



EnviroMission Limited
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ASX Code: EVM
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HALF YEARLY REPORT & HALF YEAR FINANCIAL REPORT

EnviroMission's half yearly report and half year financial report for the period ending 31 December 2009 follows.

Ends.

Roger C. Davey
Executive Director
EnviroMission Limited

Shareholder Enquiries to:
Ms Kim Forte
Communications Director
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ENVIROMISSION LIMITED
A.C.N. 094 963 238
HALF YEAR REPORT
Period Ended 31 December 2009

(Previous Corresponding Period: Half year ended 31 December 2008)

Results for announcement to the market.

Revenues from ordinary activities	Down	99%	to	\$ 50
Loss from ordinary activities after tax attributable to members	Down	74%	to	995,992
Net loss for the period attributable to members	Down	74%	to	995,992

Dividends (distributions)	Amount per security	Franked amount per security
Interim dividend	0 ¢	0 ¢
Previous corresponding period	0 ¢	0 ¢
Record date for determining entitlements to the dividend	N/A	

Brief explanation necessary to enable the figures above to be understood:

Refer to the Review of Operations within the Directors Report for an explanation of the results

Net Tangible Assets per Security

Net tangible assets per security (with the comparative figures for the previous corresponding period):

	Current period	Previous corresponding period
Net tangible assets security	(0.35 cents)	(0.44 cents)

ENVIROMISSION LIMITED
A.C.N. 094 963 238

FINANCIAL REPORT

HALF YEAR ENDED 31 DECEMBER 2009

ENVIROMISSION LIMITED

A.C.N. 094 963 238

DIRECTORS' REPORT FOR THE HALF YEAR ENDED 31 DECEMBER 2009

The Board of Directors of EnviroMission Limited have pleasure in submitting the financial report of the Economic Entity for the half year ended 31 December 2009 and report as follows:

DIRECTORS

The names and particulars of the Directors of EnviroMission Limited in office at any time during or since the end of the period:

Roger Chalmers Davey B.Bus, CPA, CFTP	Executive Chairman & Chief Executive Officer Director since 31 July 2001
David Norman Galbally QC B Juris LLB	Non-Executive Director Director since 22 April 2005
Guoxiang Ma	Non-Executive Director Director since 8 June 2004
Yue Tang	Alternate Director for Guoxiang Ma Director since 8 June 2004

RESULTS AND REVIEW OF OPERATIONS

FINANCIAL

Net loss from ordinary activities was \$995,992 (2008: Net loss \$3,810,405) after amortisation and impairment of Solar Tower license rights of \$258,261 (2008: \$3,240,214). Expenditures during the half year were consistent with expectations.

OPERATIONAL OVERVIEW

EnviroMission has successfully addressed some critical peripheral corporate obligations and actions, some of which have imposed extraneous costs over several preceding quarters, to clear the way for a more definitive commercialisation pathway for Solar Tower development over the next half year.

Some of the 'peripheral corporate obligations' have involved the assignment of substantial expenditure and resources to address vexatious civil litigation actioned in the US; however baseless a civil action may be, it must be defended – failure to defend civil complaints in the US inevitably results in automatic judgements in favour of plaintiffs. The awardable costs of the defence of the *Senanayake v SolarMission Technologies Inc et al* case now form the basis of a judgement against Senanayake.

Whilst costs have been closely monitored and restrained, the current corporate structure to facilitate US operations has resulted in additional expenditure specifically the day to day operation of the Phoenix office for EnviroMission (USA), Inc and the costs associated with land applications, environmental and heritage studies and associated consultants fees.

Negotiations with Arup (www.arup.com) to provide engineering and project management services to EnviroMission for Australian Solar Tower concept were redefined and concluded under the terms of a new Memorandum of Understanding in August 2009; negotiations are now formally underway for the terms of a contract of engagement.

EnviroMission secured a formal agreement with a leading US Investment Bank, Raymond James and Associates Inc (Raymond James) in August 2009, to provide intelligence and reach into the US capital market. It is anticipated Raymond James will service the financial requirements for Front End Engineering and Design and the eventual construction finance for Solar Tower power stations in the US.

ENVIROMISSION LIMITED

A.C.N. 094 963 238

**DIRECTORS' REPORT (CONTINUED)
FOR THE HALF YEAR ENDED 31 DECEMBER 2009**

EnviroMission joined the OTCQX, the most prestigious tier of the Over the Counter market in the US to provide real time level two quotes for EnviroMission securities, as American Depository Receipts (ADRs).

EnviroMission ADRs now trade in the US on the OTCQX under the stock symbol EVOMY. This listing has provided EnviroMission with increased liquidity through a transparent and reputable trading platform.

Southern California Public Power Authority (SCPPA) gave EnviroMission the green light to enter into power purchase negotiations with members of the authority to facilitate the goals of its members' renewable portfolio standards (RPS).

The landmark SCPPA decision has enabled EnviroMission to negotiate the terms of a power purchase agreement to provide one of the most important commercial considerations for Solar Tower success.

Raymond James' Energy Industry Brief to the US market identified EnviroMission's Australian Solar Tower concept as the 'third' generic technology option to emerge on the large-scale solar energy front in the US as a worthy consideration in the surge for large-scale adoption by US utilities.

The favourable inclusion of the Australian Solar Tower concept in the Raymond James Industry Brief has and will continue to provide EnviroMission with greater exposure to a wider investment audience that is drawn from a more diverse financial market.

Key achievements of the preceding financial half year provide a strong basis to expect key agreements to be formed to herald long awaited terms and participants to EnviroMission's Solar Tower development objectives in Arizona.

It is reasonable to expect an Extraordinary General Meeting may be required to be held prior to the end of the financial year to seek shareholder approval for aspects of future capital developments.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration in relation to the review for the half year is provided with this report.

Signed in accordance with a resolution of the Board of Directors.



Roger C. Davey
Executive Chairman
Melbourne, 26 February 2010

**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 half year ended 31 December 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 review.

MSI Ragg Weir

MSI RAGG WEIR
Chartered Accountants

L.S. Wong

L.S. WONG
Partner

Melbourne: 26 February 2010

ENVIROMISSION LIMITED
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2009

	Half year ended 31 December 2009	Half year ended 31 December 2008
	Note	
	\$	\$
REVENUE	50	3,508
Impairment write-downs	-	2,983,508
Corporate costs	62,666	113,879
Employment costs	42,759	2,751
Contracting/consulting costs	394,014	259,000
Occupancy expense	40,597	29,853
Amortisation and depreciation	258,261	256,706
Borrowing costs	-	15,255
Other expenses	106,624	139,583
Foreign exchange Loss	91,121	13,378
	996,042	3,813,913
LOSS BEFORE INCOME TAX EXPENSE	995,992	3,810,405
Income tax expense	-	-
	995,992	3,810,405
NET LOSS AFTER INCOME TAX	995,992	3,810,405
LOSS ATTRIBUTABLE TO MEMBERS OF THE PARENT ENTITY	995,992	3,810,405
Basic earnings per share (cents per share)	(0.32 cents)	(3.37 cents)
Diluted earnings per share (cents per share)	(0.27 cents)	(3.33 cents)

The above income statement is to be read in conjunction with the attached notes.

ENVIROMISSION LIMITED
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE HALF YEAR ENDED 31 DECEMBER 2009

	31 December 2009	30 June 2009
	Note	
	\$	\$
CURRENT ASSETS		
Cash assets	7,270	47,035
Trade and other receivables	331,357	359,680
TOTAL CURRENT ASSETS	<u>338,627</u>	<u>406,715</u>
NON – CURRENT ASSETS		
Property, plant and equipment	9,955	14,764
Other assets	8,214	7,819
Intangibles	3,200,707	3,454,237
TOTAL NON – CURRENT ASSETS	<u>3,218,876</u>	<u>3,476,820</u>
TOTAL ASSETS	<u>3,557,503</u>	<u>3,883,535</u>
CURRENT LIABILITIES		
Trade and other payables	1,338,835	1,273,368
Interest bearing liabilities	103,702	167,801
TOTAL CURRENT LIABILITIES	<u>1,442,537</u>	<u>1,441,169</u>
TOTAL LIABILITIES	<u>1,442,537</u>	<u>1,441,169</u>
NET ASSETS	<u>2,114,966</u>	<u>2,442,366</u>
EQUITY		
Issued capital	29,901,034	29,355,492
Reserves	199,186	76,134
Accumulated losses	<u>(27,985,254)</u>	<u>(26,989,261)</u>
TOTAL EQUITY	<u>2,114,966</u>	<u>2,442,366</u>

The above balance sheet is to be read in conjunction with the attached notes.

ENVIROMISSION LIMITED
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2009

	Attributable to equity holders of the Company			
	Issued Capital \$	Accumulated losses \$	Reserves \$	Total \$
Balance at 1st of July 2009	29,355,492	(26,989,261)	76,135	2,442,366
Loss for the period	-	(995,992)	-	(995,992)
Share capital introduced	545,542	-	-	545,542
Exchange differences arising on translation of foreign operations	-	-	123,051	123,051
Balance at 31st December 2009	<u>29,901,034</u>	<u>(27,985,254)</u>	<u>199,186</u>	<u>2,114,966</u>

The above statement of changes in equity is to be read in conjunction with the attached notes

ENVIROMISSION LIMITED
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2009

	Half year ended 31 December 2009	Half year ended 31 December 2008
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees	(530,114)	(1,016,253)
Interest received	50	3,508
Interest paid	(3,774)	(219)
Miscellaneous revenue	<u>(51,240)</u>	<u>95,475</u>
NET CASH FLOWS USED IN OPERATING ACTIVITIES	<u>(585,078)</u>	<u>(917,489)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	<u>(1,030)</u>	<u>-</u>
NET CASH FLOWS USED IN INVESTING ACTIVITIES	<u>(1,030)</u>	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds/(costs) from issues of shares	545,542	1,580,210
Proceeds from borrowings	(277)	-
Repayment of borrowings	<u>-</u>	<u>(235,242)</u>
NET CASH FLOWS FROM FINANCING ACTIVITIES	<u>545,265</u>	<u>1,344,968</u>
NET INCREASE / (DECREASE) IN CASH HELD	(40,843)	427,479
Cash at beginning of period	<u>47,035</u>	<u>10,834</u>
Effects of exchange rate fluctuations on cash held	1,078	-
CASH AT THE END OF PERIOD	<u>7,270</u>	<u>438,313</u>

The above statement of cash flows is to be read in conjunction with the attached notes.

ENVIROMISSION LIMITED
NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS
31 DECEMBER 2009

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The half-year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. The half-year financial report does not include all the notes of the type usually included in an annual financial report. It is recommended that this financial report be read in conjunction with the financial report for the year ended 30 June 2009 and any public announcements made by EnviroMission Ltd during the half-year in accordance with any continuous disclosure obligations arising under the Corporations Act 2001.

(a) Basis of preparation

The condensed financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted. The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the company's annual financial report for the year ended 30 June 2009.

(b) Principles of Consolidation

The consolidated financial statements are those of the consolidated entity, comprising the financial statements of the parent entity and of all entities, which EnviroMission Ltd controlled from time to time during the year and at balance date. The financial statements of subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies, which may exist. All inter-company balances and transactions, including any unrealised profits or losses have been eliminated on consolidation.

(c) Intangibles

License Rights

Solar Tower project license rights are valued in the accounts at cost of acquisition less accumulated amortisation and any impairment losses and are amortised over the period in which their benefit is expected to be realised, being 7 years.

EnviroMission, through the acquisition of SolarMission Technologies Inc (19 December 2008), its controlled entity, owns and controls the global Solar Tower development rights. EnviroMission formerly owned the exclusive Sub-License to build, own, operate and maintain one or more Solar Tower Power Stations within Australia. The terms of the global licence provides more benefit and opportunity to EnviroMission in terms of market access and does not in anyway reduce the value of the Australian licence. A former sunset-clause that was never anticipated to be implemented has been removed from the licence.

The value of the license rights is dependent on the ability of the Company to generate income from the asset. No income has been earned from this asset to 31 December 2009.

ENVIROMISSION LIMITED
NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS
31 DECEMBER 2009

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Intangibles (continued)

During the half-year ended 31 December 2009 the directors believe the Company has made significant advances in developing the intellectual property associated with the license rights and the directors have concluded that the carrying value of the license rights does not exceed the net amounts that are expected to ultimately be recovered through the cash inflows and outflows from use or arising from disposal.

NOTE 2 SUBSEQUENT EVENTS

There are no material events subsequent to the end of the half-year that have not been recognised in the half-year financial statements.

NOTE 3 CONTINGENT LIABILITIES

There are no contingent liabilities at 31 December 2009 and there has been no change since 30 June 2009.

NOTE 4 SEGMENT INFORMATION

The principal business of the group is the development of Solar Tower technology on a global basis. Originally EnviroMission Limited had an exclusive licence to develop, build and or own, operate and maintain Solar Tower power stations within Australia, since the acquisition of SolarMission Technologies Inc in December 2009 EnviroMission now owns by majority control the global rights to develop Solar Tower power stations and has a geographic segment of operation in USA.

a) Geographical segment

Segment revenue	31 December 2009	31 December 2008
	\$	\$
USA	-	-
Australia	50	3,508
	<u>50</u>	<u>3,508</u>
 Segment results		
USA	90,542	-
Australia	905,450	3,810,405
Loss	995,992	3,810,405
Unallocated expenses	-	-
Loss before income tax expense	995,992	3,810,405
Income tax expense	-	-
Net loss	<u>995,992</u>	<u>3,810,405</u>

ENVIROMISSION LIMITED
NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS
31 DECEMBER 2009

NOTE 4 SEGMENT INFORMATION (CONTINUED)

Segment assets, liabilities

	Assets		Liabilities	
	31 December 2009	30 June 2009	31 December 2009	30 June 2009
	\$	\$	\$	\$
USA	311,402	350,045	746,007	817,073
Australia	3,246,101	3,533,490	696,530	624,096
Other	-	-	-	-
Total of all segments	<u>3,557,503</u>	<u>3,883,535</u>	<u>1,442,537</u>	<u>1,441,169</u>

NOTE 5 GOING CONCERN

The Group has accumulated losses of \$ 27,985,254 and a net current asset deficiency of \$1,103,910 at 31 December 2009. Notwithstanding the above, the directors believe that the company will be successful in its future operations and has accordingly prepared the financial report on the going concern basis. The directors are of the opinion that no asset is likely to be realised for an amount less than that recorded in the financial report at 31 December 2009 and as such no adjustment have been made to the financial report relating to the recoverability of assets and classification of the assets and liabilities that might be necessary should the company not continue as a going concern.

The directors have based their opinion on the following:

- the company will able to obtain continuing support from shareholders to fund its future operations.

Compliance Statement

- 1 A financial report for the six months ended 31 December 2009 is provided with the Appendix 4D information.
- 2 The financial report has been prepared in accordance with Australian Accounting Standards.
- 3 The financial report and information provided in Appendix 4D uses the same accounting policies as those applied at 30 June 2009.
- 4 The Appendix 4D information gives a true and fair view of the matters disclosed in the half-year financial report.
- 5 The Appendix 4D information is based on the half-year financial report, which has been subject to independent review.



Sign here:
(Director)

Date: 26 February 2010

Print name: Roger Davey

ENVIROMISSION LIMITED
A.C.N. 094 963 238

DIRECTORS' DECLARATION
FOR THE HALF YEAR ENDED 31 DECEMBER 2009

The directors declare that the financial statements and notes set out on pages 3 to 12 in accordance with the Corporations Act 2001:

- (a) Comply with Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Regulations 2001, and
- (b) Give a true and fair view of the financial position of the consolidated entity as at 31 DECEMBER 2009 and of its performance as represented by the results of its operations and its cash flows, for the half-year ended on that date.

In the directors' opinion there are reasonable grounds to believe that EnviroMission Limited 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 directors.



Roger Davey
Chief Executive Officer
Executive Director

Melbourne
26 February 2010

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

We have reviewed the accompanying financial report of Enviromission Limited (the company) and Enviromission Limited and controlled entities (the consolidated entity), which comprises the statement of financial position as at 31 December 2009, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half 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 31 December 2009 or from time to time during the financial period.

Directors' responsibility for the half-year financial report

The directors of the consolidated entity are responsible for the preparation and fair presentation of the half-year 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.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standards on Review Engagements ASRE 2410 Review of an Interim Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including; giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Enviromission Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

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

Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, was provided to the directors of Enviromission Limited at the same date of this auditor's review report.

Auditor's opinion

Based on our review, which is not an audit, we have not become aware of any other matter that makes us believe that the half-year financial report of Enviromission Limited and its controlled entities is not in accordance with the Corporations Act 2001 including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

Inherent Uncertainty regarding continuation as a Going Concern

Without qualifying our opinion, we draw attention to Note 5 in the financial report which indicates that the consolidated group had an accumulated loss of \$27,985,254 at 31 December 2009 and as of that date current liabilities exceeded its current assets by \$1,103,910. These conditions along with the absence of any significant capital raised since the 1 January 2010 up to the date of this audit report, indicate the existence of a material uncertainty, which may cast significant doubts about the group entity's ability to continue as a going concern and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business.

MSI Ragg Weir

MSI RAGG WEIR
Chartered Accountants

L.S. Wong

L.S. WONG
Partner

Melbourne: 26 February 2010