

**ENVIROMISSION LIMITED
AND CONTROLLED ENTITES**

ABN: 52 094 963 238

**Financial Report For The Year Ended
30 June 2022**

ENVIROMISSION LIMITED AND CONTROLLED ENTITIES

ABN: 52 094 963 238

Financial Report For The Year Ended 30 June 2022

CONTENTS	Pages
Directors' Report	1
Consolidated Statement of Profit or Loss and Other Comprehensive Income	5
Consolidated Statement of Financial Position	6
Consolidated Statement of Changes in Equity	7
Consolidated Statement of Cash Flows	8
Notes to the Financial Statements	9
Directors' Declaration	30
Auditor's Independence Declaration	31
Independent Auditor's Report	32

ENVIROMISSION LIMITED AND CONTROLLED ENTITIES
ABN: 52 094 963 238
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 2022.

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:

Pierre Koshakji

Chairman (Appointed 5 December 2018)

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 was 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 served as chair of the executive committee of the National Energy Marketers Association (USA) and served on its board of directors through 2021.

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.

Andrew J Draffin

Non-Executive Director

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 over 17 years experience.

Andrew Forte

Executive Director (appointed 30 May 2022)

Andrew has worked for Enviromission for 15 years and has extensive knowledge of finance, securities, intellectual asset management and IT related activities. He was awarded the Griffith University's 'Award for Academic Excellence 2018' upon completion of his MBA, has completed his PGDip in Business Administration and secured a certificate 3 in Engineering and Production systems

John Hassard

Non-Executive Director (appointed 10 March 2020, Resigned 27 May 2022)

Dr Hassard has led on the development of the Enviromission Intellectual Property portfolio for the last five years; he has been working in the renewable energy sector for the last 21 years and on the Solar Cyclone Tower for over 5 years. He has a PhD in Particle Physics, and was a Faculty member of both Harvard University and Cornell University, for over 5 years and of Imperial College for over 32 years. In addition to managing the IP portfolio, Dr Hassard leads on the SCT development in the Middle East North Africa region. Long-term leave of absence in the GCC for over 8 years and currently lives there and the UK. Founded 9 companies in the UK and Middle East, from which he has successfully exited four. Award-winning technologies and many patents in optoelectronics, biotechnology and biomedicine, environmental sensing- Hassard is skilled in IP management, renewable energy and in security Co-founded the Institute for Security, Science and Technology at Imperial College. He has pioneered successful classes such as Environmental Physics and Entrepreneurship for Physicists Over 300 refereed publications across a wide range of physics topics

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

Roger C Davey
Chairman (Deceased 23 January 2022)

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.

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.

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 11: 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

August 2022 to present:

Proceeding The Company's AGM held in August 2022, EnviroMission ("the company") is pleased to report to Shareholders the following progress that has been made with the company's commercialisation and development objectives:

Completion of the Technology Road Map.

The Company is pleased to report the Technology Road Map (TRM) has been completed subject to further evolutions materialising that contribute to communicating any future developments or pivots in the company's current strategic direction. As previously disclosed to Shareholders, the TRM is a critical asset for the company as it communicates and outlines the company's development and R&D initiatives whilst also providing scope on varying market opportunities. The company extends its gratitude to the entire Technology Team for their tireless efforts in contributing to the TRMs completion.

Modelling evolution - progress update.

The company can confirm significant progress has been made with upgrading the potential performance of the company's technology assets through pre FEED modelling. This asset evolution is being developed by the company's lead modelling engineer, Valerie Schafer, in conjunction with Christopher Davey and support from various members of the technology advisory team with current estimates signalling an increase in base load performance has been achieved with ancillary components to be built in upon finalising the base load inputs and equations. It is important to note this work precedes the FEED work that informs all site specific projects, however, it is envisaged this work will save the engineering firm tasked with completing FEED considerable time and effort and in parallel likely reduce the total cost of the process.

Creating liquidity for our Shareholders.

The Company continues to explore liquidity opportunities that will provide Shareholders and Investors alike an opportunity to trade EnviroMission securities whilst also potentially providing the company with an opportunity to raise working/project capital. Initial discussions with various third party market makers across a diverse spectrum of market platforms has been undertaken with a number of options being considered. Although no definitive decision has been made as to which pathway is optimal for all stakeholders the company can confirm all options will be explored and considered with extensive Due Diligence supporting any proposals put to Shareholders.

New appointments to the Development Team

As previously disclosed, the company is pleased with the recent appointment of Dr Ilan Kuppusamy to the company's development team. Dr Kuppusamy is a nano technologist who brings a wealth of knowledge capital to our experienced team with particular expertise relating to PV (photo voltaic technology). It is also worth noting Dr Kuppusamy has extensive contacts in the Solar PV industry and could potentially introduce the company to many new and exciting pathways.

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

DP SOLRE PVT LTD (SOLRE) Joint Venture Agreement update.

The above initiatives and work to date have been designed to support the JV in India whilst also developing IP for deployment within other jurisdictions and additional partners. Members of the Company have met with SOLRE in person, both in Australia and overseas, and the Company continues to seek clarity around a definitive timeline to funding and in turn the commencement of FEED work.

To date the Company has not received the funding contemplated in the JV. Notwithstanding the Company continues to progress the project where it can and looks forward to capitalizing on opportunities in India.

US migration update.

As previously disclosed, the company is exploring options to change its domicile to the US in order to leverage the many commercial benefits of operating as an US domiciled entity. The company recently held meetings with Australian & US based counsel to ascertain the regulatory hurdles and costs to achieve the objective of a migration to the US and any other barriers and challenges associated with a move. The regulatory process is intensive and will incur material cost that needs to be budgeted and funded with the Company currently exploring funding options but at this time it is not the primary focus.

Future Developments, Prospects and Business Strategies

EnviroMission continues to work with its previously disclosed partners, to bring to fruition the earmarked development of projects in multiple jurisdictions whilst also working on securing a number of Commercial in Confidence transactions that inform project development in varying geographical locations. EnviroMission plans on leveraging its solidified relationships to further the development of PV technology.

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 \$1,213,748 (2021: \$1,575,090) after providing for income tax.

Review of financial position

The net position of the Group has decreased by \$658,782 from net liabilities of \$5,598,724 at 30 June 2021 to net liabilities of \$6,257,507 at 30 June 2022.

The Group has increased its borrowings by \$523,148 from \$2,467,096 at 30 June 2021 to \$2,990,244 at 30 June 2022.

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

Further to the general operational update above, the Company recently received correspondence from SOLRE whereby they sought clarity around certain aspects of the Joint Venture Agreement (JVA) between the parties. The Company responded accordingly and provided its own questions, concerns and points for clarity, with SOLRE subsequently claiming the "JVA is in hiatus", a term that is not referenced or acknowledged in the JVA, "for a period of 7 days", from 16 November 2022.

The Company continues to engage with SOLRE but is concerned with the pace of progress being delivered and level of communication being afforded. Further updates will be provided as developments materialise.

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 an 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

Attendances by each director during the year up to the date of this report are as follows:

	Directors' Meetings	
	Number eligible to attend	Number attended
Andrew J Draffin	4	4
Pierre Koshakji	4	4
John Hassard	3	3
Andrew Forte	1	1
Roger C Davey	0	0

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

Indemnifying Officers or Auditor

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

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 2022 has been received and can be found on page 5 of the Financial Report.

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



Mr Andrew Draffin
Director

Dated 17 November 2022

ENVIROMISSION LIMITED AND CONTROLLED ENTITIES
ABN: 52 094 963 238
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2022

		Consolidated Group	
	Note	2022	2021
		\$	\$
Continuing operations			
Revenue	3	-	12,493
Unrealised foreign currency gains/ (loss)	4	(95,704)	75,229
Employee benefits expense	4	(125,364)	(124,988)
Contracting & consulting costs		(481,286)	(1,129,307)
Corporate costs		(69,236)	(39,742)
Occupancy costs		(71,527)	(37,684)
Travel costs		(1,142)	-
Administrative expenses from ordinary activities		(57,746)	(53,871)
Audit fees	7	(22,000)	(20,000)
Depreciation and amortisation expense	4	-	-
Finance costs	4	(267,743)	(257,220)
Other expenses from ordinary activities		(22,000)	-
Loss before income tax		<u>(1,213,748)</u>	<u>(1,575,090)</u>
Tax expense	5	-	-
Loss after income tax		<u>(1,213,748)</u>	<u>(1,575,090)</u>
Other comprehensive income:			
Items that will be reclassified subsequently to profit or loss when specific conditions are met:			
Exchange differences on translating foreign operations, net of tax		<u>(327,468)</u>	<u>427,737</u>
Total other comprehensive income/(loss) for the year		<u>(327,468)</u>	<u>427,737</u>
Total comprehensive income for the year		<u>(1,541,216)</u>	<u>(1,147,353)</u>

The accompanying notes form part of these financial statements.

ENVIROMISSION LIMITED AND CONTROLLED ENTITIES
ABN: 52 094 963 238
STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022

		Consolidated Group	
	Note	2022	2021
		\$	\$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	9	76,686	31,117
Trade and other receivables	10	94,537	44,541
TOTAL CURRENT ASSETS		<u>171,223</u>	<u>75,658</u>
NON-CURRENT ASSETS			
Intangible assets	12	2,237,176	1,847,957
TOTAL NON-CURRENT ASSETS		<u>2,237,176</u>	<u>1,847,957</u>
TOTAL ASSETS		<u>2,408,399</u>	<u>1,923,615</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	13	883,763	4,967,348
Borrowings	14	283,901	279,403
Provisions	15	100,232	87,895
TOTAL CURRENT LIABILITIES		<u>1,267,896</u>	<u>5,334,646</u>
NON-CURRENT LIABILITIES			
Trade and other payables	13	4,691,666	-
Borrowings	14	2,706,343	2,187,693
TOTAL NON-CURRENT LIABILITIES		<u>7,398,009</u>	<u>2,187,693</u>
TOTAL LIABILITIES		<u>8,665,905</u>	<u>7,522,339</u>
NET ASSETS		<u>(6,257,506)</u>	<u>(5,598,724)</u>
EQUITY			
Issued capital	16	43,254,412	42,371,978
Reserves	23	371,066	698,534
Retained earnings		(49,882,984)	(48,669,236)
TOTAL EQUITY		<u>(6,257,506)</u>	<u>(5,598,724)</u>

The accompanying notes form part of these financial statements.

ENVIROMISSION LIMITED AND CONTROLLED ENTITIES
ABN: 52 094 963 238
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2022

	Ordinary	Retained	Foreign Currency	Total
		Earnings	Translation	
			Reserve	
	\$	\$	\$	\$
Consolidated Group				
Balance at 1 July 2020	41,671,478	(47,094,146)	270,797	(5,151,871)
Comprehensive income				
Loss for the year	-	(1,575,090)	-	(1,575,090)
Other comprehensive income for the year	-	-	427,737	427,737
Total comprehensive income for the year	-	(1,575,090)	427,737	(1,147,353)
Transactions with owners, in their capacity as owners, and other transfers				
Shares issued during the year	700,500	-	-	700,500
Total transactions with owners and other transfers	700,500	-	-	700,500
Balance at 30 June 2021	42,371,978	(48,669,236)	698,534	(5,598,724)
Balance at 1 July 2021	42,371,978	(48,669,236)	698,534	(5,598,724)
Comprehensive income				
Loss for the year	-	(1,213,748)	-	(1,213,748)
Other comprehensive income for the year	-	-	(327,468)	(327,468)
Total comprehensive income for the year	-	(1,213,748)	(327,468)	(1,541,216)
Transactions with owners, in their capacity as owners, and other transfers				
Shares issued during the year	882,434	-	-	882,434
Total transactions with owners and other transfers	882,434	-	-	882,434
Balance at 30 June 2022	43,254,412	(49,882,984)	371,066	(6,257,506)

The accompanying notes form part of these financial statements.

ENVIROMISSION LIMITED AND CONTROLLED ENTITIES
ABN: 52 094 963 238
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2022

	Note	Consolidated Group	
		2022	2021
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest income		-	-
Covid-19 government assistance received		-	12,493
Payments to suppliers and employees		(778,650)	(785,170)
Net cash generated by operating activities	19a	<u>(778,650)</u>	<u>(772,677)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for intangible assets		(313,472)	(93,110)
Net cash provided by (used in) investing activities		<u>(313,472)</u>	<u>(93,110)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		882,434	635,500
Repayment of borrowings		-	-
Proceeds from borrowings		255,257	196,334
Net cash provided by (used in) financing activities		<u>1,137,691</u>	<u>831,834</u>
Net increase in cash held		45,569	(33,953)
Cash and cash equivalents at beginning of financial year		31,117	65,070
Effect of exchange rates on cash holdings in foreign currencies		-	-
Cash and cash equivalents at end of financial year	9	<u><u>76,686</u></u>	<u><u>31,117</u></u>

The accompanying notes form part of these financial statements.

ENVIROMISSION LIMITED AND CONTROLLED ENTITIES
ABN: 52 094 963 238
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

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 17 November 2022 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 11.

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.

Goodwill

Goodwill is carried at cost less any accumulated impairment losses. Goodwill is calculated as the excess of the sum of:

- (i) the consideration transferred at fair value;
- (ii) any non-controlling interest (determined under either fair value or proportionate interest method); and
- (iii) the acquisition date fair value of any previously held equity interest;

over the acquisition date fair value of any identifiable assets acquired and liabilities assumed.

The acquisition date fair value of the consideration transferred for a business combination plus the acquisition date fair value of any previously held equity interest shall form the cost of the investment in the separate financial statements.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Group.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable AASB Accounting Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under AASB 139: Financial Instruments: Recognition and Measurement, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

The amount of goodwill recognised on acquisition of each subsidiary in which the Group holds less than 100% interest will depend on the method adopted in measuring the non-controlling interest. The Group can elect in most circumstances to measure the non-controlling interest in the acquiree either at fair value (full goodwill method) or at the non-controlling interest's proportionate share of the subsidiary's identifiable net assets (proportionate interest method). In such circumstances, the Group determines which method to adopt for each acquisition and this is stated in the respective note to the financial statements disclosing the business combination.

ENVIROMISSION LIMITED AND CONTROLLED ENTITIES

ABN: 52 094 963 238

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

Note 1: Summary of Significant Accounting Policies (continued)

Under the full goodwill method, the fair value of the non-controlling interest is determined using valuation techniques which make the maximum use of market information where available.

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

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

(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.

(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.

ENVIROMISSION LIMITED AND CONTROLLED ENTITIES

ABN: 52 094 963 238

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

Note 1: Summary of Significant Accounting Policies (continued)

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.

(e) Leases (the Group as lessee)

The Group as lessee

At inception of a contract, the Group assesses if the contract contains or is a lease. If there is a lease present, a right-of-use asset and a corresponding lease liability is recognised by the Group where the Group is a lessee. However, all contracts that are classified as short-term leases (lease with remaining lease term of 12 months or less) and leases of low-value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

Initially, the lease liability is measured at the present value of the lease payments still to be paid at commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses the incremental borrowing rate.

Lease payments included in the measurement of the lease liability are as follows:

- fixed lease payments less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options;
- lease payments under extension options, if lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The right-of-use assets comprise the initial measurement of the corresponding lease liability as mentioned above, any lease payments made at or before the commencement date as well as any initial direct costs. The subsequent measurement of the right-of-use assets is at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset whichever is the shortest. Where a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group anticipates to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

In the 2020 reporting period, the Group has chosen to apply AASB 2020-4: Amendments to Australian Accounting Standards - Covid-19-Related Rent Concessions. The application of the practical expedient has been extended to lease payments due on or before 30 June 2022 following the issue of AASB 2021-3: Amendments to Australian Accounting Standards – Covid-19-Related Rent Concessions beyond 30 June 2021.

The practical expedient applies only to leases as a direct consequence of COVID-19 where rent concessions were given. The following conditions need to be met:

- The adjusted lease payments result in revised consideration that is substantially the same as, or less than, the consideration for the lease immediately preceding the adjustment.
- The adjustment in lease payments only applies to payments originally due on or before 30 June 2022.
- There is no substantive change to other terms and conditions of the lease.

(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).

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.

ENVIROMISSION LIMITED AND CONTROLLED ENTITIES

ABN: 52 094 963 238

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

Note 1: Summary of Significant Accounting Policies (continued)

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.

ENVIROMISSION LIMITED AND CONTROLLED ENTITIES

ABN: 52 094 963 238

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

Note 1: Summary of Significant Accounting Policies (continued)

(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 the Company is the currency of the primary economic environment in which that entity operates. The financial statements are presented in Australian dollars, which is the Company'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 exchange differences that arise from net investment hedges.

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 the profit or loss.

Group companies

The financial results and position of foreign operations whose functional currency is different from the entity'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 exchange rates on the date of transaction; and
- all resulting exchange differences are recognised in other comprehensive income.

ENVIROMISSION LIMITED AND CONTROLLED ENTITIES

ABN: 52 094 963 238

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

Note 1: Summary of Significant Accounting Policies (continued)

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.

(j) Employee Benefits

Provision is made for the Group's liability for employee benefits arising from services rendered by 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.

ENVIROMISSION LIMITED AND CONTROLLED ENTITIES

ABN: 52 094 963 238

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

Note 1: Summary of Significant Accounting Policies (continued)

(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 ability of the Company to continue as a going concern is dependent on the Company being able to raise sufficient capital required to meet its ongoing commitments and advance its objectives and projects

The Company has continued to raise working capital up to the date of signing this financial report via a number of sources, that include equity issues, issuance of convertible notes and loan funds.

The Company has entered into a MOU with Apollo Development LLC (Apollo) which is a related party of Pierre Koshakji. Under the terms of the MOU, Apollo has been provided scope to raise capital on a scale necessary to facilitate the development of Solar Towers in North and Central America. Apollo to date has advanced funds via an unsecured loan to the Company which will ultimately be credited to the MOU and through the purchase of the Company's ordinary shares as described below.

The Apollo MOU inter alia provides for non-refundable funding of \$USD11,000,000 via two tranches.

1. Tranche one contemplates \$USD5,000,000 to be remitted to the Company by way of subscription for ordinary shares in the Company at the \$USD0.20 per share with the funds to be used for the ongoing operational activity requirements for the Company. As of this date, Apollo has remitted to the Company \$USD 275,000.
2. Tranche Two contemplates USD\$6,000,000 to be remitted to a special purpose account for the exclusive use of phase one engineering services of the LaPaz Tower.

The Company has remained in continued contact with its creditors and debt holders which remain cooperative and continue to work with the Company. The majority of creditors are related parties including directors of the Company, all of whom have committed to not to call on amounts outstanding until the Company has secured sufficient funds to settle the outstanding amounts.

Related party creditors and debt holders have agreed to convert their debt to equity at varying rates to extinguish the debts for the most part in their entirety. The proposed debt conversions will be subject to shareholder approval and in the event that such approval is granted will result in the removal of the majority of the debt from the balance sheet of the Company. The issue of shares is also subject to certain milestones which include a change of domicile for the Company to the US, completion of Computational Fluid Dynamics Modelling and or secures \$5mil in investment, licensing fees or other funding. These milestones are intended to align shareholder interests with those of the related parties whereby value is created for all shareholders prior to the vesting conditions to settle related party debts occurs. It is envisaged that that the vesting conditions will not be met in the next 12 months therefore these related party debts have been re-classified as non-current liabilities from current liabilities.

Mr Koshakji and Mr Draffin have issued a convertible notes to fund the company in the intervening period whilst capital raising opportunities are explored. The Company currently operates under a low operational overhead environment.

The Company continues to pursue other opportunities independent of the above initiatives which are considered secondary, however, they do provide scope for the ongoing future of the Company.

The Board has progressed discussions on domiciling the Company in the USA where it will seek a listing on a US exchange, most likely on the OTC in the first instance which will open up further avenues to capital as and when required. This initiative is not primary and will incur significant cost to execute which will be budgeted into the above objectives.

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

It is also noted that subject to any regulatory approvals for the conversion of debt to equity, the advancement of projects in India and North America together with the continued creation of complementary intellectual property that the Company would return to a net asset position.

ENVIROMISSION LIMITED AND CONTROLLED ENTITIES

ABN: 52 094 963 238

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**Note 1: Summary of Significant Accounting Policies (continued)****(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 statements 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 2 Parent Information

	2022	2021
	\$	\$
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.		
STATEMENT OF FINANCIAL POSITION		
ASSETS		
Current Assets	170,000	75,098
Non-current Assets	1,338,680	1,053,682
TOTAL ASSETS	<u>1,508,680</u>	<u>1,128,780</u>
LIABILITIES		
Current Liabilities	2,350,173	3,357,476
Non-current Liabilities	1,299,544	-
TOTAL LIABILITIES	<u>3,649,717</u>	<u>3,357,476</u>
NET ASSETS	<u>(2,141,037)</u>	<u>(2,228,696)</u>
EQUITY		
Issued Capital	43,254,412	42,371,978
Accumulated losses	(45,395,449)	(44,600,674)
TOTAL EQUITY	<u>(2,141,037)</u>	<u>(2,228,696)</u>

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Total Loss	(794,775)	(890,353)
Total comprehensive income	<u>(794,775)</u>	<u>(890,353)</u>

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 2022 (2021: nil) or to the date of this report.

Note 3 Revenue and Other Income

	Group	
	2022	2021
	\$	\$
(a) Revenue from continuing operations		
Other revenue		
— interest received	-	3
— Covid-19 Government Assistance	-	12,490
	<u>-</u>	<u>12,493</u>
Total revenue	<u>-</u>	<u>12,493</u>

ENVIROMISSION LIMITED AND CONTROLLED ENTITIES
ABN: 52 094 963 238
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

Note 4 Profit for the Year

	Group	
	2022	2021
	\$	\$
Loss before income tax from continuing operations includes the following specific expenses:		
(a) Expenses		
Interest expense on financial liabilities not at fair value through profit or loss:		
— Other persons	267,743	257,220
Total finance cost	<u>267,743</u>	<u>257,220</u>
Depreciation on property, plant & equipment	-	-
Employee benefits expense	125,364	124,988
Rental expense on operating leases		
— minimum lease payments	<u>64,000</u>	<u>37,091</u>
(b) Significant Revenue and Expenses		
The following significant revenue and expense items are relevant in explaining the financial performance:		
Foreign currency translation gain/(loss)	(95,704)	75,229
Other income	-	12,493

Note 5 Tax Expense

	Group	
	2022	2021
	\$	\$
(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 25% (2021: 26%)	(303,437)	(564,123)
Add:		
Tax effect of:		
— Non-deductible expenses	<u>57,703</u>	<u>13,716</u>
	(245,734)	(550,407)
Less:		
Tax effect of:		
— Non-assessable income	-	(20,688)
— Other deductible expenses	(34,443)	11,103
— Provision for doubtful debts	-	-
— Income tax losses carried forward not taken up	<u>(211,291)</u>	<u>(540,822)</u>
Income tax attributable to entity	<u>-</u>	<u>-</u>
Future income tax benefits not brought to account as deferred tax assets	11,804,640	11,593,349

Note 5: Tax Expense (continued)

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

	2022			2021		
	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	327,468	-	327,468	(427,737)	-	(427,737)
	<u>327,468</u>	<u>-</u>	<u>327,468</u>	<u>(427,737)</u>	<u>-</u>	<u>(427,737)</u>

ENVIROMISSION LIMITED AND CONTROLLED ENTITIES

ABN: 52 094 963 238

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

Note 6 Key Management Personnel Compensation

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

	2022	2021
	\$	\$
Short-term employee benefits	590,693	904,251
Total KMP compensation	<u>590,693</u>	<u>904,251</u>

Short-term employee benefits

These amounts include fees and benefits paid to the non-executive chair and non-executive directors as well as all salary, paid leave benefits, fringe benefits and cash bonuses awarded to executive directors and other key management personnel.

Post-employment benefits

These amounts are the current year's estimated costs of providing for the Group's defined benefits scheme post-retirement, superannuation contributions made during the year and post-employment life insurance benefits.

KMP Remuneration

	Rem related to performance			Rem not related to performance		Total	Total outstanding as at 30 June 2022
	Non-salary cash based incentives	Shares/Units	Options/Rights	Fixed Salary/Fees			
2022	\$	\$	\$	\$	\$	\$	
Roger C Davey	-	-	-	187,500	187,500	1,292,922	
Andrew Forte	-	-	-	110,000	110,000	-	
Andrew J Draffin	-	-	-	-	-	-	
Pierre Koshakji	-	-	-	-	-	-	
Christopher J Davey	-	-	-	223,193	223,193	2,625,082	
Kim Forte	-	-	-	180,000	180,000	706,799	
John Hassard	-	-	-	-	-	-	
	-	-	-	700,693	700,693	4,624,803	
	Rem related to performance			Rem not related to performance		Total	Total outstanding as at 30 June 2021
	Non-salary cash based incentives	Shares/Units	Options/Rights	Fixed Salary/Fees			
2021	\$	\$	\$	\$	\$	\$	
Roger C Davey	-	-	-	375,000	375,000	1,089,521	
Andrew J Draffin	-	-	-	-	-	-	
Pierre Koshakji	-	-	-	-	-	-	
Christopher J Davey	-	-	-	289,251	289,251	2,128,165	
Kim Forte	-	-	-	240,000	240,000	742,281	
John Hassard	-	-	-	-	-	-	
	-	-	-	904,251	904,251	3,959,967	

With the exception of Andrew Forte, the remuneration as contpleted above ceased at 31 March 2022. From 1 April 2022 the KMP's disclosed above (Andrew Forte excluded) have worked on a without fee basis. New services agreemets will be struck with all service providers in due course. Remuneration for Roger Davey ceased at his passing.

The above amounts were largely accrued and not paid during the reporting periods and therefore form part of the debt due to related parties which is proposed to be converted to equity subject to the conditions as outlined in Note 1(r). Further details on amounts due to related parties can be found within Note 21 below.

ENVIROMISSION LIMITED AND CONTROLLED ENTITIES

ABN: 52 094 963 238

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

Note 6: Key Management Personnel Compensation (continued)

KMP and KMP Related Entities Shareholdings

	Balance at beginning of year	Granted as remuneration during the year	Issued on exercise of options during the year	Other changes during the year	Balance at end of year
30 June 2022					
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
Pierre Koshakji	-	-	-	-	-
Andrew Forte	-	-	-	-	-
	<u>117,239,976</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>117,239,976</u>
	Balance at beginning of year	Granted as remuneration during the year	Issued on exercise of options during the year	Other changes during the year	Balance at end of year
30 June 2021					
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
Pierre Koshakji	-	-	-	-	-
Kim Forte	19,868,486	-	-	-	19,868,486
	<u>117,239,976</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>117,239,976</u>

Other KMP Transactions

There have been no other transactions involving equity instruments other than those described in the tables above.

For details of other transactions with KMP, refer to Note 21: Related Party Transactions.

Note 7 Auditor's Remuneration

	Group	
	2022	2021
	\$	\$
Remuneration of the auditor for:		
— auditing or reviewing the financial statements	20,000	20,000
	<u>20,000</u>	<u>20,000</u>

Note 8 Dividends

No dividends were paid or declared during the financial year.

Note 9 Cash and Cash Equivalents

	Note	Group	
		2022	2021
		\$	\$
Cash at bank and on hand		76,686	31,117
	22	<u>76,686</u>	<u>31,117</u>

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:

Cash and cash equivalents	76,686	31,117
	<u>76,686</u>	<u>31,117</u>

ENVIROMISSION LIMITED AND CONTROLLED ENTITIES
ABN: 52 094 963 238
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

Note 10 Trade and Other Receivables

	Group	
	2022	2021
	\$	\$
CURRENT		
Trade receivables		
- Other receivables	94,537	44,541
Total current trade and other receivables	94,537	44,541

(a) 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.

	Current	>30 days past due	>60 days past due	>90 days past due	Total
	\$	\$	\$	\$	\$
2022					
Expected loss rate	-	-	-	-	-
Gross carrying amount	94,537	-	-	-	94,537
Loss allowing provision	-	-	-	-	-
2021					
Expected loss rate	-	-	-	-	-
Gross carrying amount	44,541	-	-	-	44,541
Loss allowing provision	-	-	-	-	-

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 10. 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	
	2022	2021
	\$	\$
AUD		
Australia	94,518	44,523
United States	19	18
	94,537	44,541

	Note	Group	
		2022	2021
		\$	\$
(a) Financial Assets Measured at Amortised Cost			
Trade and other Receivables			
— Total current		94,537	44,541
— Total non-current		-	-
Total financial assets measured at amortised cost	22	94,537	44,541

(b) Collateral Pledged

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

ENVIROMISSION LIMITED AND CONTROLLED ENTITIES
ABN: 52 094 963 238
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

Note 11 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	
		2022	2021
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%

Note 12 Intangible Assets

	Group	
	2022	2021
	\$	\$
Trademarks and licences		
Cost	10,552,284	10,552,284
Accumulated amortisation and impairment losses	(10,152,284)	(10,152,284)
Net carrying amount	<u>400,000</u>	<u>400,000</u>
Development costs		
Cost	1,430,594	1,354,848
Accumulated amortisation and impairment losses	-	-
Net carrying amount	<u>1,430,594</u>	<u>1,354,848</u>
Intellectual Property		
Cost	406,582	93,109
Accumulated amortisation and impairment losses	-	-
Net carrying amount	<u>406,582</u>	<u>93,109</u>
Total intangible assets	<u>2,237,176</u>	<u>1,847,957</u>

Consolidated Group:

	Development Costs	Trademarks & Licences	Intellectual Property	Total
	\$	\$		\$
Year ended 30 June 2021				
Balance at the beginning of the year	1,428,492	400,000	-	1,828,492
Additions	-	-	93,109	93,109
Movement in foreign currency	(73,644)	-	-	(73,644)
	<u>1,354,848</u>	<u>400,000</u>	<u>93,109</u>	<u>1,847,957</u>
Year ended 30 June 2022				
Balance at the beginning of the year	1,354,848	400,000	93,109	1,847,957
Additions	-	-	313,473	313,473
Movement in foreign currency	75,746	-	-	75,746
Closing value at 30 June 2022	<u>1,430,594</u>	<u>400,000</u>	<u>406,582</u>	<u>2,237,176</u>

The Company has adopted an Accounting Policy whereby it capitalises all costs directly attributable to the Development of the La Paz Solar Tower technology in Arizona and the development of complementary Intellectual Property (IP) that will enhance the development of Solar Towers in both Arizona and other jurisdictions.

ENVIROMISSION LIMITED AND CONTROLLED ENTITIES

ABN: 52 094 963 238

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

Note 13: Intangible Assets (continued)

In order to capitalize certain costs in accordance with AASB 138 – Intangible Assets, the relevant asset where costs are being capitalized must be deemed to be in the Development Stage. The Development Stage of the La Paz Solar Power Tower was reached in conjunction with the Power Purchase Agreement executed with the Southern California Public Power Authority (SCPPA) therefore expenditure incurred after this date has been capitalised in line with the Company's policy, notwithstanding that the agreement with SCPPA was subsequently terminated via mutual consent.

The value of the Intellectual Property and licenses is dependent on the ability of the Company to generate income streams from the assets. Licensing fee income has been derived from the Company's assets in the past. The Company has also entered into agreements with third parties where inter alia it has agreed to license the use of intellectual property, licenses and any future enhancements with the counter parties in their area of jurisdiction.

An agreement is currently in place with Apollo Development LLC that was executed in January 2018, whereby inter alia \$US11mil will be paid to the Company or its nominee to license IP in order to advance the development of a Solar Tower or Towers in North America.

Both these agreements support the Boards belief that "It is probable that the expected future economic benefits that are attributable to the asset will flow to the entity" in accordance with AASB 138 – Intangible Assets.

It is the Boards view that the current accounting policy for capitalization of certain expenditure as it relates to IP development and the agreements in place comply with AASB 138 whereby "An intangible asset will only be recognized if, and only if:

- (a) It is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- (b) The cost of the asset can be measured reliably.

The above capitalised amounts continue to be carried on the balance sheet in relation the progression of the La Paz Project and other complimentary IP.

The Intangible Assets created are subject to continual impairment testing in accordance with AASB 136.

The Company has considered the impairment indicators has outlined in AASB 136 – Impairment of Assets and confirms that no such indicators were applicable during the financial year ended 30 June 2022 or to the date of this letter. As such, the Company does not consider that a full impairment test is necessary in relation to carrying amount of Intangible Assets.

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 study 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 with the vast majority of this expenditure expected to be capitalized in accordance with the current accounting policy. The Company will also be working in conjunction with its Indian partners to achieve similar objectives as the La Paz project which may be advanced in a shorter time frame.

The Board will continue to consider the impairment indicators on a regular basis and test for impairment as required.

ENVIROMISSION LIMITED AND CONTROLLED ENTITIES
ABN: 52 094 963 238
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

Note 13 Trade and Other Payables

	Note	Group	
		2022	2021
		\$	\$
CURRENT			
Unsecured liabilities			
Trade payables		821,740	658,820
Sundry payables and accrued expenses		62,023	135,500
Amounts payable to related parties			
— key management personnel and their related parties	21(iii)	-	4,173,028
		<u>883,763</u>	<u>4,967,348</u>
NON-CURRENT			
Unsecured liabilities			
Amounts payable to related parties			
— key management personnel and their related parties	21(iii)	4,691,666	-
		<u>4,691,666</u>	<u>-</u>
	Note	Group	
		2022	2021
		\$	\$
(a) Financial liabilities at amortised cost classified as trade and other payables			
Trade and other payables			
— Total current		883,763	4,967,348
— Total non-current		4,691,666	-
Financial liabilities as trade and other payables	22	<u>5,575,429</u>	<u>4,967,348</u>

Note 14 Borrowings

	Group	
	2022	2021
	\$	\$
CURRENT		
Unsecured liabilities (interest free)		
	123,435	128,937
Unsecured liabilities (interest bearing)	160,466	150,466
	<u>283,901</u>	<u>279,403</u>
NON-CURRENT		
Unsecured liabilities (interest free)		
	437,715	294,682
Unsecured liabilities (interest bearing)	2,268,628	1,893,011
	<u>2,706,343</u>	<u>2,187,693</u>

Note 15 Provisions

	Group	
	2022	2021
	\$	\$
Employee Benefits		
Opening balance at 1 July 2021	87,895	75,558
Additional provisions	12,337	12,337
Amounts used	-	-
Balance at 30 June 2022	<u>100,232</u>	<u>87,895</u>

ENVIROMISSION LIMITED AND CONTROLLED ENTITIES
ABN: 52 094 963 238
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

Note 16 Issued Capital

	Group	
	2022	2021
	\$	\$
587,180,969 (2021: 578,356,629) fully paid ordinary shares	43,254,412	42,371,978
	<u>43,254,412</u>	<u>42,371,978</u>

The company has authorised share capital amounting to 587,180,969 ordinary shares.

(a) Ordinary Shares	Group	
	2022	2021
	No.	No.
At the beginning of the reporting period	578,356,629	571,576,629
Shares issued during the year	8,824,340	6,780,000
At the end of the reporting period	<u>587,180,969</u>	<u>578,356,629</u>

During the financial year, 8,824,340 fully paid ordinary shares were issued, raising a total of \$882,434, 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

Summary of options on issue

During the year under review, there are a total of 135,080,000 unlisted options on issue.

Expiry Date	Exercise Price	Number of Options
15 September 2022	\$0.200	1,300,000
15 September 2023	\$0.200	<u>133,780,000</u>
		<u>135,080,000</u>

(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.

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

	Note	Group	
		2022	2021
		\$	\$
Total borrowings and payables	13,14	8,565,673	7,434,444
Less cash and cash equivalents	9	(76,686)	(31,177)
Net debt		<u>8,488,987</u>	<u>7,403,267</u>
Total equity		(6,257,506)	(5,598,724)
Total capital		<u>2,231,481</u>	<u>1,804,543</u>

Note 17 Contingent Liabilities and Contingent Assets

The Company has no contingent liabilities or assets as at 30 June 2022 (2021: None).

ENVIROMISSION LIMITED AND CONTROLLED ENTITIES

ABN: 52 094 963 238

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

Note 18 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:

	2022	2021
	\$	\$
Australia	-	12,493
United States of America	-	-
Total revenue	<u>-</u>	<u>12,493</u>

(ii) Assets by geographical region

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

	2022	2021
	\$	\$
Australia	1,095,172	1,093,459
United States of America	1,313,227	830,156
Total Assets	<u>2,408,399</u>	<u>1,923,615</u>

(iii) Liabilities by geographical region

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

	2022	2021
	\$	\$
Australia	3,678,190	3,357,374
United States of America	4,987,715	4,164,965
Total Liabilities	<u>8,665,905</u>	<u>7,522,339</u>

Note 19 Cash Flow Information

	Group	
	2022	2021
	\$	\$
(a) Reconciliation of Cash Flows from Operating Activities with Profit after Income Tax		
Loss from ordinary activities after income tax	(1,213,748)	(1,575,090)
Non-cash flows in profit		
Depreciation	-	-
Foreign exchange loss/(gain)	(135,324)	461,968
Changes in assets and liabilities		
(Increase)/decrease in trade and term receivables	(49,996)	(20,240)
Increase/(decrease) in trade payables and accruals	608,081	348,348
Increase/(decrease) in provisions	12,337	12,337
Cash flows from operating activities	<u>(778,650)</u>	<u>(772,677)</u>

Note 20 Events After the Reporting Period

The Events After the Reporting Period are as stated within the Directors' Report

ENVIROMISSION LIMITED AND CONTROLLED ENTITIES

ABN: 52 094 963 238

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

Note 21 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	
	2022	2021
	\$	\$
i. Director related Company		
Consultancy fee paid and or accrued to Mr Roger Davey is paid to Canterbury Mint Pty Ltd, a Company of which Mr Davey is a director and shareholder	187,500	375,000
Professional fees paid to DW Accounting & Advisory Pty Ltd, a Company of which Mr Draffin is a director and shareholder	30,000	175
Professional fees paid to QA UK Limited, a Company of which Dr Hassard is a a director and shareholder	313,472	93,110
Interest charged by Mr Pierre Koshakji, who loaned the Company funds via the issuance of a Convertible Note. The interest has been accrued and not paid.	187,735	165,757
ii. Key Management Personnel		
Consultancy fees paid and or accrued to Ms Kim Forte is paid to Kim Forte Consulting, a business of which Ms Forte is a proprietor	180,000	240,000
Rent paid to Ms Kim Forte	64,000	37,091
Consultancy fees accrued to Mr Christopher Davey	223,193	289,251
Other expenses accrued to Mr Christopher Davey	76,607	101,504
	Group	
	2022	2021
	\$	\$
iii. Amounts outstanding to related parties		
Canterbury Mint Pty Ltd	1,292,922	1,302,582
Kim Forte Consulting	706,799	742,281
Christopher Davey	2,625,082	2,128,165
Pierre Koshakji	2,065,086	1,723,454
DW Accounting & Advisory Pty Ltd	37,551	35,250

ENVIROMISSION LIMITED AND CONTROLLED ENTITIES

ABN: 52 094 963 238

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**Note 22 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 9: *Financial Instruments* as detailed in the accounting policies to these financial statements, are as follows:

	Note	Group	
		2022 \$	2021 \$
Financial Assets			
Cash and cash equivalents	9	76,686	31,117
Loans and receivables	10	94,537	44,541
Total Financial Assets		<u>171,223</u>	<u>75,658</u>
Financial Liabilities			
Financial liabilities at amortised cost			
— Trade and other payables	13	5,575,429	4,967,348
— Borrowings	14	2,990,244	2,467,096
Total Financial Liabilities		<u>8,565,673</u>	<u>7,434,444</u>

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 used 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 assets (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 10.

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.

ENVIROMISSION LIMITED AND CONTROLLED ENTITIES
ABN: 52 094 963 238
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

Note 22: Financial Risk Management (continued)

Financial liability and financial asset maturity analysis

Consolidated Group	Within 1 Year		1 to 5 years		Over 5 years		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
	\$	\$	\$	\$	\$	\$	\$	\$
Financial liabilities due for payment								
Borrowings	2,990,244	2,467,096	4,691,666	-	-	-	7,681,910	2,467,096
Trade and other payables	5,575,429	4,967,348	-	-	-	-	5,575,429	4,967,348
Total expected outflows	8,565,673	7,434,444	4,691,666	-	-	-	13,257,339	7,434,444
Consolidated Group	Within 1 Year		1 to 5 years		Over 5 years		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
	\$	\$	\$	\$	\$	\$	\$	\$
Financial Assets - cash flows realisable								
Cash and cash equivalents	76,686	31,117	-	-	-	-	76,686	31,117
Trade, term and loans receivables	94,537	44,541	-	-	-	-	94,537	44,541
Total anticipated inflows	171,223	75,658	-	-	-	-	171,223	75,658
Net (outflow) / inflow on financial instruments	(8,394,450)	(7,358,786)	(4,691,666)	-	-	-	(13,086,116)	(7,358,786)

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	
	2022	2021
	\$	\$
United States Dollars		
Cash and cash equivalents	1,204	542
Current trade and other receivables	19	18
Current trade and other payables	(3,581,016)	(2,989,847)
Current and non-current borrowings	(1,406,800)	(1,175,118)
	<u>(4,986,593)</u>	<u>(4,164,405)</u>

The following significant exchange rates were applied during the year

\$1 AUD	Average rates		Spot Rate	
	2022	2021	2022	2021
United States	0.689	0.752	0.726	0.747

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.

ENVIROMISSION LIMITED AND CONTROLLED ENTITIES
ABN: 52 094 963 238
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

Note 22: Financial Risk Management (continued)

These sensitivities assume that the movement in a particular variable is independent of other variables.

Year ended 30 June 2022	Group	
	Profit \$	Equity \$
100 basis points in interest rates	7,669	7,669
+/- 10% in \$A/\$US	361,942	361,942

Year ended 30 June 2021	Group	
	Profit \$	Equity \$
100 basis points in interest rates	3,112	3,112
+/- 10% in \$A/\$US	310,980	310,980

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	2022		2021	
		Carrying Amount \$	Fair Value \$	Carrying Amount \$	Fair Value \$
Consolidated Group					
Financial assets					
Cash and cash equivalents	9	76,686	76,686	31,117	31,117
Trade and other receivables:	10	94,537	94,537	44,541	44,541
Total financial assets		171,223	171,223	75,658	75,658
Financial liabilities					
Trade and other payables	13	883,763	883,763	4,967,348	4,967,348
Borrowings	14	2,990,244	2,990,244	2,467,096	2,467,096
Total financial liabilities		3,874,007	3,874,007	7,434,444	7,434,444

Note 23 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 8 for further details of movement for the reporting period.

Note 24 Economic Dependency

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

Note 25 Company Details

The registered office and principal place of business of the company is:

EnviroMission Limited
Level 4, 91 William Street
Melbourne Vic 3000

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 of the company declare that:

1. the financial statements and notes, as set out on pages 5 to 29, are in accordance with the Corporations Act 2001 and:
 - (a) comply with Accounting Standards applicable to the entity, 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 2022 and of the performance for the year ended on that date of the company;
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;



Mr Andrew Draffin
Director
Dated 17 November 2022



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 2022 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 AUDIT PTY LTD


A.M. FONG
Director

Melbourne: 17 November 2022

Your financial future,
tailored your way



Morrows Audit Pty Ltd
ABN 18 626 582 232
AAC 509944

Liability limited by a scheme approved under professional standards legislation

A member of

Independent legal & accounting firms



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 2022 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 2022 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.

Your financial future,
tailored your way



Liability limited by a scheme approved under professional standards legislation

Morrows Audit Pty Ltd
ABN 18 626 582 232
AAC 509944





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 2022, 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.





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/ar3.pdf. This description forms part of our auditor's report.



MORROWS AUDIT PTY LTD



A.M. FONG
Director

Melbourne: 17 November 2022

