ENVIROMISSION LIMITED AND CONTROLLED ENTITIES
ABN: 52 094 963 238
APPENDIX 4D HALF YEAR REPORT FOR THE PERIOD ENDED 31 DECEMBER 2014

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

Current period:	1 July 2014 - 31 December 2014
Prior corresponding period:	1 July 2013 - 31 December 2013

2. Results for announcement to the market

Key Information	Half year ended 31 December 2014 $	Half year ended 31 December 2013 $	Up/ down	Change %
Revenues from ordinary activities	55,414	165,544	Down	-67%
Loss from ordinary activities after tax attributable to members	(1,045,265)	(732,761)	Up	43%
Net loss for the period attributtable to members	(1,045,265)	(732,761)	Up	43%

3. Dividend Information

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

Net Tangible Assets per security	Half year ended 31 December 2014 (cents)	Half year ended 31 December 2013 (cents)
Net tangible assets per security (with the comparative figures for the previous corresponding period)	(0.12)	(0.44)

ENVIROMISSION LIMITED
AND CONTROLLED ENTITIES

ABN: 52 094 963 238

Financial Report For The Half Year Ended
31 December 2014

ENVIROMISSION LIMITED AND CONTROLLED ENTITIES
ABN: 52 094 963 238
DIRECTORS' REPORT FOR THE HALF YEAR ENDED 31 DECEMBER 2014

The Board of Directors of EnviroMission Limited have pleasure in submitting the financial report of the consolidated group for the half year ended 31 December 2014.

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	**Executive Chairman & Chief Executive Officer**
B.Bus, CPA, CFTP	Director since 31 July 2001
David Norman Galbally QC	**Non-Executive Director**
B Juris LLB	Director since 22 April 2005
Andrew Draffin	**Non-Executive Director**
B.Bus, CA	Director since 27 June 2011

RESULTS AND REVIEW OF OPERATIONS

Net loss from ordinary activities was $1,045,265 (2013: Net loss $732,761), expenditure during the half year was consistent with expectations. Refer to Note 2 for further explanation regarding the classification of the development licence fee.

EnviroMission's operations and expenditure over the last half financial year has centred on supporting new and evolved Solar Tower enterprise relationships in India, the Middle East and the United States.

EnviroMission successfully raised working capital over the last financial half year through placements of securities with high net worth investors, capital from investors that converted options (prior to their expiry on 15 September, 2014) and conversion of debt.

Continuity of management and the cross-market benefits from an integrated management model continues to provide a transparent and cost effective strategy.

Over the period EnviroMission announced EnviroMission Inc. in the United States had signed a milestone MOU with the US Department of Energy's Western Area Power Administration to enable further evaluation of EnviroMission's South of Parker Transmission Upgrade Project.

EnviroMission received additional funds from Apollo Development LLC in January toward finalisation of the Solar Tower development licence fee agreement with full payment expected by 30 June, 2015.

The entity engaged in a Heads of Agreement for the assignment of Solar Tower development rights in India advised EnviroMission it expects development funds to flow 'imminently'; EnviroMission advised the market accordingly as this will trigger satisfaction of the terms of the Heads of Agreement to precede Solar Tower development in India.

The India entity also advised EnviroMission it has an executed Power Purchase Agreement in anticipation of Solar Tower development progressing under the terms of the Heads of Agreement.

EnviroMission relocated to 238 Albert Road, South Melbourne in July 2014 on commercially advantageous terms.

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 2014.

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, 27th February 2015

ENVIROMISSION LIMITED
AND CONTROLLED ENTITIES

ABN: 52 094 963 238

Financial Report For The Half Year Ended 31 December 2014

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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 Reporting'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. The half-year financial report does not include all the notes of the type usually included in an annual financial report. It is recommended that this financial report be read in conjunction with the financial report for the year ended 30 June 2014 and any public announcements made by the Company since 30 June 2014 in accordance with any continuous disclosure obligations arising under the Corporations Act 2001.

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

I declare that, to the best of my knowledge and belief, during the half year ended 31 December 2014 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: 27 February 2015

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 2014

	Half year ended 31 December 2014 $	Half year ended 31 December 2013 $
Revenue	55,414	165,544
Finance costs	-	6,137
Corporate costs	216,664	198,353
Employment costs	50,605	48,939
Contracting/consulting costs	659,875	503,540
Occupancy expense	52,432	58,437
Amortisation and depreciation	5,245	421
Other expenses	132,110	80,316
Foreign exchange (gain)/loss	(16,252)	2,162
Loss before income tax	(1,045,265)	(732,761)
Income tax expense	-	-
Net Loss after income tax	(1,045,265)	(732,761)
Other comprehensive income:		
Items that will not be reclassified subsequently to profit or loss		
Exchange differences on translation of foreign controlled entities	(58,248)	(24,574)
Income tax relating to items that will not be classified	-	-
	(58,248)	(24,574)
Items that may be reclassified subsequently to profit or loss	-	-
Other comprehensive income for the period, net of tax	(58,248)	(24,574)
Total comprehensive income for the period	(1,103,513)	(757,335)
Profit/(Loss) attributed to:		
Members of the parent entity	(1,045,265)	(732,761)
Non-controlling interest	-	-
	(1,045,265)	(732,761)
Total comprehensive income attributable to:		
Members of the parent entity	(1,103,513)	(757,335)
Non-controlling interest	-	-
	(1,103,513)	(757,335)
Earnings per share		
Basic earnings per share (cents)	(0.20)	(0.16)
Diluted earnings per share (cents)	(0.20)	(0.16)

The accompany notes form part of these financial statements

ENVIROMISSION LIMITED AND CONTROLLED ENTITIES
ABN: 52 094 963 238
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2014

	31 December 2014 $	30 June 2014 $
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	872,982	972,549
Trade and other receivables	1,673,766	1,505,521
TOTAL CURRENT ASSETS	2,546,748	2,478,070
NON-CURRENT ASSETS		
Property, plant and equipment	58,898	56,018
Intangible assets	1,158,424	1,120,920
Other non-current assets	16,352	11,767
TOTAL NON-CURRENT ASSETS	1,233,674	1,188,705
TOTAL ASSETS	3,780,422	3,666,775
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables	1,532,880	1,556,927
Deferred income	1,654,817	1,483,208
TOTAL CURRENT LIABILITIES	3,187,697	3,040,135
NON-CURRENT LIABILITIES		
Trade and other payables	1,250	117
Borrowings	57,643	268,287
TOTAL NON-CURRENT LIABILITIES	58,893	268,404
TOTAL LIABILITIES	3,246,590	3,308,539
NET ASSETS	533,831	358,236
EQUITY		
Issued capital	39,141,280	37,862,172
Reserves	346,414	404,662
Accumulated losses	(38,953,863)	(37,908,598)
TOTAL EQUITY	533,831	358,236

The accompany notes form part of these financial statements

ENVIROMISSION LIMITED AND CONTROLLED ENTITIES
ABN: 52 094 963 238
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 31 DECEMBER 2014

	Ordinary Share Capital	Accumulated Losses	Foreign Currency Translation Reserve	Total
	$	$	$	$
Balance at 1 July 2013	34,899,648	(36,134,761)	398,164	(836,949)
Loss for the period	-	(732,761)	-	(732,761)
Other comprehensive income for the period	-	-	(24,574)	(24,574)
Total comprehensive income for the period	-	(732,761)	(24,574)	(757,335)
Transactions with owners, in their capacity as owners, and other transfers				
Shares issued during the year	670,000	-	-	670,000
Total transactions with owners and other transfers	670,000	-	-	670,000
Balance at 31 December 2013	35,569,648	(36,867,522)	373,590	(924,284)
Balance at 1 July 2014	37,862,172	(37,908,598)	404,662	358,236
Loss for the period	-	(1,045,265)	-	(1,045,265)
Other comprehensive income for the period	-	-	(58,248)	(58,248)
Total comprehensive income for the period	-	(1,045,265)	(58,248)	(1,103,513)
Transactions with owners, in their capacity as owners, and other				
Shares issued during the year	1,279,108	-	-	1,279,108
Total transactions with owners and other transfers	1,279,108	-	-	1,279,108
Balance at 31 December 2014	39,141,280	(38,953,863)	346,414	533,831

ENVIROMISSION LIMITED AND CONTROLLED ENTITIES

ABN: 52 094 963 238

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF YEAR ENDED 31 DECEMBER 2014

	Half year ended 31 December 2014 $	Half year ended 31 December 2013 $
CASH FLOWS FROM OPERATING ACTIVITIES		
Development right fees received	53,59	
Interest received	1,773	64
Payments to suppliers and employees	(1,173,764)	(729,852)
Interest paid	-	(9)
Net cash provided by operating activities	(1,118,395)	(590,341)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	-	(1,354)
Net cash used in investing activities	-	(1,354)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	1,009,136	670,000
Proceeds from borrowings	-	110,043
Repayment of borrowings	(60,192)	-
Net cash provided by financing activities	948,944	780,043
Net increase in cash held	(169,451)	188,348
Cash and cash equivalents at beginning of financial year	972,549	232,776
Effect of exchange rates on cash holdings in foreign currencies	69,884	(4,052)
Cash and cash equivalents at end of period	872,982	417,072

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 for the year ended 30 June 2014 and any public announcements made by the Company since 30 June 2014 in accordance with any continuous disclosure obligations arising under the Corporations Act 2001.

Basis 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 the 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 June 2014 annual report unless otherwise stated.

(b) Principles of Consolidation

The consolidated financial statements 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.

The Board has previously 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 rights 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 flows attributable to the Company's Intellectual Property.

(d) New Accounting Standards for Application in Future Periods

Accounting Standards and Interpretations 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, as further amended by Part E of AASB 2014-1).

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 made to the Standard that may affect the Group on initial application include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, 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 AASB 9, 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 2014-1: *Amendments to Australian Accounting Standards*

Part A of this Standard is applicable to annual reporting periods beginning on or after 1 July 2014 and makes the following significant amendments:

— revises/adds the definitions of the terms "market condition", "performance condition" and "service condition" in AASB 2: Share-based Payment;

— clarifies that contingent considerations arising in a business combination should be accounted for as items of equity or liability and not as provisions in accordance with AASB 137: Provisions, Contingent Liabilities and Contingent Assets;

— requires additional disclosures when an entity aggregates its operating segments into one reportable segment in accordance with AASB 8: Operating Segments; and

— includes an entity that provides key management personnel services (a "management entity") to a reporting entity (or a parent of the reporting entity) within the definition of a "related party" in AASB 124: Related Party Disclosures.

This part also makes other editorial corrections to various Australian Accounting Standards; however, it is not expected to have a significant impact on the Group's financial statements.

Part B of this Standard is applicable to annual reporting periods beginning on or after 1 July 2014 and permits an entity to recognise the amount of contributions from employees or third parties in a defined benefit plan as a reduction in service cost for the period in which the related service is rendered, if the amount of contributions is independent of the number of years of service. This part is not expected to have a significant impact on the Group's financial statements.

Part C of this Standard is applicable to annual reporting periods beginning on or after 1 July 2014 and deletes the reference to AASB 1031: Materiality in particular Australian Accounting Standards. This part is not expected to have a significant impact on the Group's financial statements.

Part D of this Standard is applicable to annual reporting periods beginning on or after 1 January 2016 and makes amendments to AASB 1: *First-time Adoption of Australian Accounting Standards*, which arise from the issuance of AASB 14: *Regulatory Deferral Accounts* in June 2014. AASB 14 permits first-time adopters to continue to account for amounts related to rate regulation in accordance with their previous GAAP when they adopt Australian Accounting Standards. In line with management's assessment of AASB 14, this part is not expected to have a significant impact on the Group's financial statements.

Part E of this Standard is applicable to annual reporting periods beginning on or after 1 January 2015 and defers the application date of AASB 9 (December 2010) to annual reporting periods beginning on or after 1 January 2018. This part also makes consequential amendments to hedge accounting disclosures set out in AASB 7: Financial Instruments: Disclosures, and to AASB 132: Financial Instruments: Presentation to permit irrevocable designation of "own use contracts" as measured at fair value through profit or loss if the designation eliminates or significantly reduces an accounting mismatch. Management believes that there will not be any significant impact on the Group's financial statements on adoption of this part of the Standard.

— AASB 2014-3: *Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations*

This Standard is applicable to annual reporting periods beginning on or after 1 January 2016. It amends AASB 11: Joint Arrangements to require the acquirer of an interest (both initial and additional) in a joint operation in which the activity constitutes a business, as defined in AASB 3: Business Combinations, to apply all of the principles on business combinations accounting in AASB 3 and other Australian Accounting Standards except for those principles that conflict with the guidance in AASB 11; and disclose the information required by AASB 3 and other Australian Accounting Standards for business combinations. Since adoption of this Standard would impact only acquisition of interests in joint operations on or after 1 January 2016, management believes it is impracticable at this stage to provide a reasonable estimate of such impact on the Group's financial statements.

Fair Value Measurement

The introduction of AASB 13 provided guidance for determining the fair value of assets and liabilities. It did not change whether the Company is required to use fair value, but, rather, provides guidance on how to determine fair value when fair value is required or permitted. It also expands the disclosure requirements for all assets or liabilities carried at fair value. The Company reviewed its policies for measuring fair values and the application of AASB 13 and has not resulted in any change in the fair value measurements of the Company.

Note 2 Deferred Income

The Australian dollar equivalent 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 fee 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 comprehensive income on receipt of funds in accrodance with the re-negotiated time table between the two parties. The balance of AUD $1,654,817 which is receivable at the date of this report is expected to be paid by 31 March, 2015 and no later than 30 June, 2015.

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 2014 and there has been no change since 30 June 2014.

Note 5 Operating Segments

The principal business of the group is the development of Solar Tower technology on a global basis. Originally EnviroMission Limited had an exclusive licence to develop, build and or own, operate and maintain Solar Tower power stations within Australia, since the acquisition of SolarMission Technologies Inc in December 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 2014	Half year ended 31 December 2013
Australia	55,414	165,524
United States of America	-	20
Total revenue	55,414	165,544

Segment results

Australia	(577,412)	(459,422)
United States of America	(467,853)	(273,339)
Total profit/ (loss)	(1,045,265)	(732,761)
Unallocated expenses		-
Profit/ (loss) before income tax expenses	(1,045,265)	(732,761)
Income tax expense		-
Net profit/ (loss)	(1,045,265)	(732,761)

Segment assets and liabilities

	Assets		Liabilities	
	Half year ended 31 December 2014	30 June 2014	Half year ended 31 December 2014	30 June 2014
	$	$	$	$
Australia	3,481,970.86	3,320,886.00	(2,491,148)	(2,696,637)
United States of America	298,451.14	345,889.00	(755,442)	(611,903)
Total of all segments	3,780,422.00	3,666,775.00	(3,246,590)	(3,308,540)

Note 6 Interests in Subsidiaries

Information about Principal Subsidiaries

		Ownership interest held by the Group	
Subsidiaries of EnviroMission Limited	**Country of**	**Half year ended 31 December 2014**	**At 30 June 2014**
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 directors believe that the company will be successful in its future operations and has accordingly prepared the financial report on a going concern basis. As previously disclosed the Company is in ongoing negotiation to grant further development licences with similar terms as those negotiated with Apollo Development LLC covering the State of Texas, to other jurisdictions such as India and the Middle East. Significant revenue through the receipt of development fees will be realised in the event that these negotiations are successfully completed and thus enable to the Company and its controlled entities to continue as a going concern.

The directors are of the opinion that no asset is likely to be realised for an amount less than that recorded in the financial report at 31 December 2014 and as such no adjustment has been made to the financial report relating to the recoverability of assets and classification of the assets and liabilities that might be necessary should the company not continue as a going concern.

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 exercise significant influence.

(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.

	Half year ended 31 December 2014 $	Half year ended 31 December 2013 $
(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	162,500
- Remuneration paid to Mr Andrew Draffin is paid to Draffin Walker & Co., a Company of which Mr Draffin is a director and shareholder.	60,000	61,750
(ii) Key Management Personnel		
- Remuneration paid of Ms Kim Forte is paid to Kim Forte Consulting, a business of which Ms Forte is a director and shareholder.	120,000	105,000
- Director fees paid to Mr David Galbally.	30,000	30,000
- Consultancy fees paid to Mr Douglas Fant is paid to Law Offices of Douglas V. Fant, a Company of which Mr Fant is a director and shareholder.	-	3,905
- Legal fees paid to Mr David Rodli is paid to David Rodli Law Office, a Company of which Mr Rodli is a director and shareholder.	-	16,271

(c) Amount due to related parties as at 31 December 2014:

Canterbury Mint Pty Ltd	674,413	717,892
David Galbally	155,000	150,000
Draffin Walker & Co.	165,000	260,073
Kim Forte Consulting	10,580	34,657
Douglas V. Fant	-	8,114
David Rodli Law Office	87,814	81,923

Note 9 Fair Values

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 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.

	Half yearly ended 31 December 2014		30 June 2014	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Consolidated Group	$	$	$	$
Financial assets				
Cash and cash equivalents	872,982	872,982	972,549	972,549
Trade and other receivables	1,673,766	1,673,766	1,505,521	1,505,521
Total financial assets	2,546,748	2,546,748	2,478,070	2,478,070
Financial liabilities				
Trade and other payables	1,534,130	1,534,130	1,557,044	1,557,044
Deferred Income	-	-	-	-
Borrowings	57,643	57,643	268,287	268,287
Total financial liabilities	1,591,773	1,591,773	1,825,331	1,825,331

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 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 pages 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 a true and fair view of the consolidated group's financial position as at 31 December 2014 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

Roger C. Davey
Executive Chairman

Melbourne, 27th February 2015

msi RAGG WEIR
Chartered Accountants

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

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 2014, 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 2014 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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INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF ENVIROMISSION LIMITED

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 2014 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 $640,949 and a half year loss of $1,045,265 for the period ending 31 December 2014. 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: 27 February 2015