ENVIROMISSION LIMITED AND CONTROLLED ENTITIES
ABN: 52 094 963 238
APPENDIX 4D HALF YEAR REPORT FOR THE PERIOD ENDED 31 DECEMBER 2016

1. Details of the reporting period and the prior corresponding period

Current period:	1 July 2016 - 31 December 2016
Prior corresponding period:	1 July 2015 - 31 December 2015

2. Results for announcement to the market

Key Information	Half year ended 31 December 2016 $	Half year ended 31 December 2015 $	Up/ down	Change %
Revenues from ordinary activities	69,960	305,991	DOWN	-77%
Loss from ordinary activities after tax attributable to members	(753,165)	(692,067)	UP	9%
Net loss for the period attributtable to members	(753,165)	(692,067)	UP	9%

3. Dividend Information	Amount per share (cents)	Franked amount per share (cents)
Interim Dividend	-	-
Preivous corresponding period	-	-
Record date for determining entitlements to the dividend	N/A	N/A

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

Please refer to the Review of Operations within the Directors Report for an explanation of the results.

4. Net Tangible Assets per security	Half year ended 31 December 2016 (cents)	Half year ended 31 December 2015 (cents)
Net tangible assets per security (with the comparative figures for the previous corresponding period)	(0.30)	(0.03)

ENVIROMISSION LIMITED AND CONTROLLED ENTITIES

ABN: 52 094 963 238

Financial Report For The Half Year Ended 31 December 2016

ENVIROMISSION LIMITED
AND CONTROLLED ENTITIES

ABN: 52 094 963 238

Financial Report For The Half Year Ended 31 December 2016

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The half-year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 ' Interim Financial Report'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. The half-year financial report does not include all the notes of the type usually included in an annual financial report. It is recommended that this financial report be read in conjunction with the financial report for the year ended 30 June 2016 and any public announcements made by the Company since 30 June 2016 in accordance with any continuous disclosure obligations arising under the Corporations Act 2001.

ENVIROMISSION LIMITED AND CONTROLLED ENTITIES
ABN: 52 094 963 238
DIRECTORS' REPORT
FOR THE HALF YEAR ENDED 31 DECEMBER 2016

The Board of Directors of EnviroMission Limited had pleasure in submitting the financial report of the consolidated group for the half year ended 31 December 2016.

DIRECTORS

The names and particulars of the Directors of EnviroMission Limited who held office at any time during or since the end of the half year are:

Roger Chalmers Davey B.Bus, CPA, CFTP	**Executive Chairman & Chief Executive Officer** Director since 31 July 2001
David Norman Galbally QC B Juris LLB	**Non-Executive Director** Director since 22 April 2005 (Resigned on 6 September 2016)
Andrew Draffin B.Bus, CA	**Non-Executive Director** Director since 27 June 2011

RESULTS AND REVIEW OF OPERATIONS

Net loss from ordinary activities was $753,165 (2015: $692,067), expenditure during the half year was consistent with expectations. Refer to Note 2 for further explanation regarding the reclassification of the development licence fee.

Operations Overview

EnviroMission Limited is engaged in discussions for alternative avenues of funding as a result of the default of the terms of the Valentia Co Limited Heads of Agreement – the HOA was formally terminated on 17 February, 2017.

EnviroMission is close to finalizing a new, discrete, investment proposal and will advise the market, via the ASX platform, when complete; it is hopeful this will occur in the very near term.

EnviroMission Limited, via its 100% owned US Subsidiary EnviroMission Inc, has continued with development works related to the development of a Solar Tower power station project in La Paz, Arizona.

EnviroMission has sought formal statements of qualifications and proposals from a number of design engineering firms with intent of delivering the La Paz Solar Tower.

Much of the proposed work would be applicable to broader Solar Tower development and forms part of the intellectual property of Solar Tower development that is proprietorial to EnviroMission.

A number of interviews have been completed and EnviroMission has finalised selection with a Master Services Agreement that is set to be executed upon receipt of capital.

EnviroMission has negotiated terms for the purchase of the land from ASLD.

Said terms are confidential in nature until the purchase agreement has been approved by the ASLD Board of Appeals. It is anticipated this transaction will close in Q4 2017.

EnviroMission in conjunction with project consultant, Terracon, has completed:

- Cultural assessment of potential site known as 'A Cultural Resources Inventory'
- Site geological assessment to confirm no presence of precious minerals
- 12 test pits
- 40 x 30 & 40 foot bore holes to inform foundation design for Solar Tower collector
- 4 x 400 foot bore holes to inform foundation design for Solar Tower updraft tower
- Depth to bedrock assessment

All reports will be provided in March 2017 subject to the receipt of capital.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration under s 307C of the Corporations Act 2001 is set out on page 3 of the half year ended 31 December 2016.

The directors' report is signed in accordance with a resolution of the Board of Directors made pursuant to s306(3) of the Corporation Act 2001.

On behalf of the Directors

Roger C Davey
Executive Chairman
Melbourne, 28th February 2017

msi RAGG WEIR
Chartered Accountants

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

TO THE DIRECTORS OF ENVIROMISSION LIMITED AND CONTROLLED ENTITIES

I declare that, to the best of my knowledge and belief, during the half year ended 31 December 2016 there have been no contraventions of:

(i) the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and

(ii) any applicable code of professional conduct in relation to the review.

MSI Ragg Weir

MSI RAGG WEIR
Chartered Accountants

L.S. WONG
Partner

Melbourne: 28 February 2017

ENVIROMISSION LIMITED AND CONTROLLED ENTITIES
ABN: 52 094 963 238
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2016

	Half year ended 31 December 2016 $	Half year ended 31 December 2015 $
Revenue	69,960	305,991
Finance costs	4,986	-
Corporate costs	127,778	170,923
Employment costs	62,132	57,114
Contracting/Consulting costs	505,692	556,089
Occupancy expense	25,215	52,709
Amortisation and depreciation	5,561	6,065
Other expenses	90,979	153,687
Foreign exchange (gain)/loss	782	1,471
Loss before income tax	(753,165)	(692,067)
Income tax expense	-	-
Net Loss after income tax	(753,165)	(692,067)
Other comprehensive income:		
Items that will not be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign controlled entities	(12,368)	(37,045)
Income tax relating to items that will not be classified	-	-
	(12,368)	(37,045)
Items that may be reclassified subsequently to profit or loss:		
Other comprehensive income for the period, net of tax	(12,368)	(37,045)
Total comprehensive income for the period	(765,533)	(729,112)
Profit/(Loss) attributed to:		
Members of the parent entity	(753,165)	(692,067)
Non-controlling interest	-	-
	(753,165)	(692,067)
Total comprehensive income attributable to:		
Members of the parent entity	(765,533)	(729,112)
Non-controlling interest	-	-
	(765,533)	(729,112)
Earnings per share		
Basic earnings per share (cents)	(0.13)	(0.12)
Diluted earnings per share (cents)	(0.13)	(0.12)

ENVIROMISSION LIMITED AND CONTROLLED ENTITIES
ABN: 52 094 963 238
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016

	31 December 2016	30 June 2016
	$	$
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	5,953	92,488
Trade and other receivables	1,041,981	1,083,740
TOTAL CURRENT ASSETS	1,047,934	1,176,228
NON-CURRENT ASSETS		
Property, plant and equipment	42,310	46,878
Intangible assets	1,180,841	1,174,253
Other non-current assets	17,363	16,451
TOTAL NON-CURRENT ASSETS	1,240,514	1,237,582
TOTAL ASSETS	2,288,448	2,413,810
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables	1,458,249	948,005
Deferred Income	1,024,066	1,065,078
Borrowings	224,621	100,438
Provisions	37,570	32,555
TOTAL CURRENT LIABILITIES	2,744,506	2,146,076
NON-CURRENT LIABILITIES		
Trade and other payables	1,412	1,375
Borrowings	39,459	44,678
TOTAL NON-CURRENT LIABILITIES	40,871	46,053
TOTAL LIABILITIES	2,785,377	2,192,129
NET LIABILITIES	(496,929)	221,681
EQUITY		
Issued capital	40,986,478	40,939,555
Reserves	267,232	279,600
Accumulated losses	(41,750,639)	(40,997,474)
TOTAL EQUITY	(496,929)	221,681

ENVIROMISSION LIMITEDAND CONTROLLED ENTITIES
ABN: 52 094 963 238
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2016

	Ordinary Share Capital	Accumulated Losses	Foreign Currency Translation Reserve	Total
	$	$	$	$
Balance at 1 July 2015	39,432,556	(39,476,346)	316,851	273,061
Loss for the period	-	(692,067)	-	(692,067)
Other comprehensive income for the period	-	-	(37,045)	(37,045)
Total comprehensive income for the period	-	(692,067)	(37,045)	(729,112)
Transactions with owners, in their capacity as owners, and other transfers				
Share issued during the year	1,476,999	-	-	1,476,999
Total transactions with owners and other transfers	1,476,999	-	-	1,476,999
Balance at 31 December 2015	40,909,555	(40,168,413)	279,806	1,020,948
Balance at 1 July 2016	40,939,555	(40,997,474)	279,600	221,681
Loss for the period	-	(753,165)	-	(753,165)
Other comprehensive income for the period	-	-	(12,368)	(12,368)
Total comprehensive income for the period	-	(753,165)	(12,368)	(765,533)
Transactions with owners, in their capacity as owners, and other transfers				
Share issued during the year	46,923	-	-	46,923
Total transactions with owners and other transfers	46,923	-	-	46,923
Balance at 31 December 2016	40,986,478	(41,750,639)	267,232	(496,929)

ENVIROMISSION LIMITED AND CONTROLLED ENTITIES
ABN: 52 094 963 238
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2016

	Half year ended 31 December 2016 $	Half year ended 31 December 2015 $
CASH FLOWS FROM OPERATING ACTIVITIES		
Development right fees received	66,786	160,671
Interest received	5	190
Payments to suppliers and employees	(311,575)	(999,712)
Interest paid	-	-
Net cash provided by operating activities	(244,784)	(838,851)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	-	-
Net cash used in investing activities	-	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	46,923	977,000
Proceeds from borrowings	118,591	-
Repayment of borrowings	(6,128)	(5,328)
Net cash provided by financing activities	159,386	971,672
Net increase in cash held	(85,398)	132,821
Cash and cash equivalents at beginning of financial year	92,488	609,150
Effect of exchange rates on cash holdings in foreign currencies	(1,137)	(80,711)
Cash and cash equivalents at end of period	5,953	661,260

These consolidated financial statements and notes represent those of EnviroMission Limited and Controlled Entities (the "consolidated group" or "group").

The financial statements were authorised for issue on 28 February 2017 by the directors of the company.

Note 1 Summary of Significant Accounting Policies

(a) Statement of compliance

The half-year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. The half-year financial report does not include all the notes of the type usually included in an annual financial report. It is recommended that this financial report be read in conjunction with the financial report of the year ended 30 June 2016 and any public announcements made by the Company since 30 June 2016 in accordance with any continuous disclosure obligations arising under the Corporation Act 2001.

Basic of Preparation

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

The Group has adopted all new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for the current half-year. The adoption of these Standards has not resulted in any restatement to the results of previous periods presented.

Accounting Policies

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements, unless otherwise stated.

Critical Accounting Estimates and Judgments

The critical estimates and judgments are consistent with those applied and disclosed in the 30 June 2016 annual report unless otherwise stated.

(b) Principles of Consolidations

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

(c) Intangibles

Licence Rights

EnviroMission, through the acquisition of SolarMission Technologies Inc (19 December 2008), a controlled entity, owns and controls the global Solar Tower development rights. EnviroMission formerly owned the exclusive Sub-licence to build, own, operate and maintain one or more Solar Tower Power Stations within Australia. The terms of the global licence provides more benefit and opportunity to EnviroMission in terms of market access. A former sunset-clause that was never anticipated to be implemented has been removed from the licence.

Intellectual Property

The Board of the Company continue to believe that significant advances in commercialising the right to develop the intellectual property associated with the global licence held by the Company has been made.

On 6 December 2010, the Board obtained an independent valuation of the intellectual property, knowhow and licences as they are currently owned and held by the Company and its subsidiaries. The independent assessment placed a value of $60,000,000 on the said intellectual property and development rights held through the global licence.

The value of the intellectual property and licences is dependent on the ability of the Company to generate income from the asset. Solar Tower development is in the development stage, however the issue of licence development right has reached commercialisation. Ongoing discussions and arrangements with interested parties in foreign juristictions including the USA, India and the Middle East indicate significant potential future profits and cash flow attributable to the Company's Intellectual Property.

(d) New Accounting Standards for Application in Future Periods

Accounting Standards issued by the AASB that are not yet mandatorily applicable to the Group, together with an assessment of the potential impact of such pronouncements on the Group when adopted in future periods, are discussed below:

— AASB 9: *Financial Instruments* and associated Amending Standards (applicable to annual reporting periods beginning on or after 1 January 2018).

  The Standard will be applicable retrospectively (subject to the provisions on hedge accounting outlined below) and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments and simplified requirements for hedge accounting.

  The key changes that may affect the Group on initial application include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, upfront accounting for expected credit loss, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. AASB 9 also introduces a new model for hedge accounting that will allow greater flexibility in the ability to hedge risk, particularly with respect to hedges of non-financial items. Should the entity elect to change its hedge policies in line with the new hedge accounting requirements of the Standard, the application of such accounting would be largely prospective.

  Although the directors anticipate that the adoption of AASB 9 may have an impact on the Group's financial instruments, including hedging activity, it is impracticable at this stage to provide a reasonable estimate of such impact.

— AASB 15: *Revenue from Contracts with Customers* (applicable to annual reporting periods beginning on or after 1 January 2018, as deferred by AASB 2015-8: *Amendments to Australian Accounting Standards – Effective Date of AASB 15*).

When effective, this Standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Apart from a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers. The core principle of the Standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services. To achieve this objective, AASB 15 provides the following five-step process:

- identify the contract(s) with a customer;
- identify the performance obligations in the contract(s);
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contract(s); and
- recognise revenue when (or as) the performance obligations are satisfied.

The transitional provisions of this Standard permit an entity to either: restate the contracts that existed in each prior period presented per AASB 108: *Accounting Policies, Changes in Accounting Estimates and Errors* (subject to certain practical expedients in AASB 15); or recognise the cumulative effect of retrospective application to incomplete contracts on the date of initial application. There are also enhanced disclosure requirements regarding revenue.

Although the directors anticipate that the adoption of AASB 15 may have an impact on the Group's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

— AASB 16: Leases (applicable to annual reporting periods beginning on or after 1 January 2019).
When effective, this Standard will replace the current accounting requirements applicable to leases in AASB 117: Leases and related Interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases.

The main changes introduced by the new Standard are as follows:

— recognition of a right-to-use asset and liability for all leases (excluding short-term leases with less than 12 months of tenure and leases relating to low-value assets);

— depreciation of right-to-use assets in line with AASB 116: Property, Plant and Equipment in profit or loss and unwinding of the liability in principal and interest components;

— inclusion of variable lease payments that depend on an index or a rate in the initial measurement of the lease liability using the index or rate at the commencement date;

— application of a practical expedient to permit a lessee to elect not to separate non-lease components and instead account for all components as a lease; and

— additional disclosure requirements.

The transitional provisions of AASB 16 allow a lessee to either retrospectively apply the Standard to comparatives in line with AASB 108 or recognise the cumulative effect of retrospective application as an adjustment to opening equity on the date of initial application.

Although the directors anticipate that the adoption of AASB 16 will impact the Group's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

— AASB 2014-10: *Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (applicable to annual reporting periods beginning on or after 1 January 2018, as deferred by AASB 2015-10: *Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128*).
This Standard amends AASB 10: *Consolidated Financial Statements* with regards to a parent losing control over a subsidiary that is not a "business" as defined in AASB 3: *Business Combinations* to an associate or joint venture, and requires that:

- a gain or loss (including any amounts in other comprehensive income (OCI)) be recognised only to the extent of the unrelated investor's interest in that associate or joint venture;
- the remaining gain or loss be eliminated against the carrying amount of the investment in that associate or joint venture; and
- any gain or loss from remeasuring the remaining investment in the former subsidiary at fair value also be recognised only to the extent of the unrelated investor's interest in the associate or joint venture. The remaining gain or loss should be eliminated against the carrying amount of the remaining investment.

The application of AASB 2014-10 will result in a change in accounting policies for transactions of loss of control over subsidiaries (involving an associate or joint venture) that are businesses per AASB 3 for which gains or losses were previously recognised only to the extent of the unrelated investor's interest.

The transitional provisions require that the Standard should be applied prospectively to sales or contributions of subsidiaries to associates or joint ventures occurring on or after 1 January 2018. Although the directors anticipate that the adoption of AASB 2014-10 may have an impact on the Group's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

Note 2 Deferred Income

The Australian dollar equivalent of the balance of the US$2,000,000 development licence fee has been brought to account as deferred income. Notwithstanding, the Board believes that the development licence fees meets the requirements of Accounting Standard AASB 118: Revenue, given that the development rights to develop Solar Towers in the State of Texas have transferred to a Texas based consortia since completion of a formal Heads of Agreement, income will be recognised in the Company's statement of profit or loss and other comprehensive income on receipt of funds in accordance with the re-negotiated time table between the two parties. The balance of US$740,000 which is receivable at the date of this report is expected to be paid by 30 June 2017.

Note 3 Events After The End Of The Interim Period

The directors are not aware of any other significant events that have occurred after balance date.

Note 4 Contingent Liabilities

There are no contingent liabilities at 31 December 2016 and there has been no change since 30 June 2016.

Note 5 Operating Segments

The principal business of the gorup is the development of Solar Tower technology on a global basis. Originally EnviroMission Limited had an exclusive licence to develop, build and or own, operate and maintain Solar Tower power stations within Australia, since the acquisition of SolarMission Technologies Inc in December 2008 EnviroMission now owns by majority control the global rights to develop Solar Tower power stations and has a geographic segment of operation in USA.

Revenue by geographical region

	Half year ended 31 December 2016	Half year ended 31 December 2015
Australia	69,960	160,846
United States of America	-	145,145
Total revenue	69,960	305,991

Segment results

Australia	(518,010)	(535,107)
United States of America	(235,155)	(156,960)
Total profit/ (loss)	(753,165)	(692,067)
Unallocated expenses		
Profit/ (loss) before income tax expenses	(753,165)	(692,067)
Income tax expenses	-	-
Net profit/ (loss)	(753,165)	(692,067)

Segment assets and liabilities

	Assets		Liabilities	
	Half year ended 31 December 2016	30 June 2016	Half year ended 31 December 2016	30 June 2016
	$	$	$	$
Australia	1,986,513	1,839,615	(2,086,115)	(1,647,260)
United States of America	301,935	574,195	(699,262)	(544,869)
Total of all segments	2,288,448	2,413,810	(2,785,377)	(2,192,129)

Note 6 Interest in Subsidiaries

Information about Principal Subsidiaries

		Ownership interest held by the Group	
Subsidiaries of EnviroMission Limited	**Country of**	**Half year ended 31 December 2016**	**30 June 2016**
Solarmission Limited	Australia	100%	100%
Pure Solar Power (IP) Pty Ltd	Australia	100%	100%
SolarMission Technologies, Inc	United States of America	100%	100%
EnviroMission, Inc	United States of America	100%	100%
EnviroMission Capital, LLC	United States of America	100%	100%
EnviroMission Management, LLC	United States of America	100%	100%
La Paz Solar Tower, LLC	United States of America	100%	100%

*Percentage of voting power is in proportion to ownership

Note 7 Going Concern

The Company is continuing discussions and negotiations with a third party to secure significant equity to enable the Company to continue as a going concern. The capital, if received would be directed towards the La Paz project to complete front end design and engineering as initially intended with the failed Valentia investment. It is anticipated that the successful completion of such a capital raising would provide flow on effects whereby negotiations to grant development rights in jurisdictions within the Middle East and India should finalise.

The Company's continued suspension from quotation on the Australian Securities Exchange has diminished its ability to compete placements utilising provisions within ASX listing rules which have traditionally been used to funds its operations. It is therefore anticipated that any placement may be subject to ASX and or shareholder approval.

Note 8 Related Party Transactions

(a) The Group's main related parties are as follows:

i. Key Management Personnel:

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity are considered key management personnel.

ii. Other Related Parties

Other related parties include entities controlled by the ultimate parent entity and entities over which key management personnel have joint control.

(b) Transactions with related parties:

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

These transactions are included in the Contracting or Consulting expenses.

	Half year ended 31 December 2016 $	Half year ended 31 December 2015 $
(i) Director related Company		
- Remuneration paid to Mr Roger Davey is paid to Canterbury Mint Pty Ltd, a Company of which Mr Davey is a director and shareholder	187,500	187,500
- Remuneration paid to Mr Andrew Draffin is paid to DW Accounting & Advisory Pty Ltd, a Company which Mr Draffin is a director and shareholder	60,000	60,000

	Half year ended 31 December 2016 $	Half year ended 31 December 2015 $
(ii) Key Management Personnel		
- Remuneration paid to Ms Kim Forte is paid to Kim Forte Consulting, a business of which Ms Forte is a director and shareholder	120,000	120,000
- Director fees paid to Mr David Galbally (Resigned on 06/09/2016)	11,014	30,000
(c) Amount due to related parties as at 31 December 2016:		
Canterbury Mint Pty Ltd	464,022	415,605
David Galbally	106,014	65,000
DW Accounting & Advisory Pty Ltd (Formerly Draffin Walker & Co)	185,635	90,000
Kim Forte Consulting	142,896	21,557
David Rodli Law Office	73,398	86,818

Note 9 Fair Value Measurements

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 amounts as presented in the statement of financial position. Fair value is the amount 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 their 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 rate 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.

	Half yearly ended 31 December 2016		30 June 2016	
Consolidated Group	**Carrying Amount**	**Fair Value**	**Carrying Amount**	**Fair Value**
Financial assets				
Cash and cash equivalents	5,953	5,953	92,488	92,488
Trade and other receivables	1,041,981	1,041,981	1,083,740	1,083,740
Total financial assets	1,047,934	1,047,934	1,176,228	1,176,228
Financial liabilities				
Trade and other payables	1,459,661	1,459,661	949,380	949,380
Borrowings	264,080	264,080	145,116	145,116
Total financial liabilities	1,723,741	1,723,741	1,094,496	1,094,496

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

(i) Cash and cash equivalents, trade and other receivables and trade and other payables are short-term instruments in nature whose carrying amount is equivalent to fair value. Trade and other payables excludes amounts provided for annual leave which is outside the scope of AASB 139.

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

In accordance with a resolution of the directors of EnviroMission Limited and its controlled entities, the directors of the company declare that:

1. The financial statements and notes set out on page 4 to 11 are in accordance with the Corporations Act 2001, including:
   (a) complying with Accounting Standard AASB 134 "Interim Financial Reporting", and

   (b) giving true and fair view of the consolidated group's financial position as at 31 December 2016 and of its performance, for the half-year ended on that date

2. 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.

Roger C. Davey
Executive Chairman

Melbourne, 28 February 2017

msi RAGG WEIR
Chartered Accountants

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**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF
ENVIROMISSION LIMITED AND CONTROLLED ENTITIES**

Report on the Half-year Financial Report

We have reviewed the accompanying half–year financial report of Enviromission Limited and controlled entities, which comprises the consolidated statement of financial position as at 31 December 2016, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows for the half year ended on that date, notes comprising a summary of significant accounting policies and other explanatory notes and the directors' declaration.

Directors' responsibility for the half-year financial report

The directors of Enviromission Limited and controlled entities are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the half year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with the Auditing Standard on Review Engagements ASRE 2410: Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of Enviromission Limited and controlled entities' financial position as at 31 December 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Enviromission Limited and controlled entities, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

msi RAGG WEIR
Chartered Accountants

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Independence

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

Conclusion

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

(a) giving a true and fair view of the consolidated group's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Act 2001.

Emphasis of Matter

Without qualifying our opinion expressed above, we draw attention to Note 7 of the financial report regarding the ability of the company to continue as a going concern. The financial report indicates that current liabilities exceed current assets by $1,696,572 and net liabilities exceed net assets by $496,929 and a half year loss of $753,165 for the period ending 31 December 2016. This condition indicates the existence of a material uncertainty which may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the financial report.

MSI Ragg Weir

MSI RAGG WEIR
Chartered Accountants

L. S. WONG
Partner

Melbourne: 28 February 2017

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