ENVIROMISSION LIMITED
AND CONTROLLED ENTITIES

ABN: 52 094 963 238

Financial Report For The Year Ended
30 June 2018

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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 8 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.

The Board of Directors

Role of the Board

The primary responsibilities of the board are set out in 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 plus undertaking the duties that ordinarily would be assigned to an audit committee;
- approving all significant business transactions;
- appointing and monitoring senior management and performing the role of the remuneration committee;
- 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.
- There are currently no written agreements with Directors setting out the terms of their appointment.

The Board evaluates this policy on an ongoing basis.

Board performance review

The performance of all directors are 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 9. 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 the date of this report, the board comprised of an executive Chairman and two non-executive director following the appointment of Pierre Koshakji on 5 December 2018.

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 at the next AGM or EGM called by the Company immediately following their appointment.

Retirement and re-election of directors

The Constitution of the Company requires directors, to retire from office after serving 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 directors in office at the date of this report and considers that none of the directors are 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.

Mr Davey and Mr Draffin are directors of companies contracted to provide services to the Company and as such are not considered independent.

Independent professional advice

Without the 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 polices 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.

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 Group's 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 evaluates this policy on an ongoing basis.

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 Chief Financial Officer 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.

The Company does not currently have a Risk Management Committee. The role of risk management is reviewed by the Board on an ongoing basis and is satisfied that the risk management framework continues to be sound.

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.

The Company does not currently operate an internal audit function. The above processes surrounding risk management are relied on for internal control purposes.

Environmental Regulation

The Consolidated Group is not subject to any environmental regulations.

Diversity Policy

Diversity includes, but is not limited to, gender, age, ethnicity and cultural background. The company is committed to diversity and recognises the benefits arising from employee and board diversity and the importance of benefiting from all available talent. Accordingly, the company has established a diversity policy which is available at www.enviromission.com.au.

This diversity policy outlines requirements for the Board to develop measurable objectives for achieving diversity, and annually assess both the objections and the progress in achieving those objectives. Accordingly, the Board has developed the following objectives regarding gender diversity and aims to achieve these objectives as Director and senior executive positions become vacant and appropriately qualified candidates become available:

- Achieve a diverse and skilled workforce, leading to continuous improvement in the achievement of its corporate goals;
- The development of clear criteria on behavioural expectations in relation to promoting diversity;
- Create a work environment that values and utilises the contributions of employees with diverse backgrounds, experiences and perspectives;
- Ensure that personnel responsible for recruitment take into account diversity issues when considering vacancies; and
- Create awareness in all employees of their rights and responsibilities with regards to fairness, equity and respect for all aspects of diversity.

The Board believes that they have been successful in implementing these objectives throughout the Group's workforce.

The number of women employed by the Group and their employment classification are as follows:

	30-Jun-18		30-Jun-17	
	No.	**%**	**No.**	**%**
Women on the Board	-	-	-	-
Women in senior executive positions	1	11%	1	11%
Women employed by the company	1	11%	1	11%

Compliance with ASX Corporate Governance Council Best Practice Recommendations

The table below outlines each of the ASX Best Practice Recommendations and the Company's compliance with those recommendations. Where the Company has met the relevant recommendation during the reporting period, this is indicated by a "Yes" in the relevant column. Where the Company has not met or complied with a recommendation, this is indicated by a "No" and an accompanying note explaining the reasons why the Company has not met the recommendation.

Principles and Recommendations	Comply (Yes/No)	Note
Principle 1: Lay solid foundations for management and oversight		
Recommendation 1.1 A listed entity should disclose: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management.	Yes	
Recommendation 1.2 A listed entity should: (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.	Yes	
Recommendation 1.3 A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	Yes	
Recommendation 1.4 The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	Yes	

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Principles and Recommendations	Comply (Yes/No)	Note
Recommendation 1.5 A listed entity should: (a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them; (b) disclose that policy or a summary of it; and (c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them and either; (i) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or (ii) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.	Yes	
Recommendation 1.6 A listed entity should: (a) have and disclose a process for periodically evaluating the performance of its senior executives; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	Yes	
Principle 2 - Structure the Board to add Value		
Recommendation 2.1 The board of a listed entity should: (a) have a nomination committee which: (i) has at least three members, a majority of whom are independent directors; and (ii) is chaired by an independent director, and disclose: (iii) the charter of the committee; (iv) the members of the committee; and (v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.	No	1
Recommendation 2.2 A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.	Yes	
Recommendation 2.3 A listed entity should disclose: (a) the names of the directors considered by the board to be independent directors; (b) if a director has an interest, position, association or relationship of the type described under recommendation 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and (c) the length of service of each director.	No	2
Recommendation 2.4 A majority of the board of a listed entity should be independent directors.	No	2
Recommendation 2.5 The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	No	3

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Principles and Recommendations	Comply (Yes/No)	Note
Recommendation 2.6 A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	Yes	
Principle 3 - Act ethically and responsibly		
Recommendation 3.1 A listed entity should: (a) have a code of conduct for its directors, senior executives and employees; and (b) disclose that code or a summary of it.	Yes	
Principle 4 - Safeguard integrity in Corporate Reporting		
Recommendation 4.1 The board of a listed entity should: (a) have a audit committee which: (i) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and (ii) is chaired by an independent director, who is not the chair of the board, and disclose: (iii) the charter of the committee; (iv) the relevant qualifications and experience of the members of the committee; and (v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.	No	4
Recommendation 4.2 The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	Yes	
Recommendation 4.3 A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	Yes	
Principle 5 - Make timely and balanced disclosure		
Recommendation 5.1 A listed entity should: (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that code or a summary of it.	Yes	
Principle 6 - Respect the rights of Security Holders		
Recommendation 6.1 A listed entity should provide information about itself and its governance to investors via its website.	Yes	
Recommendation 6.2 A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	Yes	
Recommendation 6.3 A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	Yes	

Principles and Recommendations	Comply (Yes/No)	Note
Recommendation 6.4 A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	Yes	
Principle 7 - Recognise and Manage Risk		
Recommendation 7.1 The board of a listed entity should: (a) have a committee or committees to oversee risk, each of which: (i) has at least three members, a majority of whom are independent directors; and (ii) is chaired by an independent director, and disclose: (iii) the charter of the committee; (iv) the members of the committee; and (v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.	No	6
Recommendation 7.2 The board or a committee of the board should: (a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and (b) disclose, in relation to each reporting period, whether such a review has taken place.	Yes	
Recommendation 7.3 A listed entity should disclose: (a) if it has an internal audit function, how the function is structured and what role it performs; or (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.	No	4
Recommendation 7.4 A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.	Yes	
Principle 8 - Remunerate Fairly and Responsibly		
Recommendation 8.1 The board of a listed entity should: (a) have a remuneration committee which: (i) has at least three members, a majority of whom are independent directors; and (ii) is chaired by an independent director, and disclose: (iii) the charter of the committee; (iv) the members of the committee; and (v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.	No	5
Recommendation 8.2 A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.	Yes	
Recommendation 8.3 A listed entity which has an equity-based remuneration scheme should: (a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and (b) disclose that policy or a summary of it.	Yes	

Principles and Recommendations	**Comply (Yes/No)**	**Note**
Additional disclosures applicable to externally managed listed entities		
Alternative to Recommendation 1.1 for externally managed listed entities: The responsible entity of an externally managed listed entity should disclose: (a) the arrangements between the responsible entity and the listed entity for managing the affairs of the listed entity; (b) the role and responsibility of the board of the responsible entity for overseeing those arrangements.	N/A	
Alternative to Recommendation 8.1, 8.2 and 8.3 for externally managed listed entities: An externally managed listed entity should clearly disclose the terms governing the remuneration of the manager	N/A	

Notes:

1. 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 regards 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. Theses arrangements will be reviewed periodically by the Board to ensure that they continue to be appropriate to the Company's circumstances.

2. Of the three directors in office at the date of this report, none are considered independent. Mr Davey, Mr Draffin and Mr Koshakkji are directors of respective companies contracted to provide services to the Company and are not considered independent.

3. The Chairman is a major shareholder of the Company and hence is not considered independent. The Board will look to appoint an independent Chairman when a suitable candidate becomes available.

   The role of the Chief Executive Officer is held by Mr Davey, who is also the Chairman, notwithstanding the Board will look to appoint an independent Chairman when a suitable candidate becomes available.

4. 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 regards 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. Theses arrangements will be reviewed periodically by the Board to ensure that they continue to be appropriate to the Company's circumstances.

5. The functions to be performed by an 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 regards 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. Theses arrangements will be reviewed periodically by the Board to ensure that they continue to be appropriate to the Company's circumstances.

6. The Company does not currently have a Risk Management Committee. The role of risk management is reviewed by the Board on an ongoing basis and is satisfied that the risk management framework continues to be sound.

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DIRECTORS' REPORT

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 2018.

General Information

Directors

The following persons were directors of Enviromission Limited during or since the end of the financial year up to the date of this report:

Roger C Davey
Executive Chairman
Chief Executive Officer

Mr Davey is the Executive Director and Chief Executive Officer of the Company. Mr Davey has an 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.

Other current directorships of listed companies

Nil

Former directorships of listed companies in last three years

Nil

Andrew J Draffin
Chief Financial Officer
Company Secretary

Andrew Draffin is a partner of the accounting firm DW Accounting & Advisory Pty Ltd. He holds a Bachelor of Commerce and is a member of the Chartered Accountants Australia and New Zealand. Andrew is a director and Chief Financial Officer of both listed and private companies across a broad range of industries. His focus is on financial reporting, treasury management, management accounting and corporate services, areas where he has gained oved 17 years experience.

Other current directorships of listed companies

Gladiator Resources Limited
Global Petroleum Limited

Former directorships of listed companies in last three years

Nil

Pierre Koshakji
Appointed 5 December 2018
Non-Executive Director

Mr Koshakji is a co-founder of Apollo Development, LLC, a purpose formed entity to develop Solar Tower power stations in the state of Texas with a more recent revised purpose to work with EnviroMission on the Commercialisation of the Solar Tower power station developments in the United States (subject to satisfaction of terms contained within the MOU announced on 26 April 2018).

Mr Koshakji is co-chair and co-founder of Stream Energy, a successful Texas based energy retailer with revenues that have grown in excess of US $7 billion over 13 years of its operation.

Mr Koshakji is chair of the executive committee of the National Energy Marketers Association (USA).

Mr Koshakji has served as chief executive and president overseeing the reorganisation of several public and private companies highlighted by his role as a director at Hunt Sports Enterprises under Lamar Hunt and as Deputy Executive Director for the FIFA World Cup/ National Organising Committee - 1994 Dallas venue.

Mr Koshakji has worked in engineering roles including as a consultant with KPMG in Kuwait following his undergraduate degree in engineering at Vanderbilt University and a graduate degree in business at the Cox School Southern Methodist University.

Other current directorships of listed companies

Nil

Former directorships of listed companies in last three years

Nil

Company Secretary

Mr Andrew Draffin was appointed on 2 March 2009.

The Company Secretary is accountable directly to the Board, through the Chair, on all matters to do with a proper functioning board.

Shareholdings of directors and other key management personnel

The interests of each Director and any other key management personnel, directly and indirectly, in the shares and options of the Company at the date of this report are as follows:

Directors and other key management personnel

	Ordinary Shares	Share Options
Roger C Davey	54,553,406	-
Andrew J Draffin	8,837,428	-
Pierre Koshakji	-	-

Corporate Information

Corporate Structure

Enviromission Limited is a company limited by shares that is incorporated and domiciled in Australia. Enviromission Limited have prepared a consolidated financial report incorporating its subsidiaries (Refer to Note 12: Interest in Subsidiaries for more information) which it controlled during the financial year and which are included in the financial statements.

Principal Activities and Change in State of Affairs

The principal activities of the consolidated group during the financial year continued to see the development of Solar Tower renewable energy technology in the United States of America and global markets.

Operations over the financial year ended 30 June 2018 have been directed to satisfying ASX requirements necessary to resolve the suspension of the EnviroMission Limited quotation from the ASX trading platform that was imposed in 2016.

Core operations have included actions to maintain the development and project opportunity for Solar Tower power station technology and the raising of the project and operating capital necessary to support the opportunity for Solar Tower development for the benefit of the shareholders of EnviroMission; both objectives are demonstrated through outcomes disclosed to the market in the last financial quarter of 2018.

EnviroMission entered into a formal agreement with Atkins Acuity – the financial advisory division of SNC Lavalin (19 April 2018) – this agreement defined a mandate for Atkins Acuity to raise 'the necessary development and project capital on a non-exclusive basis for the development of the EnviroMission La Paz Solar Tower in Arizona'.

EnviroMission also executed an MOU with Texas based Apollo Developments LLC to form a strategic alliance to progress development of Solar Tower technology in the United States (26 April 2018).

Apollo has committed to raise project and operating capital to progress the development of 'multiple Solar Towers, including the proposed EnviroMission Arizona Solar Tower'.

Dividend

No dividends in respect of the current financial year have been paid, declared or recommended for payment.

Financial Overview

Operating results for the year

The loss for the Group amounted to $1,173,792 (2017: $1,990,633) after providing for income tax. This represented a 41% decrease in loss on the result reported for the year ended 30 June 2018.

Review of financial position

The net position of the Group has decreased by $1,114,225 from net liabilities of $1,702,244 at 30 June 2017 to net liabilities of $2,816,469 at 30 June 2018.

The Group has increased its borrowings by $5,291 from $359,954 at 30 June 2017 to $365,245 at 30 June 2018.

The directors of the Group remain confident that further capital can be raised in both Australian and US markets to meet the debts of the Group when they fall due and pursue the successful development of solar towers, ensuring that the Group can fund its operation and continue as a going concern.

Events after the Reporting Period

The Company continued to negotiate with financiers and seek capital as outlined within the going concern note (Note 1 (r)) post 30 June 2018.

The Company has been provided with loan funds of $US600,000 post 30 June 2018 via an unsecured loan facilitated by Apollo Development LLC (Apollo) which attracts interest of 10% per annum. The loan will be repaid from capital raised via broader funding package being undertaken by Apollo as part of a broader alliance between Apollo and the Company which will advance both solar tower development in Arizona and Texas. The loan was made available following delays in finalising the broader capital raising and further loan funds may be available should the delays continue.

Mr Pierre Koshakji was appointed a Director of the Company 5 December 2018. Mr Koshakji is a co-founder of Apollo and his appointment follows the increased alliance between the Company and Apollo.

Apart for the above there have been no other material events post balance date.

Future Developments, Prospects and Business Strategies

Disclosure of information regarding likely developments in the operations of the Group in future financial yeas and the expected results of those operations are likely to result in unreasonable prejudice to the Group. Accordingly, this information has not been disclosed in this report.

Environmental issues

Energy Efficiency Opportunities Guidelines

The Group is not subject to the conditions imposed by the registration and reporting requirements of the Energy Efficiency Opportunities Act 2006 in the current financial year as its energy consumption was below 0.5 petajoule registration threshold.

If the Group exceeds this threshold in future reporting periods, it will be required to register with the Department of Resources, Energy and Tourism and complete and Energy Saving Action Plan. This plan assesses the energy usage of the Group and identifies opportunities for the Group to reduce its energy consumption.

Meetings of Directors

During the financial year, 6 meetings of directors (including committees of directors) were held.

Attendances by each director during the year were as follows:

	Directors' Meetings	
	Number eligible to attend	Number attended
Roger C Davey	6	6
Andrew J Draffin	6	6
Pierre Koshakji	-	-

Indemnifying Officers or Auditor

The company did not have any insurance policy during the year.

Options

At the date of this report, the unissued ordinary shares of Enviromission Limited under option are as follows:

Issuing entity	Grant Date	Number of shares under option	Class of Shares	Exercise Price	Expiry Date
Enviromission Limited		685,000	Ordinary	15 cents	15 September 2020
Enviromission Limited		225,000	Ordinary	20 cents	15 September 2020
		910,000			

Option holders do not have any rights to participate in any issues of shares or other interests in the company or any other entity.

66,750,000 options expired on 15 September 2018.

For details of options issued to director and executives as remuneration, refer to Remuneration Report.

No person entitled to exercise the options had or has no 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.

The company was not a party to any such proceedings during the year.

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 2018 has been received and can be found on page 14 of the Financial Report.

REMUNERATION REPORT

Remuneration policy

The remuneration policy of Enviromission Limited has been designed to align key management personnel (KMP) 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 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 high-quality KMP 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 KMP of the Group are as follows:

- The remuneration policy is required to be developed by the Board who may seek professional advice from independent external consultants;
- Performance incentives are generally only paid once predetermined key performance indicators have bene met;
- Incentives paid in the form of options or rights are intended to align the interests of the directors and the 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 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 Group's profits 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. Any changes must be justified by reference to measurable performance criteria. The policy is designed to attract the highest calibre of executives and reward them for performance results leading to long-term growth in shareholder wealth.

All remuneration paid to key management personnel is valued at the cost to the company and expensed.

The Board's 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 KPIs are set annually, with a certain level of consultation with KMP. The measures are specifically tailored to the area each individual is 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.

In determining whether or not a KPI has been achieved, EnviroMission Limited bases the assessment on audited figures

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 interest. No bonus or performance based options were issued during the financial year ended 30 June 2018.

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.

	30 June 2018	30 June 2017	30 June 2016	30 June 2015	30 June 2014
	$	$	$	$	$
Revenue	614,231	84,275	452,217	515,680	224,679
Net Loss	(1,173,792)	(1,990,633)	(1,521,128)	(1,587,749)	(1,773,837)
Share Price at Year end (suspended from ASX listing in 2016)	$0.10	$0.10	$0.10	$0.08	$0.06

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

The following table provides employment details of persons who were, during the financial year, members of key management personnel of the Group, and to the extent different, among the nine Group KMP or company KMP receiving the highest remuneration. The table also illustrates the proportion of remuneration that was performance and non-performance based and the proportion received in the form of options.

	Company	Position held as at 30 June 2018 and any change during the year
Group Key Management Personnel		
Roger C Davey	EnviroMission Limited	Director
	SolarMission Limited	Director and Company Secretary
	Pure Solar Power (IP) Pty Ltd	Director
	SolarMission Technologies Inc.	Director
	EnviroMission Inc.	Director
	EnviroMission Capital LLC	Director
	EnviroMission Management Co. LLC	Director
	La Paz Solar Tower LLC	Director
Andrew J Draffin	EnviroMission Limited	Director and Company Secretary and Chief Financial Officer
	Pure Solar Power (IP) Pty Ltd	Company Secretary
Christopher J Davey	EnviroMission Inc.	Director
	EnviroMission Capital LLC	Director
	EnviroMission Management Co. LLC	Director
	La Paz Solar Tower LLC	Director
Kim Forte	SolarMission Limited	Director
	EnviroMission Inc.	Director
	EnviroMission Capital LLC	Director
	EnviroMission Management Co. LLC	Director
	La Paz Solar Tower LLC	Director
David Rodli	SolarMission Technologies Inc.	Director and Company Secretary
Doug Fant	EnviroMission Inc.	Company Secretary
	EnviroMission Capital LLC	Company Secretary
	EnviroMission Management Co. LLC	Company Secretary
	La Paz Solar Tower LLC	Company Secretary
George Horvath	SolarMission Technologies Inc.	Director
Billy Willey	SolarMission Technologies Inc.	Director

	Proportions of elements of remuneration related to performance			Proportions of elements of remuneration not related to performance		
	Non-salary cash based incentives	Shares/Units	Options/Rights	Fixed Salary/Fees	Total	Total outstanding as at 30 June 2018
2018	$	$	$	$	$	$
Roger C Davey	-	-	-	375,000	375,000	857,768
Andrew J Draffin	-	-	-	120,175	120,175	365,618
Pierre Koshakji	-	-	-	-	-	-
Christopher J Davey	-	-	-	381,545	381,545	724,845
Kim Forte	-	-	-	240,000	240,000	449,650
David Rodli	-	-	-	-	-	69,896
Doug Fant	-	-	-	-	-	2,130
George Horvath	-	-	-	-	-	-
Billy Willey	-	-	-	-	-	-
	-	-	-	1,116,720	1,116,720	2,469,907

	Proportions of elements of remuneration related to performance			Proportions of elements of remuneration not related to performance		
	Non-salary cash based incentives	Shares/Units	Options/Rights	Fixed Salary/Fees	Total	Total outstanding as at 30 June 2017
2017	$	$	$	$	$	$
Roger C Davey	-	-	240,000	375,000	615,000	640,910
David N Galbally QC	-	-	-	11,014	11,014	106,014
Andrew J Draffin	-	-	90,000	120,175	210,175	245,443
Christopher J Davey	-	-	-	318,078	318,078	333,873
Kim Forte	-	-	180,000	240,000	420,000	303,650
David Rodli	-	-	-	-	-	69,896
Doug Fant	-	-	60,000	-	60,000	2,130
George Horvath	-	-	-	-	-	-
Billy Willey	-	-	-	-	-	-
	-	-	570,000	1,064,267	1,634,267	1,701,916

Remuneration Expense Details for the Year Ended 30 June 2018

The following table of benefits and payments represents the components of the current year and comparative year remuneration expenses for each member of KMP of the Group. Such amounts have been calculated in accordance with Australian Accounting Standards.

Table of Benefits and Payments for the year ended 30 June 2018

	Short-term benefits				Equity-settled share based payments	
	Salary, Fees and Leave	Profit Share and bonuses	Non-monetary	Other	Shares/Units	Total
2018	$	$	$	$	$	$
Roger C Davey	375,000	-	-	-	-	375,000
Andrew J Draffin	120,175	-	-	-	-	120,175
Pierre Koshakji	-	-	-	-	-	-
Christopher J Davey	381,545	-	-	-	-	381,545
Kim Forte	240,000	-	-	-	-	240,000
David Rodli	-	-	-	-	-	-
Doug Fant	-	-	-	-	-	-
George Horvath	-	-	-	-	-	-
Billy Willey	-	-	-	-	-	-
	1,116,720	-	-	-	-	1,116,720

	Short-term benefits				Equity-settled share based payments	
	Salary, Fees and Leave	Profit Share and bonuses	Non-monetary	Other	Shares/Units	Total
2017	$	$	$	$	$	$
Roger C Davey	375,000	-	-	-	-	375,000
David N Galbally QC	11,014	-	-	-	-	11,014
Andrew J Draffin	120,175	-	-	-	-	120,175
Christopher J Davey	318,078	-	-	-	-	318,078
Kim Forte	240,000	-	-	-	-	240,000
David Rodli	-	-	-	-	-	-
Doug Fant	-	-	-	-	-	-
George Horvath	-	-	-	-	-	-
Billy Willey	-	-	-	-	-	-
	1,064,267	-	-	-	-	1,064,267

This Directors' Report, incorporating the Remuneration Report, is signed in accordance with a resolution of the Board of Directors

Roger C Davey
Director
Dated 20 December 2018

morrows
AUDIT

Level 13, Freshwater Place, 2 Southbank Boulevard,
Southbank VIC 3006

Phone: 03 9690 5700
Facsimile: 03 9690 6509
Website: www.morrows.com.au

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 2018 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.

Morrows

MORROWS AUDIT PTY LTD

L.S. WONG
Director

Melbourne: 20 December 2018

ENVIROMISSION LIMITED AND CONTROLLED ENTITIES
ABN: 52 094 963 238
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2018

		Group	
		2018	2017
	Note	$	$
Continuing operations			
Revenue	3	614,231	84,275
Unrealised foreign currency gains		(5,753)	(113)
Employee benefits expense		(123,290)	(117,963)
Contracting & consulting costs		(1,091,956)	(1,421,334)
Corporate costs		(158,413)	(194,995)
Occupancy costs		(123,364)	(62,291)
Travel costs		(761)	(547)
Administrative expenses from ordinary activities		(225,693)	(219,711)
Audit Fees		(39,950)	(37,000)
Depreciation and amortisation expense		(8,456)	(11,065)
Finance costs		(10,387)	(9,890)
Loss before income tax		(1,173,792)	(1,990,633)
Tax expense	5	-	-
Loss after income tax		(1,173,792)	(1,990,633)
Other comprehensive income:			
Items that will not be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations, net of tax		(77,432)	19,784
Total other comprehensive income for the year		(77,432)	19,784
Total comprehensive income for the year		(1,251,224)	(1,970,849)
Net profit attributable to:			
Members of the parent entity		(1,173,792)	(1,990,633)
Non-controlling interest		-	-
		(1,173,792)	(1,990,633)
Total comprehensive income attributable to:			
Members of the parent entity		(77,432)	19,784
Non-controlling interest		-	-
		(77,432)	19,784
Earnings per share			
Basic losses per share (cents)	9	(0.21)	(0.35)

The accompanying notes form part of these financial statements.

ENVIROMISSION LIMITED AND CONTROLLED ENTITIES
ABN: 52 094 963 238
CONSOILDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2018

	Note	Group 2018 $	Group 2017 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	10	9,529	3,487
Trade and other receivables	11	17,164	982,233
TOTAL CURRENT ASSETS		26,693	985,720
NON-CURRENT ASSETS			
Property, plant and equipment	13	26,026	34,482
Intangible assets	14	1,175,139	1,166,278
Other non-current assets	15	21,289	17,365
TOTAL NON-CURRENT ASSETS		1,222,454	1,218,125
TOTAL ASSETS		1,249,147	2,203,845
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	16	3,650,807	2,540,541
Deferred income	17	-	965,717
Borrowings	18	314,465	298,818
Provisions	19	48,184	38,546
TOTAL CURRENT LIABILITIES		4,013,456	3,843,622
NON-CURRENT LIABILITIES			
Trade and other payables	16	1,380	1,332
Borrowings	18	50,780	61,136
TOTAL NON-CURRENT LIABILITIES		52,160	62,468
TOTAL LIABILITIES		4,065,616	3,906,090
NET ASSETS		(2,816,469)	(1,702,245)
EQUITY			
Issued capital	20	41,123,478	40,986,478
Reserves	27	221,952	299,384
Retained earnings		(44,161,899)	(42,988,107)
Equity attributable to owners of the parent entity		(2,816,469)	(1,702,245)
Non-controlling interest		-	-
TOTAL EQUITY		(2,816,469)	(1,702,245)

The accompanying notes form part of these financial statements.

ENVIROMISSION LIMITED AND CONTROLLED ENTITIES
ABN: 52 094 963 238
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY THE YEAR ENDED 30 JUNE 2018

	Share Capital			
	Ordinary	Retained Earnings	Foreign Currency Translation Reserve	Total
	$	$	$	$
Consolidated Group				
Balance at 1 July 2016	40,939,555	(40,997,474)	279,600	221,681
Shares issued during the year	46,923	-	-	46,923
Loss attributable to members of parent entity	-	(1,990,633)	-	(1,990,633)
Other comprehensive income for the year	-	-	19,784	19,784
Balance at 30 June 2017	40,986,478	(42,988,107)	299,384	(1,702,245)
Balance at 1 July 2017	40,986,478	(42,988,107)	299,384	(1,702,245)
Shares issued during the year	137,000	-	-	137,000
Loss attributable to members of parent entity	-	(1,173,792)	-	(1,173,792)
Other comprehensive income for the year	-	-	(77,432)	(77,432)
Balance at 30 June 2018	41,123,478	(44,161,899)	221,952	(2,816,469)

The accompanying notes form part of these financial statements.

ENVIROMISSION LIMITED AND CONTROLLED ENTITIES
ABN: 52 094 963 238
CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2018

	Note	Group 2018	Group 2017
		$	$
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest income		4	5
Development right fees received		614,224	66,786
Payment to suppliers & employees		(744,741)	(410,955)
Interest paid		(497)	-
Net cash generated by operating activities	23a	(131,010)	(344,164)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of investments		-	-
Purchase of property, plant and equipment		-	-
Net cash (used in)/generated by investing activities		-	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from the issue of shares		137,000	46,923
Proceeds from borrowings		-	218,591
Repayment of borrowings		-	(9,195)
Net cash provided by (used in) financing activities		137,000	256,319
Net increase in cash held		5,990	(87,845)
Cash and cash equivalents at beginning of financial year		3,487	92,488
Effect of exchange rates on cash holdings in foreign currencies		52	(1,156)
Cash and cash equivalents at end of financial year	10	9,529	3,487

The accompanying notes form part of these financial statements.

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

The separate financial statements of the parent entity, EnviroMission Limited, have not been presented within this financial report as permitted by the Corporations Act 2001.

The financial statements were authorised for issue on 20 December 2018 by the directors of the company.

Note 1 Summary of Significant Accounting Policies

Basis of Preparation

These general purpose consolidated financial statements have been prepared in accordance with the Corporations Act 2001, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board and in compliance with International Financial Reporting Standards as issued by the International Accounting Standards Board. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

Except for cash flow information, the financial statements have been prepared on an accrual basis and are 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 all of the assets, liabilities and results of EnviroMission Limited and all of the subsidiaries (including any structured entities). Subsidiaries are entities the Parent controls. The Parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. A list of the subsidiaries is provided in Note 12.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Inter-company transactions, balances and unrealised gains or losses on transactions between Group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as "non-controlling Interests". The Group initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary’s net assets on liquidation at either fair value or the non-controlling interests’ proportionate share of the subsidiary’s net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income. Non-controlling interests are shown separately within the equity section of the statement of financial position and statement of comprehensive income.

(b) Income Tax

The income tax expense (income) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities/(assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss or arising from a business combination.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability, 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 and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability. With respect to non-depreciable items of property, plant and equipment measured at fair value and items of investment property measured at fair value, the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of the asset will be recovered entirely through sale. When an investment property that is depreciable is held by the entity in a business model whose objective is to consume substantially all of the economic benefits embodied in the property through use over time (rather than through sale), the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of such property will be recovered entirely through use.

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.

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: (i) a legally enforceable right of set-off exists; and (ii) 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.

Note 1: Summary of Significant Accounting Policies (cont'd)

(c) Fair Value of Assets and Liabilities

The Group applied AASB 13: Fair Value Measurement. It provides a guidance and disclosure about fair value measurement.

Fair value is a market-based measurement. The objective of fair value measurement is to estimate the price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under current market condition. Other than the disclosure, the application of AASB 13 does not have any material impact on the amounts recognised in the consolidated financial statements.

(d) 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 and therefore carried at cost less accumulated depreciation and any accumulated impairment. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in profit or loss. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1(g) for details of impairment).

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 asset's 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 recognised as expenses in profit or loss during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets are depreciated on a straight-line basis over the asset's useful life to the Group commencing from the time the asset is held ready for use.

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

Class of Fixed Asset	**Depreciation Rate**
Plant and equipment	25%
Motor Vehicle	15%

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 recognised in profit or loss in the period in which they arise. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

(e) Leases

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

Operating Leases

The minimum lease payment of operating leases, where the lesser effectively retains substantially all of the risks and benefits of ownership of the leased item, are recognised as an expense on a straight line basis. Contingent rentals are recognised as an expense in the financial year in which they are incurred.

Finance Leases

Leases which effectively transfer substantially the entire risks and benefits incidental to ownership of the leased item to the Group are capitalised at the present value of the minimum lease payments and disclosed as property, plant and equipment under lease. A lease liability of equal value is also recognised.

(f) Financial Instruments

Recognition and Initial 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 entity commits itself to either the purchase or sale of the asset (ie trade date accounting is adopted).

Note 1: Summary of Significant Accounting Policies (cont'd)

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 these transaction costs are expensed to profit or loss immediately.

Classification and Subsequent Measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method, or cost.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

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.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) over 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 amount with a consequential recognition of an income or expense item in profit or loss.

(i) 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.

Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(ii) Financial Liabilities

Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

Impairment

A financial asset (or a group of financial assets) is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a “loss event”) having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

In the case of available-for-sale financial assets, a significant or prolonged decline in the market value of the instrument is considered to constitute a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified into profit or loss at this point.

Financial assets, other than those measured at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset’s carrying amount and the present value of estimated future cash flows, discounted at the financial asset’s original effective interest rate. For financial assets that are carried at cost, the amount of the impairment loss is measured as the difference between the asset’s carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods. The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.
At the end of each reporting period the group assessed whether there is any objective evidence that a financial asset or group of financial assets is impaired (other than financial assets classified as at fair value through profit or loss).

When the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, the Group recognises the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so that the loss events that have occurred are duly considered.

Derecognition

Financial assets are derecognised when the contractual rights to receipt of cash flows expire 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 when the related obligations are discharged, cancelled or have expired. The difference between the carrying amount 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.

Note 1: Summary of Significant Accounting Policies (cont'd)

(g) Impairment of Assets

At 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 joint ventures 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 of disposal and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (eg in accordance with the revaluation model in AASB 116: *Property, Plant and Equipment*). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

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, intangible assets with indefinite lives and intangible assets not yet available for use.

(h) Intangible Assets Other than Goodwill

Trademarks and licences

Trademarks and licences are recognised at cost of acquisition. Trademarks and licences have a finite life and are carried at cost less any accumulated amortisation and any impairment losses.

Research and development

Expenditure during the research phase of a project is recognised as an expense when incurred. Development costs are capitalised only when technical feasibility studies identify that the project is expected to deliver future economic benefits and these benefits can be measured reliably.

The Company has adopted a policy whereby it will capitalise all costs directly attributable to the Development of the La Paz Solar Tower technology in Arizona. The development phase of the La Paz Solar Power Tower was reached in conjunction with the agreement reached with the Southern California Public Power Authority (SCPPA) therefore expenditure incurred after this date will be capitalised in line with the company's policy notwithstanding that the agreement with SCPPA has subsequently been terminated via mutual consent. The ability of the Company to now freely deal with independent power utilities provides a realistic opportunity of greater returns and therefore potential future economic benefits can be measured. The Intangible Asset created will be subject to continual impairment testing in accordance with AASB 136.

The value of the Intellectual Property and licences is dependent on the ability of the Company to generate income from the asset. Development fee income has been earned from these assets to 30 June 2018, however, it is the Directors view that the assets remain in development stage. Independent financial modelling has been prepared which demonstrates the positive cashflows that could be achieved once the project moves from development to commercial operational phase.

(i) Foreign Currency Transactions and Balances

Functional and presentation currency

The functional currency of each of the Group's entities is 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 currency.

Transaction and balances

Foreign currency transactions are translated into the 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 profit or loss, 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 other comprehensive income to the extent that the underlying gain or loss is recognised in other comprehensive income; otherwise the exchange difference is recognised in profit or loss.

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 exchange rates prevailing at the end of the reporting period;
— 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 with functional currencies other than Australian dollars are recognised in other comprehensive income and included in the foreign currency translation reserve in the statement of financial position and allocated to non-controlling interest where relevant. The cumulative amount of these differences is reclassified into profit or loss in the period in which the operation is disposed of.

Note 1: Summary of Significant Accounting Policies (cont'd)

(j) Employee Benefits

Provision is made for the Group's liability for employee benefits arising from services rendered b employees to the end of the reporting period. 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.

Short-term employee benefits

Provision is made for the Group's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

Equity-settled compensation

The Group operates an employee share and option plan. Share-based payments to employees are measured at the fair value of the instruments at grant date and amortised over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amounts are recognised in the option reserve and statement of profit and loss respectively. The fair value of options is determined using the Black–Scholes pricing model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognised for services received as consideration for the equity instruments granted is based on the number of equity instruments that eventually vest.

(k) 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.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

(l) 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.

(m) 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. When the inflow of consideration is deferred it is treated as the provision of financing 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.

Development fee revenue is brought to account on receipt of each instalment.

Interest revenue is recognised using the effective interest method.

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

(n) Trade and Other Receivables

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Refer to Note 1(f) for further discussion on the determination of impairment losses.

(o) Trade and Other Payables

Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Group. Payables to related parties are carried at the principal amount. Interest, when charged by the lender, is recognised as an expense on an accrual basis.

(p) 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 profit or loss in the period in which they are incurred.

Note 1: Summary of Significant Accounting Policies (cont'd)

(q) 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 Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

(r) Going Concern

The Company's shares are currently suspended from trading on the ASX. The suspension will be lifted when the Company complies with conditions imposed by ASX, including potentially re-complying with ASX Listing Rules, Chapters 1 & 2. The cornerstone to this re-compliance is raising sufficient capital to fund the Company's business objectives, activities and working capital in the order of $3 million to $5 million. There remains a risk that there may be continued delays in this occurring, if at all.

The ability of the Company to continue as a going concern is dependent on the Company being able to raise the capital required to meet its ongoing commitments and advance its objectives. Should the Company be unsuccessful in undertaking additional capital raisings or being reinstated to ASX quotation, there is a risk that the Company would not be able to continue as a going concern.

The Company has continued to seek funding for its La Paz project and general working capital as demonstrated by the signing of a financial advisory agreement with Aitken Acuity to raise development and project capital. At the date of this report discussions with a third party concerning a direct equity investment into the Company are continuing, noting these discussions are on a confidential basis. The Company remains cautious about the investment given the quantum and the failure of past agreements with a similar objective, namely Valentia.

The Company has entered into a MOU with Apollo Development LLC (Apollo) whereby Apollo has been provided scope to raise capital on a scale necessary to facilitate the development of Solar Towers in both Arizona and Texas. In the interim period, Apollo has advance funds via an unsecured loan to the Company which will be repayable from the capital ultimately raised by Apollo.

The Company has also been in discussions with local financiers concerning capital raising strategies which may include issuing a prospectus in order to raise the required funds to ensure the Company continues as a going concern. The prospectus, if required, will largely ensure that re-compliance with ASX Listing Rules including Chapter 1 and 2 is met.

The Company has also been in contact with its creditors which remain cooperative. The majority of creditors are to related parties including directors of the Company, all of whom have agreed not to call on amounts due unless the Company has sufficient funds available to settle the outstanding amounts.

Given the negotiations concerning the various capital raising strategies outlined above and the continued cooperation of both related party and third-party creditors, the Directors believe that the Company can continue as a going concern in the event that it is successful in achieving the above objectives.

(s) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Where the Group retrospectively applies an accounting policy, makes a retrospective restatement or reclassifies items in its financial statements, an additional (third) statement of financial position as at the beginning of the preceding period in addition to the minimum comparative financial statement is presented.

(t) Critical Accounting Estimates and Judgements

The directors evaluate estimates and judgements incorporated into the financial statements 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 - General

The Group assesses impairment at the end of each reporting period by evaluating the 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.

Note 1: Summary of Significant Accounting Policies (cont'd)

(u) 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.

The Group has established an AASB 9 project team and is in the process of completing its impact assessment of AASB 9. Based on a preliminary assessment performed over each line of business and product type, the effects of AASB 9 are not expected to have a material effect on the Group.

— AASB 2014-7: *Amendments to Australian Accounting Standards arising from AASB 9* (December 2014)

AASB 2014-7 (issued December 2014) gives effect to the consequential amendments to Australian Accounting Standards (including Interpretations) arising from the issue of AASB 9: Financial Instruments (December 2014). More significantly, additional disclosure requirements have been added to AASB 7: Financial Instruments: Disclosures regarding credit risk exposures of the entity. This Standard also makes various editorial corrections to Australian Accounting Standards and an Interpretation.

AASB 2014-7 mandatorily applies to annual reporting periods beginning on or after 1 January 2018. Earlier application is permitted, provided AASB 9 (December 2014) is applied for the same period.

— 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)

AASB 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. The Group has established an AASB 15 project team and is in the process of completing its impact assessment of AASB 15. Based a preliminary assessment performed over each line of business and product type, the effects of AASB 15 are not expected to have a material effect on the Group.

— AASB 2014-5: *Amendments to Australian Accounting Standards arising from AASB 15*

This Standard is applicable to annual reporting periods beginning on or after 1 January 2017 and makes consequential amendments to various Australian Accounting Standards arising as a result of the issue of AASB 15: Revenue from Contracts with Customers. AASB 2014-5 is not expected to impact the Group’s financial statements.

— AASB 2015-8: Amendments to Australian Accounting Standards – Effective Date of AASB 15

This Standard amends the mandatory effective date (application date) of AASB 15: Revenue from Contracts with Customers so that AASB 15 is required to be applied for annual reporting periods beginning on or after 1 January 2018 instead of 1 January 2017. Therefore, this Standard also defers the consequential amendments that were originally set out in AASB 2014-5: Amendments to Australian Accounting Standards arising from AASB 15. This deferral is achieved in a variety of ways because some of the Standards amended by AASB 2014-5 have been superseded by new principal versions issued in 2015 that apply to annual reporting periods beginning on or after 1 January 2017 or 2018. This Standard amends Interpretation 1052: Tax Consolidation Accounting to update the cross-references to Standards and to remove the references to dividends and other distributions, so that the wording of Int 1052.45 is appropriate for annual reporting periods beginning on or after 1 January 2018. AASB 15 is also reformatted to follow the structure of the new principal versions of other Standards by deleting or moving the Aus-numbered “Application” paragraphs.

Note 1: Summary of Significant Accounting Policies (cont'd)

— AASB 2016-3: *Amendments to Australian Accounting Standards – Clarifications to AASB 15*

AASB 2016-3 (issued May 2016) makes amendments to AASB 15 to:

— clarify the requirements for assessing whether two or more promises to transfer goods or services to a customer are separately identifiable when identifying performance obligations in accordance with AASB 15.27(b) and the factors indicating this assessment;

— elaborate on the assessment of "control" over goods or services when determining whether an entity is acting as a principal or agent

— clarify the timing of revenue recognition from licensing transactions; and

— extend the application of practical expedients on transition to AASB 15.

— AASB 2016-3 mandatorily applies to annual reporting periods beginning on or after 1 January 2018, with earlier application permitted.

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.

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

— depreciation of right-of-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

— inclusion of 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.

Note 2 Parent Information

The following information has been extracted from the books and records of the financial information of the parent entity set out below and has been prepared in accordance with Australian Accounting Standards.

	2018	2017
	$	$
STATEMENT OF FINANCIAL POSITION		
ASSETS		
Current Assets	33,238	984,171
Non-current Assets	942,035	942,717
TOTAL ASSETS	975,273	1,926,888
LIABILITIES		
Current Liabilities	2,081,654	2,542,560
Non-current Liabilities	-	30,000
TOTAL LIABILITIES	2,081,654	2,572,560
NET ASSETS	(1,106,381)	(645,672)
EQUITY		
Issued Capital	41,123,478	40,986,478
Accumulated losses	(42,229,859)	(41,632,150)
TOTAL EQUITY	(1,106,381)	(645,672)
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME		
Total Loss	(597,709)	(1,157,891)
Total comprehensive income	(597,709)	(1,157,891)

Guarantees

EnviroMission Limited has not entered into any guarantees, in the current or previous financial year, in relation to the debts of its subsidiaries.

Contingent liabilities

There were no contingent liabilities as at 30 June 2018 (2017: nil) or to the date of this report.

Note 3 Revenue and Other Income

	Group	
	2018	2017
(a) Revenue from continuing operations	$	$
Sales revenue		
— Development right fees	614,224	66,786
	614,224	66,786
Other revenue		
— interest received	7	9
— Other income	-	17,480
	7	17,489
Total revenue	614,231	84,275

(i) **Development right fees**

During the financial year, the Company received USD 490,000 out of the outstanding USD 740,000.

As announced on 24 April 2018, the Company has signed a Memorandum of Understanding (MOU) with Apollo Development LLC that will supersede the current Heads of Agreement(HOA) with Apollo for the assignment of the licence to exclusive Solar Tower development rights for Texas.

Under the terms of the MOU, the Company will not require the balance of USD 250,000 of the Apollo HOA in favour of alternative commercially beneficial terms that will include a collaborative arrangement for Solar Tower development in the North America market, with a commitment from Apollo to raise capital on a scale necessary to facilitate multiple Solar Tower developments, include the EnviroMission Arizona Solar Tower project.

Should the terms of the current MOU not be met, the Solar Tower Development Rights for Texas, will be assigned to Apollo as intended under the former Solar Tower Development Heads of Agreement.

Details of agreements to arise from the MOU will be released once defined and executed.

Note 4 Profit for the Year

Loss before income tax from continuing operations includes the following specific expenses:	Group 2018	Group 2017
(a) Expenses	$	$
Interest expense on financial liabilities not at fair value through profit or loss:		
— Other persons	10,387	9,890
Total finance cost	10,387	9,890
Depreciation on property, plant & equipment	8,456	11,065
Employee benefits expense	123,290	117,963
Rental expense on operating leases		
— minimum lease payments	115,455	59,166
(b) Significant Revenue and Expenses		
The following significant revenue and expense items are relevant in explaining the financial performance:		
Foreign currency translation gain/(loss)	(5,753)	(113)
Development fees received	614,224	66,786
Other income	-	17,480

Note 5 Tax Expense

	Group 2018 $	Group 2017 $
(a) The prima facie tax on profit from ordinary activities before income tax is reconciled to income tax as follows:		
Loss from continuing operations before income tax at 27.5% (2017: 30%)	(322,793)	(597,190)
Add:		
Tax effect of:		
— Non-deductible expenses	145,912	356,840
	(176,881)	(240,350)
Less:		
Tax effect of:		
— Non-assessable income	214,016	168,606
— Other deductible expenses	107,645	63,713
— Provision for doubtful debts	-	27,086
— Income tax losses carried forward not taken up	(498,542)	(499,755)
Income tax attributable to entity	-	-
Future income tax benefits not brought to account as deferred tax assets	10,363,307	9,864,765

(b) Tax effects relating to each component of other comprehensive income:

	2018			2017		
	Before-tax amount	Tax (expense) benefit	Net-of-tax amount	Before-tax amount	Tax (expense) benefit	Net-of-tax amount
Group	$	$	$	$	$	$
Exchange differences on translating foreign operations	77,432		77,432	(19,784)	-	(19,784)
	77,432	-	77,432	(19,784)	-	(19,784)

Note 6 Key Management Personnel Compensation

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 (KMP) for the year ended 30 June 2018.

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

	2018	2017
	$	$
Short-term employee benefits	1,116,720	1,064,267
Share-based payments	-	570,000
Total KMP compensation	1,116,720	1,634,267

KMP and KMP Related Entities Options and Right Holdings

The number of options over ordinary shares held during the financial year by each KMP of the Group are as follows:

30 June 2018	Balance at beginning of year	Granted during the year	Exercised during the year	Lapsed during the year	Other changes during the year	Balance at end of year
Roger C Davey	37,000,000	-	-	(20,000,000)	-	17,000,000
Andrew J Draffin	14,000,000	-	-	(7,500,000)	-	6,500,000
Christopher J Davey	12,500,000	-	-	-	-	12,500,000
Kim Forte	21,000,000	-	-	(15,000,000)	-	6,000,000
David Rodli	-	-	-	-	-	-
Doug Fant	7,500,000	-	-	(5,000,000)	-	2,500,000
George Horvath	-	-	-	-	-	-
Billy Willey	-	-	-	-	-	-
	92,000,000	-	-	(47,500,000)	-	44,500,000

30 June 2017	Balance at beginning of year	Granted during the year	Exercised during the year	Lapsed during the year	Other changes during the year	Balance at end of year
Roger C Davey	45,500,000	20,000,000	-	(28,500,000)	-	37,000,000
David N Galabally QC	16,500,000	-	-	(10,000,000)	-	6,500,000
Andrew J Draffin	19,000,000	7,500,000	-	(12,500,000)	-	14,000,000
Christopher J Davey	35,854,700	-	(269,230)	(23,085,470)	-	12,500,000
Kim Forte	28,750,000	15,000,000	-	(22,750,000)	-	21,000,000
David Rodli	-	-	-	-	-	-
Doug Fant	8,500,000	5,000,000	-	(6,000,000)	-	7,500,000
George Horvath	-	-	-	-	-	-
Billy Willey	-	-	-	-	-	-
	154,104,700	47,500,000	(269,230)	(102,835,470)	-	98,500,000

KMP and KMP Related Entities Shareholdings

The number of ordinary shares in EnviroMission Limited held by each KMP of the Group during the financial year are as follows:

30 June 2018	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
Roger C Davey	54,553,406	-	-	-	54,553,406
Andrew J Draffin	8,837,428	-	-	-	8,837,428
Christopher J Davey	29,577,328	-	-	-	29,577,328
Kim Forte	19,868,486	-	-	-	19,868,486
David Rodli	-	-	-	-	-
Doug Fant	-	-	-	-	-
George Horvath	4,377,254	-	-	-	4,377,254
Billy Willey	26,074	-	-	-	26,074
	117,239,976	-	-	-	117,239,976

Note 6: Key Management Personnel (Cont'd)

30 June 2017	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
Roger C Davey	54,553,406	-	-	-	54,553,406
David N Galabally QC	3,158,537	-	-	-	3,158,537
Andrew J Draffin	8,837,428	-	-	-	8,837,428
Christopher J Davey	29,577,328	-	269,230	(269,230)	29,577,328
Kim Forte	19,868,486	-	-	-	19,868,486
David Rodli	6,000	-	-	(6,000)	-
Doug Fant	-	-	-	-	-
George Horvath	4,377,254	-	-	-	4,377,254
Billy Willey	26,074	-	-	-	26,074
	120,404,513	-	269,230	(275,230)	120,398,513

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 25: Related Party Transactions.

Note 7 Auditor's Remuneration

	Group 2018 $	Group 2017 $
Remuneration of the auditor for:		
— auditing or reviewing the financial statements	39,950	37,000
	39,950	37,000

Note 8 Dividends

No dividends were paid or declared during the financial year.

Note 9 Earnings per Share

	Group 2018 $	Group 2017 $
(a) Reconciliation of earnings to profit or loss		
Net loss for the year	(1,173,792)	(1,990,633)
Earnings used to calculate basic EPS	(1,173,792)	(1,990,633)
	No.	No.
(b) Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	563,516,517	563,362,744
Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS	563,516,517	563,362,744

Note 10 Cash and Cash Equivalents

	Note	Group 2018 $	Group 2017 $
Cash at bank and on hand		9,529	3,487
	26	9,529	3,487

Reconciliation of cash

Cash and cash equivalents 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:

	2018	2017
Cash and cash equivalents	9,529	3,487
	9,529	3,487

Note 11 Trade and Other Receivables

	Group 2018 $	Group 2017 $
CURRENT		
Trade receivables		
- Development right fees	-	965,734
- Other receivables	17,164	16,499
Total current trade and other receivables	17,164	982,233

(a) Development right fees

During the financial year, the Company received USD 490,000 out of the outstanding USD 740,000.

As announced on 24 April 2018, the Company has signed a Memorandum of Understanding (MOU) with Apollo Development LLC that will supersede the current Heads of Agreement(HOA) with Apollo for the assignment of the licence to exclusive Solar Tower development rights for Texas.

Under the terms of the MOU, the Company will not require the balance of USD 250,000 of the Apollo HOA in favour of alternative commercially beneficial terms that will include a collaborative arrangement for Solar Tower development in the North America market, with a commitment from Apollo to raise capital on a scale necessary to facilitate multiple Solar Tower developments, include the EnviroMission Arizona Solar Tower project.

Should the terms of the current MOU not be met, the Solar Tower Development Rights for Texas, will be assigned to Apollo as intended under the former Solar Tower Development Heads of Agreement.

Details of agreements to arise from the MOU will be released once defined and executed.

(b) Provision for Impairment of Receivables

Current trade and term receivables are non-interest bearing loans and generally on 30-day terms or those negotiated in any specific agreement 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 objective evidence that an individual trade or term receivable is impaired. No provision for impairment has been recognised for the year.

Credit risk

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 11. 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 the end of the reporting period in those regions is as follows:

	Group 2018 $	Group 2017 $
AUD		
Australia	17,146	982,216
United States of America	18	17
	17,164	982,233

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	
2018	$	$	$	$	$	$	$
Trade and term receivables	-	-	-	-	-	-	-
Other receivables	17,164	-	-	-	-	-	17,164
Total	17,164	-	-	-	-	-	17,164

Note 11: Trade and other Receivables (Cont'd)

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	
2017	$	$	$	$	$	$	$
Trade and term receivables	965,734	-	-	-	-	-	965,734
Other receivables	16,499	-	-	-	-	-	16,499
Total	982,233	-	-	-	-	-	982,233

	Note	Group 2018 $	Group 2017 $
(a) **Financial Assets Classified as Loans and Receivables**			
Trade and other Receivables			
— Total current		17,164	982,233
— Total non-current		-	-
Total financial assets classified as loans and receivables	26	17,164	982,233

(b) **Collateral Pledged**

No collateral was held as security at balance date or the date of this report.

Note 12 Interests in Subsidiaries

(a) **Information about Principal Subsidiaries**

The subsidiaries listed below have share capital consisting solely of ordinary shares or ordinary units which are held directly by the Group. The proportion of ownership interests held equals the voting rights held by Group. Each subsidiary's principal place of business is also its country of incorporation.

Name of subsidiary	**Country of Incorporation**	**Ownership interest held by the Group 2018 (%)**	**2017 (%)**
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 13 Property, Plant and Equipment

	Group 2018 $	Group 2017 $
MOTOR VEHICLE		
Motor Vehicle:		
At cost	72,436	72,436
Accumulated depreciation	(46,410)	(37,954)
Total Motor Vehicle	26,026	34,482

(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.

	Motor Vehicle $	Total $
Consolidated Group:		
Balance at 1 July 2016	46,878	46,878
Disposals	(1,331)	(1,331)
Depreciation expense	(11,065)	(11,065)
Balance at 30 June 2017	34,482	34,482
Additions	-	-
Depreciation expense	(8,456)	(8,456)
Balance at 30 June 2018	26,026	26,026

Note 14 Intangible Assets

	Group 2018 $	Group 2017 $
Goodwill		
Cost	5,919,752	5,919,752
Accumulated impairment losses	(5,919,752)	(5,919,752)
Net carrying amount	-	-
Trademarks and licences		
Cost	10,552,284	10,552,284
Accumulated amortisation and impairment losses	(10,152,284)	(10,152,284)
Net carrying amount	400,000	400,000
Development costs		
Cost	775,139	766,278
Accumulated amortisation and impairment losses	-	-
Net carrying amount	775,139	766,278
Total intangible assets	1,175,139	1,166,278

Consolidated Group:

	Development Costs $	Trademarks & Licences $	Total $
Year ended 30 June 2017			
Balance at the beginning of the year	774,253	400,000	1,174,253
Additions	-	-	-
Disposals	(7,975)	-	(7,975)
Amortisation charge	-	-	-
Impairment losses	-	-	-
	766,278	400,000	1,166,278
Year ended 30 June 2018			
Balance at the beginning of the year	766,278	400,000	1,166,278
Additions	-	-	-
Disposals	-	-	-
Movement in foreign currency	8,861	-	8,861
Closing value at 30 June 2018	775,139	400,000	1,175,139

The Company has adopted a policy whereby it capitalises all costs directly attributable to the Development of the La Paz Solar Tower technology in Arizona. The development phase of the La Paz Solar Power Tower was reached in conjunction with the agreement reached with the Southern California Public Power Authority (SCPPA) therefore expenditure incurred after this date will be capitalised in line with the Company's policy not withstanding that the agreement with SCPPA has subsequently ben terminated via mutual consent. The ability of the company to now freely deal with independent power utilities provides for a realistic opportunity of greater returns and therefore potential future economic benefits can be measured. The Intangible Asset created has and will be subject to continual impairment testing in accordance with AASB 136.

The Company is restricted from recording these assets at their re-valued amount by AASB 138. The standard restricts the Intellectual Property from being re-valued after its initial recognition in the absence of an active market.

The value of the Intellectual Property and licences is dependent on the ability of the Company to generate income from the asset. Development fee income has been earned from these assets to 30 June 2018, however, it is the Directors view that the assets remain in development stage. Independent financial modelling has been prepared which demonstrates the positive cashflows that could be achieved once the project moves from development to commercial operational phase.

The Company continues to seek capital to advance the La Paz Project and in particular investors are being sought to raise sufficient funds to complete front end engineering and design which on completion could result in a bankable feasibility and the commencement of construction to achieve commercialisation of the technology. It is currently estimated that approximately $20 million is required to complete the front end engineering and design. Confidential Negotiations continue with a potential investor which if successful would result in the majority of the required capital being raised. If negotiations prove to be unsuccessful then capital will be sought from the broader market in conjunction with the re-quotation of the Company's securities, potentially by way of a prospectus.

Note 15 Other Assets

	Group 2018 $	Group 2017 $
CURRENT		
Prepayments	-	-
	-	-
NON-CURRENT		
Rental bond deposit	13,635	13,635
Other receivables	7,654	3,730
	21,289	17,365

Note 16 Trade and Other Payables

	Group 2018 $	Group 2017 $
CURRENT		
Unsecured liabilities		
Trade payables	1,030,683	660,371
Sundry payables and accrued expenses	150,217	179,584
Amounts payable to related parties		
— other related parties	-	-
— key management personnel and their related parties	2,469,907	1,700,586
	3,650,807	2,540,541
NON-CURRENT		
Unsecured liabilities		
Amounts payable to related parties		
— other related parties	-	-
— key management personnel and their related pa	1,380	1,332
	1,380	1,332

	Note	Group 2018 $	Group 2017 $
(a) Financial liabilities at amortised cost classified as trade and other payables			
Trade and other payables			
— Total current		3,650,807	2,540,541
— Total non-current		1,380	1,332
Financial liabilities as trade and other payables	26	3,652,187	2,541,873

Note 17 Deferred Income

The Australian dollar equivalent of USD 2,000,000 development licence fee was brought to account as deferred income less payments received to date. The balance was recognised as income on receipt of each instalment as and when it was received. During the financial year, the Company received USD 490,000 out of the outstanding USD 740,000.

As announced on 24 April 2018, the Company has signed a Memorandum of Understanding (MOU) with Apollo Development LLC that will supersede the current Heads of Agreement(HOA) with Apollo for the assignment of the licence to exclusive Solar Tower development rights for Texas.

Under the terms of the MOU, the Company will not require the balance of USD 250,000 of the Apollo HOA in favour of alternative commercially beneficial terms that will include a collaborative arrangement for Solar Tower development in the North America market, with a commitment from Apollo to raise capital on a scale necessary to facilitate multiple Solar Tower developments, include the EnviroMission Arizona Solar Tower project.

Should the terms of the current MOU not be met, the Solar Tower Development Rights for Texas, will be assigned to Apollo as intended under the former Solar Tower Development Heads of Agreement.

Details of agreements to arise from the MOU will be released once defined and executed.

Note 18 Borrowings

	Group 2018 $	Group 2017 $
CURRENT		
Unsecured liabilities (interest bearing)	314,465	298,818
	314,465	298,818
NON-CURRENT		
Unsecured liabilities (interest bearing)	50,780	61,136
	50,780	61,136

Note 19 Provisions

	Group 2018 $	Group 2017 $
Employee Benefits		
Opening balance at 1 July 2017	38,546	32,555
Additional provisions	9,638	8,676
Amounts used	-	(2,685)
Balance at 30 June 2018	48,184	38,546

Note 20 Issued Capital

	Group 2018 $	Group 2017 $
564,792,681 (2017: 563,422,681) fully paid ordinary shares	41,123,478	40,986,478
	41,123,478	40,986,478

The company has authorised share capital amounting to 564,792,681 ordinary shares.

(a) **Ordinary Shares**	Group 2018 No.	Group 2017 No.
At the beginning of the reporting period	563,422,681	563,053,451
Shares issued during the year	1,370,000	369,230
At the end of the reporting period	564,792,681	563,422,681

On 8 June 2018, a total of $137,000 was raised, net of capital raising costs.

Ordinary shareholders 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**

685,000 options were issued during the reporting period.

(c) **Capital Management**

Management controls the capital of the Group in order to maintain a sustainable debt to equity ratio, generate long-term shareholder value and ensure that the Group can fund its operations and continue as a going concern.

The Group’s debt and capital include ordinary share capital, redeemable preference shares, convertible preference shares and financial liabilities, supported by financial assets.

The Group is not subject to any externally imposed capital requirements.

Management effectively manages the Group’s capital by assessing the Group's 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.

Note 20: Issued Capital (Cont'd)

There have been no changes in the strategy adopted by management to control the capital of the Group since the prior year.

		Group	
		2018	2017
	Note	$	$
Total borrowings and payables	16, 18	4,017,432	2,901,827
Less cash and cash equivalents	10	(9,529)	(3,487)
Net debt		4,007,903	2,898,340
Total equity		(2,816,469)	(1,702,245)
Total capital		1,191,434	1,196,095

Note 21 Contingent Liabilities and Contingent Assets

No contingent liabilities or contingent assets existed at the reporting date.

Note 22 Operating Segments

General Information

Identification of reportable segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the board of directors (chief operating decision makers) in assessing performance and in determining the allocation of resources.

(i) Revenue by geographical region

Revenue, including revenue from discontinued operations, attributable to external customers is disclosed below, based on the location of the external customer:

	30 June 2018 $	**30 June 2017 $**
Australia	614,231	69,961
United States of America	-	14,314
Total revenue	614,231	84,275

(ii) Assets by geographical region

The location of segment assets by geographical location of the assets is disclosed below:

	30 June 2018 $	**30 June 2017 $**
Australia	892,459	1,664,912
United States of America	356,688	538,933
Total Assets	1,249,147	2,203,845

(iii) Liabilities by geographical region

The location of segment liabilities by geographical location of the liabilities are disclosed below:

	30 June 2018 $	**30 June 2017 $**
Australia	2,490,558	2,573,791
United States of America	1,575,059	1,332,298
Total Assets	4,065,617	3,906,089

Note 23 Cash Flow Information

	Group 2018 $	Group 2017 $
(a) **Reconciliation of Cash Flows from Operating Activities with Profit after Income Tax**		
Loss from ordinary activities after income tax	(1,173,792)	(1,990,633)
Non-cash flows in profit		
Depreciation	8,456	11,065
Foreign exchange loss/(gain)	(75,292)	35,689
Changes in assets and liabilities		
(Increase)/decrease in trade and term receivables	965,069	100,593
Increase/(decrease) in trade payables and accruals	1,110,266	1,598,484
Increase/(decrease) in deferred income	(965,717)	(99,361)
Cash flows from operating activities	(131,010)	(344,163)

Note 24 Events After the Reporting Period

The Company continued to negotiate with financiers and seek capital as outlined within the going concern note (Note 1(r)) post 30 June 2018.

The Company has been provided with loan funds of $US600,000 post 30 June 2018 via an unsecured loan facilitated by Apollo Development LLC (Apollo) which attracts interest of 10% per annum. The loan will be repaid from capital raised via broader funding package being undertaken by Apollo as part of a broader alliance between Apollo and the Company which will advance both solar tower development in Arizona and Texas. The loan was made available following delays in finalising the broader capital raising and further loan funds may be available should the delays continue.

Mr Pierre Koshakji was appointed a Director of the Company 5 December 2018. Mr Koshakji is a co-founder of Apollo and his appointment follows the increased alliance between the Company and Apollo.

Apart for the above there have been no other material events post balance date.

Note 25 Related Party Transactions

Related Parties

(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.

The following transactions occurred with related parties:

	Group 2018 $	Group 2017 $
i. **Director related Company**		
Consultancy fee paid to Mr Roger Davey is paid to Canterbury Mint Pty Ltd, a Company of which Mr Davey is a director and shareholder	375,000	375,000
Professional fees paid to DW Accounting & Advisory Pty Ltd, a Company of which Mr Draffin is a director and shareholder	60,175	60,175
Director fees to Mr Andrew Draffin is paid to DW Accounting & Advisory Pty Ltd, a Company of which Mr Draffin is a director and shareholder	60,000	60,000
ii. **Key Management Personnel**		
Consultancy fees paid to Ms Kim Forte is paid to Kim Forte Consulting, a business of which Ms Forte is a proprietor	240,000	240,000

Note 25: Related Party Transactions (Cont'd)

	Group 2018 $	Group 2017 $
iii. **Amounts outstanding from related parties**		
Canterbury Mint Pty Ltd	857,768	640,910
DW Accounting & Advisory Pty Ltd	365,618	245,443
Kim Forte Consulting	449,650	303,650
Douglas V. Fant	2,130	2,130
David Rodli Law Office	69,896	69,896
David Galbally	106,014	106,014
Christopher Davey	724,845	333,873

Note 26 Financial Risk Management

The Group's financial instruments consist mainly of deposits with banks, short-term investments, account receivable and payables, loans to and from subsidiaries.

The totals for each category of financial instruments, measured in accordance with AASB 139: *Financial Instruments: Recognition and Measurement* as detailed in the accounting policies to these financial statements, are as follows:

	Note	Group 2018 $	Group 2017 $
Financial Assets			
Cash and cash equivalents	10	9,529	3,487
Loans and receivables	11	17,164	982,233
Total Financial Assets		26,693	985,720
Financial Liabilities			
Financial liabilities at amortised cost			
— Trade and other payables	16	3,652,187	2,541,873
— Borrowings	18	365,245	359,954
Total Financial Liabilities		4,017,432	2,901,827

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 Group's activities. The Group through their training 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 and foreign currency 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 sued to assessing receivables for impairment.

Risk is also minimised through investing surplus funds in financial institutions that remain a high credit rating.

Credit Risk Exposures

The maximum exposure to credit risk by class of financial assets at balance date, is equivalent to the carrying value and classification of those financial asses (net of any provisions) as presented in the statement of financial position. 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 11.

Note 26: Financial Risk Management (Cont'd)

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 analyses in relation to its operating, investing and financing activities;
- obtaining funding from a variety of sources;
- maintaining a reputable credit profile;
- managing credit risk related to financial assets; and
- only investing surplus cash with major financial institutions

The table below reflects 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 differ 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 be rolled forward.

Financial liability and financial asset maturity analysis

	Within 1 Year		**1 to 5 years**		**Over 5 years**		**Total**	
Consolidated Group	2018 $	2017 $	2018 $	2017 $	2018 $	2017 $	2018 $	2017 $
Financial liabilities due for payment								
Borrowings	314,465	298,818	50,780	61,136	-	-	365,245	359,954
Trade and other payables	1,180,900	839,955	-	-	-	-	1,180,900	839,955
Amounts payable to related parties	2,469,907	1,700,586	1,380	1,332	-	-	2,471,287	1,701,918
Total expected outflows	3,965,272	2,839,359	52,160	62,468	-	-	4,017,432	2,901,827

	Within 1 Year		**1 to 5 years**		**Over 5 years**		**Total**	
Consolidated Group	2018 $	2017 $	2018 $	2017 $	2018 $	2017 $	2018 $	2017 $
Financial Assets - cash flows realisable								
Cash and cash equivalents	9,529	3,487	-	-	-	-	9,529	3,487
Trade, term and loans receivables	17,164	982,233	-	-	-	-	17,164	982,233
Total anticipated inflows	26,693	985,720	-	-	-	-	26,693	985,720
Net (outflow) / inflow on financial	(3,938,579)	(1,853,639)	(52,160)	(62,468)	-	-	(3,990,739)	(1,916,107)

c. Market Risk

i. *Foreign currency risk*

Exposure to foreign currency 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 are as follows:

	Group	
United States Dollars	2018 $	2017 $
Cash and cash equivalents	1,090	1,531
Current trade and other receivables	18	17
Non-current other financial assets		
Current trade and other payables	(1,964,951)	(1,301,163)
Non-current borrowings	(22,160)	(32,467)
	(1,986,002)	(1,332,082)

Note 26: Financial Risk Management (Cont'd)

The following significant exchange rates were applied during the year

	Average rates		Spot Rate	
$1 AUD	**2018**	**2017**	**2018**	**2017**
United States	0.775	0.755	0.739	0.766

iii. ***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 (other than those arising from interest rate risk or current risk) for commodities.

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 of how profit and equity values reported at the end of the reporting period 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.

	Group	
Year ended 30 June 2018	**Profit $**	**Equity $**
100 basis points in interest rates	109	109
+/- 10% in $A/$US	94,624	94,624

	Group	
Year ended 30 June 2017	**Profit $**	**Equity $**
100 basis points in interest rates	988	988
+/- 10% in $A/$US	62,024	62,024

There have been no changes in any of the methods or assumptions used to prepare the above sensitivity analysis from the prior year.

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 amounts 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 (ie trade receivables, held-to maturity assets, loan liabilities), are to be held until maturity and therefore the fair value figures calculated bear little relevance to the Group.

	Note	**2018**		**2017**	
Consolidated Group		Carrying Amount $	Fair Value $	Carrying Amount $	Fair Value $
Financial assets					
Cash and cash equivalents	10	9,529	9,529	3,487	3,487
Trade and other receivables:		17,164	17,164	982,233	982,233
Total financial assets		26,693	26,693	985,720	985,720
Financial liabilities					
Trade and other payables	16	3,652,187	3,652,187	2,541,873	2,541,873
Borrowings	18	365,245	365,245	359,954	359,954
Total financial liabilities		4,017,432	4,017,432	2,901,827	2,901,827

Note 27 Reserves

Foreign Currency Translation Reserve

The foreign currency translation reserve records exchange differences arising on translation of a foreign controlled subsidiary. Refer to Changes in Equity section on page 17 for further details of movement for the reporting period.

Note 28 Economic Dependency

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

Note 28 Company Details

The registered office of the company is:

EnviroMission Limited
238 Albert Road
South Melbourne Vic 3205

The principal places of business are:

EnviroMission Limited
238 Albert Road
South Melbourne Vic 3205

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

In accordance with a resolution of the directors of EnviroMission Limited, the directors if the company declare that:

1. the financial statements and notes, as set out on pages 15 to 41, are in accordance with the Corporations Act 2001 and:
   (a) comply with Australian Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards; and
   (b) give a true and fair view of the financial position as at 30 June 2018 and of the performance for the year ended on that date of the consolidated group;
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; and
3. the directors have been given the declarations required by section 295A of the Corporations Act 2001 from the Chief Executive Officer and Chief Financial Officer.

This declaration is made in accordance with a resolution of the Board of Directors

Director

Roger C Davey

Dated this 20 December 2018

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AUDIT

Level 13, Freshwater Place, 2 Southbank Boulevard,
Southbank VIC 3006

Phone: 03 9690 5700
Facsimile: 03 9690 6509
Website: www.morrows.com.au

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF ENVIROMISSION LIMITED

Report on the Financial Report

Opinion

We have audited the financial report of EnviroMission Limited, the Company and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2018, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2018 and of its financial performance for the year ended on that date;

(ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and

(iii) complying with International Financial Reporting Standards as disclosed in Note 1.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Group in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1(r) in the financial report which indicates that the ability of the Company to continue as a going concern is dependent on its ability to raise capital required to meet its ongoing commitments and advance its objectives. The events and conditions, including the loss for the period, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern and therefore the Company may be unable to realise its assets and discharge its liabilities in the normal course of business at amounts stated in the financial report.

Our opinion is not modified in respect of this matter.

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF ENVIROMISSION LIMITED

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
1) Intangible assets Refer to Note 14 ($1,175,139)	
As at 30 June 2018 the Group had intangible assets represented by licence fees and development costs relating to the development and marketing of solar towers internationally amounting to $1,175,139. An impairment risk arises if the recoverable value (its ability to generate income in the future) is less than the net carrying amount of intangible assets.	Management has performed a review of its financial models for indicators of impairment. Management's financial models were prepared in conjunction with third parties who have entered into or expressed an interest in the development and marketing of the solar tower concept. These financial modelling demonstrates the positive cashflows that could be achieved once the solar tower project moves from development to commercial operational phase. We discussed and assessed management's assumptions and methodologies as well as third-party models and obtained representations from management that these financial models were management's best estimates at the date of these financial statements. We also assessed agreements entered into by the Group with third-parties interested in the use of the technology.

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF ENVIROMISSION LIMITED

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2018, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Directors are responsible for overseeing the Company's financial reporting process.

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AUDIT

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF ENVIROMISSION LIMITED

Auditor's Responsibility for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/auditors_responsibilities/ar1.pdf. This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in included in the directors' report for the year ended 30 June 2018.

In our opinion, the Remuneration Report of EnviroMission Limited, for the year ended 30 June 2018, complies with section 300A of the Corporations Act 2001.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Morrows

MORROWS AUDIT PTY LTD

L.S. WONG
Director

Melbourne: 20 December 2018

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

The following information is current as at 17 December 2018:

1. **Shareholding**

a. **Distribution of Shareholders**

Category (size of holding)	No. of Holders	No. of Ordinary Shares
1 – 1,000	42	13,184
1,001 – 5,000	357	1,235,565
5,001 – 10,000	352	2,991,100
10,001 – 100,000	770	30,170,215
100,001 – and over	341	530,932,617
	1,862	565,342,681

b. The minimum marketable parcel size is 5,000 (2017: 5,000) shares and the number of shareholdings held that is less than marketable parcel is 304 (2017: 299)

c. The names of the substantial shareholders listed in the holding company's register are:

Shareholder	Number of Ordinary Fully Paid Shares Held	% Held of Issued Ordinary Capital
Mr Charles Wells	43,386,186	7.67%
HSBC Custody Nominees (Australia) Limited	42,061,908	7.44%
Canterbury Mint Pty Ltd	28,000,000	4.95%

d. **Voting Rights**
All shares carry one vote per share without restriction

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	7.67%
2.	HSBC Custody Nominees (Australia) Limited	42,061,908	7.44%
3.	Canterbury Mint Pty Ltd	28,000,000	4.95%
4.	Mr Christopher Davey	16,825,071	2.98%
5.	Canterbury Mint Pty Ltd <Canterbury Mint S/Fund A/C>	15,273,406	2.70%
6.	Rustic Court Pty Ltd <Fletcher Family S/F A/C>	14,283,334	2.53%
7.	Ian K Nixon Pty Ltd <Ian K Nixon Super Fund A/C>	13,850,000	2.45%
8.	Mr Christopher James Davey	12,752,257	2.26%
9.	Andelou Pty Ltd	12,000,001	2.12%
10.	Bond Street Custodians Limited <Presvi-D09250A/C>	11,602,777	2.05%
11.	Mr Roger Davey	11,280,000	2.00%
12.	Sunshine Energy (Aust) Pty Ltd	10,714,286	1.90%
13.	Mostol Pty Ltd <The Mostol A/C>	10,678,796	1.89%
14.	Ms Kim Elizabeth Forte	10,000,000	1.77%
15.	Maureen F B Nixon Pty Ltd <Maureen F B Nixon S/F A/C>	9,030,000	1.60%
16.	Terstan Nominees Pty Ltd <Morrows P/L Super Fund A/C>	8,901,110	1.57%
17.	Carmes Holdings Pty Ltd <Ayerbe Super Fund A/C>	8,456,424	1.50%
18.	Log Creek Pty Ltd	7,692,308	1.36%
19.	Asgard Capital Management Ltd <0604525 Auld Super Fund A/C>	7,388,889	1.31%
20.	Ms Kim Elizabeth Forte	6,868,486	1.21%
		301,045,239	53.26%

2. Registers of securities are held at the following addresses
   Computershare Investors Ser
   Yarra Falls
   452 Johnson Street
   Abbotsford, Victoria 3067

5. **Stock Exchange Listing**
   Quotation has been granted for all the ordinary shares of the company on all Member Exchanges of the Australian Securities Exchange Limited.