

EnviroMission

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COMPANY ANNOUNCEMENTS DIVISION
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Appendix 4E

In accordance with ASX Listing Rule 4.3, Appendix 4E, Preliminary Report for EnviroMission Limited, for the period ended 30 June 2007 follows.

Ends.



Roger C. Davey
Executive Chairman
Chief Executive Officer



EnviroMission Limited

ACN 094 963 238

Appendix 4E
Preliminary Final Report
Year Ended 30 June 2007

Appendix 4E

Preliminary Final Report

Period ending 30 June 2007

(Previous corresponding period is the financial year ended 30 June 2006)

EnviroMission Limited ACN 094 963 238

Results for Announcement to the Market

Revenue from ordinary activities	down	95.8%	\$379,609
Loss from ordinary activities attributable to members	down	6.4%	\$1,614,595
Net loss for the period attributable to members	down	6.4%	\$1,614,595

No dividend has been paid during the financial year or in the previous corresponding period. No dividend has been proposed or declared since the end of the financial year.

- o Revenue from ordinary activities \$15,990 compared to last year's \$379,609
- o Net loss attributable to members \$1,614,595 compared to last year's loss of \$1,725,166
- o Earnings (loss) per share of (1.9 cents) compared with last year's loss of (2.1 cents)
- o Diluted earnings (loss) per share of (1.9 cents) compared with last years loss of (2.1 cents)
- o Net tangible assets per ordinary share at 30 June 2007 are (0.48) cents, 30 June 2006, (0.48) cents

4E Preliminary Final Report

The 2006/7 financial year was a time of ruthless revision of EnviroMission's strategic direction and development agenda.

Initial drivers for Solar Tower development in Australia included strong social and political will combined with the Mandated Renewable Energy Target (MRET).

The 2004 Energy White Paper showed continuing strong support for coal and gas electricity generation with indicators of support for the development of nuclear energy industry in Australia.

An initiative of the Energy White Paper was the Low Emissions Technology Demonstration Fund (LETDF) aimed at identifying low emissions energy technologies with strong commercial and export potential. EnviroMission lodged a comprehensive submission that met and exceeded targets stated within the LETDF merit criteria.

Clean coal projects dominated success under the LETDF scheme – the following comments by the Prime Minister, the Honourable John Howard, are indicative of the view expressed through the award of LETDF grants and provide context for EnviroMission's review of strategic direction.

"I do see the need to develop cleaner coal technology, I see the need to examine and embrace, if it stacks up, the potential of nuclear power, I see in renewables, that is wind power and solar power contributing at the margin, I don't think we'll ever have the day where renewables replace power stations. There's simply not enough capacity, unless you have thousands of windmills, and I think you'd find that, and I'm thinking particularly of the reaction of many people in Victoria to wind power installations, I think the idea that we would have thousands of windmills along our coast line, I don't think the public is going to take that very lightly. I think we have to see solar and wind as making a contribution at the margin, but not making a contribution to base-load generation and the idea that you can replace power stations with windmills is fanciful. The idea that at the margin windmills, particularly in remote areas, can do a good job in perhaps peak hour capacity or do a good job in the remote areas, rather, in powering local generation, I think that's quite feasible. But you've got to get cleaner coal and gas, and you've got to examine the feasibility of nuclear and we're willing to do that." The Hon. John Howard – interview with Neil Mitchell, 3AW, 27 October, 2006.

"We said the future lay in developing better technology to reduce the greenhouse gas emissions coming out of the use of fossil fuel" the Hon. John Howard PM - Address at the Launch of the Asia-Pacific Partnership on Clean Development and Climate 'Partnership for Action 2006' CSIRO, Yarralumba, 1 November 2006

"Solar power is part of the solution to the problem of challenging and responding to greenhouse gas emissions. It's not the only solution but it is part of the solution. And it's been our view now for a number of years, and it was enunciated in the Energy White Paper, that we should adopt a number of responses to greenhouse gas emissions. We need to embrace clean coal technology." The Hon John Howard MP – Solar Cities announcement Blacktown, 13 November 2006.

These comments, made only days after the first of the LETDF grant announcements indicated the challenge that laid ahead for Solar Tower development in Australia. EnviroMission believes renewable energy technologies in general, and Solar Tower technology specifically, requires at least the same level of Federal Government investment to support the objectives stated in the Energy White Paper and provide a high level of confidence from the renewable energy sector in a highly cost intensive development phase.

Whilst Solar Tower technology was shown to have strong market competitiveness, the Solar Tower's key differentiation from non-renewable proposals to the LETDF scheme was the highest level of carbon abatement available from a single energy proposition; Solar Tower technology met and exceeded the targets of the LETDF.

4E Preliminary Final Report continued.

The efficiency and reliability of coal and gas to meet objectives stated within the Energy White Paper are not disputed, what is disputed is the failure of the LETDF to promote the development of new clean renewable energy technologies with export appeal. What is also disputed is an outcome that placed coal and gas proposals in competition with renewable technologies with superior environmental credentials that were ultimately undervalued in the final assessment.

In light of the policy context and political agenda superficially referenced in this report, EnviroMission took the view that five years of development remained an asset that would benefit and underpin development certainty where policy and market certainty exists.

EnviroMission has since focused on increasing the opportunity for participation in the global development of Solar Tower technology combining the enhancements and know how achieved by EnviroMission with our development collaborators over the past five years.

EnviroMission has negotiated a development role in the United States ahead of plans for a single development entity to maximise the development opportunity for all shareholders through participation in increased development opportunities through greater competition using EnviroMission's enhanced Solar Tower concept.

It is felt increased competition will not extinguish plans for Solar Tower development at Buronga in the south west corner of NSW, rather it is viewed increased competition and certainty will provide an important lever to further strengthen development negotiations in Australia.

Front end engineering and design has continued with an emphasis on a development template and pricing model that is flexible to accommodate a variety of site and market determinants. Finalisation of the model and indicative project costings are anticipated to be announced in the next quarter.

Significant events during the financial year are:

- Cash proceeds of capital contributed during the period were \$128,707 after costs
- Finalisation of development and project costing model integral to development feasibility
- Commenced merger discussions for greater market access and streamlined development
- Opened US office, Phoenix Arizona, to support south west development strategy and market access
- Increased exposure of EnviroMission securities through the American Depository Receipts program via Over the Counter (OTC: EVOMY) transactions for greater liquidity.

Operating revenue reduced from \$379,609 to \$145,990 due to reduced Research and Development tax offset revenue.

The loss for the year reduced from the previous financial year due to reduced contracting and consultancy expenditures, down by \$457,739 to \$656,995.

Consolidated Income Statement

For the Year Ended 30 June 2007

	Note	Consolidated 2007 \$	2006 \$
<i>REVENUE FROM ORDINARY ACTIVITIES</i>		15,990	379,609
Depreciation and amortisation		(524,219)	(535,173)
Employee expenses		(7,478)	(13,252)
Occupancy expenses		(63,837)	(59,242)
Business expenses		(214,397)	(202,723)
Travel expenses		(34,187)	(29,853)
Contracting/consulting expenses		(656,995)	(1,114,734)
Borrowing costs		(28,602)	(12,132)
Other expenses from ordinary activities		(100,870)	(137,666)
Loss before income tax expense		(1,614,595)	(1,725,166)
Income tax expense		-	-
Loss for the year		(1,614,595)	(1,725,166)
Loss attributable to members of the parent		(1,614,595)	(1,725,166)
Basic earnings per share (cents)		(1.9)	(2.1)
Diluted earnings per share (cents)		(1.9)	(2.1)

Consolidated Balance Sheet

As at 30 June 2007

	Note	Consolidated	
		2007	2006
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents		31,557	208
Receivables		248,570	276,524
Other current assets		6,050	6,050
TOTAL CURRENT ASSETS		286,177	282,782
NON-CURRENT ASSETS			
Receivables		-	-
Other financial assets		-	-
Property, plant and equipment		13,742	29,256
Other non-current assets		68,679	53,846
Intangibles		6,641,289	7,148,903
TOTAL NON-CURRENT ASSETS		6,723,710	7,232,005
TOTAL ASSETS		7,009,887	7,514,787
CURRENT LIABILITIES			
Payables		943,847	577,930
Interest bearing liabilities		809,246	194,175
TOTAL CURRENT LIABILITIES		1,753,093	772,105
TOTAL LIABILITIES		1,753,093	772,105
NET ASSETS		5,256,794	6,742,682
EQUITY			
Contributed equity		18,630,349	18,501,642
Accumulated losses		(13,373,555)	(11,758,960)
TOTAL EQUITY		5,256,794	6,742,682

Consolidated Changes in Equity For the Year Ended 30 June 2007

	2007 \$	2006 \$
Total Equity at the beginning of the Year	6,742,682	7,792,090
Profit/(loss) for the year	(1,614,595)	(1,725,166)
Total recognised income and expense for the period	(1,614,595)	(1,725,166)
Attributable to:		
Members of the parent	(1,614,595)	(1,725,166)
	(1,614,595)	(1,725,166)
Transactions with equity holders in their capacity as equity holders:		
Contributions	128,707	675,758
	128,707	675,758
Total Equity at the end of the Year	5,256,794	6,742,682

Statement of Cash Flows

For the Year Ended 30 June 2007

Note	Consolidated 2006 \$	2006 \$
Cash Flows from Operating Activities		
Receipts from customers	-	-
Research & Development refund	-	154,026
Interest received	318	3,597
Payments to customers/operating costs	(708,519)	(984,534)
Net cash used in operating activities	<u>(708,201)</u>	<u>(826,911)</u>
Cash Flows from Investing Activities		
Purchase of fixed assets	(1,091)	(10,567)
Payment for property option	(14,833)	(6,348)
Payment for property bond	-	-
Refund of property bond	-	-
Net cash used in investing activities	<u>(15,924)</u>	<u>(16,915)</u>
Cash Flows from Financing Activities		
Proceeds from share issues-net	128,707	543,359
Proceeds from borrowings	626,767	193,950
Repayments of borrowings	-	(1,905)
Net cash provided by financing activities	<u>755,474</u>	<u>735,404</u>
Net (Decrease) in Cash Held	<u>31,349</u>	<u>(108,422)</u>
Cash at beginning of financial year	208	108,630
Cash at end of financial year	<u><u>31,557</u></u>	<u><u>208</u></u>

SEGMENT INFORMATION

The company operates in one industry and one geographic area only.

ACCUMULATED LOSSES

	Consolidated	
	2006	2006
	\$	\$
Accumulated losses		
Opening balance	(11,758,960)	(10,033,794)
Current period losses	(1,614,595)	(1,725,166)
Closing Balance	(13,373,555)	(11,758,960)

EARNINGS PER SHARE

Basic earnings / (loss) per share (cents)	(1.9)	(2.1)
Diluted earnings / (loss) per share (cents)	(1.9)	(2.1)
Weighted average number of ordinary shares used in the calculation of basic earnings per share.	85,911,365	82,998,391
Earnings / (loss) used in calculating basic and diluted earnings per share calculation	(1,614,595)	(1,725,166)

Potential ordinary shares not considered dilutive

As at 30 June 2007 the company had options on issue over unissued capital. As the notional exercisable price of these options would increase basic earnings per share, they have not been considered dilutive.

NET TANGIBLE ASSET BACKING

Net tangible asset backing per ordinary share at 30 June 2007, (1.61) cents, and at previous corresponding period, (0.48) cents.

EVENTS SUBSEQUENT TO REPORTING DATE

Subsequent to 30 June 2007 the company has reduced interest bearing liabilities by repayment of a loan of \$100,000 plus interest and issuing 4,333,334 ordinary shares at 15 cents each ordinary share in full repayment of borrowings of \$650,000. With this exception there have been no events subsequent to 30 June to have a material effect on the company.

COMPLIANCE STATEMENT

The financial information provided in the Appendix 4E is based on the annual financial report, which has been prepared in accordance with Australian accounting standards or standards acceptable to ASX.

This report and the accounts upon which the report is based use the same accounting policies.

This report does give a true and fair view of the matters disclosed.

This report is based on accounts which are in the process of being audited.

The financial report is not likely to be the subject of dispute or qualification.

The entity has a formally constituted audit committee.



Signed.....Date: 31 August, 2007
Executive Chairman, Chief Executive Officer,
EnviroMission Limited

Name: Roger Davey