617,081)</u>	<u>(262,698)</u>	<u>(461,875)</u>	<u>(262,698)</u>
Less:					
Tax effect of:					
— Deductible black hole expenditure		74,620	64,582	74,620	64,582
— Income tax losses carried forward not taken up as a benefit		(2,691,701)	(327,280)	(536,495)	(327,280)
Recoupment of prior year tax losses not previously brought to account		-	-	-	-
Income tax attributable to entity		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Future income tax benefits not brought to account as tax		6,223,982	3,532,281	3,100,529	2,564,034
The applicable weighted average effective tax rates are as follows:		0.0%	0.0%	0.0%	0.0%

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

Note 5 Interests of Key Management Personnel (KMP)

Refer to the Remuneration Report contained in the Report of the Directors' for details of the remuneration paid or payable to each member of Key Management Personnel of the Group for the year ended 30 June 2009.

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

	2009	2008
	\$	\$
Short-term employee benefits	643,178	483,833
Post-employment benefits	-	-
Other long term benefits	-	-
Termination benefits	-	-
Share-based payments	-	-
	<u>643,178</u>	<u>483,833</u>

KMP Options and Rights Holdings

No options were granted to Key Management Personnel during or since the year ended 30 June 2009.

KMP Shareholdings

The number of ordinary shares in EnviroMission Limited held during the financial year by each KMP of the Group is as follows:-

	Balance at beginning of year	Granted as remuneration during the year	Issued on exercise of options during the year	Other changes during the year	Balance at end of year
30 June 2009					
Roger C Davey	5,326,679	-	-	45,921,000	51,247,679
David N Galbally QC	-	-	-	1,150,000	1,150,000
Guoxiang Ma	10,714,286	-	-	3,948,990	14,663,276
Yue Tang	-	-	-	-	-
Kim Forte	155,000	-	-	10,149,200	10,304,200
Ian Riley	500,000	-	-	2,000,000	2,500,000
David Rodli	-	-	-	11,688,000	11,688,000
George Horvath	-	-	-	2,899,200	2,899,200
Bill Willey	-	-	-	2,899,200	2,899,200
Andrew Draffin	-	-	-	-	-
	<u>16,695,965</u>	<u>-</u>	<u>-</u>	<u>80,655,590</u>	<u>97,351,555</u>

	Balance at beginning of year	Granted as remuneration during the year	Issued on exercise of options during the year	Other changes during the year	Balance at end of year
30 June 2008					
Roger C Davey	5,326,679	-	-	-	5,326,679
David N Galbally QC	-	-	-	-	-
Guoxiang Ma	10,714,286	-	-	-	10,714,286
Mr G Parkinson	20,000	-	-	(20,000)	-
Kim Forte	155,000	-	-	-	155,000
Ian Riley	500,000	-	-	-	500,000
	<u>16,715,965</u>	<u>-</u>	<u>-</u>	<u>(20,000)</u>	<u>16,695,965</u>

Shares issued to Key Management Personnel (KMP) during the year related to the acquisition of SolarMission Technologies Inc (SMT). The KMP were holders of ordinary shares and warrants in SMT, these instruments were bought with shareholder approval as part of the Company's purchase of 58.92% of SMT.

Other KMP Transactions

There have been no other transactions involving equity instruments other than those described in the tables above.

For details of other transactions with KMP, refer to Note 23: Related Party Transactions.

Note 6 Auditors' Remuneration

	Consolidated Group		Parent Entity	
	2009	2008	2009	2008
	\$	\$	\$	\$
Remuneration of the auditor of the parent entity for:				
— auditing or reviewing the financial report	28,500	20,750	28,500	20,750
— taxation services	-	-	-	-

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

Note 7 Earnings per Share

		Consolidated Group	
		2009	2008
		\$	\$
(a)	Reconciliation of earnings to profit or loss		
	Loss	(11,634,372)	(1,666,848)
	Profit attributable to minority equity interest	-	-
	Earnings used to calculate basic EPS	(11,634,372)	(1,666,848)
	Dividends on converting preference shares		
	Earnings used in the calculation of dilutive EPS	(11,634,372)	(1,666,848)
(b)	Reconciliation of earnings to profit or loss from continuing operations		
	Loss from continuing operations	(11,634,372)	(1,666,848)
	Profit attributable to minority equity interest in respect of continuing operations		
	Redeemable and converting preference share dividends		
	Earnings used to calculate basic EPS from continuing operations	(11,634,372)	(1,666,848)
	Dividends on converting preference shares		
	Earnings used in the calculation of dilutive EPS from continuing operations	(11,634,372)	(1,666,848)
		No.	No.
(d)	Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	306,819,400	100,555,872
	Weighted average number of options outstanding	49,052,045	-
	Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS	355,871,445	100,555,872

Note 8 Cash and Cash Equivalents

	Note	Consolidated Group		Parent Entity	
		2009	2008	2009	2008
		\$	\$	\$	\$
Cash at bank and in hand		47,035	10,834	42,476	10,834
Short-term bank deposits		-	-	-	-
	24	47,035	10,834	42,476	10,834

The effective interest rate on short-term bank deposits was 1.25% (2008: 1.25%)

Reconciliation of cash

Cash at the end of the financial year as shown in the cash flow statement is reconciled to items in the balance sheet as follows:

Cash and cash equivalents		47,035	10,834	42,476	10,834
		47,035	10,834	42,476	10,834

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

Note 9 Trade and Other Receivables

	Note	Consolidated Group		Parent Entity	
		2009	2008	2009	2008
		\$	\$	\$	\$
CURRENT					
— GST receivable		17,980	18,508	17,980	18,508
— Security deposits		-	6,050	-	6,050
		<u>17,980</u>	<u>24,558</u>	<u>17,980</u>	<u>24,558</u>
Other receivables		341,700	96,595	-	96,595
Total current trade and other receivables		<u>359,680</u>	<u>121,153</u>	<u>17,980</u>	<u>121,153</u>
NON-CURRENT					
Amounts receivable from:					
— wholly-owned entities		-	-	485,666	398,874
— provision for impairment - wholly-owned subsidiaries	9d(ii)	-	-	(485,666)	(398,874)
— controlled entities		-	-	633,302	-
— provision for impairment - controlled entities	9d(iii)	-	-	(633,302)	-
Total non-current trade and other receivables		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

(a) Provision For Impairment of Receivables

Current trade and term receivables are non-interest bearing loans and generally on 30 day terms. Non-current trade and term receivables are assessed for recoverability based on the underlying terms of the contract. A provision for impairment is recognised when there is an objective evidence that an individual trade or term receivable is impaired. These amounts have been included in the other expenses item.

Movement in the provision for impairment of receivables is as follows:

	Opening Balance	Charge for the Year	Amounts Written Off	Closing Balance
	1 July 2007			30 June 2008
	\$	\$	\$	\$
Consolidated Group				
(i) Current trade receivables	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Parent Entity				
(i) Current trade receivables	-	-	-	-
(vi) Non-current wholly owned subsidiaries	398,874	-	-	398,874
	<u>398,874</u>	<u>-</u>	<u>-</u>	<u>398,874</u>
	Opening Balance	Charge for the Year	Amounts Written Off	Closing Balance
	1 July 2008			30 June 2009
	\$	\$	\$	\$
Consolidated Group				
(i) Current trade receivables	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Parent Entity				
(i) Current trade receivables	-	-	-	-
(ii) Non-current wholly owned subsidiaries	398,874	86,792	-	485,666
(iii) Non-current controlled entities	-	633,302	-	633,302
	<u>398,874</u>	<u>720,094</u>	<u>-</u>	<u>1,118,968</u>

There are no balances within trade and other receivables that contain assets that are not impaired and are past due. It is expected these balances will be received when due. Impaired assets are provided for in full.

Credit risk - Trade and Other Receivables

The Group has no significant concentration of credit risk with respect to any single counterparty or group of counterparties other than those receivables specifically provided for and mentioned within Note 9. The main source of credit risk to the Group is considered to relate to the class of assets described as Trade and Other Receivables.

On a geographic basis, the Group has significant credit risk exposures to Australia and the United States of America given the substantial operations in those regions. The Group's exposure to credit risk for receivables at reporting date to those regions is as follows:-

	Consolidated Group		Parent Entity	
	2009	2008	2009	2008
AUD	\$	\$	\$	\$
Australia	17,980	121,153	416,854	527,846
United States of America	341,700	-	720,094	-
	<u>359,680</u>	<u>121,153</u>	<u>1,136,948</u>	<u>527,846</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

Note 9 Trade and Other Receivables (Continued)

The following table details the Group's trade and other receivables exposed to credit risk (prior to collateral and other credit enhancements) with ageing analysis and impairment provided for thereon. Amounts are considered as 'past due' when the debt has not been settled with the terms and conditions agreed between the Group and the customer or counterparty to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there are specific circumstances indicating that the debt may not be fully repaid to the Group.

The balances of receivables that remain within initial trade terms (as detailed in the table) are considered to be of high credit quality.

Consolidated Group	Gross Amount \$	Past due and impaired \$	Past due but not impaired (days overdue)				Within initial trade terms \$
			<30 \$	31-60 \$	61-90 \$	>90 \$	
2009							
Trade and term receivables	17,980			17,980			
Other receivables	341,700	-				341,700	
Total	359,680	-	-	17,980	-	341,700	-

Consolidated Group	Gross Amount \$	Past due and impaired \$	Past due but not impaired (days overdue)				Within initial trade terms \$
			<30 \$	31-60 \$	61-90 \$	>90 \$	
2008							
Trade and term receivables	18,508		18,508				
Other receivables	102,645	-				96,595	6,050
Total	121,153	-	18,508	-	-	96,595	6,050

Parent Entity	Gross Amount \$	Past due and impaired \$	Past due but not impaired (days overdue)				Within initial trade terms \$
			<30 \$	31-60 \$	61-90 \$	>90 \$	
2009							
Trade and term receivables	17,980			17,980			
Other receivables	1,118,968	1,118,968					
Total	1,136,948	1,118,968	-	17,980	-	-	-

Parent Entity	Gross Amount \$	Past due and impaired \$	Past due but not impaired (days overdue)				Within initial trade terms \$
			<30 \$	31-60 \$	61-90 \$	>90 \$	
2008							
Trade and term receivables	18,508		18,508				
Other receivables	501,519	398,874				96,595	6,050
Total	520,027	398,874	18,508	-	-	96,595	6,050

Neither the Group nor parent entity holds any financial assets with terms that have been renegotiated, but which would otherwise be past due or impaired.

(iv) Financial Assets classified as loans and receivables	Note	Consolidated Group		Parent Entity	
		2009	2008	2009	2008
Trade and other Receivables		\$	\$	\$	\$
— Total Current		359,680	121,153	17,980	121,153
— Total Non-Current		-	-	-	-
Financial Assets	24	359,680	121,153	17,980	121,153

Note 10 Subsidiary Companies

Interests are held in the following subsidiary companies:

Name	Principal Activities	Country of Incorporation	Shares	Ownership Interest		Carrying Amount of Investment	
				2009	2008	2009	2008
				%	%	\$	\$
Unlisted:							
SolarMission Limited	Renewable energy	Australia	Ordinary	100.00%	100.00%	3,054,137	6,133,575
Pure Solar Power (IP) Pty Ltd	Renewable energy	Australia	Ordinary	100.00%	100.00%	100	100
EnviroMission (USA) Inc	Renewable energy	USA	Ordinary	100.00%	0.00%	15	-
SolarMission Technologies Inc (USA)	Renewable energy	USA	Ordinary	58.92%	0.00%	-	-
						3,054,252	6,133,675

Note 11 Other Financial Assets

	Note	Consolidated Group		Parent Entity	
		2009	2008	2009	2008
CURRENT		\$	\$	\$	\$
		-	-	-	-
NON CURRENT					
Shares in wholly owned subsidiaries		-	-	10,180,904	10,180,889
(impairment provision)		-	-	(7,126,652)	(4,047,214)
Shares in controlled entities		-	-	5,892,160	-
(impairment provision)		-	-	(5,892,160)	-
		-	-	3,054,252	6,133,675

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

Note 12 Controlled Entities

(a) **Controlled Entities Consolidated**

	Country of Incorporation	Percentage Owned (%)*	
		2009	2008
Subsidiaries of EnviroMission Limited:			
SolarMission Limited	Australia	100.00	100.00
Pure Solar Power (IP) Pty Ltd	Australia	100.00	100.00
EnviroMission USA Inc	United States of America	100.00	0.00
SolarMission Technologies Inc	United States of America	58.92	0.00

* Percentage of voting power is in proportion to ownership

(b) **Acquisition of Controlled Entities**

On 19 December 2008 the parent entity acquired 58.92% of SolarMission Technologies Inc, with EnviroMission Ltd entitled to all profits earned from 19 December 2008 for a purchase consideration of 5,892,160. The purchase was funded by the issue of 147,818,831 shares in the Company.

The assets and liabilities arising from the acquisition are as follows:

	Acquiree's carrying amount \$	Fair value \$
Goodwill	-	5,919,752
Cash	82	82
Receivables	749,134	749,134
Investments	1,217,090	1,217,090
Payables	(1,973,085)	(1,973,085)
	<u>(6,779)</u>	<u>5,912,973</u>
Minority interests		<u>(20,813)</u>
Net Assets Acquired		<u>5,892,160</u>

Note 13 Property, Plant and Equipment

	Consolidated Group		Parent Entity	
	2009	2008	2009	2008
	\$	\$	\$	\$
PLANT AND EQUIPMENT				
Plant and equipment:				
At cost	161,955	140,119	158,153	140,119
Accumulated depreciation	(147,191)	(135,592)	(147,191)	(135,592)
Accumulated impairment losses	-	-	-	-
	<u>14,764</u>	<u>4,527</u>	<u>10,962</u>	<u>4,527</u>
Total plant and equipment	<u>14,764</u>	<u>4,527</u>	<u>10,962</u>	<u>4,527</u>

(a) **Movements in Carrying Amounts**

Movements in carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year.

	Plant and Equipment \$
Consolidated Group:	
Balance at 1 July 2007	13,742
Additions	-
Disposals	-
Depreciation expense	(9,215)
Capitalised borrowing costs and depreciation	
Balance at 30 June 2008	<u>4,527</u>
Additions	21,836
Disposals	-
Revaluation increments / (decrements)	-
Depreciation expense	(11,599)
Balance at 30 June 2009	<u>14,764</u>
Parent Entity:	
Balance at 1 July 2007	13,742
Additions	-
Disposals	-
Depreciation expense	(9,215)
Balance at 30 June 2008	<u>4,527</u>
Additions	18,034
Disposals	-
Revaluation increments/(decrements)	-
Depreciation expense	(11,599)
Balance at 30 June 2009	<u>10,962</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009**

Note 14 Intangible Assets

	Consolidated Group		Parent Entity	
	2009	2008	2009	2008
	\$	\$	\$	\$
Goodwill				
Cost	5,919,752	-	-	-
Accumulated impaired losses	(5,919,752)	-	-	-
Net carrying value	-	-	-	-
Trademarks and licences				
Cost	21,735,187	10,152,284	400,000	-
Accumulated amortisation and impairment	(18,280,950)	(4,018,609)	-	-
Net carrying value	3,454,237	6,133,675	400,000	-
Total intangibles	3,454,237	6,133,675	400,000	-

Consolidated Group:

	Goodwill	Trademarks & Licences
	\$	\$
Year ended 30 June 2008		
Balance at the beginning of year	-	6,641,289
Additions	-	-
Disposals	-	-
Amortisation charge	-	(507,614)
Impairment losses	-	-
	-	6,133,675
Year ended 30 June 2009		
Balance at the beginning of year	-	6,133,675
Additions	5,919,752	400,000
Internal development		
Acquisitions through business combinations		
Disposals		
Amortisation charge	(5,919,752)	(3,079,438)
Impairment losses		
Closing value at 30 June 2009	-	3,454,237

Intangible assets, other than goodwill, have finite useful lives. The current amortisation charges for intangible assets are included under depreciation and amortisation expense per the income statement. Goodwill has an infinite life.

Note 15 Other Assets

	Consolidated Group		Parent Entity	
	2009	2008	2009	2008
	\$	\$	\$	\$
NON-CURRENT				
Option fee - Buronga land	-	68,679	-	68,679
Rental bond deposit	7,819	7,819	7,819	7,819
	7,819	76,498	7,819	76,498

The option fee for the Buronga land was written off during the financial year as the Company does not intend to exercise its held rights.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

Note 16 Trade and Other Payables

	Note	Consolidated Group		Parent Entity	
		2009	2008	2009	2008
		\$	\$	\$	\$
CURRENT					
Unsecured liabilities					
Trade payables		458,626	694,633	339,220	694,633
Sundry payables and accrued expenses		814,742	371,751	232,135	371,751
	16(a)	<u>1,273,368</u>	<u>1,066,384</u>	<u>571,355</u>	<u>1,066,384</u>
NON-CURRENT					
		-	-	-	-

	Note	Consolidated Group		Parent Entity	
		2009	2008	2009	2008
		\$	\$	\$	\$
(a) Financial liabilities at amortised cost classified as trade and other payables					
Trade and other payables					
— Total Current		1,273,368	1,066,384	571,355	1,066,384
— Total Non-Current		-	-	-	-
		<u>1,273,368</u>	<u>1,066,384</u>	<u>571,355</u>	<u>1,066,384</u>
Less annual leave entitlements		-	-	-	-
Financial liabilities as trade and other payables	24	<u>1,273,368</u>	<u>1,066,384</u>	<u>571,355</u>	<u>1,066,384</u>

Note 17 Borrowings

	Note	Consolidated Group		Parent Entity	
		2009	2008	2009	2008
		\$	\$	\$	\$
Other loan		167,801	85,000	52,741	85,000
Loan SolarMission Technologies Inc		-	200,183	-	200,183
Foreign currency loan		-	72,720	-	72,720
NON-CURRENT					
Total non-current borrowings		-	-	-	-
Total borrowings	24	<u>167,801</u>	<u>357,903</u>	<u>52,741</u>	<u>357,903</u>

Note 18 Issued Capital

	Consolidated Group		Parent Entity	
	2009	2008	2009	2008
	\$	\$	\$	\$
306,819,400 (2008: 105,472,539) fully paid ordinary shares	29,355,492	20,277,289	29,355,492	20,277,289
	<u>29,355,492</u>	<u>20,277,289</u>	<u>29,355,492</u>	<u>20,277,289</u>

The company has authorised share capital amounting to 306,819,400 ordinary shares.

	Consolidated Group		Parent Entity	
	2009	2008	2009	2008
	No.	No.	No.	No.
(a) Ordinary Shares				
At the beginning of reporting period	100,555,872	87,226,937	100,555,872	87,226,937
Shares issued during year				
— 01/08/2007	-	4,333,334	-	4,333,334
— 21/09/2007	-	2,419,781	-	2,419,781
— 21/01/2008	-	1,457,108	-	1,457,108
— 14/04/2008	-	1,211,917	-	1,211,917
— 30/06/2008	-	3,906,795	-	3,906,795
— 06/08/2008	5,000,000	-	5,000,000	-
— 22/10/2008	2,500,000	-	2,500,000	-
— 23/12/2008	173,764,476	-	173,764,476	-
— 12/03/2009	17,771,136	-	17,771,136	-
— 15/04/2009	257,400	-	257,400	-
— 11/05/2009	2,853,765	-	2,853,765	-
— 15/06/2009	4,116,751	-	4,116,751	-
At reporting date	<u>306,819,400</u>	<u>100,555,872</u>	<u>306,819,400</u>	<u>100,555,872</u>

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

At the shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

ENVIROMISSION LIMITED ABN: 52 094 963 238 AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

Note 18 Issued Capital (Continued)

(b) **Options**

50,170,275 options were issued during the reporting period. Refer to the Directors Report for details on issue, price and expiry.

(c) **Capital Management**

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

The group's debt and capital is the sum of ordinary share capital and financial liabilities, supported by financial assets.

There are no externally imposed capital requirements.

Management effectively manage the group's capital by assessing the groups financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

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

	Note	Consolidated Group		Parent Entity	
		2009	2008	2009	2008
Total borrowings	16, 17	\$ 1,441,169	\$ 1,424,287	\$ 624,096	\$ 1,424,287
Less cash and cash equivalents	8	(47,035)	(10,834)	(42,476)	(10,834)
Net debt		1,394,134	1,413,453	581,620	1,413,453
Total equity		2,442,366	4,922,400	2,909,394	4,922,400
Total capital		3,836,500	6,335,853	3,491,014	6,335,853
Gearing ratio		36%	22%	17%	22%

Note 19 Contingent Liabilities and Contingent Assets

	Consolidated Group		Parent Entity	
	2009	2008	2009	2008
	\$	\$	\$	\$

Estimates of the potential financial effect of contingent liabilities that may become payable:

Contingent Liabilities

Senanayake V SolarMission Technologies Inc

The case between Senanayake (as previously announced) and the Company was dismissed by the presiding judge on the 12th and 13th of August 2009. All claims filed by Mr Senanayake were dismissed without exception. The appeal period for Mr Senanayake has also passed bringing an end to the civil matter brought by Mr Senanayake. Mr Senanayake has no claims against the Company or its directors at the date of this report. The Company's legal counsel has been instructed to advice on the remedies available to the Company as a result of the damages caused by Mr Senanayake. The Consolidated Group has spent significant resources defending the matter that would have otherwise gone towards progressing a valuable energy technology that can be to the benefit of many.

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Note 20 Segment Reporting

Geographical Segments

Geographical location:	Segment Revenues from External Customers		Carrying Amount of Segment Assets		Acquisitions of Non-current Segment Assets	
	2009	2008	2009	2008	2009	2008
Australia	(24,392)	108,943	3,533,490	6,346,687	18,034	-
United States of America	38,366	-	350,045	-	3,512	-
	13,974	108,943	3,883,535	6,346,687	21,546	-

Geographical segments

The consolidated group has one business segment being the development of solar towers as a source of renewable energy. It operates in two geographical segments, Australia and the United States of America. The consolidated group also holds exclusive licences to development solar towers worldwide.

ENVIROMISSION LIMITED ABN: 52 094 963 238 AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

Note 21 Cash Flow Information

	Consolidated Group		Parent Entity	
	2009	2008	2009	2008
	\$	\$	\$	\$
(a) Reconciliation of Cash Flow from Operations with Profit after Income Tax				
Profit after income tax	(11,634,372)	(1,666,848)	(11,091,209)	(1,666,848)
Cash flows excluded from profit attributable to operating activities				
Finance costs on debentures				
Non-cash flows in profit				
Amortisation	3,079,438	507,614		-
Depreciation	11,598	9,215	11,598	9,215
Foreign exchange gain	28,347	(3,071)	28,347	(3,071)
Equity issues for services provided	56,909	110,900	56,909	110,900
Impairment write-downs to recoverable amount	5,729,762		9,760,370	507,614
Changes in assets and liabilities:				
(increase)/decrease in trade and term receivables	(238,527)	125,648	103,173	125,648
Increase/(decrease) in trade payables and accruals	206,884	245,724	(495,029)	245,724
Cash flow from operations	<u>(2,759,961)</u>	<u>(670,818)</u>	<u>(1,625,841)</u>	<u>(670,818)</u>
(b) Acquisition of Entities				
During the year 58.92% of the controlled entity SolarMission Technologies Inc was acquired. Details of this transaction are:				
Purchase consideration				
Consisting of:				
— Cash consideration	-	-	-	-
— Issue of shares	-	-	5,892,160	-
Total consideration	<u>-</u>	<u>-</u>	<u>5,892,160</u>	<u>-</u>
Assets and liabilities held at acquisition date:				
Receivables and cash	-	-	749,216	-
Investments	-	-	1,217,090	-
Property, plant and equipment	-	-	-	-
Payables	-	-	(1,973,085)	-
	<u>-</u>	<u>-</u>	<u>(6,779)</u>	<u>-</u>
Goodwill on consolidation	-	-	5,919,752	-
Minority equity interests in acquisition	-	-	(20,813)	-
	<u>-</u>	<u>-</u>	<u>5,892,160</u>	<u>-</u>

Note 22 Events After the Balance Sheet Date

The case between Senanayake (as previously announced) and the Company was dismissed by the presiding judge on the 12th and 13th of August 2009. All claims filed by Mr Senanayake were dismissed without exception. The appeal period for Mr Senanayake has also passed bringing an end to the civil matter brought by Mr Senanayake. Mr Senanayake has no claims against the Company or its directors at the date of this report. The Company's legal counsel has been instructed to advise on the remedies available to the Company as a result of the damages caused by Mr Senanayake. The Consolidated Group has spent significant resources defending the matter that would have otherwise gone towards progressing a valuable energy technology that can be to the benefit of many.

**ENVIROMISSION LIMITED ABN: 52 094 963 238 AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009**

Note 23 Related Party Transactions

	Consolidated Group		Parent Entity	
	2009	2008	2009	2008
	\$	\$	\$	\$
Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.				
Transactions with related parties:				
(a) Director related Company				
Remuneration paid to Mr Davey is paid to Canterbury Mint Pty Ltd, a Company of which Mr Davey is a director and shareholder.	336,464	250,000	256,250	250,000
29,981,000 ordinary shares were issued to Canterbury Mint Pty Ltd, a company of which Mr Davey is a director and shareholder. The issue related to the Company's purchase of a 58.92% interest in SolarMission Technologies Inc, shareholder approval was granted on 19 December 2008.	-	-	-	-
12,660,000 ordinary shares were issued to Canterbury Mint Pty Ltd Super Fund, of which Mr Davey is a beneficiary. The issue related to the Company's purchase of a 58.92% interest in SolarMission Technologies Inc, shareholder approval was granted on 19 December 2008.	-	-	-	-
3,280,000 ordinary shares were issued to Roger Davey. The issue related to the Company's purchase of a 58.92% interest in SolarMission Technologies Inc, shareholder approval was granted on 19 December 2008.	-	-	-	-
600,000 ordinary shares were issued to Penelope Davey, the spouse of Mr Davey. The issue related to the Company's purchase of a 58.92% interest in SolarMission Technologies Inc, shareholder approval was granted on 19 December 2008.	-	-	-	-
22,100,001 ordinary shares were issued to Mr Christopher Davey and Orca Strategies Pty Ltd, a company of which Mr Christopher Davey is a director and shareholder. The issue related to the Company's purchase of a 58.92% interest in SolarMission Technologies Inc, shareholder approval was granted on 19 December 2008.	-	-	-	-
3,948,990 ordinary shares were issued to Sunshine Energy (Aust) Pty Ltd, a company of which Mr Ma is a director and shareholder. The issue related to the Company's purchase of a 58.92% interest in SolarMission Technologies Inc, shareholder approval was granted on 19 December 2008.	-	-	-	-
(b) Key Management Personnel related Company				
Remuneration paid to Ms Forte is paid to Kim Forte Consulting Pty Ltd, a Company of which Ms Forte is a director and shareholder.	188,214	96,000	108,000	96,000
9,984,200 ordinary shares were issued to Ms Forte during the reporting period. The issue related to the Company's purchase of a 58.92% interest in SolarMission Technologies Inc, shareholder approval was granted on 19 December 2008.	-	-	-	-
11,688,000 ordinary shares were issued to Mr Rodli during the reporting period. The issue related to the Company's purchase of a 58.92% interest in SolarMission Technologies Inc, shareholder approval was granted on 19 December 2008.	-	-	-	-
2,899,200 ordinary shares were issued to Mr Horvath during the reporting period. The issue related to the Company's purchase of a 58.92% interest in SolarMission Technologies Inc, shareholder approval was granted on 19 December 2008.	-	-	-	-
2,899,200 ordinary shares were issued to Mr Willey during the reporting period. The issue related to the Company's purchase of a 58.92% interest in SolarMission Technologies Inc, shareholder approval was granted on 19 December 2008.	-	-	-	-
Accountancy fees are paid to Draffin Walker Pty Ltd, a Company of which Mr Draffin is a director and shareholder.	20,000	-	20,000	-

ENVIROMISSION LIMITED ABN: 52 094 963 238 AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

Note 24 Financial Risk Management

The group's financial instruments consist mainly of deposits with banks, accounts receivable and payable and loans to and from subsidiaries.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:-

	Note	Consolidated Group		Parent Entity	
		2009	2008	2009	2008
		\$	\$	\$	\$
Financial Assets					
Cash and cash equivalents	8	47,035	10,834	42,476	10,834
Loans and receivables	9	359,680	121,153	17,980	121,153
Available-for-sale financial assets					
— Equity investments	11	-	-	-	-
		406,715	131,987	60,456	131,987
Financial Liabilities					
Financial liabilities at amortised cost					
— Trade and other payables	16	1,273,368	1,066,384	571,355	1,066,384
— Borrowings	17	167,801	357,903	52,741	357,903
		1,441,169	1,424,287	624,096	1,424,287

Financial Risk Management Policies

Risk management policies are established to identify and analyse the risks faced by the consolidated group, to set appropriate risk limits and controls and to monitor risks and adherence to the limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the consolidated groups activities. The consolidated group through their training and management standards and procedures, aim to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Specific Financial Risk Exposures and Management

The main risks the group is exposed to through its financial instruments are interest rate risk, foreign currency risk, liquidity risk and credit risk.

a. Interest rate risk

Interest rate risk is managed using fixed rate debt where practical. At 30 June 2009 approximately 31% of group debt is fixed at 8%pa. The remaining debt is interest free.

b. Liquidity risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Group manages this risk through the following mechanisms:-

- preparing forward looking cash flow analysis in relation to its operational, investing and financing activities
- obtaining funding from a variety of sources
- maintaining a reputable credit profile
- managing credit risk related to financial assets
- only investing surplus cash with major financial institutions

The tables below reflect an undiscounted contractual maturity analysis for financial liabilities.

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore defer from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflect the earliest contractual settlement dates and do not reflect management's expectations that banking facilities will rolled forward.

ENVIROMISSION LIMITED ABN: 52 094 963 238 AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

Note 24 Financial Risk Management (Continued)

Financial liability maturity analysis

	Within 1 Year		1 to 5 years		Over 5 years		Total	
	2009	2008	2009	2008	2009	2008	2009	2008
Consolidated Group	\$	\$	\$	\$	\$	\$	\$	\$
Financial liabilities due for payment								
Borrowings	167,801	357,903	-	-	-	-	167,801	357,903
Trade and other payables (excl. est. annual leave)	1,273,368	1,052,326	-	-	-	-	1,273,368	1,052,326
Financial lease	-	14,058	-	-	-	-	-	14,058
Financial guarantees	-	-	-	-	-	-	-	-
Total contractual outflows	1,441,169	1,424,287	-	-	-	-	1,441,169	1,424,287
Less bank overdrafts	-	-	-	-	-	-	-	-
Total expected outflows	1,441,169	1,424,287	-	-	-	-	1,441,169	1,424,287

	Within 1 Year		1 to 5 years		Over 5 years		Total	
	2009	2008	2009	2008	2009	2008	2009	2008
Consolidated Group	\$	\$	\$	\$	\$	\$	\$	\$
Financial Assets - cash flows realisable								
Cash and cash equivalents	47,035	10,834	-	-	-	-	47,035	10,834
Trade, term and loans receivables	359,680	121,153	7,819	-	-	-	367,499	121,153
Total anticipated inflows	406,715	131,987	7,819	-	-	-	414,534	131,987
Net (outflow) / inflow on financial instruments	(1,034,454)	(1,292,300)	7,819	-	-	-	(1,026,635)	(1,292,300)

Financial liability maturity analysis

	Within 1 Year		1 to 5 years		Over 5 years		Total contractual cash flow	
	2009	2008	2009	2008	2009	2008	2009	2008
Parent Entity	\$	\$	\$	\$	\$	\$	\$	\$
Financial liabilities due for payment								
Borrowings	52,741	357,903	-	-	-	-	52,741	357,903
Trade and other payables (excl. est. annual leave)	571,355	1,052,326	-	-	-	-	571,355	1,052,326
Financial lease liabilities	-	14,058	-	-	-	-	-	14,058
Total contractual outflows	624,096	1,424,287	-	-	-	-	624,096	1,424,287
Less bank overdrafts	-	-	-	-	-	-	-	-
Total expected	624,096	1,424,287	-	-	-	-	624,096	1,424,287

	Within 1 Year		1 to 5 years		Over 5 years		Total contractual cash flow	
	2009	2008	2009	2008	2009	2008	2009	2008
Parent Entity	\$	\$	\$	\$	\$	\$	\$	\$
Financial Assets - cash flows realisable								
Cash and cash equivalents	42,476	10,834	-	-	-	-	42,476	10,834
Trade, term and loans receivables	17,980	121,153	7,819	-	-	-	25,799	121,153
Total anticipated inflows	60,456	131,987	7,819	-	-	-	68,275	131,987
Net (outflow) / inflow on financial instruments	(563,640)	(1,292,300)	7,819	-	-	-	(555,821)	(1,292,300)

c. Foreign exchange risk

Exposure to foreign exchange risk may result in the fair value or future cash flows of a financial instrument fluctuating due to movement in foreign exchange rates of currencies in which the Group holds financial instruments which are other than the AUD functional currency of the Group.

Due to instruments held by overseas operations, fluctuation in US Dollars may impact on the Group's financial results unless those exposures are appropriately hedged.

The Australian dollar equivalent of foreign currency balances included in the accounts which are not effectively hedged are as follows:

ENVIROMISSION LIMITED ABN: 52 094 963 238 AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

Note 24 Financial Risk Management (Continued)

	2009 \$	2008 \$	2009 \$	2008 \$
	Consolidated Group		Parent Entity	
United States Dollars				
Cash and cash equivalents	4,559	-	-	-
Current trade & other receivables	341,700	-	-	-
Non-current other financial assets	-	-	485,666	-
Current trade & other payables	(695,940)	-	(52,741)	(85,000)
	<u>(349,682)</u>	<u>-</u>	<u>432,925</u>	<u>(85,000)</u>

The following significant exchange rates were applied during the year:

	Average rate		Spot rate	
\$1AUD				
United States	\$ 0.748	-	\$ 0.805	-

d. Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Group.

Credit risk is managed through maintaining procedures ensuring, to the extent possible, that customers and counterparties to transactions are of sound credit worthiness and includes the utilization of systems for the approval, granting and renewal of credit limits, the regular monitoring of exposures against such limits and the monitoring of the financial stability of significant customers and counterparties. Such monitoring is used in assessing receivables for impairment.

Risk is also minimised through investing surplus funds in financial institutions that maintain a high credit rating.

Credit Risk Exposures

The maximum exposure to credit risk by class of recognised financial assets at balance date, excluding the value of any collateral or other security held is equivalent to the carrying value and classification of those financial assets (net of any provisions) as presented in the balance sheet. Credit risk also arises through the provision of financial guarantees, as approved at Board level, given to parties securing the liabilities of certain subsidiaries.

The Group has no significant concentration of credit risk with any single counterparty or group of counterparties. However, on a geographic basis, the Group has significant credit risk exposures to Australia and the United States of America given the substantial operations in those regions. Details with respect to credit risk of Trade and Other Receivables is provided in Note 9.

Trade and other receivables that are neither past due or impaired are considered to be of high credit quality. Aggregates of such amounts are as detailed at Note 9.

e. Price risk

Price risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices largely due to demand and supply factors for commodities.

Fair value estimation

The fair values of financial assets and financial liabilities are presented in the following table and can be compared to their carrying values as presented in the balance sheet. Fair values are those amounts at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Fair values derived may be based on information that is estimated or subject to judgement, where changes in assumptions may have a material impact on the amounts estimated. Areas of judgement and the assumptions have been detailed below. Where possible, valuation information used to calculate fair value is extracted from the market, with more reliable information available from markets that are actively traded.

Differences between fair values and carrying values of financial instruments with fixed interest rates are due to the change in discount rates being applied by the market since their initial recognition by the Group. Most of these instruments which are carried at amortised cost (i.e. term receivables, held-to-maturity assets, loan liabilities) are to be held until maturity and therefore the net fair value figures calculated bear little relevance to the Group.

	Footnote	2009		2008	
		Net Carrying Value \$	Net Fair Value \$	Net Carrying Value \$	Net Fair Value \$
Consolidated Group					
Financial assets					
Cash and cash equivalents	(i)	47,035	47,035	10,834	10,834
Trade and other receivables	(i)	367,499	367,499	121,153	121,153
Total financial assets		<u>414,534</u>	<u>414,534</u>	<u>131,987</u>	<u>131,987</u>
Financial liabilities					
Trade and other payables	(i)	1,273,268	1,273,268	1,066,384	1,066,384
Borrowings	(i)	167,801	167,801	357,903	357,903
Total financial liabilities		<u>1,441,069</u>	<u>1,441,069</u>	<u>1,424,287</u>	<u>1,424,287</u>

ENVIROMISSION LIMITED ABN: 52 094 963 238 AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

Note 24 Financial Risk Management (Continued)

	Footnote	2009		2008	
		Net Carrying Value \$	Net Fair Value \$	Net Carrying Value \$	Net Fair Value \$
Parent Entity					
Financial assets					
Cash and cash equivalents	(i)	42,476	42,476	10,834	10,834
Trade and other receivables	(i)	25,799	25,799	121,153	121,153
Total financial assets		68,275	68,275	131,987	131,987
Financial liabilities					
Trade and other payables	(i)	571,355	571,355	1,066,384	1,066,384
Borrowings	(i)	52,741	52,741	357,903	357,903
Total financial liabilities		624,096	624,096	1,424,287	1,424,287

The fair values disclosed in the above table have been determined based on the following methodologies:

- (i) Cash and cash equivalents, trade and other receivables and trade and other payables are short term instruments in nature whose carrying value is equivalent to fair value.

Sensitivity Analysis

The following table illustrates sensitivities to the Group's exposures to changes in interest rates, exchange rates and commodity and equity prices. The table indicates the impact on how profit and equity values reported at balance date would have been affected by changes in the relevant risk variable that management considers to be reasonably possible. These sensitivities assume that the movement in a particular variable is independent of other variables.

	Consolidated Group		Parent Entity	
	Profit \$	Equity \$	Profit \$	Equity \$
Year ended 30 June 2009				
+/- 100 basis points in interest rates	(336)	-	(337)	527
+/- 10% in \$A/\$US	(19,893)	7,613	(19,893)	-
Year ended 30 June 2008				
+/- 10% in interest rates	21	1,577	21	1,577
+/- 10% in \$A/\$US	-	-	-	-

Note 25 Reserves

a **Foreign Currency Translation Reserve**

The foreign currency translation reserve records exchange differences arising on translation of a foreign controlled entity. Refer to the Changes in Equity section on page 15 for further details of the movement for the reporting period.

Note 26 Economic Dependency

All subsidiaries and controlled related entities are dependent on the Parent Company, EnviroMission Limited.

Note 27 Company Details

The registered office of the company is:

EnviroMission Limited
 Ground Floor
 3 Raglan Street
 South Melbourne VIC 3000

The principal places of business are:

EnviroMission Limited
 Ground Floor
 3 Raglan Street
 South Melbourne VIC 3000

**ENVIROMISSION LIMITED ABN: 52 094 963 238
AND CONTROLLED ENTITIES
DIRECTORS' DECLARATION**

The directors of the company declare that:

1. the financial statements and notes, and the remuneration report in the directors' report set out on pages 1 - 38, are in accordance with the Corporations Act 2001 including:
 - (a) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001;
 - (b) give a true and fair view of the financial position as at 30 June 2009 and of the performance for the year ended on that date of the company and consolidated group;
 - (c) the financial report also complies with International Financial Reporting Standards as disclosed in note 1.
2. The directors have been given the declarations required by section 259A of the Corporations Act 2001 from the Chief Executive officer and the Company Secretary for the financial year ended 30 June 2009.
3. 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.

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

Director



Roger C Davey

Dated this

3rd

day of

Sept

2009

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
ENVIROMISSION LIMITED**

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 2009, 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 designing, implementing 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.

**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 2009 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(q), 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
Chartered Accountants



L.S. WONG
Partner

Melbourne: 30 September 2009

**ENVIROMISSION LIMITED ABN: 52 094 963 238 AND CONTROLLED ENTITIES
ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES**

The following additional information is required by the Australian Stock Exchange Ltd in respect of listed public companies only.

1. Shareholding

a. Distribution of Shareholders

Category (size of holding)	Number	
	Ordinary	Redeemable
1 – 1,000	12,297	-
1,001 – 5,000	1,293,050	-
5,001 – 10,000	2,933,562	-
10,001 – 100,000	20,118,346	-
100,001 – and over	282,462,145	-
	306,819,400	-

b. The number of shareholdings held in less than marketable parcels is 1,497.

c. The names of the substantial shareholders listed in the holding company's register as at 24 September 2009 are:

Shareholder	Number	
	Ordinary	Preference
Mr Charles Wells	43,386,186	-
ANZ Nominees	43,269,543	-
Canterbury Mint Pty Ltd	32,694,273	-
Orca Strategies Pty Ltd	22,266,001	-
Canterbury Mint Pty Ltd <Canterbury Mint S/Fund A/C>	15,273,406	-

d. Voting Rights

The voting rights attached to each class of equity security are as follows:

Ordinary shares

- Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

Redeemable and converting preference shares

- These shares have no voting rights.

e. 20 Largest Shareholders — Ordinary Shares

Name	Number of Ordinary Fully Paid Shares Held	% Held of Issued Ordinary Capital
1. Mr Charles Wells	43,386,186	14.14
2. ANZ Nominees	43,269,543	14.10
3. Canterbury Mint Pty Ltd	32,694,273	10.66
4. Orca Strategies Pty Ltd	22,266,001	7.26
5. Canterbury Mint Pty Ltd <Canterbury Mint S/Fund A/C>	15,273,406	4.98
6. Mr David Rodli	11,388,000	3.71
7. Sunshine Energy (Aust) Pty Ltd	10,714,286	3.49
8. Mrs Kim Forte	10,139,200	3.30
9. Mrs Kathleen Anne Marie Graves	5,460,886	1.78
10. Mr Robert Zabros	5,363,929	1.75
11. Citicorp Nominees Pty Ltd	4,033,690	1.31
12. Sunshine Energy (Aust) Pty Ltd	3,948,990	1.29
13. Mr Lee Wilford Tanner	3,706,324	1.21
14. Mr Roger Davey	3,280,000	1.07
15. Mr George Horvath	2,899,200	0.94
16. Mr Bill Wiley	2,899,200	0.94
17. Julie Anne Wrigley	2,853,765	0.93
18. Kiwanda Financial Corporation	2,325,000	0.76
19. Global Intergrated Business Solutions	2,300,000	0.75
20. Leap International Pty Ltd	2,200,333	0.72
	230,402,212	75.10

2. The name of the company secretary is Mr Andrew Driffin.

3. The address of the principal registered office in Australia is Ground Floor, 3 Raglan Street, South Melbourne, Victoria.
Telephone: 03 9693 5666.

4. Registers of securities are held at the following addresses:
452 Johnson Street, Abbotsford

**ENVIROMISSION LIMITED ABN: 52 094 963 238 AND CONTROLLED ENTITIES
ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES**

Victoria

5. **Stock Exchange Listing**

Quotation has been granted for all the ordinary shares of the company on all Member Exchanges of the Australian Stock Exchange Limited.

Options over Unissued Shares:

A total of 50,170,275 options are on issue at the date of this report. The options are not listed for quotation.

7. **Other Disclosures**

N/A