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ASX Code: EVM
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Annual Report Year Ended 30 June, 2010

EnviroMission Limited, Annual Report for the year ended 30 June, 2010 follows.

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

ABN: 52 094 963 238

**Financial Report For The Year Ended
30 June 2010**

ENVIROMISSION LIMITED AND CONTROLLED ENTITIES
ABN 52 094 238

CORPORATE DIRECTORY

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
3 Raglan Street
Hawthorn, Victoria

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 Home Branch

Australian Stock Exchange Limited
2 The Esplanade
Perth, Western Australia

Solicitors

DLA Piper
Level 6, Building 6
Emmar Square
Dubai
UAE

ENVIROMISSION LIMITED AND CONTROLLED ENTITIES

ABN: 52 094 963 238

Financial Report For The Year Ended 30 June 2010

CONTENTS	Page
Directors' Report	1
Auditor's Independence Declaration	12
Consolidated Income Statement	13
Consolidated Statement of Comprehensive Income	14
Statement of Financial Position	15
Statement of Changes in Equity	16
Statement of Cash Flows	17
Notes to the Financial Statements	18
Directors' Declaration	38
Independent Auditor's Report	39
Additional Information for Listed Public Companies	41

**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 2010.

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 the United States of America and global markets.

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 2010 was a loss of \$4,956,491 (2009 - \$11,634,372 loss).

Review of Operations

The decision by EnviroMission's board of directors to acquire global Solar Tower development rights from SolarMission Technologies Inc (SMT) in the previous financial year has been proven to be a prudent investment and strategy over the course of the 2009/10 financial year, based on the progress of the commercialisation of the Australian Solar Tower concept in the U.S.; progress that had been circumvented in Australia by flawed and underwhelming renewable energy policy and inadequate incentives that have failed to secure a single large-scale solar power station in Australia today.

Whilst EnviroMission's flight to incentives in the U.S. was a measured decision, it also had its basis in necessity due to hollow rhetoric and posturing about clean energy policy and incentives of successive Australian governments to dramatically and irrevocably impact on EnviroMission's development timetable and ongoing viability for Solar Tower commerciality in Australia.

EVM (USA), Inc, was formed as a 100% owned subsidiary of EnviroMission based in Phoenix to provide front line representation and management of Solar Tower development in the U.S. EnviroMission's commitment to development and regional presence in the U.S. has required financing of accommodation, administration and staffing that is now accounted for in EnviroMission's accounts.

EnviroMission's land acquisition filings with the Arizona State Land Department (ASLD) are moving through the statutory requirements. Mandatory preliminary Heritage and Flora and Fauna studies have been successfully completed for two filings in accordance with ASLD protocol; to date, no barriers to development have been identified on either site.

An independent technology review is also being completed in Arizona to satisfy project worthiness status necessary within the ASLD due diligence matrix.

EnviroMission announced that it had been given the green light to negotiate the sale of electricity from the first of two planned 200MW Solar Tower power stations in Arizona with member utilities of the Southern California Public Power Authority (SCPPA); negotiations have been ongoing and subject to the strident terms of a confidentiality agreement with SCPPA.

SCPPA is a large joint power authority consisting of eleven municipal utilities and one irrigation district. SCPPA members deliver electricity to approximately two million customers over 7,000 square miles to a population of nearly five million people.

EnviroMission's proposed Solar Tower developments in Arizona have been approved as suitable renewable energy projects to meet the goals of SCPPA members' renewable portfolio standards (RPS) of 20% of all electricity to be sourced from renewable energy by 2010.

SCPPA approval was the result of EnviroMission successfully applying to a SCPPA request for projects (RFP) seeking suppliers of centralized power capable of meeting the portfolio standard.

EnviroMission was identified by SCPPA as the only solar electricity generation company, at that time, to qualify to engage in power purchase negotiations with the authority's members for the supply of centralised renewable electricity.

Power purchase agreement negotiations are therefore negotiated through SCPPA with individual member subscribers representing a multi-layered decision making process requiring the approval of the individual governing boards and City Councils of the respective SCPPA members.

EnviroMission's American Depository Receipts (ADR) were listed on the 'over the counter' (OTC) prestigious market tier, OTCQX International (EVOMY) during the last financial year; this listing provides EnviroMission with the platform to create U.S. investor awareness and liquidity through a transparent and reputable market mechanism.

Working capital for the rollout of the Australian Solar Tower power station concept in the U.S. has successfully been negotiated with a hybrid debt/equity facility for up to \$20,000,000 (twenty million); a term sheet has been executed by EnviroMission and due diligence material has been provided by EnviroMission to the investor. EnviroMission expects due diligence to be completed early in 2nd quarter of the current financial year.

Funds raised will also restore EnviroMission's net asset position, currently shown as a net asset deficiency at balance date, due to an accounting impairment to the carrying value of the Australian Solar Tower License following the strategic decision by EnviroMission to defer development in Australia – development in Australia was the basis of EnviroMission's initial listing valuation.

Traditional development capital and project finance negotiations are also underway in the U.S. with U.S. based capital investment.

The role of engineering and technical project management has previously been managed in-house and/or through external consultants, however EnviroMission has moved to place the critical sphere of technical and engineering development responsibility in the expert hands of Arup, a long-term consultant to Solar Tower development in Australia.

Arup is a leading independent firm of designers, planners, engineers, consultants and technical specialists across a broad range of professional services in global markets.

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

EnviroMission signed a new Memorandum of Understanding with Arup in August 2009 that extended the terms of a 2006 Memorandum of Understanding to provide technical project management and lead the engineering requirements for the global development of Solar Tower technology.

Progress over the last financial year can be demonstrated in key tangible areas including corporate infrastructure to support market participation, identity and decision making; site, power purchase and project financing negotiations are all on track to support EnviroMission's commercialisation objectives in the U.S.

Financial Position

The net assets of the consolidated group have decreased by \$4,049,591 from 30 June 2009 to a net liabilities of \$1,607,225 at 30 June 2010. This decrease is largely due to the following factors:

- The impairment of the The Australian licence to develop Solar Towers in Australia, held by SolarMission Ltd, a fully owned subsidiary of EnviroMission Ltd, has been fully impaired as the Company does not foresee any progress in the future development of the Solar Tower at this time. The change resulted in the asset being written down by a further \$2,546,623, refer to note 11;
- \$859,542 of capital was raised during the year via share placements to various investors, in which 18,108,982 ordinary shares were being issued, to retire debts of the Company.

The consolidated group has increased its borrowings from \$167,801 to \$263,186.

The directors of the Company remain confident that further capital can be raised in both Australian and US markets to meet the debts of the Company when they fall due and pursue the successful development of solar towers, insuring that the Group can funded its operation and continue as a going concern. The successful completion of these future capital raisings will restore the net asset position of the Company. The deficiency in net asset as at 30 June 2010 resulted after the impairment charges disclosed in Notes 11 and 14.

Significant Changes in State of Affairs

In the opinion of the Directors, there have been no other significant changes in the Group's state of affairs or principal activities during the twelve months to 30 June 2010.

Dividends Paid or Recommended

No dividends were paid or declared during the financial year.

After Balance Date Events

Apart from the ongoing due diligence with the US investors for a hybrid debt/ equity facility and ongoing negotiation with SCPPA disclosed in the review of operation above, the directors are not aware of any other significant events that have occurred after balance date.

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

- 51,247,679
- 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
Directorships held in other listed entities during the three years prior to the current year

- 1,150,000
- 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
Directorships held in other listed entities during the three years prior to the current year

- 14,663,276
- 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
Directorships held in other listed entities

- 14,663,276
- Nil

Company Secretary

Mr Andrew Draffin is a Chartered Accountant and was appointed on 2 March 2009.

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

Meetings of Directors

During the financial year, one 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	-	-	-	-	-	-	-	-	-

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	\$0.250	12,528,470
23/12/2008	1/02/2011	\$0.100	15,267,175
27/02/2009	1/02/2011	\$0.090	17,771,136
11/05/2009	1/02/2011	\$0.092	1,426,888
15/06/2009	1/02/2011	\$0.090	2,058,376
18/08/2009	1/02/2011	\$0.084	494,641
14/09/2009	1/02/2011	\$0.090	623,589
29/09/2009	1/02/2011	\$0.096	359,830
14/10/2009	1/02/2011	\$0.110	1,006,000
20/10/2009	1/02/2011	\$0.108	736,640
26/10/2009	1/02/2011	\$0.100	2,230,000
22/02/2010	1/02/2011	\$0.100	940,000
16/04/2010	1/02/2011	\$0.086	1,162,790
20/05/2010	1/02/2011	\$0.080	1,500,000
			58,105,535

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 2010, 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.

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 2010 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 package.

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 are 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.

	2006	2007	2008	2009	2010
	\$	\$	\$	\$	\$
Revenue	379,609	15,990	108,943	14,050	(98,286)
Net Loss	(1,725,166)	(1,929,081)	(1,666,848)	(11,634,372)	(4,956,491)
Share Price at Year-end	0.15	0.16	0.05	0.05	0.02
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 the key management personnel of the consolidated group, and to the extent different, were amongst the three 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 2010 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
Guoxiang Ma	Director
Yue Tang	Alternate Director for Mr Ma
Kim Forte	Communications Manager & Director of EnviroMission (USA) Inc
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**

	Non-salary cash based incentives			Fixed Salary/Fees	
	\$	Shares/ Units	Options/ Rights	\$	Total
Group Key Management Personnel					
Roger C Davey	-	-	-	343,004	343,004
David N Galbally QC	-	-	-	10,000	10,000
Guoxiang Ma	-	-	-	10,000	10,000
Yue Tang	-	-	-	-	-
Kim Forte	-	-	-	212,004	212,004
Andrew Draffin	-	-	-	20,000	20,000
David Rodli	-	-	-	-	-
George Horvath	-	-	-	-	-
Bill Willey	-	-	-	-	-
Total	-	-	-	595,007	595,007

**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 2010 and at the date of this report. \$242,772 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 22 (b) for further details).

Remuneration Details for the Year Ended 30 June 2010

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 2010

	Short-term benefits				Equity-settled share-based payments		Total \$
	Salary, Fees and Leave \$	Profit Share and bonuses \$	Non-monetary \$	Other \$	Shares/Units \$	Options/Rights \$	
2010							
Group Key Management Personnel							
Roger C Davey	343,004	-	-	-	-	-	343,004
David N Galbally QC	10,000	-	-	-	-	-	10,000
Guoxiang Ma	10,000	-	-	-	-	-	10,000
Yue Tang	-	-	-	-	-	-	-
Kim Forte	212,004	-	-	-	-	-	212,004
Ian Riley	-	-	-	-	-	-	-
Andrew Draffin	-	-	-	-	20,000	-	20,000
	575,007	-	-	-	20,000	-	595,007

	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
G Parkinson	-	-	-	-	-	-	-
Kim Forte	188,214	-	-	-	-	-	188,214
Ian Riley	78,500	-	-	-	-	-	78,500
Andrew Draffin	-	-	-	-	-	-	-
	643,178	-	-	-	-	-	643,178

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 2010, 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.

Shareholders

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 have 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 the 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, issued by the ASX Corporate Governance Council. Reasons for the Company's non-compliance are detailed below.

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 30th day of September 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 year ended 30 June 2010 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 2010*

**ENVIROMISSION LIMITED ABN: 52 094 963 238
AND CONTROLLED ENTITIES
CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2010**

	Note	Consolidated Group		Parent Entity	
		2010 \$	2009 \$	2010 \$	2009 \$
Continuing operations					
Revenue	2	(61,118)	(24,316)	(61,119)	(24,392)
Other income	2	(37,168)	38,366	-	-
Changes in inventories		-	-	-	-
Raw materials and consumables used		-	-	-	-
Employee benefits expense		(71,766)	(60,577)	(71,766)	(60,576)
Impairment write-downs		(2,546,523)	(5,729,306)	(3,054,137)	(9,040,277)
Corporate costs		(204,183)	(772,403)	(135,318)	(155,325)
Occupancy costs		(92,689)	(93,913)	(56,235)	(53,979)
Travel costs		(30,087)	(134,524)	(23,831)	(57,956)
Contracting & consulting costs		(918,501)	(1,092,522)	(461,572)	(479,377)
Borrowing & financing facility costs		-	-	-	-
Other expenses from ordinary activities		(126,635)	(388,193)	(65,170)	(201,686)
Audit fees		(32,500)	(21,000)	(32,500)	(21,000)
Doubtful debts		(311,683)	-	(232,303)	(720,093)
Depreciation and amortisation expense		(516,478)	(3,091,036)	(7,356)	(11,598)
Finance costs		(7,160)	(264,949)	(4,565)	(264,949)
Impairment of property plant and equipment		-	-	-	-
Other expenses		-	-	-	-
Share of net profits of associates and joint ventures		-	-	-	-
Loss before income tax	3	(4,956,491)	(11,634,372)	(4,205,872)	(11,091,209)
Income tax expense	4	-	-	-	-
Loss from continuing operations		(4,956,491)	(11,634,372)	(4,205,872)	(11,091,209)
Loss attributable to non-controlling interest		-	-	-	-
Loss attributable to members of parent entity	3	<u>(4,956,491)</u>	<u>(11,634,372)</u>	<u>(4,205,872)</u>	<u>(11,091,209)</u>
Earnings per share					
Basic loss per share (cents)	7	(1.57)	(5.71)	(1.33)	(5.45)
Diluted loss per share (cents)	7	(1.34)	(5.13)	(1.14)	(4.89)

The accompanying notes form part of these financial statements.

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2010

	Note	Consolidated Group		Parent Entity	
		2010	2009	2010	2009
		\$	\$	\$	\$
Profit for the year		(4,956,491)	(11,634,372)	(4,205,872)	(11,091,209)
Other comprehensive income:					
Exchange differences on translating foreign controlled entities		47,359	76,134	-	-
Other comprehensive income for the year, net of tax		<u>47,359</u>	<u>76,134</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u>(4,909,132)</u>	<u>(11,558,238)</u>	<u>(4,205,872)</u>	<u>(11,091,209)</u>
Total comprehensive income attributable to:					
Members of the parent entity		<u>(4,909,132)</u>	<u>(11,558,238)</u>	<u>(4,205,872)</u>	<u>(11,091,209)</u>

The accompanying notes form part of these financial statements.

**ENVIROMISSION LIMITED ABN: 52 094 963 238
AND CONTROLLED ENTITIES
STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2010**

	Note	Consolidated Group		Parent Entity	
		2010	2009	2010	2009
		\$	\$	\$	\$
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	8	20,461	47,035	14,823	42,476
Trade and other receivables	9	39,701	359,680	32,406	17,980
TOTAL CURRENT ASSETS		60,162	406,715	47,229	60,456
NON-CURRENT ASSETS					
Trade and other receivables	9	-	-	-	-
Other financial assets	11	-	-	115	3,054,252
Property, plant and equipment	13	7,495	14,764	3,607	10,962
Intangible assets	14	400,000	3,454,237	400,000	400,000
Other non-current assets	15	8,241	7,819	8,241	7,819
TOTAL NON-CURRENT ASSETS		415,736	3,476,820	411,963	3,473,033
TOTAL ASSETS		475,898	3,883,535	459,192	3,533,490
LIABILITIES					
CURRENT LIABILITIES					
Trade and other payables	16	295,086	1,273,368	75,758	571,355
Borrowings	17	-	167,801	-	52,741
TOTAL CURRENT LIABILITIES		295,086	1,441,169	75,758	624,096
NON-CURRENT LIABILITIES					
Trade and other payables	16	1,524,851	-	666,206	-
Borrowings	17	263,186	-	154,164	-
TOTAL NON-CURRENT LIABILITIES		1,788,037	-	820,370	-
TOTAL LIABILITIES		2,083,123	1,441,169	896,128	624,096
NET ASSETS		(1,607,225)	2,442,366	(436,936)	2,909,394
EQUITY					
Issued capital	18	30,215,034	29,355,492	30,215,034	29,355,492
Reserves	24	123,493	76,134	-	-
Retained earnings		(31,945,752)	(26,989,261)	(30,651,970)	(26,446,098)
Parent interest		(1,607,225)	2,442,366	(436,936)	2,909,394
Non-controlling interest		-	-	-	-
TOTAL EQUITY		(1,607,225)	2,442,366	(436,936)	2,909,394

The accompanying notes form part of these financial statements.

**ENVIROMISSION LIMITED ABN: 52 094 963 238
AND CONTROLLED ENTITIES
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2010**

Note	Share Capital			Retained Earnings	Foreign Currency Translation Reserve	General Reserve	Total
	Ordinary	Redeemable Preference	Convertible Preference				
Consolidated Group	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 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
Sub-total	29,355,492	-	-	(26,989,261)	76,134	-	2,442,365
Dividends paid or provided for	-	-	-	-	-	-	-
Balance at 30 June 2009	29,355,492	-	-	(26,989,261)	76,134	-	2,442,365
Balance at 1 July 2009	29,355,492	-	-	(26,989,261)	76,134	-	2,442,365
Shares issued during the year	859,542	-	-	-	-	-	859,542
Loss attributable to members of parent entity	-	-	-	(4,956,491)	-	-	(4,956,491)
Adjustments from translation of foreign controlled entities	-	-	-	-	47,359	-	47,359
Sub-total	30,215,034	-	-	(31,945,752)	123,493	-	(1,607,225)
Dividends paid or provided for	-	-	-	-	-	-	-
Balance at 30 June 2010	30,215,034	-	-	(31,945,752)	123,493	-	(1,607,225)

The accompanying notes form part of these financial statements.

Note	Share Capital			Retained Earnings	Foreign Currency Translation Reserve	General Reserve	Total
	Ordinary	Redeemable Preference	Convertible Preference				
Parent Entity	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 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)
Balance at 30 June 2009	29,355,492	-	-	(26,446,098)	-	-	2,909,394
Balance at 1 July 2009	29,355,492	-	-	(26,446,098)	-	-	2,909,394
Shares issued during the year	859,542	-	-	-	-	-	859,542
Loss attributable to members of parent entity	-	-	-	(4,205,872)	-	-	(4,205,872)
Balance at 30 June 2010	30,215,034	-	-	(30,651,970)	-	-	(436,936)

The accompanying notes form part of these financial statements.

**ENVIROMISSION LIMITED ABN: 52 094 963 238
AND CONTROLLED ENTITIES
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2010**

	Note	Consolidated Group		Parent Entity	
		2010 \$	2009 \$	2010 \$	2009 \$
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers		-	97,165	-	97,165
Interest received		46	2,593	46	2,593
Payments to suppliers and employees		(918,725)	(2,566,423)	(690,574)	(1,432,304)
Finance costs		(2,419)	(293,296)	176	(293,296)
Income tax paid		-	-	-	-
Net cash provided by/(used in) operating activities	20	<u>(921,098)</u>	<u>(2,759,961)</u>	<u>(690,352)</u>	<u>(1,625,841)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from sale of available-for-sale investments		(32,533)	15,973	-	-
Purchase of property, plant and equipment		(1,595)	(21,835)	-	(18,034)
Purchase of other non-current assets		-	-	-	(15)
Net cash provided by/(used in) investing activities		<u>(34,128)</u>	<u>(5,862)</u>	<u>-</u>	<u>(18,048)</u>
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from issue of shares		742,542	2,693,945	742,542	2,693,945
Proceeds from borrowings		150,000	52,741	150,000	52,741
Amounts advanced to related entities		(273,458)	-	(273,458)	(713,251)
Proceeds from borrowings - related parties		310,410	-	44,000	-
Repayment of borrowings		-	39,409	-	(357,903)
Net cash provided by/(used in) financing activities		<u>929,494</u>	<u>2,786,094</u>	<u>663,084</u>	<u>1,675,532</u>
Net increase(decrease) in cash held		<u>(25,732)</u>	<u>20,271</u>	<u>(27,268)</u>	<u>31,642</u>
Cash and cash equivalents at beginning of financial year	8	47,035	10,834	42,476	10,834
Effect of exchange rates on cash holdings in foreign currencies		(842)	15,930	(385)	-
Cash and cash equivalents at end of financial year	8	<u>20,461</u>	<u>47,035</u>	<u>14,823</u>	<u>42,476</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 2010**

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 Summary 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, other authoritative pronouncements of the Australian Accounting Standards Board 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

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by EnviroMission Limited at the end of the reporting period. 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 the entity's activities. Control will generally exist when the parent owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are also considered.

Where controlled entities have entered or left the group during the year, the financial performance of those entities are included only for the period of the year that they were controlled. A list of controlled entities is contained in Note 12 to the financial statements.

In preparing the consolidated financial statements, all inter-group balances and transactions between entities in the consolidated group have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those adopted by the parent entity.

Non-controlling interests, being the equity in a subsidiary not attributable, directly or indirectly, to a parent, are shown separately within the Equity section of the consolidated Statement of Financial Position and Statement of Comprehensive Income. The non-controlling interests in the net assets comprise their interests at the date of the original business combination and their share of changes in equity since that date.

Business Combinations

Business combinations occur where an acquirer obtains control over one or more businesses and results in the consolidation of its assets and liabilities.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The acquisition method requires that for each business combination one of the combining entities must be identified as the acquirer (i.e. parent entity). The business combination will be accounted for as at the acquisition date, which is the date that control over the acquiree is obtained by the parent entity. At this date, the parent shall recognise, in the consolidated accounts, and subject to certain limited exceptions, the fair value of the identifiable assets acquired and liabilities assumed. In addition, contingent liabilities of the acquiree will be recognised where a present obligation has been incurred and its fair value can be reliably measured.

The acquisition may result in the recognition of goodwill (refer note 1(g)) or a gain from a bargain purchase. The method adopted for the measurement of goodwill will impact on the measurement of any non-controlling interest to be recognised in the acquiree where less than 100% ownership interest is held in the acquiree.

The acquisition date fair value of the consideration transferred for a business combination plus the acquisition date fair value of any previously held equity interest shall form the cost of the investment in the separate financial statements. Consideration may comprise the sum of the assets transferred by the acquirer, liabilities incurred by the acquirer to the former owners of the acquiree and the equity interests issued by the acquirer.

Fair value uplifts in the value of pre-existing equity holdings are taken to the statement of comprehensive income. Where changes in the value of such equity holdings had previously been recognised in other comprehensive income, such amounts are recycled to profit or loss.

Included in the measurement of consideration transferred is any asset or liability resulting from a contingent consideration arrangement. Any obligation incurred relating to contingent consideration is classified as either a financial liability or equity instrument, depending upon the nature of the arrangement. Rights to refunds of consideration previously paid are recognised as a receivable. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or a liability is remeasured each reporting period to fair value through the statement of comprehensive income unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to the business combination are expensed to the statement of comprehensive income.

(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 the end of the reporting period. 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 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.

**ENVIROMISSION LIMITED ABN: 52 094 963 238
AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

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.

(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 statement of comprehensive income during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised lease assets, but excluding freehold land, 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. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

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

Class of Fixed Asset	Depreciation Rate
Plant and equipment	34%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. 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 statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation surplus 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 the purchase or sale of 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.

(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.

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period. (All other loans and receivables are classified as non-current assets.)

**ENVIROMISSION LIMITED ABN: 52 094 963 238
AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

(iii) 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.

Available-for-sale financial assets are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period. (All other financial assets are classified as current assets.)

(iv) Financial Liabilities

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

Derivative instruments

EnviroMission Limited and Controlled Entities designates certain derivatives as either:

- i. hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge); or
- ii. hedges of highly probable forecast transactions (cash flow hedges).

At the inception of the transaction the relationship between hedging instruments and hedged items, as well as the group's risk management objective and strategy for undertaking various hedge transactions is documented. Assessments, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items are also documented.

i) Fair value hedge

Changes in the fair value of derivatives that are designated and qualified as fair value hedges are recorded in the statement of comprehensive income, together with any changes in the fair value of hedged assets or liabilities that are attributable to the hedged risk.

(ii) Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is deferred to a hedge reserve in equity. The gain or loss relating to the ineffective portion is recognised immediately in the statement of comprehensive income. Amounts accumulated in the hedge reserve in equity are transferred to the income statement in the periods when the hedged item will affect profit or loss.

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 the end of each reporting period, the Group assesses 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 statement of comprehensive income.

Financial Guarantees

Where material, financial guarantees issued, which requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due, are recognised as a financial liability at fair value on initial recognition.

The guarantee is subsequently measured at the higher of the best estimate of the obligation and the amount initially recognised less, when appropriate, cumulative amortisation in accordance with AASB 118: Revenue. Where the entity gives guarantees in exchange for a fee, revenue is recognised under AASB 118.

The fair value of financial guarantee contracts has been assessed using a probability weighted discounted cash flow approach. The probability has been based on:

- the likelihood of the guaranteed party defaulting in a year period;
- the proportion of the exposure that is not expected to be recovered due to the guaranteed party defaulting; and
- the maximum loss exposed if the guaranteed party were to default.

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

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

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

(f) Investments in Associates

Associate companies are companies in which the Group has significant influence through holding, directly or indirectly, 20% or more of the voting power of the company. Investments in associates are accounted for in the financial statements by applying the equity method of accounting whereby the investment is initially recognised at cost and adjusted thereafter for the post acquisition change in the Group's share of net assets of the associate company. In addition the Group's share of the profit or loss of the associate company is included in the Group's profit or loss.

The carrying amount of the investment includes goodwill relating to the associate. Any excess of the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the investor's share of the associate's profit or loss in the period in which the investment is acquired.

Profits and losses resulting from transactions between the Group and the associate are eliminated to the extent of the relation to the Group's investment in the associate.

When the reporting dates of the Group and the associate are different, the associate prepares, for the Group's use, financial statements as of the same date as the financial statements of the Group with adjustments being made for the effects of significant transactions or events that occur between that date and the date of the investor's financial statements.

**ENVIROMISSION LIMITED ABN: 52 094 963 238
AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group discontinues recognising its share of further losses unless it has incurred legal or constructive obligations or made payments on behalf of the associate. When the associate subsequently makes profits, the Group will resume the recognition of its share of those profits once its share of the profits equals the share of the losses not recognised.

Details of the Group's investment in subsidiaries are shown at Note 10.

(g) Intangibles

Goodwill

Goodwill is calculated as the excess of the sum of:

- (i) the consideration transferred;
- (ii) any non-controlling interest; and
- (iii) the acquisition date fair value of any previously held equity interest, over the acquisition date fair value of net identifiable assets acquired.

The value of goodwill recognised on acquisition of each subsidiary in which the Group holds a less than 100% interest will depend on the method adopted in measuring the aforementioned non-controlling interest. The Group can elect to measure the non-controlling interest in the acquiree either at fair value ('full goodwill method') or at the non-controlling interest's proportionate share of the subsidiary's identifiable net assets ('proportionate interest method'). The group determines which method to adopt for each acquisition.

Refer to Note 14 for information on the goodwill policy adopted by the Group for acquisitions.

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates.

Goodwill is tested for impairment annually and is allocated to the Group's cash generating units or groups of cash generating units, which represent the lowest level at which goodwill is monitored but where such level is not larger than an operating segment. Gains and losses on the disposal of an entity include the carrying amount of goodwill related to the entity sold.

Changes in the ownership interests in a subsidiary are accounted for as equity transactions and do not affect the carrying values of goodwill.

Development costs have a finite life and are amortised on a systematic basis matched to the future economic benefits over the useful life of the project.

(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 statement of comprehensive income, 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 statement of comprehensive income.

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 Group's foreign currency translation reserve in the statement of financial position. These differences are recognised in the statement of comprehensive income 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.

(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 and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

(l) Revenue and Other Income

Revenue 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.

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets is the rate inherent in the instrument.

All dividends received shall be recognised as revenue when the right to receive the dividend has been established.

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

**ENVIROMISSION LIMITED ABN: 52 094 963 238
AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

(m) Trade and Other Payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the Group during the reporting period which remains unpaid. The balance is recognised as a current liability with the amount being normally paid within 30 days of recognition of the liability. Certain related party creditors have been classified as non-current after it was agreed that the creditors would not seek settlement of their debt in the immediate future.

(n) 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.

(o) 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 statement of financial position are shown inclusive of GST.

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

(p) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year. When the Group applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statements, a statement of financial position as at the beginning of the earliest comparative period will be disclosed.

(q) 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

(i) Impairment

The Group assesses impairment at the end of each reporting period 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 Australian licence at reporting date. The Company has no immediate plan or to promote solar towers in Australia at present, notwithstanding the Company retains the right to do so. Due to the shift of focus away from the Australian market an impairment charge of \$2,546,523 was brought to account during the financial year.

Key Judgements

(i) 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.

(r) 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. As noted in the Directors' report the Company is in negotiations with various entities to raise substantial capital for the Consolidated Group's. The successful completion of the future capital raisings will restore the Consolidated Group's net asset position. The deficiency in net asset as at 30 June 2010 resulted after the impairment charges disclosed in Notes 11 and 14.

(s) New Accounting Standards for application in future periods

The AASB has issued new and amended accounting 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 follows:

- *AASB 9: Financial Instruments and AASB 2009-11: Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12] (applicable for annual reporting periods commencing on or after 1 January 2013)*

These standards are applicable retrospectively and amend the classification and measurement of financial assets. The Group has not yet determined any potential impact on the financial statements.

The changes made to accounting requirements include:

- simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value
- simplifying the requirements for embedded derivatives
- removing the tainting rules associated with held-to-maturity assets
- removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost
- allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument
- financial assets will need to be reclassified where there is a change in an entity's business model as they are initially classified based on
 - (a) the objective of the entity's business model for managing the financial assets; and
 - (b) the characteristics of the contractual cash flows

- *AASB 124: Related Party Disclosures (applicable for annual reporting periods commencing on or after 1 January 2011)*

This standard removes the requirement for government related entities to disclose details of all transaction with the government and other government related entities and clarifies the definition of a related party to remove inconsistencies and simplify the structure of the standard. No changes are expected to materially affect the Group.

- *AASB 2009-4 "Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 2 and AASB 138 and AASB Interpretations 9 & 16]" (applicable for annual reporting periods commencing from 1 July 2009) and AASB 2009-5 "Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 8, 101, 107, 117, 118, 136 & 139] (applicable for annual reporting periods commencing from 1 January 2010)*

**ENVIROMISSION LIMITED ABN: 52 094 963 238
AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

These standard details numerous non-urgent but necessary changes to accounting standards arising from the IASB's annual improvements project. No changes are expected to materially affect the Group.

• *AASB 2009-12: Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052] (applicable for annual reporting periods commencing on or after 1 January 2011)*

This standard makes a number of editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRSs by the IASB. The standard also amends AASB 8 to require entities to exercise judgement in assessing whether a government and entities known to be under the control of that government are considered a single customer for the purposes of certain operating segment disclosures. The amendments are not expected to impact the Group.

• *AASB 2009-13: Amendments to Australian Accounting Standards arising from Interpretation 19 [AASB 1] (applicable for annual reporting periods commencing on or after 1 July 2010)*

This standard makes amendments to AASB 1 arising from the issue of Interpretation 19. The amendments allow a first-time adopter to apply the transitional provisions in Interpretation 19. This Interpretation is not expected to impact the Group.

• *AASB Interpretation 19 "Extinguishing Financial Liabilities with Equity Instruments" (applicable for annual reporting periods commencing from 1 July 2010).*

This Interpretation deals with how a debtor would account for the extinguishment of a liability through the issue of equity instruments. The Interpretation states that the issue of equity should be treated as the consideration paid to extinguish the liability, and the equity instruments issued should be recognised at their fair value unless fair value cannot be measured reliably in which case they shall be measured at the fair value of the liability extinguished. The Interpretation deals with situations where either partial or full settlement of the liability has occurred. This Interpretation is not expected to impact the Group.

The Group does not anticipate early adoption of any of the above Australian Accounting Standards.

Note 2 Revenue and Other Income

	Note	Consolidated Group		Parent Entity	
		2010	2009	2010	2009
		\$	\$	\$	\$
Revenue from Continuing Operations					
Sales Revenue					
— sale of goods		-	-	-	-
— provision of services		-	-	-	-
<hr/>					
Other Revenue					
— interest received	2(a)	103	4,031	102	3,955
— Unrealised foreign exchange gain/(loss)		(61,397)	(28,347)	(61,397)	(28,347)
— Realised foreign exchange gain/(loss)		176	-	176	-
<hr/>					
		(61,118)	(24,316)	(61,119)	(24,392)
<hr/>					
		(61,118)	(24,316)	(61,119)	(24,392)
Other Income					
— (Loss)/gains on disposal of non-current investments		(37,168)	38,366	-	-
<hr/>					
		(37,168)	38,366	-	-
<hr/>					
(a) Interest revenue from:					
— financial institutions		103	4,031	102	3,955
Total interest revenue on financial assets not at fair value through profit or loss		103	4,031	102	3,955

Note 3 Profit for the Year

	Consolidated Group		Parent Entity	
	2010	2009	2010	2009
	\$	\$	\$	\$
(a) Expenses				
Impairment of non-current investments	-	68,679	3,054,137	9,040,277
Foreign currency translation losses	61,221	28,347	61,221	28,347
Impairment of goodwill	-	5,729,306	-	-
Depreciation on property, plant & equipment	8,864	11,598	7,356	11,598
Amortisation - licence	507,614	3,091,036	-	-
Impairment of licence	2,546,523	-	-	-
<hr/>				
Bad and doubtful debts:				
— wholly-owned subsidiaries	-	-	209,367	86,792
— other related parties	-	-	22,936	633,301
— Other	311,683	-	-	-
Total bad and doubtful debts	311,683	-	232,303	720,093

**ENVIROMISSION LIMITED ABN: 52 094 963 238
AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

Note 4 Income Tax Expense

	Consolidated Group		Parent Entity	
	2010	2009	2010	2009
	\$	\$	\$	\$
(a) The components of tax expense comprise:				
Current tax	-	-	-	-
Deferred tax	-	-	-	-
Recoupment of prior year tax losses	-	-	-	-
Under provision in respect of prior years	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
(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% (2009: 30%)				
— consolidated group	(1,486,947)	(3,490,312)		
— parent entity			(1,261,762)	(3,327,363)
Add:				
Tax effect of:				
— other non-allowable items	1,613	1,431	1,613	1,431
— write-downs to recoverable amounts	794,444	915,250	916,241	2,691,479
— Non-deductible expenses	23,983	(43,450)	23,983	(43,450)
— Provision for doubtful debts	-	-	69,691	216,028
	<hr/>	<hr/>	<hr/>	<hr/>
	(666,907)	(2,617,081)	(250,233)	(461,875)
Less:				
Tax effect of:				
— Deductible black hole expenditure	84,779	74,620	84,779	74,620
— Write-downs to recoverable amounts	-	-	-	-
— Income tax losses carried forward not taken up as a benefit	(751,687)	(2,691,701)	(335,012)	(536,495)
Recoupment of prior year tax losses not previously brought to account	-	-	-	-
Income tax attributable to entity	<hr/>	<hr/>	<hr/>	<hr/>
	-	-	-	-
Future income tax benefits not brought to account as tax	6,975,668	6,223,982	3,435,540	3,100,529
The applicable weighted average effective tax rates are as follows:	0.0%	0.0%	0.0%	0.0%

Note 5 Interests of Key Management Personnel (KMP)

Refer to the Remuneration Report contained in the Directors' Report for details of the remuneration paid or payable to each member of the Group's key management personnel for the year ended 30 June 2010.

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

	2010	2009
	\$	\$
Short-term employee benefits	575,007	643,178
Post-employment benefits	-	-
Other long term benefits	-	-
Termination benefits	-	-
Share-based payments	20,000	-
	<hr/>	<hr/>
	595,007	643,178

**ENVIROMISSION LIMITED ABN: 52 094 963 238
AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

KMP Options and Rights Holdings

No options were granted to Key Management Personnel during or since the year ended 30 June 2010.

KMP Shareholdings

The number of ordinary shares in EnviroMission Limited held by each KMP of the Group during the financial year 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 2010					
Roger C Davey	51,247,679	-	-	-	51,247,679
David N Galbally QC	1,150,000	-	-	-	1,150,000
Guoxiang Ma	14,663,276	-	-	-	14,663,276
Kim Forte	10,304,200	-	-	-	10,304,200
Ian Rilley	2,500,000	-	-	-	2,500,000
David Rodli	11,688,000	-	-	-	11,688,000
George Horvath	2,899,200	-	-	-	2,899,200
Bill Wiley	2,899,200	-	-	-	2,899,200
Andrew Draffin	-	-	-	1,800,000	1,800,000
	<u>97,351,555</u>	<u>-</u>	<u>-</u>	<u>1,800,000</u>	<u>99,151,555</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 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
Kim Forte	155,000	-	-	10,149,200	10,304,200
Ian Rilley	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 Wiley	-	-	-	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>

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 22: Related Party Transactions. For details of loans to KMP, refer to Note 9: Trade and Other Receivables.

Note 6 Auditors' Remuneration

	Consolidated Group		Parent Entity	
	2010	2009	2010	2009
Remuneration of the auditor of the parent entity for:				
— auditing or reviewing the financial report	\$ 32,500	\$ 28,500	\$ 32,500	\$ 28,500
— taxation services & other services	-	-	-	-

**ENVIROMISSION LIMITED ABN: 52 094 963 238
AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

Note 7 Earnings per Share

	Consolidated Group	
	2010	2009
	\$	\$
(a) Reconciliation of earnings to profit or loss		
Profit	(4,956,491)	(11,634,372)
Profit attributable to minority equity interest	-	-
Earnings used to calculate basic EPS	<u>(4,956,491)</u>	<u>(11,634,372)</u>
Earnings used in the calculation of dilutive EPS	<u>(4,956,491)</u>	<u>(11,634,372)</u>
(b) Reconciliation of earnings to profit or loss from continuing operations		
Loss from continuing operations	(4,956,491)	(11,634,372)
Profit attributable to minority equity interest in respect of continuing operations	-	-
Earnings used to calculate basic EPS from continuing operations	(4,956,491)	(11,634,372)
Dividends on converting preference shares	-	-
Earnings used in the calculation of dilutive EPS from continuing operations	<u>(4,956,491)</u>	<u>(11,634,372)</u>
(c) Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	No.	No.
Weighted average number of dilutive options outstanding	316,212,035	306,819,400
Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS	<u>53,747,666</u>	<u>49,052,045</u>
	<u>369,959,701</u>	<u>355,871,445</u>

Note 8 Cash and Cash Equivalents

	Note	Consolidated Group		Parent Entity	
		2010	2009	2010	2009
		\$	\$	\$	\$
Cash at bank and in hand	23	20,461	47,035	14,823	42,476
		<u>20,461</u>	<u>47,035</u>	<u>14,823</u>	<u>42,476</u>

The effective interest rate on short-term bank deposits was 1.25% (2009: 1.25%)

Reconciliation of cash

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:

Cash and cash equivalents	20,461	47,035	14,823	42,476
	<u>20,461</u>	<u>47,035</u>	<u>14,823</u>	<u>42,476</u>

Note 9 Trade and Other Receivables

	Note	Consolidated Group		Parent Entity	
		2010	2009	2010	2009
		\$	\$	\$	\$
CURRENT					
— GST receivable		32,406	17,980	32,406	17,980
— Security deposits		-	-	-	-
		<u>32,406</u>	<u>17,980</u>	<u>32,406</u>	<u>17,980</u>
Other receivables		7,295	-	-	-
Amounts receivable from:					
— other non related parties		311,683	341,700	-	-
— provision for impairment - non related parties		(311,683)	-	-	-
Total current trade and other receivables		<u>39,701</u>	<u>359,680</u>	<u>32,406</u>	<u>17,980</u>
NON-CURRENT					
Amounts receivable from:					
— wholly-owned entities		-	-	695,033	485,666
— provision for impairment - wholly-owned subsidiaries	9d(i)	-	-	(695,033)	(485,666)
— partially owned subsidiaries		-	-	656,237	633,302
— provision for impairment - partially owned subsidiaries	9d(ii)	-	-	(656,237)	(633,302)
Total non-current trade and other receivables		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

**ENVIROMISSION LIMITED ABN: 52 094 963 238
AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

(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 01 Jul 2008	Charge for the Year	Amounts Written Off	Closing Balance 30 June 2009
Consolidated Group	\$	\$	\$	\$
(i) Current trade receivables	-	-	-	-
Parent Entity				
(i) Non-current wholly owned subsidiaries	398,874	86,792	-	485,666
(ii) Non-current partially owned subsidiaries	-	633,302	-	633,302
	<u>398,874</u>	<u>720,094</u>	<u>-</u>	<u>1,118,968</u>
	Opening Balance 01 July 2009	Charge for the Year	Amounts Written Off	Closing Balance 30 June 2010
Consolidated Group	\$	\$	\$	\$
(i) Current trade receivables	-	311,683	-	311,683
	<u>-</u>	<u>311,683</u>	<u>-</u>	<u>311,683</u>
Parent Entity				
(i) Non-current wholly owned subsidiaries	485,666	209,367	-	695,033
(ii) Non-current partially owned subsidiaries	633,302	22,935	-	656,237
	<u>1,118,968</u>	<u>232,302</u>	<u>-</u>	<u>1,351,270</u>

Credit risk - Trade and Other Receivables

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

On a geographic basis, the Group has significant credit risk exposures in 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 period in those regions is as follows:

	Consolidated Group		Parent Entity	
	2010	2009	2010	2009
AUD	\$	\$	\$	\$
Australia	32,406	17,980	32,406	416,854
United States of America	7,295	341,700	-	720,094
	<u>39,701</u>	<u>359,680</u>	<u>32,406</u>	<u>1,136,948</u>

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 counter party 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	
2010	\$	\$	\$	\$	\$	\$	\$
Trade and term receivables	32,406	-	-	32,406	-	-	-
Other receivables	318,979	311,683	-	7,295	-	-	-
Total	<u>351,384</u>	<u>311,683</u>	<u>-</u>	<u>39,701</u>	<u>-</u>	<u>-</u>	<u>-</u>
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	<u>359,680</u>	<u>-</u>	<u>-</u>	<u>17,980</u>	<u>-</u>	<u>341,700</u>	<u>-</u>
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	
2010	\$	\$	\$	\$	\$	\$	\$
Trade and term receivables	32,406	-	-	32,406	-	-	-
Other receivables	1,351,270	1,351,270	-	-	-	-	-
Total	<u>1,383,676</u>	<u>1,351,270</u>	<u>-</u>	<u>32,406</u>	<u>-</u>	<u>-</u>	<u>-</u>
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	<u>1,136,948</u>	<u>1,118,968</u>	<u>-</u>	<u>17,980</u>	<u>-</u>	<u>-</u>	<u>-</u>

**ENVIROMISSION LIMITED ABN: 52 094 963 238
AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

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.

	Note	Consolidated Group		Parent Entity	
		2010	2009	2010	2009
(b) Financial Assets classified as loans and receivables		\$	\$	\$	\$
Trade and other Receivables					
— Total Current		39,701	359,680	32,406	17,980
— Total Non-Current		-	-	-	-
		<u>39,701</u>	<u>359,680</u>	<u>32,406</u>	<u>17,980</u>
Financial Assets	23	<u>39,701</u>	<u>359,680</u>	<u>32,406</u>	<u>17,980</u>

Note 10 Subsidiary Companies

Interests are held in the following subsidiaries:

Name	Principal Activities	Country of Incorporation	Shares	Ownership Interest		Carrying Amount of Investment	
				2010	2009	2010	2009
				%	%	\$	\$
Unlisted:							
(i) SolarMission Limited	Renewable Energy	Australia	Ordinary	100.00%	100.00%	-	3,054,137
(ii) Pure Solar Power (IP) Pty Ltd	Renewable Energy	Australia	Ordinary	100.00%	100.00%	100	100
(iii) EnviroMission (USA) Inc.	Renewable Energy	USA	Ordinary	100.00%	100.00%	15	15
(iv) SolarMission Technologies Inc (USA)	Renewable Energy	USA	Ordinary	58.92%	58.92%	-	-
						<u>115</u>	<u>3,054,252</u>

The carrying amount of investment in the Company's 100% owned subsidiary SolarMission Limited was deemed to be impaired due to the related impairment charge against the licence held by the subsidiary to develop solar towers in Australia. An impairment charge of \$3,054,137 was raised during the financial year (see Note 14 for licence impairment).

Note 11 Other Financial Assets

	Note	Consolidated Group		Parent Entity	
		2010	2009	2010	2009
NON CURRENT		\$	\$	\$	\$
Shares in subsidiaries		-	-	10,180,904	10,180,904
(impairment provision)		-	-	(10,180,789)	(7,126,652)
Shares in partially owned subsidiaries		-	-	5,892,160	5,892,160
(impairment provision)		-	-	(5,892,160)	(5,892,160)
		-	-	<u>115</u>	<u>3,054,252</u>

Note 12 Controlled Entities

(a) **Controlled Entities Consolidated**

	Country of Incorporation	Percentage Owned (%)*	
		2010	2009
Subsidiaries of EnviroMission Limited:			
SolarMission Limited	Australia	100%	100%
Pure Solar Power (IP) Pty Ltd	Australia	100%	100%
EnviroMission USA Inc	United States of America	100%	100%
SolarMission Technologies Inc	United States of America	58.92%	58.92%

* Percentage of voting power is in proportion to ownership

Note 13 Property, Plant and Equipment

	Consolidated Group		Parent Entity	
	2010	2009	2010	2009
	\$	\$	\$	\$
PLANT AND EQUIPMENT				
Plant and equipment:				
At cost	163,594	161,955	158,153	158,153
Accumulated depreciation	(156,099)	(147,191)	(154,546)	(147,191)
Accumulated impairment losses	-	-	-	-
	<u>7,495</u>	<u>14,764</u>	<u>3,607</u>	<u>10,962</u>

**ENVIROMISSION LIMITED ABN: 52 094 963 238
AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

(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 \$	Total \$
Consolidated Group:		
Balance at 1 July 2008	4,527	4,527
Additions	21,836	21,836
Disposals	-	-
Depreciation expense	(11,599)	(11,599)
Balance at 30 June 2009	<u>14,764</u>	<u>14,764</u>
Additions	1,595	1,595
Disposals	-	-
Depreciation expense	(8,864)	(8,864)
Balance at 30 June 2010	<u><u>7,495</u></u>	<u><u>7,495</u></u>
Parent Entity:		
Balance at 1 July 2008	4,527	4,527
Additions	18,034	18,034
Disposals	-	-
Depreciation expense	(11,599)	(11,599)
Balance at 30 June 2009	<u>10,962</u>	<u>10,962</u>
Additions	-	-
Disposals	-	-
Depreciation expense	(7,355)	(7,355)
Balance at 30 June 2010	<u><u>3,607</u></u>	<u><u>3,607</u></u>

Note 14 Intangible Assets

	Consolidated Group		Parent Entity	
	2010 \$	2009 \$	2010 \$	2009 \$
Goodwill				
Cost	5,919,752	5,919,752	-	-
Accumulated impaired losses	(5,919,752)	(5,919,752)	-	-
Net carrying value	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Trademarks and licences				
Cost	10,552,284	21,735,187	400,000	400,000
Accumulated amortisation and impairment	(10,152,284)	(18,280,950)	-	-
Net carrying value	<u>400,000</u>	<u>3,454,237</u>	<u>400,000</u>	<u>400,000</u>
Total intangibles	<u><u>400,000</u></u>	<u><u>3,454,237</u></u>	<u><u>400,000</u></u>	<u><u>400,000</u></u>

The licence to develop solar towers in Australia was deemed to be impaired during the financial year. The Company has no immediate plans to develop or promote solar towers in Australia at present, notwithstanding the Company retains the right to do so. The Company's immediate focus remains in the US market.

Consolidated Group:

	Goodwill \$	Trademarks & Licences \$
Year ended 30 June 2009		
Balance at the beginning of year	-	6,133,675
Additions	5,919,752	400,000
Disposals	-	-
Amortisation charge	-	(3,079,438)
Impairment losses	(5,919,752)	-
	<u>-</u>	<u>3,454,237</u>
Year ended 30 June 2010		
Balance at the beginning of year	-	3,454,237
Additions	-	-
Disposals	-	-
Amortisation charge	-	(507,614)
Impairment losses	-	(2,546,623)
Closing value at 30 June 2010	<u>-</u>	<u>400,000</u>

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 statement of comprehensive income. Goodwill has an infinite life.

**ENVIROMISSION LIMITED ABN: 52 094 963 238
AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

Note 15 Other Assets

	Consolidated Group		Parent Entity	
	2010	2009	2010	2009
	\$	\$	\$	\$
NON-CURRENT				
Rental bond deposit	8,241	7,819	8,241	7,819
	<u>8,241</u>	<u>7,819</u>	<u>8,241</u>	<u>7,819</u>

Note 16 Trade and Other Payables

	Note	Consolidated Group		Parent Entity	
		2010	2009	2010	2009
		\$	\$	\$	\$
CURRENT					
Unsecured liabilities					
Trade payables		107,257	458,626	44,889	339,220
Sundry payables and accrued expenses		187,830	814,742	30,869	232,135
	16(b)	<u>295,086</u>	<u>1,273,368</u>	<u>75,758</u>	<u>571,355</u>
NON-CURRENT					
Trade payables					
Sundry payables and accrued expenses	16(b)	1,524,851	-	666,206	-
		<u>1,524,851</u>	<u>-</u>	<u>666,206</u>	<u>-</u>

(a) Non-Current sundry payables are largely amounts due to directors or associates of the Consolidated Group. Each individual or entity has agreed in writing to forgo their claim in the immediate future. Settlement of these debts will occur by way of an equity debt conversion requiring shareholder approval. Alternatively they will be settled at the completion of any future capital raising surrounding the development the solar tower and after all current creditors have been paid out.

	Note	Consolidated Group		Parent Entity	
		2010	2009	2010	2009
		\$	\$	\$	\$
(b) Financial liabilities at amortised cost classified as trade and other payables					
Trade and other payables					
— Total Current		295,086	1,273,368	75,758	571,355
— Total Non-Current		1,524,851	-	666,206	-
		<u>1,819,937</u>	<u>1,273,368</u>	<u>741,964</u>	<u>571,355</u>
Financial liabilities as trade and other payables	23	<u>1,819,937</u>	<u>1,273,368</u>	<u>741,964</u>	<u>571,355</u>

Note 17 Borrowings

	Note	Consolidated Group		Parent Entity	
		2010	2009	2010	2009
		\$	\$	\$	\$
CURRENT					
Other loan		-	167,801	-	52,741
		<u>-</u>	<u>167,801</u>	<u>-</u>	<u>52,741</u>
Total current borrowings		<u>-</u>	<u>167,801</u>	<u>-</u>	<u>52,741</u>
NON-CURRENT					
Unsecured liabilities		263,186	-	154,164	-
Total non-current borrowings		<u>263,186</u>	<u>-</u>	<u>154,164</u>	<u>-</u>
Total borrowings	23	<u>263,186</u>	<u>167,801</u>	<u>154,164</u>	<u>52,741</u>

**ENVIROMISSION LIMITED ABN: 52 094 963 238
AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

Note 18 Issued Capital

	Consolidated Group		Parent Entity	
	2010	2009	2010	2009
	\$	\$	\$	\$
324,928,382 (2009: 306,819,400) fully paid ordinary shares	30,215,034	29,355,492	30,215,034	29,355,492
	<u>30,215,034</u>	<u>29,355,492</u>	<u>30,215,034</u>	<u>29,355,492</u>

The company has authorised share capital amounting to 324,928,382 ordinary shares.

(a) Ordinary Shares	Consolidated Group		Parent Entity	
	2010	2009	2010	2009
	No.	No.	No.	No.
At the beginning of the reporting period	306,819,400	100,555,872	306,819,400	100,555,872
Shares issued during the year				
— 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
— 12/08/2009	989,281	-	989,281	-
— 14/09/2009	1,247,178	-	1,247,178	-
— 29/09/2009	719,660	-	719,660	-
— 14/10/2009	2,012,002	-	2,012,002	-
— 20/10/2009	1,475,280	-	1,475,280	-
— 26/10/2009	4,460,000	-	4,460,000	-
— 22/02/2010	1,880,000	-	1,880,000	-
— 16/04/2010	2,325,581	-	2,325,581	-
— 20/05/2010	3,000,000	-	3,000,000	-
At the end of the reporting period	<u>324,928,382</u>	<u>306,819,400</u>	<u>324,928,382</u>	<u>306,819,400</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

(b) **Options**

9,053,490 options were issued during the reporting period. Refer to the Directors Report for details on issue, price and expiry.

(e) **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. As noted in the Directors' report the Company is in negotiations with various entities to raise substantial capital for the Group. The successful completion of these future capital raisings will restore the net asset position of the Company. The deficiency in net asset as at 30 June 2010 resulted after the impairment charges disclosed in Notes 11 and 14.

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 manages 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	
		2010	2009	2010	2009
		\$	\$	\$	\$
Total borrowings	16, 17	2,083,123	1,441,169	896,128	624,096
Less cash and cash equivalents	8	(20,461)	(47,035)	(14,823)	(42,476)
Net debt		2,062,662	1,394,134	881,305	581,620
Total equity		(1,607,225)	2,442,366	(436,936)	2,909,394
Total capital		<u>455,437</u>	<u>3,836,500</u>	<u>444,369</u>	<u>3,491,014</u>
Gearing ratio		453%	36%	198%	17%

Note 19 Operating Segments

Geographical Segments

Geographical location:	Segment Revenues from External Customers		Carrying Amount of Segment Assets		Acquisitions of Non-current Segment Assets	
	2010	2009	2010	2009	2010	2009
	\$	\$	\$	\$	\$	\$
Australia	(61,119)	(24,392)	459,077	3,533,490	11,848	18,034
United States of America	(37,168)	38,366	16,822	350,045	3,888	3,512
	<u>(98,287)</u>	<u>13,974</u>	<u>475,899</u>	<u>3,883,535</u>	<u>15,736</u>	<u>21,546</u>

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 2010**

Note 20 Cash Flow Information

	Consolidated Group		Parent Entity	
	2010	2009	2010	2009
	\$	\$	\$	\$
(a) Reconciliation of Cash Flow from Operations with Profit after Income Tax				
Profit after income tax	(4,956,491)	(11,634,372)	(4,205,872)	(11,091,209)
Cash flows excluded from profit attributable to operating activities				
Finance costs on debentures				
Non-cash flows in profit				
Amortisation	507,614	3,079,438	-	-
Depreciation	8,864	11,598	7,356	11,598
Foreign exchange loss	61,221	28,347	61,221	28,347
Equity issues for services provided	7,455	56,909	4,319	56,909
Net (gain)/loss on disposal of investments	37,168	-	-	-
Impairment write-downs to recoverable amount	2,546,523	5,729,762	3,286,440	9,760,370
Changes in assets and liabilities:				
(Increase)/decrease in trade and term receivables	319,979	(238,527)	(14,426)	103,173
Increase/(decrease) in trade payables and accruals	546,569	206,884	170,609	(495,029)
Cash flow from operations	<u>(921,098)</u>	<u>(2,759,960)</u>	<u>(690,353)</u>	<u>(1,625,841)</u>
	-			
(b) Acquisition of Entities				
No acquisitions occurred during the year. Comparative figures are shown for the acquisition of SolarMission Technology Inc during the 2009 financial year.				
Purchase consideration				
Consisting of:				
— Cash consideration	-	-	-	5,892,160
Total consideration	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,892,160</u>
Assets and liabilities held at acquisition date:				
Receivables	-	-	-	749,216
Investments	-	-	-	1,217,090
Payables	-	-	-	(1,973,085)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,779)</u>
Goodwill on consolidation	-	-	-	5,919,752
Minority equity interests in acquisition	-	-	-	(20,813)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,892,160</u>

Note 21 Events After the Balance Sheet Date

Apart from the ongoing due diligence with the US investors for a hybrid debt/ equity facility and ongoing negotiation with SCPPA disclosed in the review of operation above, the directors are not aware of any other significant events that have occurred after balance date.

**ENVIROMISSION LIMITED ABN: 52 094 963 238
AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

Note 22 Related Party Transactions

	Consolidated Group		Parent Entity	
	2010	2009	2010	2009
	\$	\$	\$	\$
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.	343,004	336,464	343,004	256,250
(b) Key Management Personnel				
Remuneration paid to Ms Forte is paid to Kim Forte Consulting Pty Ltd, a Company of which Ms Forte is a director and shareholder.	212,004	188,214	212,004	108,000

**ENVIROMISSION LIMITED ABN: 52 094 963 238
AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

Note 23 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	
		2010 \$	2009 \$	2010 \$	2009 \$
Financial Assets					
Cash and cash equivalents	8	20,461	47,035	14,823	42,476
Loans and receivables	9(b)	39,701	359,680	32,406	17,980
Total Financial Assets		60,162	406,715	47,229	60,456
Financial Liabilities					
Financial liabilities at amortised cost					
— Trade and other payables	16	1,819,937	1,273,368	741,964	571,355
— Borrowings	17	263,186	167,801	154,164	52,741
Total Financial Liabilities		2,083,123	1,441,169	896,128	624,096

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 credit risk, liquidity risk and market risk consisting of interest rate risk, foreign currency risk and commodity and equity price risk.

a. 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 utilisation 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.

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 2010**

Financial liability and financial asset maturity analysis

	Within 1 Year		1 to 5 years		Over 5 years		Total	
	2010	2009	2010	2009	2010	2009	2010	2009
Consolidated Group	\$	\$	\$	\$	\$	\$	\$	\$
Financial liabilities due for payment								
Borrowings	-	167,801	263,186	-	-	-	263,186	167,801
Trade and other payables (excl. est. annual leave)	295,086	1,273,368	1,524,851	-	-	-	1,819,937	1,273,368
Total contractual outflows	295,086	1,441,169	1,788,037	-	-	-	2,083,123	1,441,169
Less bank overdrafts							-	-
Total expected outflows	295,086	1,441,169	1,788,037	-	-	-	2,083,123	1,441,169

	Within 1 Year		1 to 5 years		Over 5 years		Total	
	2010	2009	2010	2009	2010	2009	2010	2009
Consolidated Group	\$	\$	\$	\$	\$	\$	\$	\$
Financial Assets - cash flows realisable								
Cash and cash equivalents	20,461	47,035	-	-	-	-	20,461	47,035
Trade, term and loans receivables	39,701	359,680	-	7,819	-	-	39,701	367,499
Total anticipated	60,162	406,715	-	7,819	-	-	60,162	367,499
Net (outflow) / inflow on financial instruments	(234,924)	(1,034,454)	(1,788,037)	7,819	-	-	(2,022,961)	(1,073,670)

Financial liability maturity analysis

	Within 1 Year		1 to 5 years		Over 5 years		Total contractual cash flow	
	2010	2009	2010	2009	2010	2009	2010	2009
Parent Entity	\$	\$	\$	\$	\$	\$	\$	\$
Financial liabilities due for payment								
Borrowings	-	52,741	154,164	-	-	-	154,164	52,741
Trade and other payables (excl. est. annual leave)	75,758	571,355	666,206	-	-	-	741,964	571,355
Total contractual outflows	75,758	624,096	820,370	-	-	-	896,128	624,096
Less bank overdrafts							-	-
Total expected outflows	75,758	624,096	820,370	-	-	-	896,128	624,096

	Within 1 Year		1 to 5 years		Over 5 years		Total contractual cash flow	
	2010	2009	2010	2009	2010	2009	2010	2009
Parent Entity	\$	\$	\$	\$	\$	\$	\$	\$
Financial Assets - cash flows realisable								
Cash and cash equivalents	14,823	42,476	-	-	-	-	14,823	42,476
Trade, term and loans receivables	32,406	17,980	8,241	7,819	-	-	40,647	25,799
Total anticipated inflows	47,229	60,456	8,241	7,819	-	-	55,470	68,275
Net (outflow) / inflow on financial instruments	(28,529)	(563,640)	(812,129)	7,819	-	-	(840,658)	(555,821)

c. Interest rate risk

Interest rate risk is managed using fixed rate debt where practical. At 30 June 2010 approximately 41% of group debt is fixed at 8%pa. The remaining debt is interest free.

d. 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 2010**

	2010	2009	2010	2009
	\$	\$	\$	\$
	Consolidated Group		Parent Entity	
United States Dollars				
Cash and cash equivalents	5,638	4,559	-	-
Current trade & other receivables	7,295	341,700	-	-
Non-current other financial assets	-	-	-	485,666
Current trade & other payables	(219,429)	(695,940)	-	(52,741)
Non-current trade & other payables	(967,670)	-	(54,164)	-
	<u>(1,174,166)</u>	<u>(349,682)</u>	<u>(54,164)</u>	<u>432,925</u>

The following significant exchange rates were applied during the year:

	Average rate		Spot rate	
	2010	2009	2010	2009
\$1AUD				
United States	\$ 0.882	\$ 0.748	\$ 0.857	\$ 0.805

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 statement of financial position. 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	2010		2009	
		Net Carrying Value	Net Fair Value	Net Carrying Value	Net Fair Value
		\$	\$	\$	\$
Consolidated Group					
Financial assets					
Cash and cash equivalents	(i)	20,461	20,461	47,035	47,035
Trade and other receivables	(i)	47,942	47,942	367,499	367,499
Total financial assets		<u>68,404</u>	<u>68,404</u>	<u>414,534</u>	<u>414,534</u>
Financial liabilities					
Trade and other payables	(i)	1,819,937	1,819,937	1,273,368	1,273,368
Borrowings	(i)	263,186	263,186	167,801	167,801
Total financial liabilities		<u>2,083,123</u>	<u>2,083,123</u>	<u>1,441,169</u>	<u>1,441,169</u>
Parent Entity					
Financial assets					
Cash and cash equivalents	(i)	14,823	14,823	42,476	42,476
Trade and other receivables	(i)	40,647	32,406	25,799	25,799
Total financial assets		<u>55,470</u>	<u>47,229</u>	<u>68,275</u>	<u>68,275</u>
Financial liabilities					
Trade and other payables	(i)	741,964	741,964	571,355	571,355
Debentures	(i)	154,164	154,164	52,741	52,741
Total financial liabilities		<u>896,127</u>	<u>896,127</u>	<u>624,096</u>	<u>624,096</u>

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.

**ENVIROMISSION LIMITED ABN: 52 094 963 238
AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

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.

Year ended 30 June 2010	Consolidated Group		Parent Entity	
	Profit	Equity	Profit	Equity
+/- 100 basis points in interest rates	(71)	-	(45)	542
+/- 10% in \$A/\$US	(611)	12,349	(6,112)	-
<hr/>				
Year ended 30 June 2009	Consolidated Group		Parent Entity	
	Profit	Equity	Profit	Equity
+/- 100 basis points in interest rates	(336)	-	(337)	527
+/- 10% in \$A/\$US	(19,893)	7,613	(19,893)	-

Note 24 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 16 for further details of the movement for the reporting period.

Note 25 Economic Dependency

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

Note 26 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 - 37, 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 2010 and of the performance for the year ended on that date of the consolidated group;
 - (c) the financial report also complies with International Financial Reporting Standards as disclosed in note
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 2010.
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 30th day of September 2010

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

We have audited the accompanying financial report of Enviromission Limited ("the company") and controlled entities (the consolidated group), which comprises the statement of financial position as at 30 June 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration of the consolidated group comprising Enviromission Limited 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 the 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 consolidated group's financial position as at 30 June 2010 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(r), the financial statements have been prepared on a going concern basis. The ability of the Company and consolidated group 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 and consolidated group is unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts that may be different to those stated in the financial statements.

MSI Ragg Weir

MSI RAGG WEIR
Chartered Accountants

L.S. Wong

L.S. WONG
Partner

Melbourne: *30 September 2010*

**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	13,485	-
1,001 – 5,000	1,278,859	-
5,001 – 10,000	2,871,139	-
10,001 – 100,000	20,967,132	-
100,001 – and over	299,797,767	-
	<u>324,928,382</u>	-

b. The number of shareholdings held in less than marketable parcels is 1,027.

c. The names of the substantial shareholders listed in the holding company's register as at 30 September 2010 are:

Shareholder	Number	
	Ordinary	Preference
Mr Charles Wells	43,386,186	-
National Nominees Limited	41,124,390	-
Canterbury Mint Pty Ltd	31,751,057	-
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	13.35
2. NATIONAL NOMINEES LIMITED	41,124,390	12.66
3. CANTERBURY MINT PTY LTD	31,751,057	9.77
4. ORCA STRATEGIES PTY LTD	22,266,001	6.85
5. CANTERBURY MINT PTY LTD <CANTERBURY MINT S/FUND A/	15,273,406	4.70
6. SUNSHINE ENERGY (AUST) PTY LTD	10,714,286	3.30
7. MRS KIM ELIZABETH FORTE	10,139,200	3.12
8. MR DAVID RODLI	9,604,566	2.96
9. ANDELOU PTY LTD	8,845,581	2.72
10. MRS KATHLEEN ANNE MARIE GRAVES	5,419,286	1.67
11. MR ROBERT T ZABORS	5,363,929	1.65
12. SUNSHINE ENERGY (AUST)	3,948,990	1.22
13. CITICORP NOMINEES PTY LIMITED	3,392,315	1.04
14. MR ROGER DAVEY	3,280,000	1.01
15. MR GEORGE HORVATH	2,899,200	0.89
16. MR WILLIAM MAURICE WILEY	2,899,200	0.89
17. MR LEE WILFORD TANNER	2,712,434	0.83
18. JEFFREY HARDING & JANE COTTER <THE HARDING SUPERFUND A/C>	2,500,000	0.77
19. KIWANDA FINANCIAL CORPORATION	2,325,000	0.72
20. GLOBAL INTERGRATED BUSINESS	2,300,000	0.71
	<u>230,145,027</u>	<u>70.83</u>

2. The Company secretary is Mr Andrew Draffin.

3. The address of the principal registered office in Australia is Ground Floor, 3 Raglan Street, South Melbourne, Victoria 3000.
Telephone: 03 9693 5666.

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

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

Options over Unissued Shares:

A total of 58,105,535 options are on issue at the date of this report. The options are not listed for quotation.

6. **Other Disclosures**
N/A