

Appendix 4E

Preliminary Final Report to the Australian Stock Exchange

Name of Entity	Tidewater Investments Limited
ACN	52 001 746 710
Financial Year Ended	30 June 2013
Previous Corresponding Reporting Period	30 June 2012

Results for Announcement to the Market

	\$	Percentage increase / (decrease) over previous corresponding period
Revenue from ordinary activities	652,744	+ 1.1 %
Profit from ordinary activities after tax attributable to members	318,997	Prior year loss
Loss for the period attributable to members	318,997	Prior year loss
Dividends (distributions)	Amount per security	Franked amount per security
Final Dividend	Nil	-
Previous corresponding period	Nil	-
Record date for determining entitlements to the dividends (if any)	n/a	

Dividends

Date the dividend is payable	n/a
Record date to determine entitlement to the dividend	n/a
Amount per security	n/a
Total dividend	n/a
Amount per security of foreign sourced dividend or distribution	n/a
Details of any dividend reinvestment plans in operation	n/a

The last date for receipt of an election notice for participation in any dividend reinvestment plans	n/a
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NTA Backing

	Current Period	Previous corresponding period
Net tangible asset backing per ordinary security	\$0.066	\$0.053

Other Significant Information Needed by an Investor to Make an Informed Assessment of the Entity's Financial Performance and Financial Position:
See attached Annual Report

Commentary on the Results for the Period

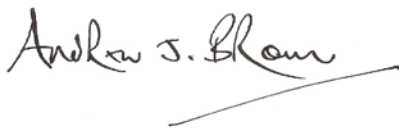
The earnings/(loss) per security and the nature of any dilution aspects:
1.2 cents
Returns to shareholders including distributions and buy backs:
See attached Annual Report
Significant features of operating performance:
See attached Annual Report
The results of segments that are significant to an understanding of the business as a whole:
See attached Annual Report
Discussion of trends in performance:
See attached Annual Report
Any other factor which has affected the results in the period or which are likely to affect results in the future, including those where the effect could not be quantified:
See attached Annual Report

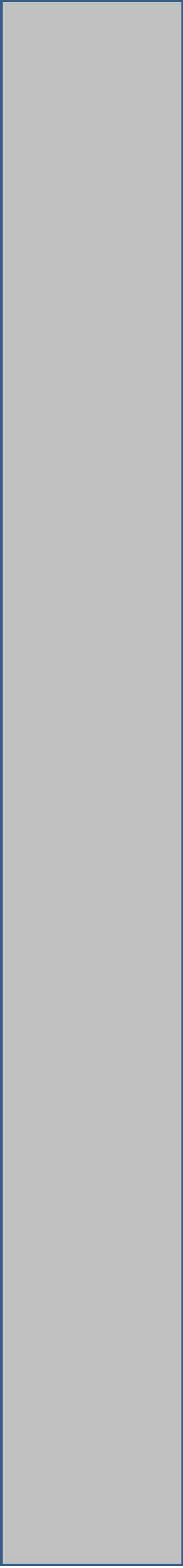
Audit/Review Status

This report is based on accounts to which one of the following applies: (Tick one)			
The accounts have been audited	*	The accounts have been subject to review	
The accounts are in the process of being audited or subject to review		The accounts have not yet been audited or reviewed	
If the accounts have not yet been audited or subject to review and are likely to be subject to dispute or qualification, a description of the likely dispute or qualification: n/a			
If the accounts have been audited or subject to review and are subject to dispute or qualification, a description of the dispute or qualification: n/a			

Attachments Forming Part of Appendix 4E

Attachment #	Details
1	Annual Report

Signed By (Director/Company Secretary)	
Print Name	Andrew Brown
Date	29 July 2013



TIDEWATER INVESTMENTS LIMITED

ABN 52 001 746 710

**ANNUAL REPORT
AND
FINANCIAL STATEMENTS
FOR THE YEAR
TO 30 JUNE 2013**

TIDEWATER INVESTMENTS LIMITED

ABN 52 001 746 710

DIRECTORY

Directors

Paul Young	Non Executive Chairman
Andrew Brown	Managing Director
Stephen Roberts	Non Executive Director

Company Secretary

Andrew Brown

Registered Office

Suite 7.06
2-14 Kings Cross Road
POTTS POINT
NSW 2011

Communications

telephone: (02) 9380 9001
mail: GPO Box 4870, SYDNEY NSW 2001
email: admin@tidewater.com.au

Share Registry

Boardroom Limited
Level 7
207 Kent Street
SYDNEY NSW 2000

Shareholder Enquiries: 1 300 737 760 / (02) 9290 9600

Shareholders requiring clarification of holdings, or requesting changes of name or address should contact Boardroom Limited directly. A variety of requisite forms may be downloaded from www.boardroomlimited.com.au

Bankers

National Australia Bank Limited
255 George Street
SYDNEY NSW 2000

Auditors

BDO East Coast Partnership
Level 11
1 Margaret Street
SYDNEY NSW 2000

Legal Advisers

Watson Mangioni
Level 13
50 Carrington Street
SYDNEY NSW 2000

Controlled Entities

Loftus Lane Investments Pty. Limited
Rowe Street Investments Pty. Limited

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CHAIRMAN and MANAGING DIRECTOR'S REVIEW

Tidewater Investments Limited (**Tidewater**) has generated a modest accounting profit in the year to 30 June 2013, despite the impost of a small capital base and the concentration of exposure in one investment, Adelaide Resources Limited (**ARL**).

ARL had an exciting year, despite the overall malaise within the smaller exploration sector. Drilling results announced at the end of April 2013 disclosed some high grade, shallow copper intersections at the West Alford project on South Australia's Yorke Peninsula. The exploration program which produced these intersections was formulated after research into the company's database, inherited from past acreage holders including Western Mining and North Broken Hill, which ARL themselves have acknowledged would have cost several million dollars of drilling expenditure to recreate.

As a consequence of these exciting results, ARL has been able to raise additional capital, in the form of a placement and proposed share purchase plan, albeit at more compromised pricing than is preferable. ARL's share register has changed somewhat as a result of 132million shares trading over the two days of 30 April – 1 May (70% of the then share capital); however, Tidewater was unable to participate in this volume as a consequence of Andrew Brown's role as a Director. Andrew has since relinquished this position, as a result of finding a better qualified, Adelaide based Chairman in Mike Hatcher.

Over time, it is obvious that we will seek to reduce our exposure to ARL, but only at price levels which are more reflective of the value of that company's assets. ARL has an excellent culture, a reinvigorated exploration team and a prudent approach to costs.

We have reinvested our other liquid assets in equity and derivative investments, given a desire to earn above low money market rates, and the availability of perceived value within certain individual securities. It is not our current intention to make strategic-type investments in smaller companies. A list of holdings other than Adelaide Resources (ARL) as at 18 July 2013 is given below:

Non ARL listed holdings and derivatives as at 18 July 2013 (unaudited)

Company	Value at closing price	Derivative exposure [†]	Dollar value
AMP Limited	\$66,220	short sale Australian S&P200 index	(\$124,835)
Ask Funding	\$91,351	short global indices (US, Euro Stoxx, DAX)	(\$195,239)
Aurora Funds Limited	\$265	short undisclosed individual Australian security	(\$33,405)
Bank of Queensland	\$63,420	short undisclosed commodity	(\$42,458)
BSA Limited	\$43,750	short equity and commodity type positions	(\$395,937)
Leighton Holdings	\$53,100		
Netcomm Wireless	\$107,999	short A\$ against US\$, £, C\$	(\$530,535)
ProPac Packaging	\$34,125	short NZ\$ against £ (A\$ equivalent)	(\$20,040)
Qantas Airways Limited	\$40,200	short currency positions	(\$550,575)
QBE Insurance Group	\$78,288	TOTAL DERIVATIVE LIABILITIES	(\$946,512)
St Barbara Mines	\$25,830		
Straits Resources	\$12,000	TOTAL DERIVATIVE ASSETS	\$1,007,851
WHK Group	\$ 38,750	NET DERIVATIVE EQUITY	\$61,339
Worley Parsons	\$ 65,250		
TOTAL	\$720,548	NET non-ARL EXPOSURE POSITION	(\$225,964)

† stop loss limits not accounted for

CHAIRMAN and MANAGING DIRECTOR'S REVIEW (continued)

We continue to have discussions with various parties from time to time regarding the injection of their expertise and capital into Tidewater, whilst retaining its status as an investment vehicle. In the absence of anything imminent (which it should be stressed could change at any time), we do see opportunities to utilise the existing funds in a beneficial manner.

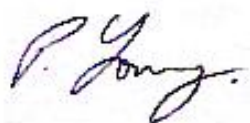
In the meantime, we have access to two sets of debt-based credit lines, and have begun a careful program of trading and position taking utilising derivatives. This has widened out the types of exposures we can take, by asset class, duration and direction. Most of the positions taken to date have been diversifying, and have tended to be on the short side of specific assets. Electronic trading and the stellar accompanying software make this low cost, risk manageable, and importantly, play to some of our traditional strengths. Such trading commenced in October 2012 in a small way and has been profitable to date, with the most advantageous area being short sale exposures of selected Australian securities.

Abridged balance sheet excluding ARL holding as at 18 July 2013 (unaudited)

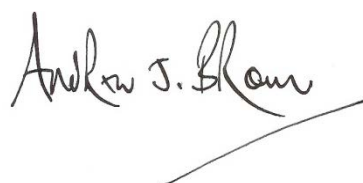
Listed equities per above	\$ 720,548	Creditors	(\$ 82,741)
Unlisted equity	\$24,369	Overdraft and loans	(\$280,994)
Cash and debtors	\$123,714	Derivative financial liabilities	(\$946,512)
Derivative financial assets	\$1,007,851	TOTAL LIABILITIES	(\$1,310,247)
Deferred tax assets	\$42,450		
TOTAL NON ARL ASSETS	\$1,918,932	NET NON-ARL EQUITY	\$608,685

As these activities develop further, we will provide a more fulsome report at the AGM, later this year, along with the investment strategy being deployed. Once again, we thank you for your patience in remaining invested in Tidewater and hope to make it worth your while over the next period. Both of us have increased our investment in Tidewater over the past year; the Board collectively now own 45.7% of the Company so we have a myriad of incentives to see a growth in value.

Yours sincerely,



Paul Young
Chairman



Andrew Brown
Managing Director

DIRECTORS' REPORT

The Directors present their annual report on Tidewater Investments Limited ("the Company") and its controlled entities ("Group" or "Economic Entity") for the financial year ended 30 June 2013.

DIRECTORS

The names and details of the Directors of the Company in office at the date of this report are:

Paul Antony Young *(Non-Executive Chairman)*

Paul Young is the co-founder and a director of Baron Partners Limited, a well-established corporate advisory business and has been in merchant banking in Australia for over 28 years. Paul has a degree in economics from the University of Cambridge, is qualified as a Chartered Accountant in the United Kingdom, has a Diploma in Corporate Finance and is a Fellow of the Australian Institute of Company Directors. Paul is the Chairman of the Tidewater Investments Limited Audit Committee.

During the past three years, Paul has served as a Director of the following other public companies:

- Ambition Group Limited (non-executive Director – ongoing)
- GB Energy Limited (appointed 7/2/2011; resigned 25/7/2011)
- Thomas and Coffey Limited (appointed April 1996; resigned 30/6/2013)
- Site Group International Limited (appointed 29/6/2010; resigned 1/4/2011)
- Byron Energy Limited (non-executive Director – ongoing)

Andrew John Brown *(Managing Director and Company Secretary)*

Andrew Brown has 30 years experience in the Australian equity market as a stockbroker, corporate investor and funds manager. Andrew has an honours degree majoring in economics and econometrics from the University of Manchester, England.

During the past three years, Andrew has served as a Director of the following other public companies:

- Adelaide Resources Limited (appointed 30/4/2009; resigned 25/6/2013)
- Australasian Wealth Investments Limited (Chairman – ongoing)
- Cheviot Bridge Limited (Executive Director – ongoing)
- Cheviot Kirribilly Vineyard Property Group (appointed 10/6/2008; resigned 29/4/2013)
- Continuation Investments Limited (appointed 31/10/2011; resigned 8/3/2012)

Stephen Murray Roberts *(Non-Executive Director)*

Steve Roberts is a co-founder and former Director of Link Recruitment Pty. Limited, a specialist recruitment business established in 1986. A majority of shares in the Link business were sold to Select Appointments plc in 1999. Steve has significant experience in business development, strategic planning and the management expertise gleaned from organically growing an enterprise to over 250 employees. Steve retired from Link in March 2007 and in 2010 commenced business with a group of ex-Link Managers to form Veritas Recruitment. The business has offices in both NSW and Victoria with ambitious expansion plans on the eastern seaboard. Steve is currently Chairman of Veritas Recruitment.

During the past three years, Steve has served as a non-executive Director of Continuation Investments Limited (appointed 31/10/2011; resigned 8/3/2012)

DIRECTORS REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013 (continued)

Interests in the Shares of the Company and Related Bodies Corporate

The relevant interests of each director in the share capital of the Company shown in the Register of Directors' Shareholding as at the date of this report is:

	<i>Ordinary Shares</i>
Mr Andrew Brown	8,636,097
Mr Stephen Roberts	1,870,451
Mr Paul Young	1,623,082

Interests in Contracts or Proposed Contracts with the Company

Andrew Brown, through a family owned company, A. Brown and Company Pty. Limited has a contract to provide management services to the Company as disclosed in the Remuneration Report of this Directors' Report.

PRINCIPAL ACTIVITIES

The group's primary activities are:

(A) Equity investment – historically the company has made strategic investments in “microcap” Australian listed companies – generally those valued at under \$30million - with a view to playing an active role (including board representation) to release the difference between appraised value and quoted trading prices of the investee's securities. In the future, the company will also take a more passive, but diversified stance towards equity investing;

(B) Funds management and financial services – the establishment of, and provision of capital and services to new “boutique” funds management businesses, the acquisition of strategic shareholdings in existing “boutique” funds management, operation of a wholesale funds management business, and other related financial services businesses.

There were no significant changes in the nature of the economic entity's principal activities during the financial year.

RESULTS AND DIVIDENDS

The net profit after income tax for the financial year to 30 June 2013 was \$318,997 (2012: loss \$1,333,083).

No dividends were paid or declared during the year.

REVIEW OF OPERATIONS

A full review of operations is given on pages 2 and 3 which include the Chairman and Managing Director's Review.

DIRECTORS REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013 (continued)

TRADING IN COMPANY SHARES

During the 12 months to 30 June 2013, the Company's shares traded in the following ranges:

Quarter ending	High price	Low price	Closing price	Volume
30 th September 2012	-	-	-	No trade
31 st December 2012	\$ 0.080	\$ 0.065	\$ 0.065	1,651,736
31 st March 2013	\$ 0.063	\$ 0.052	\$ 0.052	7,143
30 th June 2013	\$ 0.059	\$ 0.039	\$ 0.058	724,106

Source: IRESS/ASX

SIGNIFICANT EVENTS DURING THE YEAR

There were no major events of significance during the year other than the Company's maintenance of its investment portfolio.

DIRECTORS' MEETINGS

The number of Directors' meetings (including meetings of a committee of Directors) attended by each of the Directors of the Company for the 12 months to 30 June 2013 was:

	Directors' Meetings held during period in office		Audit committee Meetings held during period in office	
	No. of meetings eligible to attend	No. of meetings attended	No. of meetings eligible to attend	No. of meetings attended
Andrew Brown	4	4	-	-
Stephen Roberts	4	4	2	2
Paul Young	4	4	2	2

DIRECTORS REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013 (continued)

REMUNERATION REPORT (AUDITED)

(A) Key Management Personnel

The names and positions of key management personnel of the Company who have held office during the financial year are:

Directors

Andrew Brown	Managing Director - Executive
Paul Young	Chairman - Non Executive
Stephen Roberts	Director - Non Executive

(B) Directors Remuneration for the financial years ended 30 June 2013 and 30 June 2012

	<i>Short-Term Benefits</i>			<i>Post Employment Benefits</i>		<i>Share Based Payments</i>	
	Salaries & fees	Cash bonuses	Non Monetary Benefits	Super-annuation	Other	Options	Total
2013							
Paul Young	\$20,000	-	-	-	-	-	\$20,000
Andrew Brown	\$100,000	-	-	-	-	-	\$100,000
Stephen Roberts	-	-	-	\$20,000	-	-	\$20,000
TOTAL	\$120,000	-	-	\$20,000	-	-	\$140,000
2012							
Paul Young	\$50,000	-	-	-	-	-	\$ 50,000
Andrew Brown ¹	\$87,500	-	-	-	-	-	\$ 87,500
Stephen Roberts ²	-	-	-	\$30,000	-	-	\$ 30,000
Richard Ochojski ³	\$8,333	-	-	-	-	-	\$ 8,333
TOTAL	\$145,833	-	-	\$30,000	-	-	\$175,833

1: Andrew Brown's remuneration includes Directors fees paid by the controlled entity Tidewater Funds Management Limited from 1 July 2011 to 29 February 2012 of \$16,667 and from the controlled entity Continuation Investments Limited from 31 October 2011 to 8 March 2012 of \$5,000.

2: includes remuneration paid by Continuation Investments Limited from 31 October 2011 to 8 March 2012 of \$5,000.

3: remuneration solely paid by Continuation Investments Limited in the period from 31 October 2011 to 8 March 2012.

(C) Specified Executives Remuneration for the years ended 30 June 2013 and 30 June 2012

	<i>Short-Term Benefits</i>			<i>Post Employment Benefits</i>		<i>Share Based Payments</i>	
	Salaries & fees	Cash bonuses	Non Monetary Benefits	Super-annuation	Other	Options	Total
2013 and 2012							
There were no specified executives in the period from 1 July 2012 to 30 June 2013 and 1 July 2011 to 30 June 2012.							

(D) Remuneration Policy

The Non Executive Directors annually review and recommend the remuneration packages of senior management. The payment of bonuses, options and other incentive payments are annually reviewed by the Non Executive Directors as part of the review of Executive Directors and Specified Executives.

DIRECTORS REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013 (continued)

REMUNERATION REPORT (AUDITED) (continued)

The Non Executive Directors can exercise their discretion in relation to approving bonuses, options and incentives but will do so by reference to measurable performance criteria, and are able to seek independent advice on the appropriateness of remuneration packages.

The remuneration policy, which sets the terms and conditions for the Managing Director and other senior executives, was developed by the remuneration committee after seeking professional advice from independent consultants and was approved by the Board. Executives have historically received a base salary, superannuation, performance incentives and retirement benefits. Remuneration is reviewed annually by reference to Company performance, executive performance, comparable information from industry sectors and other listed Companies and independent advice, but has regard to expected significant share ownership in the Company. The policy is designed to attract appropriate executives and reward them for performance that results in long-term growth in shareholder value.

As a result of an overall reduction in operations, all services to the Company are provided on an outsourced basis by third parties, including the provision of services of the Managing Director.

The current remuneration for Non Executive Directors is set by resolution of shareholders at a maximum \$400,000 per annum in aggregate. This amount of remuneration includes all monetary and non-monetary components. There are no schemes for retirement benefits for Non Executive Directors.

(E) Service Agreements

Remuneration and other terms of engagement of the Managing Director, Andrew Brown, was formalised in a service agreement, the key terms of which are given below:

- Payment of up to \$100,000 per annum to A. Brown and Company Pty. Limited, invoiced monthly; and
- Mr. Brown (or his nominee) to be paid Directors' fees directly by investee companies of Tidewater Investments Limited. During the 2013 year, these companies comprised Adelaide Resources Limited, Cheviot Bridge Limited and Cheviot Kirribilly Vineyard Property Group (2012 year: the above companies plus Australasian Wealth Investments Limited (formerly Merricks Capital Special Opportunity Fund Limited)).

The Directors expect to formalise the renewal of Mr. Brown's contract for rolling one year periods within the next month.

(F) Options held by Specified Directors and Specified Executives

No options have been granted to Specified Directors or Specified Executives as part of their remuneration in the current or prior years.

DIRECTORS REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013 (continued)

REMUNERATION REPORT (AUDITED) (continued)

(G) Shareholdings by Specified Directors and Specified Executives

Directors	Balance at 1/7/12	Received as Remuneration	Options Exercised	Net change – other ¹	Balance at 30/6/13
Andrew Brown	7,762,165	-	-	873,932	8,636,097
Stephen Roberts	1,870,451	-	-	-	1,870,451
Paul Young	1,189,714	-	-	433,368	1,623,082
TOTAL	10,822,330	-	-	1,307,300	12,129,630

¹ Net change – other refers to shares purchased or sold during the financial year

There have been no transactions subsequent to 30 June 2013.

(H) Performance of Tidewater Investments Limited

The Company's initial aim of generating shareholder wealth through investment in micro-cap companies and financial services businesses has changed since 2009 mainly because of two investments in the wine sector proving problematic and thereby significantly reducing the Economic Entity's access to capital. Consequently, the Company has been returning capital to shareholders in the form of large fully franked dividends and capital returns, via distribution of underlying investments. In turn, this has led to a high fixed cost base relative to capital investment and significant investment concentration of the Company's remaining capital, producing volatile returns.

These factors, together with the moderate performance of equity markets, have ensured that the Company's share price and market capitalisation has progressively fallen over the past five years, including the latest twelve months.

The table below shows the performance for the Company as measured by its share price, market capitalisation, distributions via dividends and capital returns and profit from all operations (discontinued or ongoing) over the last five financial years.

	30 June 2009	30 June 2010	30 June 2011	30 June 2012	30 June 2013
Share price (unadjusted)	\$0.19	\$0.24	\$0.17	\$0.11	\$0.06
Market capitalisation (\$000's)	4,305	6,177	4,259	2,756	1,540
Dividends paid (\$000's)	-	1,090	251	-	-
Capital returns (\$000's)	-	-	-	1,441	-
Profit/(loss) for the year (\$000's)	(3,858)	674	(616)	(1,333)	319

This concludes the Remuneration Report, which has been audited.

DIRECTORS REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013 (continued)

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

Pursuant to Access and Indemnity deeds signed by the parties when each Director was appointed, the Company has agreed to indemnify each Director against any liability incurred by being a Director of the Company and to pay all of the Directors reasonable defence costs in relation to any claim alleging any liability on the part of the Director as a result of being a Director of the Company. The Company has agreed to maintain Director's and Officers' Liability Insurance upon terms and conditions reasonably satisfactory to the Directors and to pay all reasonable or market premiums in respect to the insurance for a period of 7 years following the date when any Director ceases to be a Director of the Company. Under the terms of the policy, the Company is precluded from disclosing the details of premiums paid.

DEFERRED SHARE PLAN

On 30 May 2003, shareholders approved the establishment of a Deferred Share Plan whereby the Non Executive Directors of Tidewater Investments Limited can, subject to future shareholder approval, elect to take their remuneration in a tax deferred manner, in ordinary shares of the Company. The Plan is operated by an outside company, CRA Plan Management Pty. Limited and issues shares quarterly in advance, at prevailing market prices, to those Directors electing to be part of the scheme in lieu of their Directors fees. As a result of changes in the 2009 Federal Budget, as subsequently amended, this DESP is not being utilised at the present time, and is in the process of being wound up.

ENVIRONMENTAL REGULATION

No significant environmental regulations apply to the economic entity.

CHANGES IN STATE OF AFFAIRS

During the financial year, there was no significant change in the state of affairs of the economic entity other than those noted under significant events during the year.

PROCEEDINGS ON BEHALF OF THE COMPANY

There are no material legal or other proceedings being made on behalf of the Company or against the Company as at the date of this report.

SUBSEQUENT EVENTS

There has been no matter or circumstance that has arisen since the end of the financial year that has significantly affected, or may significantly affect, the operations of the economic entity, the results of those operations or the state of affairs of the economic entity in future financial years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The Directors have excluded from this report information on likely developments in operations of the economic entity since in the opinion of the Directors, it would prejudice the interests of the economic entity if this information were included. The Directors have excluded information on the expected results of the economic entity since financial performance is partly reliant on gains from the sale of investment securities, which inherently cannot be forecast.

DIRECTORS REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013 (continued)

NON AUDIT SERVICES

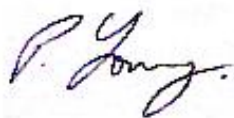
The auditors of the Company did not provide any non-audit related services to the Company.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration is included on page 12.

Dated at Sydney this 29th day of July 2013.

Signed in accordance with a resolution of the Board of Directors of Tidewater Investments Limited



P A Young - Chairman



A J Brown – Managing Director

AUDITOR'S INDEPENDENCE DECLARATION



Tel: +61 2 9251 4100
Fax: +61 2 9240 9821
www.bdo.com.au

Level 11, 1 Margaret St
Sydney NSW 2000
Australia

DECLARATION OF INDEPENDENCE BY CRAIG MAXWELL TO THE DIRECTORS OF TIDEWATER INVESTMENTS LIMITED

As lead auditor of Tidewater Investments Limited for the year ended 30 June 2013, I declare that, to the best of my knowledge and belief, there have been:

- no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- no contraventions of any applicable code of professional conduct in relation to the audit.

A handwritten signature in black ink, appearing to read 'Craig Maxwell', is written over a light blue horizontal line.

Craig Maxwell
Partner

BDO East Coast Partnership
Sydney, 29 July 2013

BDO East Coast Partnership ABN 83 236 985 726 is a member of a national association of independent entities which are all members of BDO (Australia) Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO East Coast Partnership and BDO (Australia) Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation (other than for the acts or omissions of financial services licensees) in each State or Territory other than Tasmania.

CORPORATE GOVERNANCE

In March 2003, the ASX Corporate Governance Council (“**ASXCGC**”) issued the Principles of Good Corporate Governance and Best Practice Recommendations (“**ASX Recommendations**”) as a guide to the top 500 ASX listed companies. The guidelines were reviewed as at 31 March 2004 by the Implementation Review Group and some relaxations agreed particularly in respect to non-top 300 ASX listed companies. The ASX recommendations were extensively revised in August 2007 as a “Second Edition” in respect of which Tidewater Investments Limited (“**Tidewater**” or “**the Company**”) is required to report. On 30 June 2010 the ASXCGC released amendments to the second edition in relation to diversity, remuneration, trading policies and briefings which applied to the Company from 1 January 2011.

Corporate Governance is the framework by which the Company is effectively managed, in respect of its ethics and honest approach to doing business, the accountability of the Board of Directors to shareholders of the Company for financial performance and growth, and the management of the inevitable risks which are encountered in running a company reliant upon the performance of financial assets and investments.

The Company is a small company with a strong commitment to containing costs. This commitment, when related to the relatively small size of the Company, makes it difficult to fully attain all of the recommended principles; indeed, many of the principles have limited relevance to the operation of the Company, and as a consequence, the corporate governance framework has been adapted to the operation of a smaller entity. In any event, shareholders are significantly advantaged by the fact that the Board of Directors of the Company hold a significant equity position, which at 30 June 2013 collectively equates to 45.7% of Tidewater shares. Further, all of the Board and staff are very experienced company officers and are well aware of their responsibilities to the Company, to the security holders and to all other stakeholders, and fulfil similar roles in other corporations. As a consequence, the Company looks to attract Directors who exhibit the requisite innate characteristics of honesty and integrity, rather than simply adopt a series of boilerplate documents, and attempt to justify divergence from them.

The Tidewater Board largely supports and is largely, though not totally, in compliance with the ASX Recommendations published by the ASXCGC. Tidewater’s constitution and various charters and statements in relation of corporate governance discussed in this section are available from the Company upon request in writing.

PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

A. THE ROLE OF THE BOARD AND MANAGEMENT

The Board adopted a formal Board Charter in September 2004 which is in the process of being updated to represent the Second Edition ASX recommendations, in which the Charter establishes those matters reserved for the Board and authority delegated to management. The Board’s functions, as summarised in the Board Charter, include:

- Acting as an interface between the Company and its shareholders;
- Setting the goals of the Company including short, medium and longer term objectives;
- Providing the overall strategic direction of the Company;
- Appointing and approving the terms and conditions of the appointment of the Managing Director;
- Approving all mergers and acquisitions and the establishment of controlled entities; and
- Approving major new investments and the divestment of existing major investments.

The Board Charter specifically delegates the day to day management of the Company’s affairs to the Managing Director along with the implementation of strategy, policy and financial initiatives.

B. LETTERS OF APPOINTMENT

The Managing Director’s responsibilities and terms of employment, including termination entitlements, are set out in a formal executive service agreement. A summary of the main elements and terms of the agreement is reproduced in the Remuneration Report section of this Annual Report. Letters of appointment are prepared for non-executive directors and senior executives, covering duties, time commitments, induction and company policies and corporate governance. Given the small number of these individuals, their remuneration structure and main elements of terms of employment are reproduced in the Remuneration Report section of this Annual Report.

C. INDUCTION OF SENIOR EXECUTIVES

New executives are given comprehensive briefings and information on the company's businesses, and its policies and procedures when they join the Company. New executives are introduced to key external service providers in order to build the relationships necessary to meet the requirements of their role.

D. PERFORMANCE EVALUATION OF SENIOR EXECUTIVES

Other than the Managing Director there are now no Senior Executives.

During the period from 1 July 2009 – 30 October 2009, Tidewater comprised two Non Executive Directors and one Managing Director, an Investment Manager, an Executive responsible for the vineyard funds management business, and a finance manager, who also acted as the Company Secretary. The Company also engaged a part time accountant and a part time employee responsible for Compliance. The Investment Manager resigned effective 31 October 2009, and the executive responsible for the vineyards funds management business and finance manager resigned effective 30 November 2009. From 1 December 2009 to 29 February 2012, Tidewater comprised two Non Executive Directors and one Managing Director who also acted as the Company Secretary, plus a part time contractor responsible for compliance. The compliance role was extinguished on 1 March 2012 after the sale of the funds management businesses. The Managing Director has been employed on a consultancy based contract since 1 April 2011.

PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE

The Board Charter prescribes the structure of the Board and its Committees, the framework for independence and some obligations of directors.

A. SIZE AND COMPOSITION OF THE BOARD

The composition of the Board is determined in accordance with the following principles and guidelines:

- The Board shall comprise not less than three Directors nor more than such number as the Directors may determine at any time.
- The Chairman should preferably be an Independent or Non-Executive Director.
- The Board shall comprise Directors with a diverse and appropriate range of qualifications and expertise and in the event of retirement of a Director with particular expertise, the Board will appoint a Director with skills and experience to balance the needs of the Board in the operations of the Company.
- The Board shall meet at least quarterly and follow meeting guidelines established to ensure that all Directors are made aware of, and have available all necessary information in a timely manner, to participate in an informed discussion of all agenda items.

At the date of this report, the Board of the Company comprises a Non Executive Chairman, a Non Executive Director and a Managing Director. The Directors' Report provides the details of the Directors in office during the year together with their experience, expertise and qualifications.

The Directors in office at the date of this Statement are:

Non Executive Chairman :	Paul Young
Managing Director :	Andrew Brown
Non Executive Director :	Stephen Roberts

B. DIRECTORS' INDEPENDENCE

Non Executive directors are independent of management, have a substantial shareholding (i.e. over 5%) and have other relationships with management and the company which result in them being required to stand aside from certain deliberations as a result of a conflict of interest.

Independent Directors are independent of management, do not have a substantial shareholding (i.e. less than 5%) and are free from any business or other relationship which could materially interfere with the exercise of their judgement. The Company presently has no Independent Directors. In light of the size and activities of the Company, the Directors do not see any advantage in appointing additional directors or re-structuring the Board at this time.

C. CONFLICT OF INTEREST

The Board has in place a process to ensure that conflicts of interest are managed appropriately. If a potential conflict of interest arises, the director concerned does not receive the relevant Board papers and leaves the Board meeting while the matter is considered. Directors must advise the Board immediately of any interests that could potentially conflict with those of Tidewater.

D. ELECTION OF DIRECTORS

The Directors of the Company are elected or re-elected (on a rotational basis) at the Company's Annual General Meeting. Details of the members of the Board, their experience, expertise and qualifications are set out in the Director's Report. It is the Board's policy to determine the terms and conditions relating to the appointment and retirement of Non Executive Directors on a case by case basis and in conformity with the requirements of the Listing Rules and the Corporations Act.

E. BOARD COMMITTEES

Establishment of Board committees is commensurate with the size of the Company and is as follows:

Audit Committee

At the date of this statement, the members of the Audit Committee are Paul Young (Chairman of the Audit Committee) and Stephen Roberts.

Remuneration Committee and Nomination Committee

Having regard to the small size of the Company, the duties of a Remuneration Committee and Nomination Committee are handled by the full Board.

F. DIRECTOR'S ACCESS TO INFORMATION AND ADVICE

Directors receive a regular report from the Managing Director – whether or not a Board meeting is scheduled – and have unrestricted access to company records and information.

Directors may obtain independent professional advice at Tidewater's expense on matters arising in the course of their Board and Committee duties, after obtaining the Chairman's approval. The Board Charter requires that all directors be provided with a copy of such advice and be notified if the chairman's approval is withheld.

It is the Board's policy that any committees established by the Board should:

- Be entitled to obtain independent professional or other advice at the cost of the Company, unless the Board determines otherwise.
- Be entitled to obtain such resources and information from the Company including direct access to employees of and advisers to the Company as they might require.
- Operate in accordance with terms of reference established by the Board.

The Board appoints and removes the company secretary. All directors have direct access to the Company Secretary who is accountable to the managing director and, through the Chairman, to the Board on all governance matters.

G. BOARD EVALUATION

Since the Company is small in nature, and the current Directors are all substantial shareholders of the Company, the Board does not undertake a formal annual evaluation process.

PRINCIPLE 3: PROMOTE ETHICAL AND RESPONSIBLE DECISION MAKING

A. BUSINESS CONDUCT AND ETHICS

Embedded within the Board Charter is a Directors' Code of Conduct ("**Code**") of which the following is a summary:

- Directors must act honestly, in good faith and in the best interests of the Company as a whole at all times.
- Directors have a duty to use due care and diligence in fulfilling the functions of the office and exercising the powers attached to that office.
- Directors must always use the powers of the office for a proper purpose.
- Directors must recognise that their primary responsibility is to the Company's security holders as a whole but should, where appropriate, have regard for the interests of all stakeholders of the Company.
- Directors must not make improper use of information acquired as a Director.
- Directors must not allow personal interests, or the interests of any Associated Person, to conflict with the interests of the Company.
- Directors have an obligation to be independent in judgement and actions and to take all reasonable steps to be satisfied as to the soundness of all decisions taken by the Board.
- Confidential information received by a Director in the course of the exercise of Directors duties remains the property of the company from which it was obtained and it is improper to disclose it, or allow it to be disclosed, unless that disclosure has been authorised by that company, or required by law.
- Directors should not engage in conduct likely to bring discredit upon the Company.
- Directors have an obligation, at all times, to comply with the spirit, as well as the letter of the law and with the principles of this Code.
- Directors have an obligation to ensure that the continuous and periodic disclosure requirements as set out in the ASX Listing Rules are adhered to at all times.

The policy also includes detailed guidelines for interpretation of the principles of the Code.

All senior employees are governed by terms of employment, into which the relevant principles detailed above are embedded.

B. DIVERSITY

Within the confines of being a small listed company, Tidewater seeks to ensure diversity within the organisation. Significantly, 100% of Tidewater's consultants and Directors were born outside of Australia. Of Tidewater's current employees or consultants, none are female. There are no female Directors, and in light of the Company's future direction, there are no current specific plans to recruit female Directors to the Tidewater Board. Historically, 57% of Tidewater's past employees and consultants have been female, and Tidewater's Managing Director has a particularly strong history of providing a workplace environment facilitating part time female employment.

Given its small size, Tidewater does not have, and does not intend to adopt a specific diversity policy, quota or "tick a box" system that predominates in this area. The Company has a preference to ensure its visible deeds, culture and attitudes towards gender, age, sexual orientation, race, nationality, social impediment and disability speak for themselves. In particular, Tidewater aims to deal with counterparties in the legal, accounting, audit and transactional area which exhibit such diversity, and where the careers of these varied individuals can be progressed advantageously via the interaction gained with Tidewater's experienced executives and Directors. Tidewater's Managing Director continues to contribute significant time to training and mentoring younger persons. Tidewater is proud that its corporate office is located in a particularly diverse area of Sydney, and the Company encourages counterparties to visit its premises and those of the surrounding area.

PRINCIPLE 4: SAFEGUARD INTEGRITY IN FINANCIAL REPORTING

A. AUDIT COMMITTEE

Detailed terms of reference for the Audit Committee have been adopted. In addition, the Charter for the Board of Directors sets out the membership and responsibilities of the Audit Committee as follows:

The Audit Committee should comprise at least one independent director who should chair the meetings and should not contain any executive directors. The Committee responsibilities are:

- to review the adequacy of systems and standards of internal control with emphasis on risk management, financial reporting procedures and compliance;
- to review proposed announcements of financial results, financial statements, management questionnaires and external audit reports in advance of the Board;
- to receive any information it requires from management;
- to report its findings and recommendations directly to the Board;
- to provide a direct link from the Board to the external auditor;
- the nomination of the external auditor and reviewing the adequacy of the scope and quality of the annual statutory audit and half year audit review.

The Audit Committee meets separately with the auditors as required from time to time to discuss the audit reviews and reports, to ensure that there are no outstanding issues and to assess the auditor's continuing independence.

At the date of this statement, the members of the Audit Committee are Paul Young (Chairman of the Audit Committee) and Stephen Roberts.

Full compliance with the ASX Recommendations (requires three members including an independent Chairman) will not be achieved unless the Board resolves to appoint an independent Director/Chairman. The Directors do not believe there is any advantage in appointing additional directors at this time. Mr. Young combines the roles of Chairman of the Board and Chairman of the Audit Committee due to his extensive experience, qualifications and credentials.

The Audit Committee seeks to ensure the independence of the external auditor. The policy on auditor independence applies to services supplied by the external auditor and their related firms to Tidewater. Under the policy on auditor independence, the external auditor is not to provide non-audit services under which the auditor assumes the role of management, becomes an advocate for the group, or audits its own professional expertise. Tidewater has a very limited number and scope of permissible non-audit assignments. In addition, the external audit engagement partner and review partner must be rotated every five years.

The external auditor annually confirms its independence within the meaning of applicable legislation and professional standards.

B. FINANCIAL REPORT ACCOUNTABILITY

Tidewater's Managing Director is required to state to the Board, in writing, that the Company's financial reports present a true and fair view, in all material respects, of the Company's financial condition and operational results and are in accordance with relevant accounting standards.

In the 2013 financial year, the Managing Director has provided a statement to the Board in writing in respect to the integrity of the financial statements and the efficient and effective operation of the risk management and internal compliance and control systems.

PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE

The Board has always been very conscious of its disclosure obligations and has adopted a detailed continuous and periodic disclosure policy. Disclosure obligations are also contained in the Charter for the Board of Directors.

All Directors and the Company Secretary are responsible to ensure that disclosure policy is adhered to. The Managing Director works with the Chairman in dealing with media contact and any external communications.

Current and archived news items announced by the Company are available free of charge at www.asx.com.au.

Tidewater provides a review of operations and financial performance in the 2013 Annual Report which includes the company's financial report. Results announcements to the ASX, analyst presentations and the full text of the Chairman's and Managing Director's addresses at the Company's Annual General Meeting are lodged with ASX and available at www.asx.com.au.

PRINCIPLE 6: RESPECT THE RIGHTS OF SHAREHOLDERS

The Board is committed to ensuring that the security holders are at all times provided with information sufficient to allow effective monitoring of the Company's performance by means of:

- the Annual Report which is distributed to security holders (at their election);
- the Half Yearly Report;
- periodic reports and special reports when matters of material interest arise;
- the Annual General Meeting and other meetings called to obtain approval of any Board action as required; and
- continuous disclosure.

The Directors' Code of Conduct and the Charter for the Board of Directors both support this principle.

The Company's auditor is required to attend the Annual General Meeting and be available to answer any questions the Security holders may care to ask in respect to the audit of the financial statements of the Company.

PRINCIPLE 7: RECOGNISE AND MANAGE RISK

A. OVERSIGHT OF RISK

The Board of Directors is the ultimate sponsor of risk oversight within the Company, but does so in a manner which reflects the transparent nature of Tidewater's employees, systems, reporting as well as noting the use of a number of internal and external risk managers who contribute in various ways to providing comfort that the Company is operating within a sound risk management framework.

As a consequence of its activities which involve dealing in financial assets, the Company pays significant attention to risk. The core activities of the Company mean that Tidewater deliberately assumes a level of risk of capital loss, the quantum of which is regularly discussed and debated by the Board. Through the reporting of the Managing Director, the Board is able to monitor the level of interest rate, asset concentration of, capital, reputational, credit and overall financial market risk being assumed by the Company.

The Audit Committee Terms of Reference include a requirement for the Committee to review and monitor the risk management practices and activities of the Company. Also, the risk management responsibilities of the Board and management are dealt with in detail in the Charter for the Board of Directors.

B. IMPLEMENTATION OF RISK MANAGEMENT SYSTEMS

The Company has a series of internal and external controls which govern the Company's material business risks. These controls include, but are not restricted to:

- external providers of accounting services to the Company; and
- regular reporting to the Board of Directors.

The Company has not appointed a specific internal auditor. The Company does not have a Risk Management Committee due to its small size and scale of activities, but the Audit Committee has a mandate to review and monitor the risk management practices and activities of the Company

C. ACCOUNTABILITY

In the 2013 financial year, the Managing Director has provided a statement to the Board in writing in respect to the integrity of the financial statements and the efficient and effective operation of the risk management and internal compliance and control systems.

As part of the process of approving the financial statements, at each reporting date the Managing Director provides a statement in writing to the Board on the quality and effectiveness of the company's risk management and internal compliance and control systems.

The Board has also received statements from the Managing Director certifying that, having made all reasonable enquiries and to the best of their knowledge and belief:

- the statements made in relation to the financial integrity of the group financial reports are founded on a sound system of risk management and internal compliance and control;
- the system of risk management in operation at 30 June 2013 implements the policies adopted and delegated by the Board and was operating effectively; and
- the systems relating to financial reporting were operating effectively in all material respects.

Further, the Board received the relevant declarations required under section 295A of the Corporations Act 2001 and the relevant assurances required under recommendation 7.3 of the Second Edition of the ASX Recommendations.

PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY

The duties and responsibilities of a Remuneration Committee are detailed in the Charter for the Board of Directors. The full Board handles those duties and responsibilities at this time and ensures that the remuneration practices of the Company are fair and reasonable and structured to encourage enhanced performance. Full details of the remuneration quantum and structure for key personnel is contained in the Remuneration Report within this Annual Report.

Directors Remuneration

If an Executive Director is appointed, suitable remuneration will be approved by the Board.

The maximum aggregate amount of Non Executive Director's fees must be approved by the company in a General Meeting. Non Executive Directors are not granted options over unissued shares in the Company, and receive no bonus payments not retirement entitlements other than superannuation.

Since all Directors of Tidewater are significant shareholders in the Company, the Board does not currently offer equity based remuneration for Executive or Non Executive Directors. However, certain Directors are part of a Deferred Equity Share Plan ("DESP") which enables them to take Director remuneration in shares of Tidewater. As a result of changes in the 2009 Federal Budget, as subsequently amended, this DESP is not being utilised at the present time, and is in the process of being wound up.

FINANCIAL REPORT FOR THE YEAR TO 30th JUNE 2013

Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2013

Statement of Financial Position as at 30 June 2013

Statement of Changes in Equity for the year ended 30 June 2013

Statement of Cash Flows for the year ended 30 June 2013

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TIDEWATER INVESTMENTS LIMITED AND CONTROLLED ENTITIES
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR
ENDED 30 JUNE 2013

		Economic Entity	
	Note	2013	2012
		\$	\$
Continuing operations			
Revenues	2A	652,744	645,368
Other income	2B	-	569,312
Other expenses	3A	(343,186)	(2,517,560)
Finance costs	4	(4,113)	(36,866)
Profit/(loss) before income tax		305,445	(1,339,746)
Income tax benefit/(charge)	6	13,552	(19,074)
Profit/(loss) after income tax		318,997	(1,358,820)
Loss attributable to non-controlling interests		-	23,493
Profit/(loss) after income tax and non-controlling interests		318,997	(1,335,327)
Discontinued operations			
Vineyard Funds management			
Profit for the year from discontinued operations	25	-	2,244
Profit/(loss) attributable to owners of Tidewater Investments Limited		318,997	(1,333,083)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income attributable to owners of Tidewater Investments Limited		318,997	(1,333,083)
Basic earnings/(loss) (cents) per share from continuing operations	8	1.2	(5.3)
Diluted earnings/(loss) (cents) per share from continuing operations	8	1.2	(5.3)
Dividends (cents) per share	7	-	-

The Statement of Profit or Loss and Other Comprehensive Income is to be read in conjunction with the notes to the financial statements.

TIDEWATER INVESTMENTS LIMITED AND CONTROLLED ENTITIES
STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2013

	Note	Economic Entity	
		2013	2012
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents	9	139,418	692,242
Financial assets	10,16	1,905,522	699,441
Trade and other receivables	11	5,763	10,429
TOTAL CURRENT ASSETS		2,050,703	1,402,112
NON-CURRENT ASSETS			
Financial assets	12,16	24,368	24,368
Property, plant and equipment	15	-	-
Deferred tax assets	6	42,450	28,904
TOTAL NON-CURRENT ASSETS		66,818	53,272
TOTAL ASSETS		2,117,521	1,455,384
CURRENT LIABILITIES			
Trade and other payables	17	168,314	138,859
Short term borrowings	18	195,270	-
TOTAL CURRENT LIABILITIES		363,584	138,859
TOTAL LIABILITIES		363,584	138,859
NET ASSETS		1,753,937	1,316,525
EQUITY			
Issued Capital	20	14,985,807	14,867,392
Accumulated Losses		(13,231,870)	(13,550,867)
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF TIDEWATER INVESTMENTS LIMITED		1,753,937	1,316,525

The Statement of Financial Position is to be read in conjunction with the notes to the financial statements.

TIDEWATER INVESTMENTS LIMITED AND CONTROLLED ENTITIES
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2013

ECONOMIC ENTITY	Attributable to equity holders of Parent Entity			Non- Controlling Interest	Total Equity
	Issued Capital \$	Accumulated Losses \$	Total Interest \$		
As at 30 June 2011	16,307,922	(12,217,784)	4,090,138	-	4,090,138
Total comprehensive income for the year	-	(1,356,576)	(1,356,576)	23,493	(1,333,083)
Return of capital	(1,440,530)	-	(1,440,530)	-	(1,440,530)
As at 30 June 2012	14,867,392	(13,574,360)	1,293,032	23,493	1,316,525
Adjustment for sale of controlled entity in prior year	-	23,493	23,493	(23,493)	-
Total comprehensive income for the year	-	318,997	318,997	-	318,997
Contribution of equity	120,000	-	120,000	-	120,000
Cost of contribution of equity	(1,585)	-	(1,585)	-	(1,585)
As at 30 June 2013	14,985,807	(13,231,870)	1,753,937	-	1,753,937

The Statement of Changes in Equity is to be read in conjunction with the notes to the financial statements.

TIDEWATER INVESTMENTS LIMITED AND CONTROLLED ENTITIES
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2013

	Note	Economic Entity	
		2013	2012
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers		-	136,364
Payments to suppliers and employees		(256,427)	(536,579)
Purchases of investments		(740,977)	(81,470)
Proceeds from sale of investments		102,930	642,310
Purchases of derivative instruments		(38,000)	-
Sales of derivative instruments		58,270	-
Proceeds from return of capital		-	7,400
Dividends received		4,572	2,380
Interest received		9,636	33,397
Finance costs paid		(6,513)	(36,846)
Income tax paid		-	(13,676)
NET CASH (USED IN)/PROVIDED BY OPERATING ACTIVITIES	26 (A)	(866,509)	153,280
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of controlled entities, net of cash acquired	23	-	1,715,095
Proceeds from sale of controlled entities, net of cash divested	24, 25	-	(417,504)
Sale of property, plant and equipment		-	5,216
NET CASH FLOW PROVIDED BY INVESTING ACTIVITIES		-	1,302,807
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from equity issuance		120,000	-
Costs of equity issuance		(1,585)	-
Repayment of borrowings from related parties		-	(380,240)
Share buy back [†]		-	(93,408)
Dividends paid		-	(654)
NET CASH FLOW PROVIDED BY/(USED IN) FINANCING ACTIVITIES		118,415	(474,302)
Net (decrease)/increase in cash held		(748,094)	981,785
Cash at the beginning of the financial year		692,242	(289,543)
Cash at the end of the financial year	9	(55,852)	692,242

The Statement of Cash Flows is to be read in conjunction with the notes to the financial statements.

[†] In 2012, the share buy back of \$93,408 relates entirely to the buy back in the previously controlled entity (Continuation Investments Limited).

TIDEWATER INVESTMENTS LIMITED AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

I. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been approved for issue by the Board of Directors of Tidewater Investments Limited on 29 July 2013. The functional currency of the entity is measured using the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the economic entity's functional and presentation currency.

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements cover the economic entity, consisting of Tidewater Investments Limited and its subsidiaries and covers the financial year ended 30 June 2013. Tidewater Investments Limited is a publicly listed entity, incorporated and domiciled in Australia.

The Group has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any impact on the financial performance or position of the Group. The principal accounting policies adopted in the preparation of this financial report are set out below.

A. Basis of Preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards ("AASB's"), Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*. Compliance with Australian Accounting Standards ensures that the financial statements also comply with International Financial Reporting Standards.

The Group is a "for-profit" entity, the principal activities of which during the financial year ended 30 June 2013, included 'equity investment' and 'funds management and financial services'. There were no significant changes in the nature of the group's activities during the financial year.

Historical cost convention

These financial statements have been prepared on an accruals basis and are based on historic costs as modified by the revaluation of financial assets and liabilities (including derivative instruments) at fair value through profit or loss.

Amendments to Accounting Standards

In accordance with Corporations Amendment (Corporate Reporting Reform) Act 2010, the economic entity has dispensed with the inclusion of parent company accounts but discloses the requisite information for the parent company as per note 13.

B. Principles of Consolidation

Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Tidewater Investments Limited ("company" or "parent entity") as at 30 June 2013 and the results of all subsidiaries for the year then ended. Tidewater Investments Limited and its subsidiaries together are referred to in this financial report as "group" or "the economic entity".

Subsidiaries are all those entities over which the economic entity has the power to govern the financial and operating policies, so as to obtain benefits from its activities, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the economic entity controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the economic entity. They are de-consolidated from the date that control ceases.

A list of controlled entities is contained in note 14.

Intercompany transactions, balances and unrealised gains on transactions between entities within the economic entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of assets transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the economic entity.

TIDEWATER INVESTMENTS LIMITED AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013 (continued)

Investments in subsidiaries are accounted for at the lower of cost or recoverable value in the individual financial statements of the parent entity.

C. Operating Segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ("CODM"). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

D. Income Tax

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

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at the reporting date. Current tax (liabilities) assets are therefore measured at the amounts expected to be (paid to) recovered from the relevant taxation authority.

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

Current and deferred income tax (expense) benefit is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at the reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

Tidewater Investments Limited and its wholly-owned Australian controlled entities implemented the tax consolidation legislation as at 1 July 2003.

The wholly-owned entities have not compensated Tidewater Investments Limited for deferred tax liabilities assumed by Tidewater Investments Limited on the date of the implementation of the legislation.

E. Revenue

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets. Dividend revenue is recognised when the right to receive a dividend has been established. Revenue from the rendering of a service is recognised upon the delivery of the service to the customers. Proceeds on sale of investments are recognised when a contract note is issued in the case of a sale of shares or when a signed transfer agreement has been effected with the purchaser.

TIDEWATER INVESTMENTS LIMITED AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013 (continued)

F. Financial Instruments

Recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Financial assets at fair value through profit and loss

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management and within the requirements of AASB 139: Recognition and Measurement of Financial Instruments. Derivatives are also categorised as held for trading unless they are designated as hedges. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the Statement of Profit or Loss and Other Comprehensive Income in the period in which they arise.

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 stated at amortised cost using the effective interest rate method.

Available-for-sale financial assets

Available-for-sale financial assets include any financial assets not included in the above categories. Available-for-sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity.

Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation, using the effective interest rate method.

Fair value

Fair value is determined based on last sale prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At each reporting date, the economic entity assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the Statement of Profit or Loss and Other Comprehensive Income.

G. Trade and Other Receivables

Trade accounts receivable, amounts due from related parties and other receivables represent the principal amounts due at the reporting date plus accrued interest and less, where applicable, any unearned income or provision for doubtful debts.

H. Trade and Other Payables

Accounts payable represent the principal amounts outstanding at the reporting date plus, where applicable, any accrued interest.

I. Finance Costs

Borrowing costs are expensed as incurred.

J. Employee Benefits

Wages, salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within twelve months of the reporting date are recognised as current liabilities in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

Contributions are made by the economic entity to employee superannuation funds and are charged as expenses when incurred.

TIDEWATER INVESTMENTS LIMITED AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013 (continued)

Share based payments

There is no equity based compensation scheme.

K. Cash and Cash Equivalents

For the purpose of the Statement of Cash Flows, cash includes cash at bank and on hand and term deposits, offset by loans from a margin lending or overdraft facility .

L. Goods and Services Tax

Revenue, expenses and assets are recognised net of the amount of Goods and Services Tax (GST), except where the amount of GST incurred is not recoverable from the Australia Taxation Office. Receivables and payables are stated inclusive of GST. The net amount of GST recoverable from or payable to, the Australian Taxation Office is included as part of receivables or payables in the Statement of Financial Position. Cash flows in the Statement of Cash Flows are included on a gross basis. The GST component of cash flows arising from investing and financing activities that are recoverable from, or payable to, the Australian Taxation Office are classified as operating cash flows.

M. Contributed Equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the cost of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of acquisition as part of the purchase consideration.

If the entity reacquires its own equity instruments, for example, as part of a share buy-back, those instruments are deducted from equity and the associated shares are cancelled. No gain or loss is recognised in the profit and loss and the consideration paid including any directly attributable incremental costs (net of income taxes) is recognised in equity.

N. Earnings Per Share

Basic earnings per share

Basic earnings per share is determined by dividing net profit/(loss) after income tax attributable to members of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial period, adjusted for bonus elements in ordinary shares issued during the year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect if interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

O. Plant and Equipment

Plant and equipment

Plant and equipment are measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

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 economic entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Statement of Profit or Loss and Other Comprehensive Income during the financial period in which they are incurred.

TIDEWATER INVESTMENTS LIMITED AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013 (continued)

O. Plant and Equipment (continued)

Depreciation

The depreciable amount of all fixed assets including building and capitalised leased assets, but excluding freehold land, is depreciated on a reducing balance basis over their useful lives to the economic entity 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	5% - 20%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the Statement of Profit or Loss and Other Comprehensive Income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

P. Impairment of Non-Financial Assets

Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Q. Leases

No assets have been acquired under finance leases.

Lease payments for operating leases or licence assignments, where substantially all the risks and benefits remain with the lessor or assignor, are charged as expenses on a straight line basis.

R. Comparative Figures

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

S. New Australian Accounting Standards

As at the date of this report there are a number of new Australian Accounting Standards that have been issued but are not yet effective. The economic entity has assessed the impact of these new Australian Accounting Standards and has concluded that they would have no impact on the recognition and measurement criteria of the policies noted above, but would have a minor impact on the disclosure within the financial statements.

T. Critical Accounting Estimates and Judgments

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the group. The judgements, estimates and assumptions that have a risk of resulting in a material adjustment to the carrying amounts of assets and liabilities is primarily in relation to Level 2 Financial Assets, which is discussed further in Note 29F.

TIDEWATER INVESTMENTS LIMITED AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013 (continued)

	Economic Entity	
	2013	2012
	\$	\$
2A. REVENUES		
Proceeds from sale of investments	103,095	603,728
Interest	9,635	33,794
Dividends received – other corporations	6,490	2,380
Change in fair value of investments retained	513,254	-
Net realised gains on derivatives trading	20,270	-
Other	-	5,466
TOTAL REVENUES	652,744	645,368
2B. OTHER INCOME		
Gain on acquisition of controlled entities (note 23)	-	119,081
Gain on sale of controlled entities (note 24)	-	450,231
TOTAL OTHER INCOME	-	569,312
3. PROFIT/(LOSS) FOR THE YEAR		
(A) EXPENSES		
Auditors remuneration – audit, audit review and accruals	44,000	55,600
Auditors remuneration – controlled entities	-	16,000
Carrying value of plant and equipment sold	-	9,503
Consultancy, fees and other outsourced services	51,561	91,017
Cash cost of investments sold	63,603	604,000
Change in fair value of investments sold	-	(88,440)
Change in fair value of investments distributed	-	139,718
Change in fair value of investments consolidated (note 23)	-	67,111
Change in fair value of investments retained	-	1,307,914
Depreciation of property, plant and equipment	-	1,997
Directors fees and costs	42,158	93,332
Employee benefits:		
Wages, salaries and consulting fees	100,000	79,167
Contributions to defined contribution plans	-	1,333
GST written off	-	514
Office and occupancy expenses - leases	2,800	25,171
Office and occupancy expenses - other	2,760	8,990
Other expenses	36,304	104,633
TOTAL EXPENSES EXCLUDING FINANCE COSTS	343,186	2,517,560

TIDEWATER INVESTMENTS LIMITED AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013 (continued)

	Economic Entity	
	2013	2012
	\$	\$

3. PROFIT/(LOSS) FOR THE YEAR (continued)

(B) SIGNIFICANT REVENUE AND EXPENSES (FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS)

Proceeds from sale of investments	103,095	603,728
Total cost of investments sold	(63,603)	(515,560)
Realised gain on investments sold	39,492	88,168

Realised gain on investments sold consists of:

Gains	39,492	96,707
Losses	-	(8,539)
	39,492	88,168

Proceeds from distribution of investments	-	1,440,530
Total cost of investments distributed	-	(1,580,248)
Realised loss on investments distributed	-	(139,718)

Realised loss on investments distributed consists of:

Gains	-	-
Losses	-	(139,718)
	-	(139,718)

4. FINANCE COSTS

External	4,113	33,024
Paid to related parties	-	3,842
Total finance costs	4,113	36,866

5. AUDITORS REMUNERATION

Remuneration of the auditors of the parent entity for:

Auditing and reviewing the financial statements	44,000	55,600
Audit of controlled entities	-	16,000
	44,000	71,600

TIDEWATER INVESTMENTS LIMITED AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013 (continued)

	Economic Entity	
	2013	2012
	\$	\$

6. INCOME TAX

(A) INCOME TAX

The aggregate amount of income tax (benefit)/expense attributable to the year differs from the amount prima facie payable on the profit/(loss) from ordinary activities. The differences are reconciled as follows:

Profit/(loss) before tax	305,445	(1,337,502)
Prima facie income expense/(benefit) on the profit/(loss) before income tax at 30% (2012: 30%)	91,634	(401,251)
Add/(deduct) tax effect of:		
Tax losses not brought to account	-	401,251
Franking deficit tax	-	13,676
Utilisation of tax losses	(91,634)	-
Other timing differences	(13,552)	5,398
	(105,186)	420,325
Income tax (benefit)/expense attributable to entity	(13,552)	19,074

The effective tax rate of (4.4%) (2012: -1.4%) mainly arises from adjustments to past deferred tax balances and utilisation of tax losses (2012: a decision not to bring to account tax losses) in respect of the current year.

Income tax benefit/(expense) is made up of:

Deferred tax	13,552	(5,398)
Franking deficit tax	-	(13,676)
	13,552	(19,074)

(B) DEFERRED TAX ASSETS

Deferred tax assets comprise:

Temporary differences – accruals	42,450	28,904
	42,450	28,904

(C) RECONCILIATIONS

The overall movement in the deferred tax account is as follows:

Opening balance	28,904	34,302
Credit/(Debit) to statement of profit or loss and other comprehensive income	13,552	(5,398)
Timing differences	(6)	-
Closing balance	42,450	28,904

TIDEWATER INVESTMENTS LIMITED AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013 (continued)

(D) DEFERRED TAX ASSET NOT BROUGHT TO ACCOUNT

As at 30 June 2012, the economic entity had estimated unrecouped operating income tax losses of \$10,253,475 (2012: \$10,598,673) which are not presented on the Statement of Financial Position. The benefit of these losses of \$3,076,043 (2012: \$3,179,602) has not been brought to account as realisation is not probable.

The benefit will only be obtained if:

- (i) the companies derive future assessable income of a nature and an amount sufficient to enable the benefits from the deductions for the losses to be realised;
- (ii) the companies continue to comply with the conditions for deductibility imposed by the law; and
- (iii) no changes in tax legislation adversely affect the companies in realising the benefit from the deductions for the losses.

Economic Entity	
2013	2012
\$	\$

7. DIVIDENDS AND FRANKING CREDIT BALANCES

Franking Credits

Balance of franking account at the reporting date adjusted for franking credits arising from payment of provision for income tax and dividends recognised as receivables, franking debits arising from payment of proposed dividends and franking credits that may be prevented from distribution in subsequent financial years.

3,416 1,020

8. EARNINGS PER SHARE

Continuing operations

(A) Earnings used in the calculation of basic EPS	318,997	(1,335,327)
Earnings used in the calculation of diluted EPS	318,997	(1,335,327)

(B) Weighted average number of ordinary shares outstanding during the year used in the calculation of basic and diluted EPS	25,922,672	25,055,549
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Basic earnings/(loss) per share (cents) 1.2 (5.3)

Diluted earnings/(loss) per share (cents) 1.2 (5.3)

Discontinued operations

(A) Earnings used in the calculation of basic EPS	-	2,244
Earnings used in the calculation of diluted EPS	-	2,244

Basic earnings per share (cents) - -

Diluted earnings per share (cents) - -

TIDEWATER INVESTMENTS LIMITED AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013 (continued)

	Economic Entity	
	2013	2012
	\$	\$
9. CASH AND CASH EQUIVALENTS		
Cash on hand and at bank	81,148	182,242
Term deposit	-	510,000
Derivative trading account	58,270	-
Total cash	139,418	692,242
Margin lending account	(195,270)	-
Net cash and cash equivalents as per Statement of Cash Flows	(55,852)	692,242

10. FINANCIAL ASSETS (CURRENT)

Fair value through profit and loss:

Listed investments at fair value		
- shares in listed corporations (note 16, 29F)	1,905,522	699,441
TOTAL	1,905,522	699,441

11. TRADE AND OTHER RECEIVABLES

CURRENT

Trade receivables	-	10,429
less provision for doubtful debts	-	-
	-	10,429
Other debtors and receivables	5,763	-
	5,763	10,429

Provision For Impairment of Receivables:

Current trade and term receivables are non-interest bearing loans and generally on 7-30 day terms for funds management and consulting receivables or 5 day terms for receivables on share sale contracts. 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. These amounts have been included in the other expenses item.

12. FINANCIAL ASSETS (NON CURRENT)

Fair value through profit and loss:

Unlisted investments at fair value:		
- shares in unlisted corporations at fair value (note 16, 29F)	24,368	24,368
	24,368	24,368

TIDEWATER INVESTMENTS LIMITED AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013 (continued)

	Economic Entity	
	2013	2012
	\$	\$

13. PARENT ENTITY INFORMATION

Information relating to the parent entity, Tidewater Investments Limited:

Current Assets	83,039	697,700
Total Assets	1,975,497	1,726,987
Current Liabilities	216,799	410,375
Total Liabilities	216,799	410,375
Issued Capital	14,985,807	14,867,392
Retained Earnings	(13,227,110)	(13,550,780)
Total Shareholders' Equity	1,758,697	1,316,612
Profit/(loss) of the parent entity	323,670	(1,333,082)
Total comprehensive income of the parent entity	323,670	(1,333,082)

As at 30 June 2013 and 30 June 2012, the parent entity had not entered into any guarantees in relation to the debts of its subsidiaries, nor had entered into any contractual commitments for the acquisition of property, plant or equipment.

As at 30 June 2013 and 30 June 2012, a financial facility entered into by the parent entity was secured by a fixed and floating charge against all controlled entities.

14. CONTROLLED ENTITIES

	Country of Incorporation	Percentage Owned	
		2013	2012

Parent Entity:

Tidewater Investments Limited

Australia - -

Controlled Entities of Tidewater Investments Limited:

Loftus Lane Investments Pty. Limited

Australia 100% 100%

Rowe Street Investments Pty. Limited †

Australia 100% 100%

† controlled entity of Loftus Lane Investments Pty. Limited

	Economic Entity	
	2013	2012
	\$	\$

15. MOVEMENTS IN PROPERTY, PLANT & EQUIPMENT

Balance at commencement of year	-	11,500
Capital expenditure	-	-
Depreciation and amortisation	-	(1,997)
Plant and equipment sold	-	(9,503)
Balance at end of year	-	-

TIDEWATER INVESTMENTS LIMITED AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013 (continued)

	Economic Entity	
	2013	2012
	\$	\$

16. FINANCIAL ASSETS

The Economic Entity's shares in listed corporations include the following interests which account for over 5% of the Economic Entity's shareholders funds or 5% of the investee company's issued capital:

Adelaide Resources Limited

Principal activity is mineral exploration

6.7% interest in Adelaide Resources Limited (2012: 9.3%) 1,323,231 699,417

Cheviot Bridge Limited (2013 and 2012: unlisted)

Principal activity is wine distribution and brands

10.4% interest in Cheviot Bridge Limited (2012: 10.4%) - -

17. TRADE AND OTHER PAYABLES

CURRENT (UNSECURED)

Trade creditors	21,141	11,052
Other creditors and accruals	141,500	116,500
Other payables	5,673	11,307
	<u>168,314</u>	<u>138,859</u>

18. BORROWINGS

CURRENT (SECURED)

Margin lending facility	195,270	-
Total current secured borrowings	<u>195,270</u>	<u>-</u>
Total current borrowings	<u>195,270</u>	<u>-</u>

Tidewater Investments Limited has an overdraft facility with a major bank with a fixed and floating charge against all the assets of the Company and its controlled entities Loftus Lane Investments Pty. Limited and Rowe Street Investments Pty. Limited.

Rowe Street Investments Pty. Limited operates a margin lending facility which is secured against the shares held within the facility. The facility has a current limit of \$450,000.

19. CONTINGENT LIABILITIES

The Economic Entity has no outstanding contingent liabilities (2012: nil).

TIDEWATER INVESTMENTS LIMITED AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013 (continued)

	Economic Entity	
	2013	2012
	\$	\$

20. ISSUED CAPITAL

26,555,549 fully paid authorised ordinary shares
(2012: 25,055,549)

14,985,807 14,867,392

Terms and conditions of contributed equity:

Ordinary shares have no par value. Ordinary shares have the right to receive dividends as declared and in the event of winding up the company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held. The voting rights attached to the ordinary shares at a general meeting of shareholders are such that on a show of hands every member present (in person or by proxy) shall have one vote and on a poll one vote for each share held.

MOVEMENT IN ISSUED SHARES OF THE PARENT ENTITY FOR THE YEAR

ORDINARY SHARES

Date	Details	Number of shares	\$
1 July 2012	Opening balance	25,055,549	14,867,392
23 November 2012	Share Purchase Plan – Issue of 1,500,000 shares at \$0.08 per share	1,500,000	120,000
23 November 2012	Cost of equity issue	-	(1,585)
30 June 2013	Closing balance	26,555,549	14,985,807

21. CAPITAL AND LEASING COMMITMENTS

(A) OPERATING LEASE COMMITMENTS

The Economic Entity has no outstanding operating lease commitments (2012: nil).

(B) CAPITAL COMMITMENTS

The Economic Entity has no outstanding capital commitments (2012: nil).

(C) SUPERANNUATION

The Company contributes superannuation payments on behalf of directors of the economic entity in accordance with prescribed Government legislation. The Company is not committed to funding any shortfall in the earnings of any of the individual superannuation funds.

TIDEWATER INVESTMENTS LIMITED AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013 (continued)

22. KEY MANAGEMENT PERSONNEL

The names and positions held by Key Management Personnel of the economic entity who have held office during the financial year are:

Directors

Andrew Brown	Managing Director - Executive
Paul Young	Chairman – Non Executive
Stephen Roberts	Director – Non Executive
Richard Ochojski	Director – Non Executive (listed controlled entity – 2012 year)

Compensation

The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	Consolidated	
	2013	2012
	\$	\$
Short-term employee benefits	120,000	145,833
Post-employment benefits	20,000	30,000
Long-term benefits	-	-
Share-based payments	-	-
	140,000	175,833

Shareholding

The number of shares in the parent entity held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at start of the year	Received as part of remuneration	Additions	Disposals / other	Balance at the end of the year
2013					
<i>Ordinary shares</i>					
Andrew Brown	7,762,165	-	873,932	-	8,636,097
Paul Young	1,189,714	-	433,368	-	1,623,082
Stephen Roberts	1,870,451	-	-	-	1,870,451
	10,822,330	-	1,307,300	-	12,129,630
2012					
<i>Ordinary shares</i>					
Andrew Brown	7,558,277	-	203,888	-	7,762,165
Paul Young	1,189,714	-	-	-	1,189,714
Stephen Roberts	1,870,451	-	-	-	1,870,451
	10,618,442	-	203,888	-	10,822,330

Related party transactions

Related party transactions are set out in note 28.

TIDEWATER INVESTMENTS LIMITED AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013 (continued)

23. ACQUISITION OF CONTROLLED ENTITIES – PREVIOUS CORRESPONDING PERIOD

(A) DESCRIPTION

On 24 October 2011, Loftus Lane Investments Pty Limited (“**Loftus Lane**”), a controlled entity of Tidewater Investments Limited (“**Tidewater**”) acquired a controlling interest in Continuation Investments Limited (“**COT**”, formerly vanEyck Three Pillars Limited). The controlling interest arose as a result of Loftus Lane’s previous shareholding of 19.8% increasing to 52.6% arising from shares cancelled pursuant to an off-market share buy-back.

(B) DETAILS OF ACQUISITION OF CONTROLLED ENTITIES

On 24 October 2011, Tidewater, through its controlled entity Loftus Lane, acquired a 52.6% stake in COT. COT contributed revenues during the period between 24 October 2011 and its divestment (see note 24) on 29 February 2012 of \$26,354, and a loss before tax and non-controlling interest of \$49,590 (\$26,097 after tax and excluding non-controlling interest). In addition, upon gaining control of COT, Loftus Lane recorded a loss in fair value of \$67,111 (under AASB3 paragraph 42) but a gain on recognition of the net assets of COT of \$119,081 (under AASB3 paragraph 34).

If the acquisition of COT had taken place on 1 July 2011, COT would have contributed an additional \$140,099 to the revenue of the economic entity and an incremental \$372,119 to the loss of the economic entity before tax and non-controlling interest.

Details of the fair value of the assets and liabilities acquired and gain on purchase are shown below:

	\$
Purchase consideration (refer below)	
Holding as at 30 June 2011	685,081
On-market share purchases	7,240
Adjustment to fair value of previously held equity interest as at 24 October 2011	(67,111)
TOTAL PURCHASE CONSIDERATION	625,210

The carrying amounts of assets and liabilities at the date of acquisition are:

	Acquiree’s carrying amount \$	Fair Value \$
Cash	1,722,335	1,722,335
Debtors	9,924	9,924
Prepayments	14,584	14,584
TOTAL ASSETS	1,746,843	1,746,843
Creditors	(3,247)	(3,247)
Provisions for dividends and share buy-back	(329,290)	(329,290)
NET ASSETS	1,414,306	1,414,306
Non controlling interest not acquired		(670,015)
FAIR VALUE OF NET IDENTIFIABLE ASSETS		744,291
Gain from bargain purchase		(119,081)
Total purchase consideration		625,210
Cash component of consideration		(7,240)
Cash balances acquired		1,722,335
Total inflow of cash		1,715,095

TIDEWATER INVESTMENTS LIMITED AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013 (continued)

23. ACQUISITION OF CONTROLLED ENTITIES – PREVIOUS CORRESPONDING PERIOD (continued)

The gain from bargain purchase arose from the closing share price of COT on the date of acquisition of 24 October 2011 of \$0.61 – the level to which the previously held equity interest was adjusted to fair value - being below the net tangible assets per share of \$0.726.

24. SALE AND DECONSOLIDATION OF CONTROLLED ENTITIES – PREVIOUS CORRESPONDING PERIOD

(A) DESCRIPTION

On 29 February 2012, Tidewater disposed of three controlled entities – Continuation Investments Limited (“COT”), Tidewater Funds Management Limited (“TFM”) and Tidewater Property Management Pty. Limited (“TPM”). TFM and TPM were sold to Scunthorpe Holdings Pty. Limited (“SHPL”), a related party of Tidewater’s Managing Director, Andrew Brown (refer note 25).

(B) DETAILS OF SALE OF CONTROLLED ENTITY – COT

Tidewater disposed of COT by way of entering into a binding agreement with a corporate advisory group for the sale of its entire shareholding of 1,204,934 shares of COT for a gross consideration of \$1,168,425. The sale was effected to a number of separate and unrelated investors and was settled on 8 March 2012.

Details of the sale of COT are as follows:

	\$
Cash consideration received	1,168,425
TOTAL DISPOSAL CONSIDERATION	1,168,425
Carrying value of net assets sold	(718,194)
GAIN ON SALE (before income tax – no tax applicable)	450,231

The carrying amounts of assets and liabilities at the date of sale (29 February 2012) were:

	\$
Cash	1,594,488
Prepayments	6,250
Debtors	9,110
TOTAL ASSETS	1,609,848
Accruals	(9,745)
Provision for dividend and share buy-back	(235,386)
TOTAL LIABILITIES	(245,131)
 Non controlling interest	 (646,523)
CARRYING VALUE OF NET ASSETS SOLD	718,194
 Cash component of consideration	 1,168,425
Cash balances divested	(1,594,488)
Total outflow of cash	(426,063)

TIDEWATER INVESTMENTS LIMITED AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013 (continued)

25. DISCONTINUED OPERATIONS – FUNDS MANAGEMENT – PREVIOUS CORRESPONDING PERIOD

On 29 February 2012, the Funds Management operating segment was sold to Scunthorpe Holdings Pty. Limited ("SHPL"), a related entity of Andrew Brown. The Funds Management segment was comprised of the controlled entities Tidewater Funds Management Limited and Tidewater Property Management Pty. Limited

The profit for the discontinued operation can be analysed as follows:

	2012 \$	2011 \$
Profit of Funds Management for the period	2,244	9,370
Revenue	112,500	232,239
Other expenses	(110,256)	(222,869)
Profit before income tax	2,244	9,370
Income tax expense	-	-
Profit after income tax	2,244	9,370

The cash flows for the discontinued operation can be analysed as follows:

Net cash used in operating activities	(94,945)	(279,348)
Net cash used in investing activities	-	-
Net cash (used in)/provided by financing activities	(145,457)	279,348
Net decrease in cash held	(240,402)	-
Cash and cash equivalents at the beginning of the financial year	407,000	407,000
Cash and cash equivalents at disposal date (2011: end of financial year)	166,598	407,000

TFM and TPM were jointly sold to SHPL through an off-market transfer of Tidewater's shares in each company. Consideration for the sale comprised of cash and the assumption of promissory note liabilities.

Details of the joint sale of TFM and TPM are as follows:

	\$
Cash consideration received	3,905
Repayment of inter-company loan	4,654
Assumption of promissory note liabilities	166,598
TOTAL DISPOSAL CONSIDERATION	175,157
Carrying value of net assets sold	(175,157)
GAIN ON SALE (before income tax – no tax applicable)	-

TIDEWATER INVESTMENTS LIMITED AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013 (continued)
**25. DISCONTINUED OPERATIONS – FUNDS MANAGEMENT – PREVIOUS CORRESPONDING PERIOD
(continued)**

The carrying amounts of assets and liabilities at the date of sale (29 February 2012) were:

Debtors and prepayments	20,808
Promissory notes from parent company	166,598
Plant and equipment	129
TOTAL ASSETS	187,535
Accruals	12,378
TOTAL LIABILITIES	12,378
NET ASSETS ON DISPOSAL	175,157
Cash component of consideration	8,559
Cash balances divested on deconsolidation	-
Total inflow of cash	8,559

Economic Entity	
2013	2012
\$	\$

26. CASH FLOW INFORMATION
(A) RECONCILIATION OF CASH FLOW FROM OPERATIONS WITH OPERATING PROFIT/(LOSS) AFTER TAX

Operating profit/(loss) after income tax	318,997	(1,333,083)
Cash flows excluded from profit/(loss) attributable to operating activities:		
Purchases of investments	(740,977)	(81,470)
Proceeds from sales of investments	102,930	642,310
Proceeds from return of capital	-	7,400
Non cash flows in operating profit/(loss):		
Change in fair value of investments retained	(513,254)	1,307,914
Profit on sale of investments and derivatives	(59,762)	(88,168)
Loss on distribution of investments	-	139,718
Change in fair value of investments consolidated	-	67,111
Profit on disposal of controlled entities	-	(569,312)
Depreciation and amortisation	-	1,997
Interest on related party borrowings accrued to capital	-	3,842
Loss on sale of plant and equipment	-	4,160
Loss attributable to minorities	-	(23,493)
Changes in assets and liabilities net of acquisitions:		
(Increase)/decrease in deferred tax balances	(10,300)	5,398
Decrease in sundry debtors & prepayments	4,666	68,619
Increase/(decrease) in trade creditors & accruals	29,455	(2,841)
Other	1,736	3,178
Cash flows (used in)/provided by operations	(866,509)	153,280

TIDEWATER INVESTMENTS LIMITED AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013 (continued)

	Economic Entity	
	2013	2012
	\$	\$

26. CASH FLOW INFORMATION (continued)

(B) NON CASH FLOW FINANCING ACTIVITY

During the year to 30 June 2012, the economic entity paid returns of capital of \$1,440,530 through the distribution of investments which was not reflected in the Statement of Cash Flows. During the year to 30 June 2013, no such distributions were made.

(C) LOAN FACILITIES

Overdraft/loan and margin lending facilities	850,000	400,000
Amount utilised	(195,270)	-
Unused loan facilities	654,730	400,000

Tidewater Investments Limited has an overdraft facility of \$400,000 with a major bank with a fixed and floating charge against all the assets of the Company and its controlled entities Loftus Lane Investments Pty. Limited and Rowe Street Investments Pty. Limited. The overdraft facility is currently available until 31 July 2013 and as at the reporting date attracted an interest rate of 12.9% per annum. The Company expects the facility will be extended for a further twelve months.

The Economic Entity also operated a secured loan facility provided by a margin lending provider. The facility has a limit of \$450,000 and has no fixed maturity date and has a current interest rate of 7.9% per annum.

27. EVENTS SUBSEQUENT TO REPORTING DATE

Nil.

28. RELATED PARTY INFORMATION AND TRANSACTIONS

Ultimate Controlling Entity

The ultimate controlling entity of the economic entity is Tidewater Investments Limited (refer notes 13 and 14).

Key management personnel remuneration

During the financial year, total remuneration of \$140,000 (2012: \$175,333) was paid to Directors and key management personnel by the economic entity, including partially owned controlled entities. Details of the payments and shareholdings in Tidewater Investments Limited of Directors and key management personnel are shown in the Remuneration Report contained as part of the Directors Report on pages 7 - 10 of this Financial Report.

This remuneration in 2012 includes fees of \$10,000 (2013: \$nil) paid to Andrew Brown and Stephen Roberts who were common Directors of Tidewater Investments Limited and Continuation Investments Limited.

TIDEWATER INVESTMENTS LIMITED AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013 (continued)

28. RELATED PARTY INFORMATION AND TRANSACTIONS (continued)

Tidewater Investments Limited transactions with controlled entities

During the financial year, Tidewater Investments Limited advanced and repaid loans, sold and purchased goods and services, and provided management, accounting and administrative assistance to its controlled entities. At 30 June 2013, controlled entities owed the parent entity \$3,032,848 (2012: \$2,748,265) prior to provisions for non-recovery and the parent entity owed the controlled entities \$64,021 (2012: \$271,596). All loans advanced to and from these controlled entities are unsecured, subordinate to other liabilities and do not bear interest. Loans between members of the tax consolidated group are not on normal terms and conditions.

No dividends were received from controlled entities in either of the periods to 30 June 2013 or 30 June 2012.

In the year to 30 June 2012, Tidewater Investments Limited charged management fees of \$140,000 (2011: \$240,000) to Tidewater Property Management Pty. Limited.

In the year to 30 June 2013, Tidewater Investments Limited charged management fees of \$10,441 (2012: \$17,194) to Loftus Lane Investments Pty. Limited and \$1,685 (2012: \$9,801) to Rowe Street Investments Pty. Limited.

Other related parties

In the year to 30 June 2013, Andrew Brown was a Director of Adelaide Resources Limited, Cheviot Bridge Limited, Cheviot Kirribilly Vineyard Property Group (in liquidation) and Australasian Wealth Management Limited ("AWK" formerly Merricks Capital Special Opportunities Fund Limited). In the year to 30 June 2012 Andrew Brown was a Director of all of these companies plus Continuation Investments Limited from 31 October 2011 to 29 February 2012. In the year to 30 June 2013, all Directors fees earned by Mr. Brown from these parties were paid directly to Mr. Brown's family owned company A. Brown and Company Pty. Limited and amounted to \$177,083 (excluding AWK in which the Economic Entity does not have a shareholding). In the year to 30 June 2012 but including AWK only until 31 October 2011, all Directors fees earned by Mr. Brown from these parties were paid directly to Mr. Brown or his family owned company A. Brown and Company Pty. Limited and amounted to \$155,833.

Ireland Yard Capital Management Pty. Limited ("IYCM"), a related entity of Andrew Brown, leased office space to the economic entity from 1 July 2012 to 31 October 2012 and received rentals of \$2,800 (2012: 1 March 2012 to 30 June 2012 and rental of \$2,800) The economic entity occupies communal office space with Mr. Brown's private companies at no cost.

Stephen Roberts was a Director of Continuation Investments Limited from 31 October 2011 to 29 February 2012 during which period Directors fees of \$5,000 were paid to a related entity of Mr. Roberts.

In the year to 30 June 2012, Tidewater Property Management Pty. Limited was the asset manager and Tidewater Funds Management Limited was the Responsible Entity of Cheviot Kirribilly Vineyard Property Group (in Liquidation) ("CKP"). In the period between 1 July 2011 and its divestment on 29 February 2012, Tidewater Property Management Pty. Limited earned or accrued fees of \$112,500 from CKP.

TIDEWATER INVESTMENTS LIMITED AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013 (continued)

29. FINANCIAL INSTRUMENTS, RISK MANGEMENT AND CAPITAL RISK MANAGEMENT

The economic entity undertakes transactions in a range of financial instruments including:

- listed shares and equity type securities in other corporations;
- cash assets;
- contracts for difference (“CFDs”);
- receivables;
- payables;
- deposits; and
- bills of exchange and commercial paper.

As a consequence, the Economic Entity is exposed to a number of financial risks. The Directors believe that these risks fall into two categories:

- “largely controllable risks” including interest rate risk, credit risk, and liquidity and operational risks; and
- “partly controllable risks” mainly arising from financial market risk.

We seek to sensibly mitigate the controllable risks but recognise that our financial performance is likely to be highly volatile as a result of “mark-to-market” accounting conventions, and the economic entity’s portfolio of investments in smaller and microcap companies, as well as corporations whose overall profit performance is dependent upon the overall direction or level of financial asset markets.

The Board provides overall guidance in respect of risk management, mainly in the areas of approving individual security investments, and providing advice and guidance in respect of the economic entity’s debt financing of its activities. The economic entity generally does not enter into derivative contracts as part of its day to day business, and has no major necessity to hedge specific exposures, given its relatively simple debt financing structures and lack of overseas assets and liabilities.

(A) CAPITAL RISK MANAGEMENT

We aim to manage equity and debt capital in order to provide returns for shareholders, whilst maintaining the Economic Entity’s ability to pay its debts as and when they come due. As a smaller corporation, there is limited ability to manage the overall cost of capital, since equity capital may not always be accessible, and if so, only at significant theoretical cost. These costs may result in significant dilution to existing shareholders percentage interest in the economic entity.

In addition, the supply of debt capital is also not always assured as a result of the economic entity’s requirements to use major commercial banks. Since the economic entity’s business is of a specialist nature, commercial banks may not always be willing to lend to support its activities, or may do so on terms which are highly constraining. These constraints include not only the price of available credit – referenced by its margin over market based bank bill rates – but also the variable nature of covenants required to be observed by the economic entity.

To manage overall capital risks, it may be necessary for the Board of Directors to adjust the level of dividends paid to shareholders, return capital to shareholders or issue new shares. Capital is monitored on an overall basis, although in the past has had to be done so with an emphasis on maintaining access to debt facilities made available to the economic entity. These have historically required the economic entity to maintain stipulated ratios of total liabilities to total tangible assets, minimum net worth (in dollar terms), restricted the ability to pay dividends in certain circumstances, and required that a parcel of securities be lodged with the economic entity’s debt financier. The economic entity fully repaid facilities which required maintenance of such criteria on 14 July 2010, although it has utilised overdraft facilities, from time to time, since that date.

TIDEWATER INVESTMENTS LIMITED AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013 (continued)

29. FINANCIAL INSTRUMENTS, RISK MANGEMENT AND CAPITAL RISK MANAGEMENT (continued)

(B) LARGELY CONTROLLABLE RISKS – INTEREST RATE RISK AND EXPOSURES

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. Interest rate risk arises from interest bearing financial assets and liabilities that we use. Non derivative interest bearing assets are predominantly short term liquid assets, such as interest bearing bank accounts. Historically, our interest rate liability risk arose primarily from drawdowns of bank accepted bills with a maximum of 180 days duration, supported by a facility with a major commercial bank, with a floating charge over the assets of the economic entity. The timing of rollover of these bank accepted bills gave rise to variable interest rate and cash flow risks. The economic entity currently has access to loan facilities provided by short term bank overdraft. The parent entity largely assumes interest rate risk insofar as it acts as an effective treasury for the economic entity by arranging debt facilities with a major commercial bank. These proceeds, together with other available capital, are available to be loaned to controlled entities through non-interest bearing inter-company loan accounts.

At current interest rates, over the course of a full year, an increase of 100 basis points in borrowing rates with an accompanying change in deposit rates would decrease pre-tax profit by \$556 (2012: increase of \$1,822).

Interest rate risk is not specifically managed since the economic entity has no fixed balance sheet inflow/outflow requirements which would require complex asset-liability management, and the maximum 180 day bill accepted drawdown nature of the previous facility inhibited such a requirement. Given the equity nature of the economic entity's investments, the Directors believe that any increases in the costs of debt finance could be mitigated by the sale of equity investments.

The following table summarises interest rate risk, for the economic entity with weighted average interest rates at reporting date.

	Interest Rate	Fixed Interest Rate \$	Floating Interest Rate \$	Non Interest Bearing \$	Total \$
ECONOMIC ENTITY 2013					
Financial assets:					
Cash and cash equivalents	0.03%	-	81,148	58,270	139,418
Trade and other receivables	-	-	-	5,763	5,763
Investments	-	-	-	1,929,890	1,929,890
		-	81,148	1,993,923	2,075,071
Financial Liabilities:					
Trade and other payables	-	-	-	168,314	168,314
Margin loan	7.90%	-	195,270	-	195,270
		-	195,270	168,314	363,584
Net Financial Assets/(Liabilities)		-	(114,122)	1,825,609	1,711,487
ECONOMIC ENTITY 2012					
Financial assets:					
Cash and cash equivalents	3.36%	510,000	182,242	-	692,242
Trade and other receivables	-	-	-	10,429	10,429
Investments	-	-	-	723,809	723,809
		510,000	182,242	734,238	1,426,480
Financial Liabilities:					
Trade and other payables	-	-	-	138,859	138,859
		-	-	138,859	138,859
Net Financial Assets/(Liabilities)		510,000	182,242	595,379	1,287,621

TIDEWATER INVESTMENTS LIMITED AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013 (continued)

29. FINANCIAL INSTRUMENTS, RISK MANGEMENT AND CAPITAL RISK MANAGEMENT (continued)

(C) LARGELY CONTROLLABLE RISKS – CREDIT RISK

Credit risk is the risk that a contracting entity will not complete its obligations under an agreement or financial instrument and cause us to incur a financial loss. We have exposure to credit risk on various financial assets included in our statement of financial position.

Over the course of the financial year, the economic entity's major credit risk relates to its exposure to sold securities transactions where Members of ASX Limited are required to settle such transactions in the normal course of business on the Australian Securities Exchange. Members of ASX Limited are generally covered by the National Guarantee Fund for the types of transactions entered into by the Economic Entity. To help manage this risk, we monitor our exposures to individual entities. The maximum amount to which the economic entity is exposed as at 30 June 2013 is \$nil (2012: \$nil).

The economic entity also conducts transactions in CFDs. To ensure that risk is managed appropriately, the economic entity only uses CFD providers who maintain a strict segregation between client funds and principal funds. In a similar vein, the economic entity only uses margin loan providers who maintain a mortgage over the relevant securities and ensure the economic entity retains an equitable interest in the pledged securities.

The economic entity is also exposed to credit risk through bank deposits and other simple money market instruments. These risks are managed by the economic entity placing short term deposits and bills only with highly rated major domestic commercial banks.

(D) LARGELY CONTROLLABLE RISKS – OPERATIONAL AND LIQUIDITY RISK

Liquidity risk includes the risk that, as a result of our operational liquidity requirements:

- we will not have sufficient funds to settle a transaction on the due date;
- we will be forced to sell financial assets at a value which is less than what they are worth; or
- we may be unable to settle or recover a financial asset at all.

To help mitigate these risks we maintain constant monitoring of the economic entity's financial position through a series of cross-linked financial programs, and attempt to ensure the economic entity has accessible liquidity in the form of cash, readily saleable securities and access to bank and margin financing. The contracted cash flows of all financial liabilities (refer notes 18 and 19) are equal to their carrying value and will mature within twelve months of the reporting date.

(E) PARTLY CONTROLLABLE RISKS – FINANCIAL MARKET AND SECURITIES RISK

Financial market risk is the risk that the fair value or future cash flows of our financial instruments will fluctuate because of changes in market prices. In the main, this occurs due to the economic entity's investments in listed ordinary shares whose share prices can fluctuate significantly over short periods of time.

The Board of Directors regard financial market risk as being only partly controllable, since investing in ordinary shares is an inherent component of the economic entity's activities, from which it seeks to profit. The economic entity is subject to significant risks which it is largely unable to control as a result of investing in smaller and "microcap" companies, together with companies which themselves hold financial assets.

Investments in these companies are subject to more volatile price fluctuations as a result of:

- illiquidity of trading in the investee company's securities;
- potential proprietorial conflict from large shareholdings owned by management or Directors;
- concentration of major shareholdings, which can lead to extreme negative fluctuations in share prices when single investors seek to sell their securities in the investee company, irrespective of the business performance of the investee;
- lack of diversification of business activities of the investee company, rendering the investee susceptible to volatility within a single industry; and
- leverage to financial market movements through the economic entity's investments in other listed managed investment companies.

TIDEWATER INVESTMENTS LIMITED AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013 (continued)

29. FINANCIAL INSTRUMENTS, RISK MANGEMENT AND CAPITAL RISK MANAGEMENT (continued)

The Economic Entity has no rigid policy in respect of these investments but seeks to partly mitigate the inherent risks by diversifying its portfolio of shareholdings. In respect of individual securities, the Board of Directors monitors and approves significant exposures to individual securities, other than controlled entities. In addition, the inherent risks of significant exposures to individual entities are partly mitigated by board representation on the investee company. Due to the nature of securities owned, there is limited correlation with traditional stock market indices.

In the event that the listed company portfolio increased or decreased in value by 10% from the levels of 30 June 2013, there would be a corresponding positive or negative impact on pre-tax profit/(loss) of \$190,552 (2012: \$69,944).

In the year to 30 June 2013, the economic Entity commenced trading in Contracts for Difference ("CFDs"). A CFD is a contract, usually entered into between the investor and an investment bank or other financial organization, whereby the two parties exchange the difference between the opening and closing prices of the financial instrument.

CFDs are generally highly leveraged and do not confer the direct benefits of ownership of the underlying instrument. In many cases, the underlying investment is a futures contract. The Economic Entity has a preference for dealing with CFD providers offering direct access to the market in the underlying securities which provides a higher degree of the provider acting as "agent" rather than "principal".

The Economic Entity uses CFDs to hedge against certain underlying equity positions, to short sell or take leveraged long positions in specific securities, currencies, indices, commodities and sovereign debt benchmarks,

Investments in CFDs are subject to significant fluctuations in value as a result of the volatility of the underlying instrument allied to financial leverage. Apart from the natural attributes of hedging, the economic entity typically restricts its positions in underlying exposure terms to a maximum of ten times the equity placed in the CFD provider's account. At 30 June 2013, the equity in the single CFD providers account was \$58,270.

At 30 June 2013, the Economic Entity held no CFD positions but had available equity in the single CFD provider's account of \$58,270. In the period from 9 October 2012 (when trading commenced) to 30 June 2013, the Economic Entity held average daily position exposures of \$54,552 and average single positions of \$58,307. The largest single position held was a short position in the Japanese Government bond 10 year benchmark during June 2013 of \$303,434. The largest overall equity positions were \$361,797 net long on 11 April 2013 and \$382,401 net short on 21 February 2013.

TIDEWATER INVESTMENTS LIMITED AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013 (continued)

29. FINANCIAL INSTRUMENTS, RISK MANGEMENT AND CAPITAL RISK MANAGEMENT (continued)

(F) NET FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

As of 1 July 2009, the group has adopted the amendment to AASB 7 *Financial Instruments: Disclosures* which requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

30 June 2013	Level 1 \$	Level 2 \$	Level 3 \$	TOTAL \$
Financial assets at fair value through profit or loss:				
Shares in other corporations	1,905,522	24,368	-	1,929,890
TOTAL	1,905,522	24,368	-	1,929,890

30 June 2012	Level 1 \$	Level 2 \$	Level 3 \$	TOTAL \$
Financial assets at fair value through profit or loss:				
Shares in other corporations	699,441	24,368	-	723,809
TOTAL	699,441	24,368	-	723,809

The fair value of financial instruments traded in active markets (being shares in listed corporations) is based on quoted market prices at the end of the reporting period. These instruments are included in level 1.

The fair value of financial instruments that are not traded in an active market (e.g. shares in unlisted corporations) is determined using valuation techniques. The group uses a variety of valuation methods and makes assumptions that are based on market conditions existing at the end of each reporting period. These instruments are included in level 2 and comprise two sets of shares in unlisted corporations. One instrument included within level 2, being shares in Cheviot Bridge Limited ("CBL") moved from level 1 to level 2 during the year to 30 June 2010, as a result of the delisting of shares in CBL from Australian Securities Exchange. As at 30 June 2013, shares in CBL are carried at zero (30 June 2012: zero) being Directors valuation, due to inherent uncertainty as to their value.

Other data on net fair values of assets and liabilities is presented in notes 10,12 and 16 to the financial statements.

TIDEWATER INVESTMENTS LIMITED AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013 (continued)

29. FINANCIAL INSTRUMENTS, RISK MANGEMENT AND CAPITAL RISK MANAGEMENT (continued)

(G) RECONCILIATION OF NET FINANCIAL ASSETS TO NET ASSETS

	Economic Entity	
	2013	2012
	\$	\$
Net Financial Assets as above	1,711,487	1,287,621
Non financial assets and liabilities:		
Deferred tax assets	42,450	28,904
Net assets per balance sheet	1,753,937	1,316,525

30. SEGMENT REPORTING

The Economic Entity has two reportable segments, which both solely operate in one geographic segment, being Australia. Segment results, assets and liabilities include items directly attributable to a segment. Information about each reportable segment is included below. Performance is measured based on segment profit before income tax as included in the internal management reports that are reviewed by the Managing Director, who is also the chief operating decision maker.

Segment profit before income tax is used to measure performance as management believes that such information is the most relevant in evaluating the results of each operating segment. The reportable segments are as follows:

Funds management: management of closed end investment vehicles and provision of funds management services.

Investment: investment in closed end investment funds, "microcap" Australian companies, and other financial services entities.

Unallocated expenses include all financing costs except those directly attributable to investment, and personnel costs associated with the Economic Entity except the use of outside personnel as Directors of partly owned subsidiaries and compliance committees which are capable of allocation to a specific business segment; interest and dividend income is allocated to "Investment".

TIDEWATER INVESTMENTS LIMITED AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013 (continued)

30. SEGMENT REPORTING (continued)

2013	Funds Management \$	Investment \$	Unallocated \$	TOTAL \$
External revenue	-	643,108	-	643,108
Interest revenue	-	9,636	-	9,636
Other revenue	-	-	-	-
Expenses other than finance, depreciation and amortisation	-	(63,603)	(279,583)	(343,186)
Depreciation	-	-	-	-
SEGMENT RESULT	-	589,141	(279,583)	309,558
Finance Costs	-	-	(4,113)	(4,113)
PROFIT/(LOSS) BEFORE INCOME TAX	-	589,141	(283,696)	305,445
Income tax expense	-	-	13,552	13,552
Non-controlling Interests	-	-	-	-
PROFIT/(LOSS) AFTER INCOME TAX	-	589,141	(270,144)	318,997
Segment Assets	-	2,075,071	42,450	2,117,521
Segment Liabilities	-	195,270	168,314	363,584
Capital Expenditure	-	-	-	-
2012	Funds Management \$	Investment \$	Unallocated \$	TOTAL \$
External revenue	112,500	606,108	5,466	724,074
Interest revenue	-	33,794	-	33,794
Other revenue	-	569,312	-	569,312
Expenses other than finance, depreciation and amortisation	(110,234)	(2,030,303)	(485,282)	(2,625,819)
Depreciation	(22)	-	(1,975)	(1,997)
SEGMENT RESULT	2,244	(821,089)	(481,791)	(1,300,636)
Finance Costs	-	-	(36,866)	(36,866)
PROFIT/(LOSS) BEFORE INCOME TAX	2,244	(821,089)	(518,657)	(1,337,502)
Income tax expense	-	-	(19,074)	(19,074)
Non-controlling Interests	-	23,493	-	23,493
PROFIT/(LOSS) AFTER INCOME TAX	2,244	(797,596)	(537,731)	(1,333,083)
Segment Assets	-	1,426,130	29,254	1,455,384
Segment Liabilities	-	-	138,859	138,859
Capital Expenditure	-	-	-	-

31. COMPANY DETAILS

The Registered Office and Principal Place of Business of the Economic Entity is Suite 7.06, 2-14 Kings Cross Road, POTTS POINT NSW 2011.

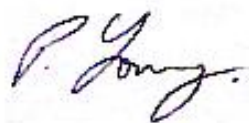
TIDEWATER INVESTMENTS LIMITED

DIRECTORS DECLARATION

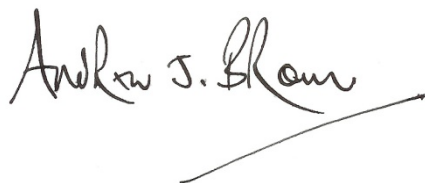
In accordance with a resolution of the Board of directors of Tidewater Investments Limited, we declare that:

- (a) The financial statements and notes of the Economic Entity are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Economic Entity's financial position as at 30 June 2013 and of its performance for the year ended on that date;
 - (ii) complying with Accounting Standards and Corporations Regulations; and
 - (iii) complying with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements; and
- (b) In the opinion of the directors, there are reasonable grounds to believe that the Economic Entity will be able to pay its debts as and when they become due and payable.
- (c) The Managing Director has declared that:
 - (i) the financial records of the Economic Entity for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001;
 - (ii) the financial statements and notes for the financial year comply with the Accounting Standards; and
 - (iii) the financial statements and notes for the financial year give a true and fair view.
- (d) The remuneration disclosures that are contained in pages 7 to 9 of the Directors' Report comply with Australian Accounting Standard AASB 124 Related Parties and Corporations Regulations 2001.

On behalf of the Board



P A Young
Chairman



A J Brown
Managing Director

Date: 29 July 2013

INDEPENDENT AUDITOR'S REPORT



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INDEPENDENT AUDITOR'S REPORT

To the members of Tidewater Investments Limited

Report on the Financial Report

We have audited the accompanying financial report of Tidewater Investments Limited, which comprises the statement of financial position as at 30 June 2013, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility 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 Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

BDO East Coast Partnership ABN 83 236 985 726 is a member of a national association of independent entities which are all members of BDO (Australia) Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO East Coast Partnership and BDO (Australia) Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation (other than for the acts or omissions of financial services licensees) in each State or Territory other than Tasmania.



Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Tidewater Investments Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

- (a) the financial report of Tidewater Investments Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2013 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.
- (b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 7 to 9 of the directors' report for the year ended 30 June 2013. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Tidewater Investments Limited for the year ended 30 June 2013 complies with section 300A of the *Corporations Act 2001*.

BDO East Coast Partnership

A handwritten signature in dark ink, appearing to read 'Craig Maxwell', is written over a faint, larger 'BDO' logo.

Craig Maxwell

Partner

Sydney, 29 July 2013

TIDEWATER INVESTMENTS LIMITED.

OTHER REQUIRED INFORMATION – YEAR ENDED 30 JUNE 2013

A. Range of Shares Issued as at 18 July 2013

As at 18 July 2013 there were 26,555,549 shares held by 414 shareholders, all of which were quoted on the ASX.

Range	Holders	Shares held	% of capital
1-1,000	200	92,955	0.35
1,001-5,000	121	331,555	1.25
5,001-10,000	19	141,502	0.53
10,001-100,000	47	1,237,276	4.66
Over 100,001	27	24,752,261	93.21
Totals	414	26,555,549	100.00

There are 334 shareholders owning a total of 510,963 shares who own unmarketable parcels of the Company's securities.

B. Top Twenty shareholders as at 18 July 2013

Holder	Shares held	% of capital
Abron Management Services Pty Ltd <Brown Family Super A/C>	4,507,500	16.97
Victor John Plummer	3,947,500	14.86
A. Brown And Company Pty Limited	3,057,572	11.51
Dr Stephanie Phillips	1,500,000	5.65
RBC Investor Services Australia Nominees Pty Limited <Bkcust A/C>	1,429,975	5.39
Clapsy Pty Ltd <Baron Super Fund A/C>	1,377,214	5.19
Pethol (Vic) Pty Ltd <Macdy No 5 Super Fund A/C>	1,374,883	5.18
Andrew John Brown	960,320	3.62
Stephen Roberts & Mrs Megan Roberts <Dover Downs Super Fund A/C>	750,948	2.83
Stephen Roberts <Roberts Pension Fund A/C>	690,018	2.60
Megwil Pty Ltd <WPG Super Fund A/C>	631,274	2.38
Pilrift Pty Ltd <Critchley Retirement A/C>	577,685	2.17
Christopher Arthur Malin & Mrs Gabrielle Eve Malin <Jingera Super Fund A/C>	456,762	1.72
Sanolu Pty Limited	449,584	1.69
Agrico Pty Ltd <Palm Super Fund A/C>	425,000	1.60
Stephen Murray Roberts & Mrs Megan Roberts <Roberts Pension Fund A/C>	408,333	1.54
Panstyn Investments Pty Ltd	387,500	1.46
Pacific Gold Resources Limited	350,000	1.32
Megwil Pty Ltd <WPG Super Fund A/C>	287,500	1.08
Weldbank Pty Ltd	242,451	0.91
TOTAL TOP TWENTY SHAREHOLDERS	23,812,019	89.67

C. Voting Rights

Shareholders are entitled to one vote for each share held. On a show of hands every shareholder present in person or by proxy shall have one vote and upon a poll, every shareholder so present shall have one vote for every share held.

OTHER REQUIRED INFORMATION – YEAR ENDED 30 JUNE 2013 (CONTINUED)

D. Substantial Shareholders

The company is aware of six shareholders who hold relevant interests of in excess of 5% of the company's ordinary shares as at 18 July 2013:

Holder	Shares held	% of capital
Andrew John Brown (relevant interests)	8,636,097	32.50%
Victor John Plummer	3,947,500	14.86%
Stephen Murray Roberts (relevant interests)	1,870,451	7.04%
Paul Antony Young (relevant interests)	1,623,082	6.11%
Dr. Stephanie Phillips	1,500,000	5.65%
Wilson Asset Management (International) Pty. Limited	1,429,975	5.39%