Appendix 4E

Preliminary Final Report to the Australian Stock Exchange

Name of Entity	Tidewater Investments Limited
ACN	001 746 710
Financial Year Ended	30 June 2008
Previous Corresponding Reporting Period	30 June 2007

Results for Announcement to the Market

	$	Percentage increase /(decrease) over previous corresponding period
Revenue from ordinary activities	$6,536,870	- 32.0%
Profit/(loss) from ordinary activities after tax attributable to members	($5,759,452)	Prior period profit
Net profit / (loss) for the period attributable to members	($5,759,452)	Prior period profit

Dividends (distributions)	**Amount per security**	**Franked amount per security**
Final Dividend	Nil	-
Previous corresponding period	2.5 cents	2.5 cents
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	n/a

dividend or distribution	
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

NTA Backing

	Current Period	Previous corresponding period
Net tangible asset backing per ordinary security	37.5 cents	76.4 cents

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 per security and the nature of any dilution aspects:
(32.2 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	13 August 2008

tidewater investments limited
ABN 52 001 746 710

2008

tidewater
INVESTMENTS LIMITED

annual report and financial statements for the year to 30th june 2008

Tidewater Investments Limited (ASX code: TDI) is an investor in selected "microcap" Australian listed companies specialising in the boutique financial services area. The Company also manages funds for outside parties through subsidiary fund management businesses. In combination, these activities involve inherently higher levels of risk, arising from potential proprietorial conflict, illiquidity, and leverage to financial market movements. As a consequence, the company's performance may differ markedly from traditional stockmarket indices, especially over shorter time periods.

DIRECTORY

tidewater investments limited
ABN 52 001 746 710

Directors

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

Company Secretary
Steve McDowell

Registered Office
Level 4
34 Hunter Street
SYDNEY
NSW 2000

Communications
telephone: (02) 8258 0000
facsimile: (02) 9230 0922
mail: GPO Box 4870, SYDNEY NSW 2001
email: admin@tidewater.com.au
website: www.tidewater.com.au

Share Registry
Registries Limited
Level 2
28 Margaret Street
SYDNEY NSW 2000

Shareholder Enquiries: (02) 9290 9600
Shareholders requiring clarification of holdings, or requesting changes of name or address should contact Registries Limited directly. A variety of requisite forms may be downloaded from www.registriesltd.com.au

Bankers
National Australia Bank Limited
255 George Street
SYDNEY NSW 2000

Auditors
PKF
Level 10
1 Margaret Street
SYDNEY NSW 2000

Legal Advisers
Watson Mangioni
Level 13
50 Carrington Street
SYDNEY NSW 2000

Addisons
Level 12
60 Carrington Street
SYDNEY NSW 2000

Controlled Entities and Licence Holders
Loftus Lane Investments Pty. Limited
Rowe Street Investments Pty. Limited
Discount Assets Limited
Equities and Freeholds Limited (85% owned)
Tidewater Asset Management Pty. Limited (AFS Licence Number 302802)
Tidewater Property Management Pty. Limited (AFS Licence Number 296137)
Tidewater Funds Management Limited (AFS Licence Number 247479)

CONTENTS

CHAIRMAN'S STATEMENT

The 2008 year was far tougher than the previous twelve months, as a result of a significant change in the pricing of risk, seen most obviously through the sub-prime debacle and its flow on effects in the USA. Whilst we had a strong sense of risk being underpriced just over a year ago, like many others, the magnitude of financial leverage and excessive risk taking which has been exposed by the aftermath has been a surprise. The adverse flow-on effects, even to solid and stable companies, and their share prices, have been far greater and more rapid than might reasonably have been imagined.

This sense of doom and gloom perhaps reached a crescendo in Australia during June and July 2008, with a further precipitous drop in the stock market, along with sagging indicators of future economic activity. This had a significant impact on our reported results for the year, since our principal investment portfolio is required to be "marked to market"; "market" turned out to be a set of share prices, well below intrinsic value, which in many cases were reached on very low turnover due to tax loss selling. We hope that there will be some benefit from an unwinding of this phenomenon over the course of the 2009 financial year.

We hope that the reported results will not obscure the fact that the acquisitions made over the year have built a more solid base for Tidewater in the future. We now have a more diverse income stream and a series of investments in vehicles trading at a large discount to their net asset backing. We have spent money on investing to grow the business, which is yet to yield a real return. Rest assured, this is not a situation which will continue if our ability to execute is inadequate; having said that, we do need to give some of the initiatives sufficient time to prove themselves, and do see scope to achieve our goals in a more cost-effective manner.

The Tidewater team has expanded as a result of the acquisitions during the year – Lachlan Batchelor and Steve McDowell have joined to manage and administer Cheviot Kirribilly Vineyard Property Group. Michelene Hart did an excellent job of integrating the responsible entity and asset management business but is now taking a well earned career break. Sarah Court has recently joined us to take on the compliance responsibilities of the expanded group.

Andrew Brown and the management team look to make even greater use of our infrastructure over the course of the 2009 financial year. The 2008 year was exceptionally busy given two sets of acquisitions, which were achieved at very low legal, due diligence and other administrative and regulatory costs - a testament to our in-house capabilities. We suspect these capabilities will be required again in the new fiscal year; one which we hope will bring a return to reported profitability, and consequential dividends.

P. Young.

Paul Young
Chairman

MANAGING DIRECTORS REVIEW

The 2008 financial year was a quite remarkable one for equity markets in Australia. The effective demise of a number of companies – and industries – as a result of the tightening of credit markets was a once in a generation event. That credit spreads – the difference between lending to borrowers with different risk attributes – would blow out from their April to June 2007 levels was inevitable at the time. The widespread magnitude of the destruction, caused by far higher than previously perceived levels of gearing, arguably was not. The damage was exacerbated in Australia, not only by gearing but also the condensed timeframe of the move in spreads, which effectively took place over the November to January period. The flow through to many of the types of asset owned by Tidewater has been quite staggering and, in our view, largely unwarranted.

Whilst the magnitude of the loss we recorded at $5.76 million – on a full mark to market basis at 30 June 2008 – seems high, it should be seen in the context of two factors – the decline in the industrial share market over the course of fiscal 2008 and the impact of tax loss selling in the month of June 2008.

The 30% fall in industrial share values in the year to 30 June 2008 developed further in July to represent the fourth most severe bear market in Australia over the past seventy three years – coming during an effective period of only seven months. In such a situation, indices covering smaller capitalised securities have been even more cruelled with the S&P/ASX Small Industrials index falling 36.5% in the 2008 financial year. Given that we started the year with investments valued at about $15.5million, an "index" performance versus the Small Industrials would have caused a loss of $5.65million or so, prior to expenses.

In the month of June 2008, we incurred a ludicrous mark to market loss as a result of significant tax loss selling in a number of securities we own; close to $1.15million came from eight securities – a number of which had bid offer spreads of over 30% on balance date - as illustrated in the following table:

Stock	Last sale prices (cents)		% change	$000's impact	Bid – offer 30 June 08	Bid-offer spread (%)
	31 May 08	30 June 08				
Cheviot Bridge Limited	9.0	5.5	-38.8	300	5.5 – 8.0	45
Aequs Capital	22.0	22.5	+2.2	(15)	22.0 – 28.0	27
Cheviot Kirribilly	120	105	-12.5	144	105 - 140	33
Snowball Group	60	50	-16.6	148	46.0 – 50.0	9
Fat Prophets Aust. Fund	102	97.5	-6.3	78	97.0 -98.0	1
HJB Group	10	5.9	-41.0	108	5.1 – 6.0	18
Tidewater Share Income Fund	82	70	-14.6	84	na	-
Equities & Freeholds (NTA)	73.8	63.8	-13.6	298	na	-
TOTAL SELECTED EXPOSURE				**1,145**		

In at least two cases, shares we own were badly affected by forced sales of other holders. Further, in the case of Aequs Capital, two shareholders, owning 11% of the company, lodged their shares with Opes Prime, not to be retrieved. Whilst a partial retracement of the share price was inevitable, this was accelerated and exacerbated by the effective sequestration of their holdings. The fear of "overhangs" – always prevalent in stockmarkets – has been taken to an extreme level in many cases.

There are now numerous smaller companies where the raison d'être of holding listed company status no longer exists; there is virtually no liquidity in the company's shares, notional share prices ascribe a ridiculous valuation to the underlying business, and there is minimal outside support. Indeed, a public listing becomes reputationally negative to the underlying business. This is difficult to understand where a business is performing at its most sustainably profitable level in a number of years, but with a share price pounded by the "flight to quality and safety". We suspect a number of these companies will not stay public, given the cost and effort required to satisfy increasingly fastidious and compliance driven regulators.

Overall Result

As in previous years, we have broken down the reported pre tax result into various component parts as follows:

Fiscal years ending June $	Operating profit/(losses) (A)	Realised gains/(losses) (i)	Net interest & dividends (ii)	Realised Investment return (i) + (ii) = (B)	Change in fair value of investments (C)	Pre tax Profit/(loss) (A + B + C)
H1 2007	(23,559)	745,062	143,598	888,660	1,633,827	2,498,928
H2 2007	(144,217)	1,128,157	85,928	1,214,085	(56,308)	1,013,560
FY 2007	**(167,776)**	**1,873,219**	**229,526**	**2,102,745**	**1,577,519**	**3,512,488**
H1 2008	(275,739)	66,497	139,874	206,371	(744,614)	(813,982)
H2 2008	(594,266)	(326,560)	93,864	(232,696)	(4,119,456)	(4,946,418)
FY 2008	**(870,005)**	**(260,063)**	**233,738**	**(26,325)**	**(4,864,070)**	**(5,760,400)**

The 2008 operating profit or loss includes a number of items which are either of a one off nature or reflect "growth" investment in the ongoing business:

- approximately $340,000 in establishment and subsidies for the Tidewater Share Income Fund;
- legal and registry costs of some $94,000 relating to the acquisitions of businesses and one off return of capital;
- $57,000 in non cash amortisation charges of identifiable intangible assets;
- running a higher than normal cost base in the initial period of integration of CKL and CAM;
- lower than contracted fees from CKL and CAM for the initial seven month period in observance of the previous agreement between these suppliers and CKP;
- provision for a doubtful debt of $70,000;

Our expectation is that operating losses will be significantly less than the 2008 figure in the 2009 fiscal year – subject to any further corporate actions.

The figure for realised losses includes the marking to recoverable value of the receivables from the Signature Brands Limited Creditors Trust, at a cost of about $60,000 which should be settled in September.

As we noted above, some 28% of the adverse mark to market experience occurred in the month of June 2008; there are already signs of some reversal of this trend.

Balance Sheet & Principal Investments

The nature of our balance sheet has shifted significantly over the course of the year reflecting the investments in funds management contracts, the takeover of EQF and the downturn in equity values. We have significantly increased the magnitude of investment in structures over which we have a degree of influence through managing their assets – Fat Prophets Australia Fund, Cheviot Kirribilly Vineyard Property Group and Tidewater Share Income Fund. All of these entities have relatively high distribution yields relative to their current carrying values.

The following table is calculated on the basis of the "Tidewater Tax Consolidated Group" ("TTG"). The table is calculated on a pro-forma basis to allow for the 6.67cent capital return from EQF and the repayment of $1.7million of debt. It shows EQF as an investment, and illustrates the 170% increase to close on $5.2million of investment in "managed" vehicles including EQF:

Abridged Balance sheet comparison – Tidewater tax Consolidated Group (2008: pro forma)

	$000's	$000's	
	30 June 2007	**30 June 2008**	**Comments**
Managed vehicles	1,834	3,250	Fat Fund, TSIF, CKP
Investment in EQF	84	1,931	Net of capital return
Board connected companies	4,042	1,258	Snowball (07 only), Aequs Capital, Cheviot Bridge, Enerji (07 and 08)
Other equity investments	7,920	3,254	
TOTAL EQUITY INVESTMENTS	13,880	9,693	
Cash	1,491	284	
Loans	242	191	
Net receivables	48	(22)	
Other assets	107	86	
Identifiable intangibles	-	781	CKP contracts
Debt	(2,500)	(3,000)	Net of repayment on 18 July 2008
SHAREHOLDERS FUNDS	**13,268**	**8,013**	

The balance sheet shows we will have more of an exposure to wider equities than in the past, especially larger financial services equities (via Fat Fund, EQF and TSIF) and property securities (via EQF).

We are quite happy with this situation. We are far more bullish over the valuation of these types of equities than for some time – since 2003 – given the precipitous falls in their share prices. There is significant intrinsic value in these areas, and we are happy to use gearing - where appropriate - to leverage up the available returns. Hence, at the time of writing, the investment in EQF is effectively geared by (roughly) a proportional $595,000 of additional debt through a margin facility utilised by EQF, with no recourse to Tidewater. As expected with "value" style investors, we have gone a little early into the area, but are confident our investments will pay off over the cycle.

Funds management

TDI's fund management activities met with mixed success over the course of the 2008 fiscal year. At 30 June 2008, Tidewater managed $82million of fee paying funds in addition to its internal monies. This was below our expectations due to the decline in equity markets (approximate $15million impact from November 2007) and the failure of any notable amount of the $30million worth of Fat Prophets Australia Fund ("Fat Fund") options to be exercised in April 2008.

On the positive side, the performance of the Fat Fund under our sub-contract management has continued to improve, despite the dilutive impact of the smaller company effect in June 2008. Over the past two years, the Fat Fund ranks very close to the top of "new style" (i.e. externally managed) predominantly Australian equity broad-based listed investment companies ("LIC"), and is one of the very few to deliver a positive return in terms of NTA plus dividends to investors:

LIC (all c/share)	**NTA June 06**	**Dividends paid**	**NTA June 2008**	**Total return**
Premium Investors	112.9	16.5	103.6	+6.3%
Fat Fund	120.0	11.1	111.8	+2.4%
Van Eyk Three Pillars*	129.0	16.2	111.0	-1.4%
Century Australia	128.0	18.5	103.0	-5.0%
Huntley Investments*	96.5	8.78	81.3	-6.7%
Wilson Investments	113.9	13.5	92.1	-7.2%
Hyperion Flagship*	176.0	15.75	147.1	-7.6%
* adjusted for capital issues				

Under our sub-contract management and in tandem with the Board, the Fat Fund has built a valuable store of franking credits with around 11cents a share available for distribution if accumulated profit is sufficient. On the negative side, strictly from the management company viewpoint, only some 1.5million of the April 2008 options were exercised, providing a miniscule boost to funds under management. Conversely, this restricted the dilutionary impact of the option exercise to only 0.8 cents per share on the NTA of the fund, which provides assistance to the 5.3% shareholding in Fat Fund owned by Tidewater. As part of the extension of the management agreement to April 2010, we agreed to a reduced take of the gross management fees; this will have a more meaningful impact in fiscal 2009 given the lack of new funds.

The biggest issue for the Fat Fund remains to close the gap between the share price and net asset backing per share. We have undertaken a recent participation in the ASX sponsored LIC roadshow and have been well received. We know that the combination of dividend payments, portfolio performance, and capital management is the only way to solve the problem within a sector where many vehicles are trading at near record discounts to NTA since their listing. Corporate driven consolidation seems inevitable – but what an opportunity for EQF!

The acquisition of the Responsible Entity and Asset Manager of the Cheviot Kirribilly Vineyard Property Group ("CKP") has met with mixed success in the near term. The process of bedding down the various regulatory administration and accounting processes has proceeded relatively smoothly.

However, furnace like weather in the Adelaide region during March 2008 – especially the Clare Valley – constrained yields and pricing of the fruit in the latest vintage. In many areas, this was the most rapid vintage in living memory, with severe issues surrounding the evaporation of grapes in the heat. This is the second successive year of issues in the Clare Valley - I note that the Clare Valley's most esteemed boutique old vine red grape vineyard – mail order only – did not produce a <u>2007</u> vintage at all. As a consequence, the CKP vineyards overall yield result was below our initial expectations, and constrained the distribution from the entity below our hopes. In tandem with the boards of CKP, we have initiated a review of opportunities for the structure, whilst being cognisant that we do not want to realise assets at a potential low point in the vineyard cycle. (How long have people been saying that??)

On the negative side, the launch of the Tidewater Share Income Fund ("TSIF") turned out to be badly timed. The TSIF has lived up to its expectations from a yield perspective, but the capital cost has been significant. The TSIF has underperformed the wider market significantly as a result of its inability to own resources securities. However, with banking, financial and now property security share prices, in our opinion, way below any semblance of intrinsic value, we are hopeful that the fund will outperform the overall market and a more refined index benchmark. As a consequence, despite the lack of inflow, we are prepared to give TSIF further time to establish itself. The unwinding of some of the long resources-short financials positions in Australian equities has had a very beneficial effect in the month of July 2008. Early days, but encouraging.

Equities and Freeholds ("EQF")

Tidewater acquired control of EQF in February 2008, after initiating a takeover offer in November 2007. We had pursued dialogue with the previous board of Directors of what was then Goldlink GrowthPlus Limited ("GLC") but sensed that we would be frustrated by the fact that two other alternatives also existed:

- an undocumented proposal from an investor group centred around Gulf Resources Limited, who unsuccessfully attempted to utilise their shareholding to reconstitute the Board of Directors; and
- a tentative proposal from the NSX listed Florin Mining Investment Company which failed to eventuate.

As a result of the composition of the share register, our easiest avenue to executing our LIC proposal turned out to be a takeover offer for the Company. The decline in equity markets in January 2008 meant that we ended up with a larger holding in GLC than originally desired, as well as shelling out more cash than hoped for. However, the common sense approach to risk management meant that despite the difficult credit environment of the time, we still managed to finance the incremental cash outlay despite the 84% GLC shareholding and substantial cash take up being towards amongst our least optimal scenarios.

Strategically, we believe EQF has an exceptional investment opportunity in the chosen area of listed managed investments ("LMI's"), or closed end funds and their related areas. In the near term, in the Australian market, the sector has been decimated, with significant discounts to net asset value ("NAV") now emerging, at a time when NAV itself has been depressed by falling financial markets.

EQF has made investments in seven areas: property (A-REITs, property securities funds and companies), Australian equity LMI's, foreign equity LMI's, hedge funds and funds of hedge funds, LMI's with an embedded management company investment, private equity LMI's and a small number of financial operating companies.

A couple of areas stand out:

- A-REITs, where the S&P/ASX 300 property index fell 11.4% in June 2008 alone, including close to 3% on the last trading day; and
- Private equity LMI's where due to the nature of the manager, often owned by one of the high profile financial company casualties of the past twelve months, discounts to NAV have been remarkably large.

There is an excellent emerging structural opportunity in the sector. There is an increasing trend towards exchange traded funds ("ETF's") as new investment vehicles. ETF's mirror a stockmarket index at very low cost, and provide ready liquidity, usually through their size and open-ended though quoted structure. There are 8 ETF's listed on the ASX, with a market capitalisation of just under $1billion. This compares to roughly 680 ETF funds – of varying descriptions - in the USA, with a market value of over US$610billion.

The emergence of ETF's has two structural implications:

- it is easier for EQF to "asset allocate" and potentially gear into increasingly specialist countries or sectors where we see an opportunity;
- the emergence of these generally passive ETF vehicles forces "active" managers, especially of equities, to increasingly earn their keep. An inability to do so sees investors initially desert the relevant trust or LMI's , blowing out the share price discount to NAV, and leaving a new opportunity for aggressive activist investors to benefit from potentially forcing a liquidation. There are signs that these global vultures are finding Australia to be a conducive marketplace in which to operate – given the universe of close to 200 LMI's.

Within EQF, since balance date, we have further increased our gearing at a time when the use of debt to purchase financial assets is being pilloried. There is a clear role for gearing against a sensible group of assets, at the appropriate stage of the financial market cycle. With some volatility, over time we hope this will lead to an increase in NAV/share as markets gradually recovered – enabling EQF to grow its asset base accordingly.

Outlook

The rapid decline in equity markets has brought forth some exceptional value in selected securities, notably in our area of genuine expertise – financial services and investment companies. We aim to exploit the opportunity in a focused manner. Whilst the reported result for the 2008 year looks very poor, there is a sense of artificiality about it – not from a statutory, regulatory or accounting viewpoint – but from the basis that many of the investee company share prices are trading well below their intrinsic value. There is an acknowledgement that we might have timed some of our initiatives a little better, but many observers even more seasoned than ourselves have been taken by surprise by the ferocity, speed and indiscriminate nature of domestic events in January to June 2008. However, unlike many others, whilst not being blind to a sharp slow down in the domestic economy, we see opportunities aplenty. We hope to grasp, retain and exploit them.

Andrew J. Brown

Andrew Brown
Managing Director

PRINCIPAL INVESTMENT PORTFOLIO
and reconciliation to stated balance sheet as at 30 June 2008

Units	Stock	Value
1,808,346	Fat Prophets Australia Fund *Listed Investment Company*	$1,763,137†
1,036,605	Cheviot Kirribilly Vineyard Property Group *Vineyard holding stapled entity*	$1,076,462
2,011,238	First Opportunity Fund *Investment Company*	$994,557
1,526,975	Snowball Group Limited *Financial planning & related services*	$763,488†
3,117,250	Aequs Capital Limited *Stockbroking holding company*	$693,666
1,642,109	Dark Blue Sea Limited *Ownership and sale of domain names*	$568,416
10,396,350	Cheviot Bridge Limited *Wine distribution and vineyard services*	$565,509
700,000	Tidewater Share Income Fund *Unlisted equity unit trust*	$495,390
521,621	Landmark White *Property valuation services*	$319,848
3,288,331	HJB Group Limited *Recruitment services*	$191,877
4,247,425	Konekt Limited *Rehabilitation/OH&S management*	$189,031
433,806	Desane Group Holdings *Property ownership & development*	$208,227†
79,217	Allco Equity Partners Limited *Private Equity investor*	$134,669†
55,000	GPT Group *Multi-national diversified property owner and manager*	$122,100†
162,619	Peters MacGregor Investments *Listed Investment Company*	$117,086†
113,999	HFA Accelerator Plus *Listed fund of hedge funds*	$107,159†
300,000	Wallace Absolute Return Limited *Listed Australian Equity hedge fund*	$108,000†
135,000	Macquarie Office Fund *Multi-national office property owner*	$105,300†
Individual investments below $100,000		$1,472,642†
TOTAL SHARES& UNITS		**$9,996,564**

Cash assets	2,473,064
Loans to other entities	190,519
Goodwill	158,212
Identifiable Intangible Assets	781,227
Other assets	86,774
Net payables	(448,073)
Borrowings	(5,111,422)
NET ASSETS/SHAREHOLDERS EQUITY	**8,126,865**

† partly or wholly owned by Equities and Freeholds Limited

DIRECTORS' REPORT

The Directors present their report on the Company and its controlled entities for the financial year ended 30 June 2008.

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 20 years. Paul has a degree in economics from the University of Cambridge and is also qualified as a Chartered Accountant in the United Kingdom. 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)
- Thomas and Coffey Limited (non-executive Director – ongoing)
- Peter Lehmann Wines Limited (Deputy Chairman – ongoing)
- Sapex Limited (non-executive Director – ongoing)

Andrew John Brown

(Managing Director)

Andrew Brown has 28 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:

- Aequs Capital Limited (non-executive Director – ongoing)
- Cheviot Bridge Limited (non-executive Director – ongoing)
- Enerji Limited (appointed 20/8/2007; resigned 8/7/2008)
- Equities and Freeholds Limited (Chairman – ongoing)
- Fat Prophets Australia Fund Limited (non-executive Director – ongoing)
- Mariner Wealth Management Limited (appointed 8/4/2005; resigned 26/10/2006)
- Phoenix Development Fund (appointed 6/3/2003; resigned 23/9/2005)
- Retail Star Limited (appointed 2/8/2004; resigned 15/8/2006)
- Signature Brands Limited (appointed 9/12/2004; resigned 14/7/2006)
- Snowball Group Limited (appointed 25/6/2003; resigned 9/10/2007)

Stephen Murray Roberts

(Non-Executive Director)

Steve Roberts is a co-founder, and former Director and General Manager 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, subsequently acquired by the Dutch based Vedior. Steve has significant experience in business development, strategic planning and the management expertise gleaned from organically growing an enterprise from scratch to over 250 employees. Steve retired from Link in March 2007.

During the past three years, Steve has served as an ongoing non-executive Director of the public company, Equities and Freeholds Limited (appointed 5 March 2008).

COMPANY SECRETARY

Steven Charles McDowell

(Company Secretary) (appointed 3 March 2008)

Steven McDowell has an extensive background in finance and accounting for public companies, particularly in the Resources Sector (upstream Oil and Gas) over the past 20 year period. Prior to Tidewater, Steven was Financial Controller (for over 6 years) and Company Secretary (for approx. 5 years) for Mosaic Oil NL, a small production and exploration company. Steven holds a B.Com from University of NSW and is holds the FCPA designation.

Steven has also been employed in Senior Accounting roles for other oil and gas companies such as Cultus Petroleum NL, Santos Limited, Peko Oil Limited and Peko Wallsend Limited.

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:

	Ordinary Shares	*Primary Options*
Mr Andrew Brown	4,152,810	490,834
Mr Stephen Roberts	877,272	74,969
Mr Paul Young	882,123	179,027

Interests in Contracts or Proposed Contracts with the Company

Andrew Brown has an employment contract with the Company disclosed in the Remuneration Report of this Directors' Report.

PRINCIPAL ACTIVITIES

The group's primary activities are:

(A) Equity investment – investments are made in "microcap" Australian listed companies – generally those valued at under $30million with an interest in the financial services area. The Company anticipates deriving a strategic benefit in certain investments including board representation or through playing an active role in realising value where the investee is undervalued.

(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 loss after income tax for the year to 30 June 2008 was $5,759,452

A fully franked dividend in respect of the profits for the year ended 30 June 2007 of 2.5 cents per share was declared on 6 August 2007 and paid on 6 September 2007.

REVIEW OF OPERATIONS

A full review of operations is given on pages 2 to 8 which include the Chairman's Statement and Managing Director's Review.

TRADING IN COMPANY SHARES

During the 12 months to 30 June 2008, the Company's shares traded in the following ranges:

Quarter ending	High price	Low price	Closing price	Volume
30th September 2007	$0.93	$0.73	$0.79	2,082,243
31st December 2007	$0.80	$0.72	$0.73	84,976
31st March 2008	$0.78	$0.60	$0.60	81,979
30th June 2008	$0.60	$0.33	$0.40	158,060

Source: IRESS/ASX

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.

SIGNIFICANT EVENTS DURING THE YEAR

In November 2007, the Company completed the acquisition of Cheviot Kirribilly Limited ("CKL" - renamed Tidewater Funds Management Limited) and Cheviot Asset Management Pty. Limited ("CAM" - renamed Tidewater Property Management Pty. Limited), the Responsible Entity and asset manager respectively for the $46million gross assets Cheviot Kirribilly Vineyard Property Group. Also in November 2007, the Company announced an intention to make a takeover offer for Goldlink GrowthPlus Limited ("GLC"); the formal offer closed in February 2008 with the Company attaining an interest of 83.9%. GLC was subsequently renamed Equities and Freeholds Limited ("EQF"). EQF announced its intention to return approximately $2million in capital to shareholders, which was paid on 9 July 2008 as well as engaging in an on market share buy back of up to 5% of its ordinary shares until 14 September 2008.

Tidewater Investments Limited ("Tidewater") issued a total of 1,051,046 shares during the year – 645,161 as part of the purchase of CKL and CAM, and 405,885 as part consideration for the acquisition of GLC. On 16 June 2008, Tidewater announced its intention to purchase up to 10% of its ordinary shares through an on-market share buy back over the 2009 fiscal year, but has yet to purchase any securities.

DIRECTORS REPORT FOR THE YEAR ENDED 30 JUNE 2008 (continued)

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' 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 2008 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	8	8	-	-
Stephen Roberts	8	8	2	2
Paul Young	8	8	2	2

REMUNERATION REPORT

(A) Key Management Personnel

The names and positions of key management personnel of the parent 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
(Clare Porta held office as a Director of the controlled entity Equities and Freeholds Limited throughout the period 1 February 2008 to 30 June 2008 during which the results of Equities and Freeholds Limited are consolidated into these accounts)

Specified Executives
Lachlan Batchelor Investment Manager (commenced 1 December 2007)
Michelene Hart CEO – Funds Management
(commenced 1 December 2007; resigned 26 June 2008)
Steve McDowell Finance Manager (commenced 1 March 2008)
Steve O'Hanna Investment Manager

DIRECTORS REPORT FOR THE YEAR ENDED 30 JUNE 2008 (continued)

(B) Directors Remuneration for the years ended 30 June 2008 and 30 June 2007

	Primary Benefits			Post Employment		Equity Compensation	
2008	**Salaries & fees**	**Cash bonuses**	**Non Monetary Benefits**	**Super-annuation**	**Retirement Benefits**	**Options**	**Total**
Paul Young	$ 50,000	-	-	-	-	-	$ 50,000
Andrew Brown[1]	$126,614	-	-	$12,363	-	-	$138,977
Stephen Roberts[1]	-	-	-	$36,667	-	-	$ 36,667
Clare Porta[2]	$ 14,583	-	-	$ 1,312	-	-	$ 15,895
TOTAL	$191,197	-	-	$50,342	-	-	$241,539

1: includes remuneration paid by Equities and Freeholds Limited
2: remuneration solely paid by Equities and Freeholds Limited in the period from 1 February 2008 to 30 June 2008

	Primary Benefits			Post Employment		Equity Compensation	
2007	**Salaries & fees**	**Cash bonuses**	**Non Monetary Benefits**	**Super-annuation**	**Retirement Benefits**	**Options**	**Total**
Robert Critchley	$ 12,500	-	-	-	-	-	$ 12,500
Paul Young	$ 43,750	-	-	-	-	-	$ 43,750
Andrew Brown	$ 91,867	-	-	$ 18,133	-	-	$110,000
Stephen Roberts	$ 24,194	-	-	-	-	-	$ 24,194
TOTAL	$172,311	-	-	$18,133	-	-	$190,444

(C) Specified Executives Remuneration for the years ended 30 June 2008 and 30 June 2007

	Primary Benefits			Post Employment		Equity Compensation	
2008	**Salaries & fees**	**Cash bonuses**	**Non Monetary Benefits**	**Super-annuation**	**Retirement Benefits**	**Options**	**Total**
Lachlan Batchelor	$58,333	-	-	$5,833	-	-	$64,166
Michelene Hart	$131,944	-	-	$13,194	-	-	$145,138
Steve McDowell	$ 43,333	-	-	$4,333	-	-	$47,666
Steve O'Hanna	$130,000	-	-	$13,000	-	-	$143,000
TOTAL	$363,610	-	-	$36,360	-	-	$399,970

.	Primary Benefits			Post Employment		Equity Compensation	
2007	**Salaries & fees**	**Cash[1] Bonuses**	**Non Monetary Benefits**	**Super-annuation**	**Retirement Benefits**	**Options**	**Total**
Clare Porta	$ 75,000	-	-	$7,500	$28,942	-	$111,442
Steve O'Hanna	$110,000	$10,000	-	$26,000	-	-	$146,000
TOTAL	$185,000	$10,000	-	$33,500	$28,942	-	$257,442

1: 100% Performance related

(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.

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. All executives receive 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 which results in long-term growth in shareholder value.

Remuneration for Executive Directors and Specified Executives is divided into three discretionary parts:

- a fixed remuneration which is made up of basic salary, benefits (such as a company car, professional membership and private health insurance cover), superannuation and other salary sacrifices;
- short term incentives – paid in cash, directly earned at the discretion of the Non Executive Directors;
- long term incentives – include issuing senior management with shares, and/or options. No options have been issued at present.

The current remuneration for non executive directors is set by resolution of shareholders at $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 employment for the Managing Director and Investment Manager are formalised in service agreements, the key terms of which are given below:

Andrew Brown (Managing Director)

- Annual base salary of $200,000 plus superannuation, to be reviewed annually by the Non Executive Directors;
- Term of employment from 1 July 2008 – 30 June 2011 subject to three months notice if contract concludes at end of period;
- Subsequent to 30 June 2008, annual renewal of original contract, subject to similar three months notice;
- Mandatory notice of twelve months termination of employment by the Company and twelve months on termination of employment by Mr. Brown, during above period;
- Mr. Brown to retain Directors fees paid by Equities and Freeholds Limited;
- Other Benefits as reasonably assessed by the board of Directors from time to time.

Lachlan Batchelor (Investment Manager)

- Annual base salary of $130,000 plus superannuation, to be reviewed bi-annually by the Managing Director;
- No fixed term of contract;
- Mandatory notice of two months termination of employment by the Company and two months on termination of employment by Mr. Batchelor;
- Other Benefits as reasonably assessed by the board of Directors from time to time.

Steven McDowell (Finance Manager)

- Annual base salary of $130,000 plus superannuation, to be reviewed bi-annually by the Managing Director;
- No fixed term of contract;
- Mandatory notice of two months termination of employment by the Company and two months on termination of employment by Mr. McDowell;
- Other Benefits as reasonably assessed by the board of Directors from time to time.

Steve O'Hanna (Investment Manager)

- Annual base salary of $130,000 plus superannuation, to be reviewed bi-annually by the Managing Director;
- No fixed term of contract;
- Mandatory notice of one month termination of employment by the Company and one month on termination of employment by Mr. O'Hanna;
- Other Benefits as reasonably assessed by the board of Directors from time to time.

(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.

(G) Shareholdings by Specified Directors and Specified Executives

	Balance at 1/7/07	Received as Remuneration	Options Exercised	Net change – other[1]	Balance at 30/6/08
Directors					
Andrew Brown	4,147,222	-	-	5,588	4,152,810
Stephen Roberts	877,272	-	-	-	877,272
Paul Young	882,123	-	-	-	882,123
Clare Porta	15,000	-	-	-	15,000
Specified Executives					
Lachlan Batchelor	-	-	-	5,000	5,000
Michelene Hart	-	-	-	-	-
Steve McDowell	-	-	-	-	-
Steve O'Hanna	-	-	-	-	-
TOTAL	5,921,617	-	-	10,588	5,932,205

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

Transactions subsequent to 30 June 2008: Nil

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 the Director 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 the Director 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.

ENVIRONMENTAL REGULATION

No significant environmental regulations apply to the economic entity.

PROCEEDINGS ON BEHALF OF THE COMPANY

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

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.

SUBSEQUENT EVENTS

There has been no matter or circumstance, other than those referred to in note 27 of the financial statements, 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.

NON AUDIT SERVICES

During the year there were no non audit services provided by the auditors of the Company.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration is included on page 18.

Dated at Sydney this Thirteenth day of August 2008.

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

P A Young - Chairman

A J Brown – Managing Director

PKF

Chartered Accountants
& Business Advisers

AUDITOR'S INDEPENDENCE DECLARATION

To: **The Directors**
Tidewater Investments Limited

As lead auditor for the audit of Tidewater Investments Limited and its controlled entities for the year ended 30 June 2008 I declare that, to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Tidewater Investments Limited and the entities it controlled during the year.

PKF

PKF

Tim Sydenham
Partner

Sydney
13 August 2008

Tel: 61 2 9251 4100 | Fax: 61 2 9240 9821 | www.pkf.com.au
PKF | ABN 83 236 985 726
Level 10, 1 Margaret Street | Sydney | New South Wales 2000 | Australia
DX 10173 | Sydney Stock Exchange | New South Wales

CORPORATE GOVERNANCE

In March 2003, the ASX Corporate Governance Council issued the Principles of Good Corporate Governance and Best Practice 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.

During the year to 30 June 2008, Tidewater Investments Limited ("**the Company**") comprised two Non Executive Directors and one Managing Director, two Investment Managers, an Executive responsible for the vineyard funds management business, a finance manager, who also acted as the Company Secretary (for part of the year). The Company also engages a part time Distribution Manager, a part time accountant and a part time employee responsible for Compliance.

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. However, 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.

The Directors are very conscious of the ASX Principles of Good Corporate Governance and Best Practice Recommendation. The Board has adopted several policy documents which together address all of the ASX Principles of Good Corporate Governance and Best Practice Recommendations.

1. **Charter for the Board of Directors**
   The Charter is a composite document which deals with all of the ASX Principles of Good Corporate Governance. The relevant references in the Charter are noted under each of the Principles listed below.

2. **Directors' Code of Conduct**
   The Code is relevant to several of the ASX Corporate Governance Principles and 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 securityholders 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.

ASX PRINCIPLES OF GOOD CORPORATE GOVERNANCE

The following is a summary of the 10 Principles of Good Corporate Governance together with comments on, and extracts from, the policies adopted by the Company which demonstrate how compliance will be achieved.

PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

The Directors' Code of Conduct summarised above is relevant to this Principle. The Charter for the Board of Directors details the following requirements:

- The role of the Board;
- The Board structure:
- The skills required on the Board:
- The Director's general roles:
- duties to the Company;
- duties to security holders;
- duties to creditors;
- duties to other stakeholders;
- due diligence;
- conflicts of interest;
- uses of information; and
- professional integrity.

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.

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.

Appointment and Retirement of Non Executive Directors

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.

Operations of the Board

The Board of Directors of the Company are responsible for all aspects of the management of the economic entity. The Board guides and monitors the businesses and affairs of the Company on behalf of the securityholders and is committed to achieving and demonstrating the highest suitable standards of corporate governance commensurate with the size of the Company and the nature of the businesses.

Board Responsibilities
As the Board acts on behalf of securityholders and is accountable to the securityholders, the Board seeks to satisfy the financial and management expectations of the securityholders, as well as other regulatory and ethical expectations and obligations. In addition, the Board is responsible for identifying areas of significant business risk and ensuring arrangements are in place to adequately manage those risks.

The Board appoints a Managing Director and the responsibility for the operation and administration of the Company is delegated to that person. The Board has in place proper procedures to assess the performance of the Managing Director and to ensure that the person is appropriately qualified and experienced to discharge their responsibilities.

The Board is responsible for ensuring that management's objectives, activities and outcomes are aligned to the expectations vision and business risks identified by the Board. The Board has a number of mechanisms in place to ensure this is achieved including detailed reports to, and reviews by, the Board.

Board Policies
Board policies or obligations have been established in the following areas:

- continuous disclosure;
- dealing in securities;
- related party dealings;
- conflict of Interest;
- crisis management;
- external advice;
- significant business risks;
- ethical standards; and
- release of information.

Chairman and Managing Director
The Chairman is responsible for leading the Board, ensuring Directors are properly briefed in all matters relevant to their role and responsibilities, facilitating Board discussions, managing the Board's relationship with Securityholders and managing the Board's relationship with the Company's executives.

The Managing Director is responsible for implementing the Company strategies and policies, achieving the Company objectives and managing the business of the Company.

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.

Full compliance with the ASX guidelines (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.

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.

Directors' Access to Independent Professional Advice

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.

PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE

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.

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

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.

PRINCIPLE 3: PROMOTE ETHICAL AND RESPONSIBLE DECISION MAKING

The Directors' Code of Conduct detailed at the beginning of this statement is structured to promote ethical and responsible decision making throughout the Company. The Code is reinforced by the Charter for the Board of Directors which details the role and responsibilities of the Directors and includes specific requirements for ethical behaviour at all levels. In addition, the Company has adopted specific guidelines and procedures to be adopted when considering related party dealings and conflicts of interest.

PRINCIPLE 4: SAFEGUARD INTEGRITY IN FINANCIAL REPORTING

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.

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

In the 2008 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.

PRINCIPLE 6: RESPECT THE RIGHTS OF SHAREHOLDERS

The Board is committed to ensuring that the securityholders 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 securityholders (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.

PRINCIPLE 7: RECOGNISE AND MANAGE RISK

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.

In the 2008 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 8: ENCOURAGE ENHANCED PERFORMANCE

In order to ensure that the Board continues to discharge its responsibilities in an appropriate manner, the performance of all Directors is reviewed annually by the Chairman. The Board reviews the performance of the Chairman.

The Board reviews the performance of the Managing Director on an annual basis.

Staff are performance appraised by the Managing Director on an annual basis and their remuneration is structured to reward enhanced performance.

The communication of information to investors to facilitate monitoring of the performance of the Company is set out under Principle 6.

PRINCIPLE 9: 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.

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.

PRINCIPLE 10: RECOGNISE LEGITIMATE INTERESTS OF STAKEHOLDERS

The Directors' Code of Conduct detailed at the beginning of this statement strongly supports the recognition of the legitimate interests of all Company stakeholders as does the supporting information for Principle 1. The Charter for the Board of Directors also supports the interests of stakeholders.

In addition, the Company has adopted a specific Directors and Officers share trading policy.

Governance and Policy Reviews

The Corporate Governance practices of the Company will be continually reviewed in accordance with the standards required of the Company, to ensure that the highest appropriate governance standards are maintained. The Statement of Corporate Governance is available from the Company upon request in writing.

'08

financial statements for the year to 30th June 2008

Income Statement for the year ended 30 June 2008
Balance Sheet as at 30 June 2008
Statement of Changes in Equity for the year ended 30 June 2008
Cash Flow Statement for the year ended 30 June 2008

NOTES:

TIDEWATER INVESTMENTS LIMITED AND CONTROLLED ENTITIES
INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2008

	Note	Economic Entity 2008 $	Economic Entity 2007 $	Parent Entity 2008 $	Parent Entity 2007 $
Revenues	2	6,536,870	9,619,750	644,986	3,053,121
Other expenses	3	(11,926,173)	(5,937,921)	(4,454,259)	(865,990)
Finance costs	4	(371,097)	(169,341)	(369,677)	(169,341)
Profit/(loss) before income tax		(5,760,400)	3,512,488	(4,178,950)	2,017,790
Income tax benefit/(expense)	7	(32,684)	3,513	(6,839)	-
Net profit/(loss) after income tax		(5,793,084)	3,516,001	(4,185,789)	2,017,790
Loss attributable to minority interests		33,632	-	-	-
Profit/(loss) attributable to members of the parent entity		(5,759,452)	3,516,001	(4,185,789)	2,017,790
Basic earnings/(loss) (cents) per share	9	(32.2)	26.6	-	-
Diluted earnings/(loss) (cents) per share	9	(32.2)	26.6	-	-
Dividends (cents) per share	8	2.5	-	-	-

The Income Statement is to be read in conjunction with the notes to the financial statements.

TIDEWATER INVESTMENTS LIMITED AND CONTROLLED ENTITIES

BALANCE SHEET AS AT 30 JUNE 2008

		Economic Entity		Parent Entity	
	Note	2008	2007	2008	2007
		$	$	$	$
CURRENT ASSETS					
Cash and cash equivalents	10	2,473,064	1,490,970	270,144	1,343,236
Financial assets	11,15	10,060,764	14,000,950	6,204,559	10,308,914
Trade and other receivables	12	209,025	222,159	1,356,704	132,226
Prepayments		104,072	-	76,382	-
TOTAL CURRENT ASSETS		12,846,925	15,714,079	7,907,789	11,784,376
NON-CURRENT ASSETS					
Financial assets	13,14	126,319	120,393	5,188,104	2,524,671
Property, plant and equipment	16,17	32,942	20,785	30,413	20,785
Goodwill	18	158,212	-	-	-
Other intangible assets	19	781,227	-	-	-
Deferred tax assets	7	53,832	86,515	53,832	60,671
TOTAL NON-CURRENT ASSETS		1,152,532	227,693	5,272,349	2,606,127
TOTAL ASSETS		13,999,457	15,941,772	13,180,138	14,390,503
CURRENT LIABILITIES					
Trade and other payables	20	761,170	173,885	174,455	143,319
Short term borrowings	22	5,111,422	2,500,000	4,700,000	2,500,000
Other financial liabilities	23	-	-	407,000	-
TOTAL CURRENT LIABILITIES		5,872,592	2,673,885	5,281,455	2,643,319
TOTAL LIABILITIES		5,872,592	2,673,885	5,281,455	2,643,319
NET ASSETS		8,126,865	13,267,887	7,898,683	11,747,184
EQUITY					
Issued Capital	24	14,922,111	14,150,652	14,922,111	14,150,652
Accumulated Losses		(7,076,388)	(882,765)	(7,023,428)	(2,403,468)
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF TIDEWATER INVESTMENTS LIMITED		7,845,723	13,267,887	7,898,683	11,747,184
Minority interests in controlled entities		281,142	-	-	-
		8,126,865	13,267,887	7,898,683	11,747,184

The Balance Sheet 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 2008

ECONOMIC ENTITY	Attributable to equity holders of Parent Entity Issued Capital $	 Accumulated Losses $	 Total Interest $	Minority Interest $	Total Equity $
As at 1 July 2006	10,078,241	(4,398,766)	5,679,475	-	5,679,475
Profit attributable to shareholders for the year	-	3,516,001	3,516,001	-	3,516,001
Contributions of equity	4,167,935	-	4,167,935	-	4,167,935
Cost of contributions of equity	(95,524)	-	(95,524)		(95,524)
As at 30 June 2007	**14,150,652**	**(882,765)**	**13,267,887**	**-**	**13,267,887**
Loss attributable to shareholders for the year	-	(5,759,452)	(5,759,452)	(33,632)	(5,793,084)
Dividends paid	-	(434,171)	(434,171)	-	(434,171)
Acquisition of controlled entity	-	-	-	661,808	661,808
Capital return by controlled entity	-	-	-	(298,103)	(298,103)
Contributions of equity	774,649	-	774,649	-	774,649
Cost of contributions of equity	(3,190)	-	(3,190)	-	(3,190)
Share buy backs in controlled entity	-	-	-	(48,931)	(48,931)
As at 30 June 2008	**14,922,111**	**(7,076,388)**	**7,845,723**	**281,142**	**8,126,865**

PARENT ENTITY	Attributable to equity holders of Parent Entity Issued Capital $	 Accumulated Losses $	 Total Interest $	Minority Interest $	Total Equity $
As at 1 July 2006	10,078,241	(4,421,258)	5,656,983	-	5,656,983
Profit attributable to shareholders for the year	-	2,017,790	2,017,790	-	2,017,790
Contributions of equity	4,167,935	-	4,167,935	-	4,167,935
Cost of contributions of equity	(95,524)	-	(95,524)	-	(95,524)
As at 30 June 2007	**14,150,652**	**(2,403,468)**	**11,747,184**	**-**	**11,747,184**
Loss attributable to shareholders for the year	-	(4,185,789)	(4,185,789)	-	(4,185,789)
Dividends paid	-	(434,171)	(434,171)	-	(434,171)
Contributions of equity	774,649	-	774,649	-	774,649
Cost of contributions of equity	(3,190)	-	(3,190)	-	(3,190)
As at 30 June 2008	**14,922,111**	**(7,023,428)**	**7,898,683**	**-**	**7,898,683**

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
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2008

	Note	Economic Entity		Parent Entity	
		2008	2007	2008	2007
		$	$	$	$
CASH FLOWS FROM OPERATING ACTIVITIES:					
Receipts from customers		1,238,986	629,164	547,216	203,839
Payments to suppliers and employees		(1,940,434)	(830,728)	(1,468,296)	(739,292)
Inter company management fees received		-	-	419,356	190,389
Purchases of investments		(5,935,889)	(10,165,670)	(700,000)	-
Proceeds from sale of investments		4,817,472	7,054,496	-	-
Proceeds from return of capital		-	12,600	-	-
Dividends received		419,651	320,738	19,340	-
Interest received		114,963	81,126	32,956	78,597
Finance costs paid		(404,744)	(216,270)	(403,484)	(216,150)
Income tax received		3,523	17,295	3,523	20,290
NET CASH USED IN OPERATING ACTIVITIES	28 (A)	**(1,686,472)**	**(3,097,247)**	**(1,549,389)**	**(462,327)**
CASH FLOWS FROM INVESTING ACTIVITIES:					
Loans advanced to other entities		-	(140,393)	-	(140,393)
Repayment of loans to other entities		-	37,393	-	37,393
Loans repaid from controlled entities		-	-	3,135,344	5,079,644
Loans advanced to controlled entities		-	-	(1,434,877)	(7,699,102)
Purchase of controlled entities, net of cash acquired	29 (C)	553,695	-	(2,972,612)	-
Purchase of property plant and equipment		(16,666)	(17,123)	(16,666)	(17,123)
NET CASH FLOW PROVIDED BY/(USED IN) INVESTING ACTIVITIES		**537,029**	**(120,123)**	**(1,288,811)**	**(2,739,581)**
CASH FLOWS FROM FINANCING ACTIVITIES:					
Proceeds from borrowings		2,611,422	-	2,200,000	-
Proceeds from issue of shares		-	3,344,991	-	3,344,991
Share buy back		(44,993)	-	-	-
Dividends paid		(431,702)	-	(431,702)	-
Costs of share issuance		(3,190)	(95,524)	(3,190)	(95,524)
NET CASH FLOW PROVIDED BY FINANCING ACTIVITIES		**2,131,537**	**3,249,467**	**1,765,108**	**3,249,467**
Net increase/(decrease) in cash held		982,094	32,097	(1,073,092)	47,559
Cash at the beginning of the financial year		1,490,970	1,458,873	1,343,236	1,295,677
Cash at the end of the financial year	**10**	**2,473,064**	**1,490,970**	**270,144**	**1,343,236**

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

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

These accounts have been approved for issue by the Board of Directors of Tidewater Investments Limited on [xx] August 2008. The functional currency of each 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 report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial report includes separate financial statements for Tidewater Investments Limited as an individual entity and the economic entity consisting of Tidewater Investments Limited and its subsidiaries and covers the financial year ended 30 June 2008. Tidewater Investments Limited is a publicly listed entity, incorporated and domiciled in Australia.

A. Basis of Preparation

This general purpose financial report has 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.

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, financial assets and liabilities (including derivative instruments) at fair value through profit or loss.

Amendments to Accounting Standards

In the year to 30 June 2008, the Company adopted AASB7 Financial Instruments: Disclosures. The adoption of AASB 7 had no financial impact on the results.

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 2008 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 the economic entity.

Subsidiaries are all those entities (including special purpose 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.

Investments in subsidiaries are accounted for at cost in the individual financial statements of Tidewater Investments Limited.

C. Segment reporting
A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment and is subject to risks and returns that are different from those of segments operating in other economic environments.

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 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 year as well unused tax losses.

Current and deferred income tax expense (income) 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 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. At this stage, the entities are in the course of entering into a tax sharing and funding agreement.

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.

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 Income Statement 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 Income Statement.

G. Trade and Other Receivables
Trade accounts receivable, amounts due from related parties and other receivables represent the principal amounts due at balance 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 balance 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.

Long service leave

The liability for long service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Employee benefit on-costs
Employee benefit on-costs are recognised and included in employee benefit liabilities and costs when the employee benefits to which they relate are recognised as liabilities.

Share based payments
There is no equity based compensation scheme.

K. Cash and cash equivalents
For the purpose of the Cash Flow Statement, cash includes cash at bank and on hand and term deposits.

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 Balance Sheet. Cash flows in the Cash Flow Statement 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. Earnings per share

(i) 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.

(ii) 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.

N. 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 group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Income Statement during the financial period in which they are incurred.

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 balance sheet 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 Income Statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

O. Intangibles

Intangibles – Goodwill
Goodwill and goodwill on consolidation are initially recorded at the amount by which the purchase price for a business combination exceeds the fair value attributed to the interest in the net fair value of identifiable assets, liabilities and contingent liabilities at date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Intangibles – Identifiable intangibles
Identifiable intangibles in the form of funds management contracts to manage Cheviot Kirribilly Vineyard Property Group ("CKP") are recognised at cost of acquisition. These funds management contracts have a finite life and are carried at cost less any accumulated amortisation and any impairment losses. Contracts to manage CKP are amortised over their useful life of 8.5 years being the term remaining on the contracts at their time of acquisition.

P. 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.

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

R. 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 policies detailed above.

S. 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 group tests annually whether intangible assets have suffered any impairment in accordance with the accounting policy stated in note 1(O). The recoverable amounts of identifiable intangibles have been determined based on discounted cash flow calculations. These calculations require the use of assumptions. Refer to note 19 for details of these assumptions and the potential impact of changes to the assumptions.

	Economic Entity		Parent Entity	
	2008	2007	2008	2007
	$	$	$	$

2. REVENUES

Proceeds from sale of investments	4,836,934	6,977,043	6,596	-
Interest – other persons and corporations	129,572	81,107	32,967	78,597
Dividends received – other corporations	475,190	317,760	19,340	-
Fees and commissions	1,064,019	585,275	140,507	202,565
Management fees from controlled entities	-	-	440,000	248,081
Change in fair value of investments retained	-	1,577,519	-	-
Writeback of provision for doubtful debts of controlled entities	-	-	-	2,523,878
Other	31,155	81,046	5,576	-
TOTAL REVENUES	**6,536,870**	**9,619,750**	**644,986**	**3,053,121**

3. PROFIT/(LOSS) FOR THE YEAR

(A) EXPENSES

Amortisation of intangibles	56,965	-	-	-
Auditors remuneration – audit & audit review	128,600	52,700	62,600	40,200
Consultancy and other outsourced services	452,998	87,736	141,925	70,134
Cash cost of investments sold	4,717,139	9,063,819	-	-
Change in fair value of investments sold	319,401	(4,178,727)	-	-
Depreciation of property, plant and equipment	25,848	3,035	7,038	3,035
Directors fees and costs	149,401	83,244	75,000	83,244
Employee benefits	515,399	347,269	515,399	347,269
GST written off	8,289	7,967	8,287	7,713
Office and occupancy expenses - leases	54,013	48,304	54,013	48,304
Office and occupancy expenses - other	10,650	-	8,534	-
Other expenses	492,945	203,842	284,786	143,249
Change in fair value of investments retained	4,864,070	-	207,233	25,640
Management fees to controlled entities	-	-	69,000	-
Provision for doubtful debts	70,000	-	-	-
Provision for doubtful debts of controlled entities	-	-	2,959,990	-
Impairment of loans to other entities	60,456	218,732	60,456	97,202
TOTAL EXPENSES EXCLUDING FINANCE COSTS	**11,926,173**	**5,937,921**	**4,454,259**	**865,990**

(B) SIGNIFICANT REVENUE AND EXPENSES

Proceeds from sale of investments	4,836,934	6,977,043	6,596	-
Total cost of investments sold	(5,036,541)	(4,885,092)	-	-
Realised gain/(loss) on investments sold	(199,606)	2,091,951	6,596	-
Realised gain/(loss) on investments sold consists of:				
Gains	231,619	2,187,443	6,596	-
Losses	(431,225)	(95,492)	-	-
	(199,606)	2,091,951	6,596	-

	Economic Entity		Parent Entity	
	2008	2007	2008	2007
	$	$	$	$

4. FINANCE COSTS

External	371,097	169,341	369,677	169,341
Total finance costs	371,097	169,341	369,677	169,341

5. AUDITORS REMUNERATION

Remuneration of the auditors of the parent entity for:				
Auditing and reviewing the financial report	122,600	45,200	62,600	40,200
Other assurance related services	6,000	7,500	-	-
	128,600	52,700	62,600	40,200

6. KEY MANAGEMENT PERSONNEL

(A) 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
Clare Porta Director – Non Executive (Equities and Freeholds Limited)
Specified Executives
Lachlan Batchelor Investment Manager (commenced 1 December 2007)
Michelene Hart CEO – Funds Management (commenced 1 December 2007; resigned 26 June 2008)
Steve McDowell Finance Manager (commenced 1 March 2008)
Steve O'Hanna Investment Manager

(B) Key Management Personnel Remuneration

2008	*Short term Benefits*			*Post Employment Benefits*		*Equity Compensation*	
	Salaries & fees	**Cash bonuses**	**Non Monetary Benefits**	**Super-annuation**	**Retirement Benefits**	**Options**	**Total**
Directors							
Paul Young	$ 50,000	-	-	-	-	-	$ 50,000
Andrew Brown[1]	$126,614	-	-	$12,363	-	-	$138,977
Stephen Roberts[1]	-	-	-	$36,667	-	-	$ 36,667
Clare Porta[2]	$ 14,583	-	-	$ 1,312	-	-	$ 15,895
TOTAL	$191,197	-	-	$50,342	-	-	$241,539

1: includes remuneration paid by Equities and Freeholds Limited
2: remuneration solely paid by Equities and Freeholds Limited in the period from 1 February 2008 to 30 June 2008

6. KEY MANAGEMENT PERSONNEL (continued)

2008	*Short term Benefits*			*Post Employment Benefits*		*Equity Compensation*	
	Salaries & fees	**Cash bonuses**	**Non Monetary Benefits**	**Super-annuation**	**Retirement Benefits**	**Options**	**Total**
Specified Executives							
Lachlan Batchelor	$58,333	-	-	$5,833	-	-	$64,166
Michelene Hart	$131,944	-	-	$13,194	-	-	$145,138
Steve McDowell	$ 43,333	-	-	$4,333	-	-	$47,666
Steve O'Hanna	$130,000	-	-	$13,000	-	-	$143,000
TOTAL	$363,610	-	-	$36,360	-	-	$399,970
2007							
Specified Directors							
Robert Critchley	$ 12,500	-	-	-	-	-	$ 12,500
Paul Young	$ 43,750	-	-	-	-	-	$ 43,750
Andrew Brown	$ 91,867	-	-	$ 18,133	-	-	$110,000
Stephen Roberts	$ 24,194	-	-	-	-	-	$ 24,194
TOTAL	$172,311	-	-	$18,133	-	-	$190,444
Specified Executives							
Clare Porta	$ 75,000	-	-	$7,500	$28,942	-	$111,442
Steve O'Hanna	$110,000	$10,000	-	$26,000	-	-	$146,000
TOTAL	$185,000	$10,000	-	$33,500	$28,942	-	$257,442

Remuneration policies and details of individual contractual obligations are disclosed in the Remuneration report component of the Directors Report on pages 10 – 12 of this Annual Report.

(C) Shareholdings of Key Management Personnel

	Balance at 1/7/07	**Received as Remuneration**	**Options Exercised**	**Net change – other[1]**	**Balance at 30/6/08**
Directors					
Andrew Brown	4,147,222	-	-	5,588	4,152,810
Stephen Roberts	877,272	-	-	-	877,272
Paul Young	882,123	-	-	-	882,123
Clare Porta	15,000	-	-	-	15,000
Specified Executives					
Lachlan Batchelor	-	-	-	5,000	5,000
Michelene Hart	-	-	-	-	-
Steve McDowell	-	-	-	-	-
Steve O'Hanna	-	-	-	-	-
TOTAL	5,921,617	-	-	10,588	5,932,205

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

7. INCOME TAX

(A) INCOME TAX EXPENSE

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

	Economic Entity 2008 $	Economic Entity 2007 $	Parent Entity 2008 $	Parent Entity 2007 $
Profit/(loss) before tax	(5,760,400)	3,512,488	(4,178,950)	2,017,790
Prima facie income tax expense/(benefit) on the profit/(loss) before income tax at 30% (2007: 30%)	(1,728,120)	1,053,746	(1,253,685)	605,337
Add/(deduct) tax effect of:				
Tax benefit arising from franked dividend rebate	(168,480)	(131,502)	-	-
Non taxable profit on sale of PDF	-	(31,930)	-	-
Withholding tax paid	572	(3,513)	-	-
Tax losses not brought to account	1,879,636	-	1,253,685	-
Deferred tax assets written off	33,256		6,839	
Utilisation of tax losses	-	(911,249)	-	(626,272)
Other timing differences	15,820	20,935	-	20,935
	1,760,804	(1,057,259)	1,260,524	(605,337)
Income tax expense/(benefit) attributable to entity	32,684	(3,513)	6,839	-

The effective tax rate of (0.6%) mainly arises from deferred tax assets carried in prior years being written off and a decision not to bring deferred tax assets arising from the loss during the financial year to account as their future realisation is not probable. In the year to 30 June 2007, the effective tax rate of (0.1%) arose as a result of the use of previous years tax losses.

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

	Economic Entity 2008 $	Economic Entity 2007 $	Parent Entity 2008 $	Parent Entity 2007 $
Deferred tax	(32,684)	3,513	-	-
	(32,684)	3,513	-	-

(B) DEFERRED TAX ASSETS

Deferred tax Assets comprise:

	Economic Entity 2008 $	Economic Entity 2007 $	Parent Entity 2008 $	Parent Entity 2007 $
Temporary differences – accruals and provisions	53,260	83,002	60,671	60,671
Withholding tax	572	3,513	-	-
	53,832	86,515	60,671	60,671

(C) RECONCILIATIONS

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

	Economic Entity 2008 $	Economic Entity 2007 $	Parent Entity 2008 $	Parent Entity 2007 $
Opening balance	86,515	100,887	60,671	78,556
Income tax refunded	(3,513)	(17,885)	-	(17,885)
Credit to income statement	(32,684)	3,513	(6,839)	-
Other adjustments	3,514	-	-	-
Closing balance	53,832	86,515	53,832	60,671

(D) DEFERRED TAX ASSET NOT BROUGHT TO ACCOUNT

As at 30 June 2008, the economic entity had estimated unrecouped operating income tax losses of $5,617,353 (2007 restated: $478,088). The benefit of these losses of $1,685,206 (2007 restated: $143,426) 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
(iii) no changes in tax legislation adversely affect the companies in realising the benefit from the deductions for the losses

	Economic Entity		Parent Entity	
	2008	2007	2008	2007
	$	$	$	$
8. DIVIDENDS AND FRANKING CREDIT BALANCES				
Recognised amounts:				
A dividend of 2.5c per share fully franked at the tax rate of 30% in respect of the financial year ended 30 June 2007 was paid on 5 September 2007.	434,171	-	434,171	-
Unrecognised amounts:				
Final dividend of 2.5c per share fully franked	-	434,171	-	434,171

The final dividend for the financial year ended 30 June 2007 was not recognised in the 2007 financial report because it was declared after 30 June 2007.

Franking Credits				
Balance of franking account at year end 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.	425,409	442,337	425,409	442,337
Impact on franking account balance of dividends not recognised	-	(186,073)	-	(186,073)

9. EARNINGS PER SHARE

(A) Earnings used in the calculation of basic EPS	(5,759,452)	3,516,001
Earnings used in the calculation of diluted EPS	(5,759,452)	3,516,001
(B) Weighted average number of ordinary shares outstanding during the year used in the calculation of basic EPS	17,887,759	13,221,341
(B) Weighted average number of ordinary shares outstanding during the year used in the calculation of diluted EPS	17,887,759	13,221,341
Basic earnings/(loss) per share (cents)	(32.2)	26.6
Diluted earnings/(loss) per share (cents)	(32.2)	26.6

10. CASH AND CASH EQUIVALENTS

	Economic Entity		Parent Entity	
	2008 $	2007 $	2008 $	2007 $
Cash at bank held in escrow	239,695	239,695	239,695	239,695
Cash on hand and at bank	195,630	551,275	30,449	403,541
Term Deposit (i)	2,037,739	700,000	-	700,000
Total cash assets	2,473,064	1,490,970	270,144	1,343,236

(i) Term deposits are lodged with a major Australian bank for a period of one month.

11. FINANCIAL ASSETS (CURRENT)

	Economic Entity 2008 $	Economic Entity 2007 $	Parent Entity 2008 $	Parent Entity 2007 $
Loans and receivables at amortised cost:				
Loans to other entities (i)	85,554	146,010	85,554	146,010
Loans to controlled entities (ii)	-	-	8,583,605	10,162,904
less provision for impairment	-	-	(2,959,990)	-
	85,554	146,010	5,709,169	10,308,914
Fair value through profit and loss:				
Listed Investments at fair value				
- shares in listed corporations (note 15)	9,479,820	13,854,940	-	-
Unlisted units in equity unit trust	495,390	-	495,390	-
TOTAL	10,060,764	14,000,950	6,204,559	10,308,914

(i) Loans to other entities (Economic Entity and Parent Entity) include loans and creditors of Signature Brands Limited ("SBL") purchased from Kahala Corp at a time when SBL was subject to a Deed of Company Administration ("DOCA"). The loans and creditors were purchased at a cost of $146,010 being a significant discount to their principal value of $397,779. On 23 June 2008, the Trustee of the Signature Brands Creditors Trust ("SBLCT") issued a Fourth Report to Creditors and convened a meeting for 8 July 2008. At that meeting, the creditors agreed to a distribution from SBLCT, which is due to be settled on 1 September 2008. The loans have been restated at their prevailing value, calculated from the Fourth Report to Creditors which necessitates an impairment charge of $60,456, which has been charged to the Income Statement.

(ii) Loans to controlled entities are subject to repayment at call and are non interest bearing.

	Economic Entity		Parent Entity	
	2008	**2007**	**2008**	**2007**
	$	**$**	**$**	**$**
12. TRADE AND OTHER RECEIVABLES				
CURRENT				
Trade receivables	254,195	162,854	11,630	81,300
less provision for doubtful debts	(70,000)	-	-	-
	184,195	162,854	11,630	81,300
Capital return receivable from controlled entity	-	-	1,343,817	-
Other debtors and receivables	24,830	59,305	1,257	50,926
	209,025	222,159	1,356,704	132,226

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.

The provision for doubtful debts arises entirely from a single trade receivable of $70,000 which is in excess of ninety days past due and the Directors have reasonable grounds to believe is unlikely to be paid. Whilst the Economic Entity will continue to pursue payment of the receivable, at the date of these accounts, the Directors regard the receivable as being fully impaired.

13. FINANCIAL ASSETS (NON CURRENT)

Available for sale:				
Unlisted Investments at Cost:				
- shares in controlled entities at cost (note 14)	-	-	3,557,363	2,474,401
Listed Investments at Cost:				
- shares in controlled entities at cost (note 14)	-	-	1,577,519	-
Loans and receivables at amortised cost:				
Loans to other entities (i),	104,965	95,484	52,482	47,742
Fair value through profit and loss:				
Unlisted Investments at fair value:				
- shares in unlisted corporations at fair value:	19,880	19,880	-	-
- convertible notes in other corporations at fair value	1,474	5,029	741	2,528
TOTAL	126,319	120,393	5,188,105	2,524,671

(i) Loans to other entities (Economic Entity and Parent Entity) include fixed rate debentures of Australian Institute of Property Management ("AIPM") which are due for repayment on 31 October 2009.

14. CONTROLLED ENTITIES

	Country of Incorporation	Percentage Owned 2008	2007
Parent Entity:			
Tidewater Investments Limited	Australia	-	-
Controlled Entities of Tidewater Investments Limited:			
Discount Assets Limited	Australia	100%	100%
Equities and Freeholds Limited (formerly Goldlink GrowthPlus Limited)	Australia	85.1%	-
Loftus Lane Investments Pty. Limited	Australia	100%	100%
Rowe Street Investments Pty. Limited	Australia	100%	100%
Tidewater Asset Management Pty. Limited	Australia	100%	100%
Tidewater Funds Management Limited (formerly Cheviot Kirribilly Limited)	Australia	100%	-
Tidewater Property Management Pty. Limited (formerly Cheviot Asset Management Pty. Limited)	Australia	100%	-

15. 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:

	Economic Entity 2008 $	Economic Entity 2007 $	Parent Entity 2008 $	Parent Entity 2007 $
Aequs Capital Limited				
Principal activity is stockbroking				
8.6% interest in Aequs Capital Limited (2007: 13.7%)	693,666	1,628,755	-	-
Cheviot Bridge Limited				
Principal activity is wine distribution and brands				
10.4% interest in Cheviot Bridge Limited (2007: 8.1%)	565,509	1,222,424	-	-
Cheviot Kirribilly Vineyard Property Group ("CKP")				
Principal activity is vineyard ownership				
7.7% interest in CKP (2007: nil)	1,076,462	-	-	-
Dark Blue Sea Limited				
Principal activity is ownership and sale of internet domain names				
2.0% interest in Dark Blue Sea Limited (2007: 1.9%)	568,416	1,396,679	-	-
Enerji Limited				
Principal activity is investment				
6.9% interest in Enerji Limited (2007: 7.2%)	82,377	164,911	-	-
Fat Prophets Australia Fund Limited				
Principal activity is investment				
5.5% interest in Fat Prophets Australia Fund Limited (2007: 5.4%)	1,763,137	1,834,134	-	-
First Opportunity Fund Limited				
Principal activity is investment				
19.9% interest in First Opportunity Fund Limited (2007: 16.6%)	994,557	912,607	-	-
HJB Group				
Principal activity is provision of recruitment services				
4.9% interest in HJB Group Limited (2007: 4.1%)	191,877	690,594	-	-
Konekt Limited				
Principal activity is provision of rehabilitation services				
7.1% interest in Konekt Limited (2007: 4.5%)	189,031	390,492	-	-
Pelorus Property Group Limited				
Principal activity is property management and investment				
nil interest in Pelorus Property Group Limited (2007: 1.2%)	-	819,125	-	-
Peters MacGregor Investments Limited				
Principal activity is share investment				
0.7% interest in Peters MacGregor Investments Limited (2007: 2.6%)	116,184	669,301	-	-
Snowball Group Limited				
Principal activity is provision of financial advice				
1.0% interest in Snowball Group Limited (2007: 1.0%)	763,488	1,192,319	-	-
Viento Group Limited				
Principal activity is property funds management				
nil interest in Viento Group Limited (2007: 3.7%)	-	677,526	-	-

	Economic Entity		Parent Entity	
	2008	2007	2008	2007
	$	$	$	$

16. PROPERTY, PLANT & EQUIPMENT

Plant and equipment at cost	58,790	23,820	37,451	23,820
Accumulated depreciation	(25,848)	(3,035)	(7,038)	(3,035)
	32,942	20,785	30,413	20,785

17. MOVEMENTS IN PROPERTY, PLANT & EQUIPMENT

Balance at commencement of year	20,785	-	20,785	-
Capital expenditure	16,666	23,820	16,666	23,820
Acquired through purchase of business (Note 29(A))	21,339	-	-	-
Depreciation and amortisation	(25,848)	(3,035)	(7,038)	(3,035)
Balance at end of year	32,942	20,785	30,413	20,785

18. GOODWILL

Balance at commencement of year	-	-	-	-
Acquired through business combinations (Note 29(B))	158,212	-	-	-
Impairment Charges	-	-	-	-
Balance at end of year	158,212	-	-	-

The carrying value of goodwill, which has an indefinite life, arises from the acquisition of Equities and Freeholds Limited ("EQF"). Goodwill is equivalent to 10% of the proportional net asset backing of EQF, and equates to 6.3 cents per EQF share owned by the Economic Entity. Goodwill has been assessed with due regard to extreme short term volatility in financial markets and declines in the market prices of listed property and investment company securities during June 2008 which reduced net assets below acquisition price. The Directors do not believe this represents a permanent impairment, and note both the inherent value of the listed status of EQF as well as depressed share prices within the EQF investment portfolio. EQF noted in an ASX Announcement of 14 July 2008, that its portfolio trades at a composite discount of 34.3% to the NTA of the investee companies at 30 June 2008.

19. IDENTIFIABLE INTANGIBLE ASSETS

Balance at commencement of year	-	-	-	-
Acquired through business combinations	838,192	-	-	-
Amortisation	(56,965)	-	-	-
Balance at end of year	781,227	-	-	-

Intangible assets, being a management contract, arise from the acquisition of Tidewater Property Management Pty. Limited (formerly Cheviot Asset Management Pty. Limited) which holds funds management contracts for the management of Cheviot Kirribilly Vineyard Property Group. The value of the contracts, which have a finite useful life, has been assessed by management using discounted cash flow projections. These projections use a discount rate of 12.5%, assume no further vineyard acquisitions, escalate costs at 4%pa, and assume vineyard assets values grow at 4% pa from 2011. Intangible assets have finite useful lives. The current amortisation charges for intangible assets are included under "Other Expenses" in the Income Statement.

	Economic Entity		Parent Entity	
	2008	2007	2008	2007
	$	$	$	$
20. TRADE AND OTHER PAYABLES				
CURRENT (UNSECURED)				
Trade creditors	229,079	44,070	25,221	14,130
Other creditors and accruals	211,606	115,906	126,925	115,280
Payable for capital return	298,104	-	-	-
Other payables	2,542	-	2,469	-
Employee entitlements	19,839	13,909	19,839	13,909
	761,170	173,885	174,454	143,319

21. EMPLOYEE ENTITLEMENTS

Aggregate employee entitlements	19,839	13,909	19,839	13,909
Number of employees at year end	5	2	5	2

22. BORROWINGS

CURRENT (SECURED)				
Bills payable	4,700,000	2,500,000	4,700,000	2,500,000
Other loans	411,422	-	-	-
Total current secured borrowings	5,111,422	2,500,000	4,700,000	2,500,000

Tidewater Investments Limited has a facility with a major bank with a floating charge against all the assets of the Company and its controlled entities (excluding Equities and Freeholds Limited), with a registered mortgage over certain specific assets of controlled entities. The registered mortgage is supported by coverage of listed shares and cash assets with a value of $8,763,895 as at 30 June 2008 (2007: $6,521,377). The facility, at a currently prevailing interest rate of 8.33%, is operated by means of draw-downs of bank accepted bills, with maximum 180 days duration. The Economic Entity repaid $1,700,000 of the facility on 18 July 2008. The Directors believe there is no reason to suggest the remaining facility will not be renewed at its expiry date of 30 September 2008.

Other loans within the Economic Entity represent a margin loan facility from a subsidiary of a major bank to Equities and Freeholds Limited. The facility is repayable under certain circumstances of default. The loan attracts interest at a current rate of 10.65%, payable monthly in arrears on average drawn balances. The availability of the loan facility fluctuates with reference to the market value of the underlying securities lodged as collateral which are held in a sponsored CHESS account under mortgage. At 30 June 2008, the market value of the underlying securities pledged as collateral, prior to disposal costs, was $1,134,634.

23. OTHER FINANCIAL LIABILITIES

CURRENT (UNSECURED)				
Promissory notes issued to controlled entities	-	-	407,000	-
	-	-	407,000	-

	Economic Entity		Parent Entity	
	2008	2007	2008	2007
	$	$	$	$
24. ISSUED CAPITAL				
18,417,887 fully paid authorised ordinary shares (2007: 17,366,841)	14,922,111	14,150,652	14,922,111	14,150,652

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

(A) ORDINARY SHARES

date	details	price	number of shares	$
1 July 2007	**Opening balance**		**17,366,841**	**14,150,652**
30 November 2007	Partial consideration for acquisition of Cheviot Kirribilly Limited and Cheviot Asset Management Pty. Limited	$0.775	645,161	500,000
29 February 2008	Scrip consideration for takeover of Goldlink GrowthPlus Limited	$0.677	525,851	355,826
31 March 2008	Cancellation of shares under Section 651A (4) (d) of Corporations Act relating to Goldlink GrowthPlus Limited takeover offer	$0.677	(119,966)	(81,177)
	Sub total		18,417,887	14,925,301
	Transaction costs arising from share issues		-	(3,190)
30 June 2008	**Closing balance**		**18,417,887**	**14,922,111**

(B) OPTIONS

		Number of options
1 July 2007	**Opening balance**	**1,892,316**
30 June 2008	Expiry of Primary options issued in lieu of fees	(100,000)
30 June 2008	**Closing balance**	**1,792,316**

Options on issue are as follows:

	Detail	Number	Exercise price	Expiry date
New Primary options	Listed on ASX – issued pursuant to 1-2 rights issue on 31 May 2004	1,792,316	$1.25	31/5/2009
New Secondary options	Issued upon exercise of New Primary options – no New Primary options have been exercised	-	$1.50	31/5/2014

25. CAPITAL AND LEASING COMMITMENTS

(A) OPERATING LEASE COMMITMENTS

Non-cancellable operating lease commitments contracted for but not provided for in the financial statements:

	Economic Entity		Parent Entity	
	2008	2007	2008	2007
	$	$	$	$
Minimum lease payments:				
Not later than one year	59,460	59,414	59,460	59,414
Later than one year but not later than five years	14,865	74,326	14,865	74,326
Later than five years	-	-	-	-
	74,325	133,740	74,325	133,740

The commitments above include rental and associated fees paid in respect of the corporate office premises. These licence and rental fees are non cancellable with rent payable monthly in advance, are subject to a fixed annual increase which is incorporated in the stated amounts, which also includes GST. The sub lease and lease term extends to 30 September 2009, with options beyond that period.

(B) CAPITAL COMMITMENTS

The Economic Entity has no outstanding capital commitments (2007: 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.

26. CONTINGENT LIABILITIES

There were no contingent liabilities as at 30th June 2008 (2007: nil).

27. EVENTS SUBSEQUENT TO REPORTING DATE

On 16 June 2008, the Economic Entity announced an on market buy back of up to 10% of its issued shares to be effective from 1 July 2008. As at the date of these accounts, no shares have been acquired under this buy back.

On 9 July 2008, a controlled entity, Equities and Freeholds Limited repaid 6.67cents per share being $1,977,230 in the form of a return of capital. Tidewater Investments Limited and its wholly owned controlled entity, Discount Assets Limited, received $1,343,817 and $335,477 respectively from this capital repayment.

On 18 July 2007, the Economic Entity repaid $1,700,000 of its loan facility, this component of the facility duly expired upon its repayment.

28. CASH FLOW INFORMATION

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

	Economic Entity		Parent Entity	
	2008	2007	2008	2007
	$	$	$	$
Operating profit/(loss) after income tax	(5,759,452)	3,516,001	(4,185,789)	2,017,790
Cash flows excluded from profit/(loss) attributable to operating activities:				
Purchases of investments	(5,935,889)	(10,165,670)	(700,000)	-
Proceeds from sales of investments	4,817,472	7,054,496	-	-
Proceeds from return of capital	-	12,600	-	-
Non cash flows in operating profit:				
Provision for diminution in value of investments	60,456	-	60,456	-
Change in fair value of investments retained	4,864,070	(1,577,519)	207,233	25,640
(Profit)/Loss on sale of investments	199,607	(2,091,951)	(6,596)	-
Provision for/(writeback of) for doubtful debts	58,848	218,732	2,954,414	(2,426,676)
Depreciation and amortisation	82,812	3,035	7,038	3,035
Loss attributable to minorities	(33,632)	-	-	-
Write off of deferred tax assets	33,256	-	6,839	-
Shares issued in lieu of fees	-	42,994	-	42,994
Changes in assets and liabilities net of acquisitions:				
(Decrease)/Increase in deferred tax balances	2,951	(1,108)	-	2,405
Decrease/(Increase) in sundry debtors & prepayments including GST	(124,564)	(148,339)	55,178	(146,757)
(Decrease)/Increase in trade creditors & accruals	131,155	17,746	(85)	14,964
(Decrease)/Increase in other provisions	8,472	21,736	8,472	4,278
Other	(92,035)	-	43,449	-
Cash flows from operations	**(1,686,472)**	**(3,097,247)**	**(1,549,389)**	**(462,327)**

(B) NON CASH FLOW FINANCING ACTIVITY

During the year, the economic entity paid Directors Fees of $nil (2007: $42,994) through the issue of new equity which is not reflected in the Cash Flow Statement.

(C) LOAN FACILITIES

Loan facilities	4,700,000	2,500,000	4,700,000	2,500,000
Amount utilised	(4,700,000)	(2,500,000)	(4,700,000)	(2,500,000)
Unused loan facilities	-	-	-	-

Tidewater Investments Limited has a facility with a major bank with a floating charge against all the assets of the Company and its controlled entities (excluding Equities and Freeholds Limited), with a registered mortgage over certain specific assets of controlled entities. The facility is operated by means of draw-downs of bank accepted bills, with maximum 180 days duration. The Economic Entity repaid $1,700,000 of the facility on 18 July 2008.

The controlled entity Equities and Freeholds Limited has a margin loan facility which has no specified limit, but where the capacity to make drawings is dependent upon the value of the underlying securities held within the account. This facility, held with a subsidiary of a major bank, was drawn to $411,422 as at 30 June 2008.

29: DETAILS OF ENTITIES OVER WHICH CONTROL HAS BEEN GAINED

(A): TIDEWATER PROPERTY MANAGEMENT PTY. LIMITED & TIDEWATER FUNDS MANAGEMENT LIMITED

On 30 November 2007, Tidewater acquired 100% of the issued capital of Tidewater Property Management Pty. Limited (previously Cheviot Asset Management Pty. Limited ("CAM")) and Tidewater Funds Management Limited (previously Cheviot Kirribilly Limited ("CKL")). The acquired businesses contributed revenues of $311,452 and pre tax profit of $101,816 to the Tidewater group for the period from 1 December 2007 to 30 June 2008, prior to internal management fee charges. Due to a changed basis of costings and revenues, it is not practical to calculate the impact of the acquisitions of CAM and CKL had they occurred on 1 July 2007.

Details of the fair value of the assets and liabilities acquired and goodwill are shown below:

	$	**$**
Purchase consideration (refer below)		
Cash paid – purchase price		336,489
Intercompany liabilities assumed		163,511
Issue of 645,161 Tidewater shares at $0.775 per share based on agreed value		500,000
TOTAL PURCHASE CONSIDERATION		1,000,000
Fair value of net identifiable assets acquired		1,000,000
Goodwill		-

Assets and Liabilities acquired are as follows:

	Acquiree's carrying amount $	Fair Value $
Trade receivables	121,268	121,268
Intercompany receivables	163,511	163,511
Prepayments	49,880	49,880
Plant and equipment	21,339	21,339
Accruals	(28,501)	(28,501)
Creditors	(165,689)	(165,689)
Identifiable intangibles acquired - customer contracts		838,192
Fair value of identifiable net assets		1,000,000
Goodwill arising on acquisition		-
Total purchase consideration		1,000,000
Cash component of consideration		336,489
Cash balances acquired		-
Total outflow of cash		336,489

The identifiable intangibles acquired are predominantly comprised of an asset management contract ("Contract") to manage the Cheviot Kirribilly Vineyard Property Group ("CKP") until 18 May 2016, with an option to renew for a further five year period. The Contract entitles the Economic Entity to derive fees for the management of the existing assets of CKP, fees for the introduction of new assets to CKP, and fees on the refinancing of debt and raising of equity within CKP. The identifiable intangibles will be amortised over the remaining duration of the Contract, subject to no impairment in the conditions pertaining to the contract.

29: DETAILS OF ENTITIES OVER WHICH CONTROL HAS BEEN GAINED (continued)

(B): EQUITIES AND FREEHOLDS LIMITED

On 31 January 2008, Tidewater acquired 83.91% of the issued capital of Equities and Freeholds Limited ("EQF") (previously Goldlink GrowthPlus Limited ("GLC")). Due to share buy backs taking place after the acquisition date, this percentage holding has risen to 85.1% as at 30 June 2008.

The acquired businesses contributed revenues of $104,671 and a pre tax loss of $201,203 prior to minority interests to the Tidewater group for the period from 1 February 2008 to 30 June 2008. Due to a changed nature of business and changed basis of costings and revenues, it is not practical to calculate the impact of the acquisition of GLC had it occurred on 1 July 2007.

Details of the fair value of the assets and liabilities acquired and goodwill are shown below:

Purchase consideration (refer below)		**$**
Cash paid – purchase price	i	2,636,123
Cash paid – awaiting cheque presentation		10,564
On-market share purchases – fiscal 2008	ii	658,594
Holding as at 30 June 2007		30,862
Issue of 405,885 Tidewater shares at $0.677 per share based on prevailing market price		274,649
TOTAL PURCHASE CONSIDERATION		3,610,792
Fair value of net identifiable assets acquired		3,452,580
Goodwill		158,212

Assets and Liabilities acquired are as follows:	Acquiree's carrying amount $	Fair Value $
Cash	4,184,901	4,184,901
Trade receivables	1,539	1,539
Creditors	(72,032)	(72,032)
SUB-TOTAL		4,114,408
Minority interest not acquired		(661,828)
FAIR VALUE OF NET IDENTIFIABLE ASSETS		3,452,580
Goodwill arising on acquisition		158,212
Total purchase consideration		3,610,792
Cash component of consideration (i + ii above)		3,294,717
Cash balances acquired		4,184,901
Total inflow of cash		890,184

The carrying value of goodwill arising on acquisition, and which has an indefinite life, has been assessed with regard to the short term volatility in financial markets which has reduced net assets below acquisition price. The Directors do not believe this represents a permanent impairment, noting the inherent value of EQF's listed status.

(C): CASH BALANCES ACQUIRED

Net cash balances acquired from entities over which control has been gained arise as follows:

	$
Net cash outflow from acquisition of CKL and CAM	(336,489)
Net cash inflow from acquisition of GLC	890,184
Net cash inflow from entities over which control has been gained	553,695

30. RELATED PARTY INFORMATION AND TRANSACTIONS

Ultimate Controlling Entity
The ultimate controlling entity of the economic entity is Tidewater Investments Limited Limited (refer note 14).

Key management personnel remuneration
During the financial year, total remuneration of $641,509 (2007: $447,886) was paid to Directors and key management personnel. Details of the payments and the shareholdings in Tidewater Investments Limited of Directors and key management personnel are shown in note 6 to these accounts.

This remuneration includes Directors fees of $40,644 paid to common Directors of Tidewater Investments Limited and Equities and Freeholds Limited.

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. Amounts receivable from these entities is disclosed in note 11 to the accounts. All loans advanced to these related parties 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.

Tidewater Investments Limited charged management fees of $300,000 (2007: $248,081) to Tidewater Asset Management Pty. Limited and $140,000 (2007: nil) to Tidewater Property Management Pty. Limited. Tidewater Funds Management Limited charged Tidewater Investments Limited management fees of $69,000 (2007: nil)

Tidewater Investments Limited and its wholly owned controlled entity, Discount Assets Limited, received $1,343,817 and $335,477 respectively on 9 July 2008 in respect of the return of capital of 6.67 cents per share by Equities and Freeholds Limited.

Other related parties
Andrew Brown is a Director of Aequs Capital Limited, Cheviot Bridge Limited, Equities and Freeholds Limited and Fat Prophets Australia Fund Limited, and during the year was a Director of Enerji Limited and Snowball Group Limited (2007: the above entities excluding Equities and Freeholds Limited and including Cheviot Asset Management Pty Limited). All Directors fees earned by Mr. Brown from these parties were paid or are payable to Tidewater Investments Limited, except Equities and Freeholds Limited which is directly paid to Mr. Brown. In 2008, Directors and Company Secretarial fees from these entities paid to Tidewater Investments Limited amounted to $140,507 (2007: $202,480).

Andrew Brown is a Key Person in relation to an Australian Financial Services Licence held by Fat Prophets Funds Management Australia Pty. Limited ("FPFMA").

FPFMA paid or accrued fees to Tidewater Investments Limited and controlled entities of $368,760 (2007: $382,710) in relation to services rendered in relation to the management of the Fat Prophets Australia Fund of which Mr. Brown is a Director.

Tidewater Property Management Pty. Limited is the asset manager and Tidewater Funds Management Limited is the Responsible Entity of Cheviot Kirribilly Vineyard Property Group ("CKP"). Another controlled entity, Tidewater Asset Management Pty. Limited was paid an underwriting fee of $159,096 in respect of underwriting commitments relating to CKP's 1-4 rights issue in December 2007.

31. 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;
- 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;
- "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 results 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, but with an emphasis on maintaining access to the debt facilities. These require the Economic Entity to maintain stipulated ratios of total liabilities to total tangible assets, minimum net worth (in dollar terms), restrict the ability to pay dividends in certain circumstances, and require that a parcel of securities is lodged with the Economic Entity's debt financier. This parcel of securities is required to maintain a value above a certain multiple of the available facility. Due to distortions within the Balance Sheet arising from the acquisition of Equities and Freeholds Limited, the ratio of total liabilities to total tangible assets was above the covenanted level during March to June 2008, with the understanding and acquiescence of the financier. As at the date of these accounts, and at all other times during the year, this ratio and all other covenanted ratios are in compliance with the restrictions of the loan facility. In the event that the relevant ratios are breached, the financier has the right to initially demand rectification of the specific ratio, either by reduction of the facility via repayment or the pledging of additional acceptable investments as security. If these remedies are not effected, the financier may choose to demand partial or full repayment of the facility.

31. 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 bank deposits and interest bearing current accounts. Our interest rate liability risk arises primarily from drawdowns of bank accepted bills with a maximum of 180 days duration, which are 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 gives rise to variable interest rate, and therefore, cash flow risks.

A non wholly owned controlled entity, Equities and Freeholds Limited, also operates a margin lending facility upon which interest rates may be subject to variability and short term fluctuations.

The Parent Entity largely assumes interest rate risk insofar as it acts as a effective treasury for the Economic Entity (excluding Equities and Freeholds Limited) by arranging debt facilities with a major commercial bank. These proceeds, together with other available capital, are available to be loaned to Controlled Entities (other than Equities and Freeholds Limited) through non interest bearing inter-company loan accounts.

The following tables summarises interest rate risk, for the Economic Entity and Parent Entity together with effective weighted average interest rates at balance date.

ECONOMIC ENTITY 2008	Interest Rate	Floating Interest Rate $	Non Interest Bearing $	Total $
Financial assets:				
Cash and cash equivalents	7.04%	2,473,064	-	2,473,064
Loans	3.86%	104,965	85,554	190,519
Trade and other receivables	-		184,195	184,195
Investments	-	-	9,996,564	9,996,564
		2,578,029	10,266,313	12,844,342
Financial Liabilities:				
Borrowings	8.52%	5,111,422	-	5,111,422
Trade and other payables	-	-	761,170	761,170
		5,111,422	761,170	5,872,592
Net Financial Assets		(2,533,393)	9,505,143	6,971,750

ECONOMIC ENTITY 2007	Interest Rate	Floating Interest Rate $	Non Interest Bearing $	Total $
Financial assets:				
Cash and cash equivalents	5.31%	1,490,970	-	1,490,970
Loans	-	-	241,495	241,495
Trade and other receivables	-		162,854	162,854
Investments	-	-	13,879,847	13,879,847
		1,490,970	14,284,196	15,775,166
Financial Liabilities:				
Borrowings	6.62%	2,500,000	-	2,500,000
Trade and other payables	-	-	159,976	159,976
		2,500,000	159,976	2,659,976
Net Financial Assets		(1,009,030)	14,124,220	13,115,190

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

PARENT ENTITY 2008	Interest Rate	Floating Interest Rate $	Non Interest Bearing $	Total $
Financial assets:				
Cash and cash equivalents	7.40%	270,144	-	270,144
Loans	0.04%	53,223	5,709,167	5,762,390
Trade and other receivables	-	-	1,356,704	1,356,704
Investments	-	-	5,630,272	5,630,272
		323,367	12,696,143	13,019,510
Financial Liabilities:				
Borrowings	8.33%	4,700,000	-	4,700,000
Promissory Notes		-	407,000	407,000
Trade and other payables	-	-	174,454	174,454
		4,700,000	581,454	5,281,454
Net Financial Assets		(4,376,633)	12,114,689	7,738,056

PARENT ENTITY 2007	Interest Rate	Floating Interest Rate $	Non Interest Bearing $	Total $
Financial assets:				
Cash and cash equivalents	5.31%	1,343,236	-	1,343,236
Loans	-	-	10,356,656	10,356,656
Trade and other receivables	-		132,226	132,226
Investments	-	-	2,476,929	2,476,929
		1,343,236	12,965,811	14,309,047
Financial Liabilities:				
Borrowings	6.62%	2,500,000	-	2,500,000
Trade and other payables	-	-	143,319	143,319
		2,500,000	143,319	2,643,319
Net Financial Assets		(1,156,764)	12,822,492	11,665,728

Since 30 June 2008, the Economic Entity and Parent Entity has repaid $1,700,000 of bank bills. At current interest rates, and taking account of this repayment, over the course of a full year, a movement of 100 basis points in borrowing rates with an accompanying change in deposit rates would increase or decrease pre tax profit by $26,384.

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 facility inhibits 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.

(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 balance sheet.

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

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.

Other than receivables in respect of sales of securities, trade and other receivables consists of a small number of customers for whom the Economic Entity manages external funds, or corporations to whom Directors of the Economic Entity supply services. Our risks in these respects are mitigated by intimate knowledge of the customer, or board representation by management of the Economic Entity.

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 form of cash, readily saleable securities and access to bank and margin financing.

(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, rending 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, predominantly via its controlled entity, Equities and Freeholds Limited.

31. 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, which generally (other than Controlled Entities) do not exceed 15% of the overall value of the assets of the Economic Entity. 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 portfolio increased or decreased in value by 10% from the levels of 30 June 2008, there would be a corresponding positive or negative impact on pre tax profit of $999,656.

(F) NET FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

The net fair values of the investments are shown in notes 11 and 13 to the financial statements. For other assets and liabilities, the net fair value approximates their carrying value.

(G) RECONCILIATION OF NET FINANCIAL ASSETS TO NET ASSETS

	Economic Entity		Parent Entity	
	2008	2007	2008	2007
	$	$	$	$
Net Financial Assets as above	6,971,750	13,115,190	7,738,056	11,665,728
Non financial assets and liabilities:				
Other assets	128,902	59,306	76,382	-
Deferred tax assets	53,832	86,515	53,832	60,671
Property, plant and equipment	32,942	20,785	30,413	20,785
Goodwill	158,212	-	-	-
Intangible assets	781,227	-	-	-
Other liabilities	-	(13,909)	-	-
Net assets per balance sheet	8,126,865	13,267,887	7,898,683	11,747,184

32. SEGMENT REPORTING

In the year to 30 June 2007, the Company's activities comprised a single segment being investment in "microcap" Australian companies, funds management groups and other financial services entities solely within Australia.

In the year to 30 June 2008, as a result of acquisitions of controlled entities and an expansion of the Economic Entity, the Economic Entity's activities have been divided into two specific segmental groups:

Funds management: the management of closed end investment vehicles and provision of other funds management services; and

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".

32. SEGMENT REPORTING (continued)

2008	**Funds Management**	**Investment**	**Unallocated**	**TOTAL**
	$	**$**	**$**	**$**
Revenue	923,513	5,472,851	140,507	6,536,870
Expenses other than finance, depreciation and amortisation	622,580	9,961,067	1,259,714	11,843,361
Depreciation	18,810	-	7,038	25,848
Amortisation	56,965	-	-	56,965
SEGMENT RESULT	225,158	(4,488,216)	(1,126,245)	(5,389,303)
Finance Costs	-	(1,420)	(369,677)	(371,097)
PROFIT/(LOSS) BEFORE INCOME TAX	225,158	(4,489,636)	(1,495,922)	(5,760,400)
Income tax expense	-	(32,684)	-	(32,684)
Minority Interests	-	33,632	-	33,632
PROFIT/(LOSS) AFTER INCOME TAX	225,158	(4,488,688)	(1,495,922)	(5,759,452)
Segment Assets	1,331,843	12,637,200	30,413	13,999,456
Segment Liabilities	262,765	909,827	4,700,000	5,872,592
Capital Expenditure	-	-	16,666	16,666
Assets initially arising from acquisitions of controlled entities	1,194,190	4,186,440	-	5,380,630

33. COMPANY DETAILS

The Registered Office and Principal Place of Business of the Economic Entity is Level 4, 34 Hunter Street Sydney, NSW 2000.

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 Company are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the Company's and Economic Entity's financial position as at 30 June 2008 and of its performance for the year ended on that date; and

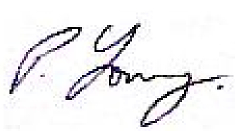
(ii) complying with Accounting Standards and Corporations Regulations; and

(b) In the opinion of the directors, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

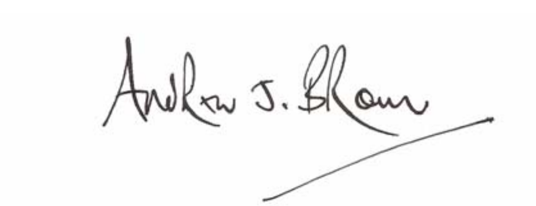
(c) The Managing Director has declared that:

(i) the financial records of the Company 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

On behalf of the Board



P A Young
Chairman



A J Brown
Managing Director

Date: 13 August 2008

PKF

Chartered Accountants
& Business Advisers

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 and controlled entities, which comprises the balance sheet as at 30 June 2008, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration for both Tidewater Investments Limited and of the consolidated entity. The consolidated entity comprises the entity and the entities it controlled at the year end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of Tidewater Investments Limited are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance 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 entity's preparation and fair presentation of the financial report 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 entity'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.

Tel: 61 2 9251 4100 | Fax: 61 2 9240 9821 | www.pkf.com.au
PKF | ABN 83 236 985 726
Level 10, 1 Margaret Street | Sydney | New South Wales 2000 | Australia
DX 10173 | Sydney Stock Exchange | New South Wales

Independence

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

Auditor's Opinion

In our opinion:

(a) the financial report of Tidewater Investments Limited and controlled entities is in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the entity's and consolidated entity's financial position as at 30 June 2008 and of its performance for the year ended on that date; and

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

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1A.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 13 to 16 of the directors' report for the year ended 30 June 2008. 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.

Auditor's Opinion

In our opinion the Remuneration Report of Tidewater Investments Limited and controlled entities for the year ended 30 June 2008, complies with section 300A of the *Corporations Acts 2001*.

PKF

PKF

Tim Sydenham
Partner
Sydney, 13 August 2008

TIDEWATER INVESTMENTS LIMITED.

OTHER REQUIRED INFORMATION – YEAR ENDED 30 JUNE 2008

A. Range of Shares Issued as at 23 July 2008

As at 23 July 2008 there were 18,417,887 shares held by 540 shareholders, all of which were quoted on the ASX.

Range	Number Of Shares	Holders
1 - 1,000	112,417	229
1,001 - 5,000	492,382	177
5,001 - 10,000	271,528	36
10,001 - 100,000	1,721,887	64
100,001 - over	15,819,673	34
TOTAL	**18,417,887**	**540**

B. Top 20 Shareholders as at 23 July 2008

	Number Of Shares	Held %
Andrew John Brown	2,164,375	11.75
National Nominees	1,538,500	8.35
A. Brown and Company Pty. Limited	1,396,581	8.04
Victor John Plummer	1,296,267	7.04
Mrs Stephanie Phillips	1,249,862	6.79
Abron Management Services Pty. Limited <Brown Family Super A/C>	1,125,565	6.11
Invia Custodian Pty. Limited <WAM Capital Limited A/C >	925,322	5.02
Clapsy Pty. Limited <Baron Super Fund A/C>	712,008	3.87
Cheviot Bridge Limited	645,161	3.50
Pilrift Pty. Limited <Critchley Retirement Fund A/C>	577,685	3.14
Donna Ann Brown	524,781	2.85
Invia Custodian Pty. Limited <WAM Equity Fund A/C >	504,653	2.74
Christopher Arthur Malin & Mrs Gabrielle Eve Malin <Jingera Super Fund A/C>	456,762	2.48
Stephen Roberts & Mrs Megan Roberts <Dover Downs Super Fund A/C>	450,569	2.45
Mr. Stephen Roberts <Roberts Pension Fund A/C>	414,011	2.25
Pacific Gold Resources	350,000	1.90
Clapsy Pty. Limited <Baron Super Fund A/C>	318,245	1.73
Megwil Pty. Limited <WPG Super Fund A/C>	307,700	1.77
Pethol (Vic) Pty. Limited	282,631	1.54
Clapsy Pty. Limited	275,849	1.50
L,T and M. Brown Investments Pty. Limited	206,646	1.12
TOP 20 TOTAL	**15,723,173**	**85.94**

C. Range of Options Issued as at 23[t] July 2008

As at 23 July 2008 there were 1,792,316 Primary options held by 142 optionholders.

Range	Number Of Options	Holders
1 - 1,000	28,037	67
1,001 - 5,000	87,119	36
5,001 - 10,000	62,500	8
10,001 - 100,000	1,201,001	28
100,001 - over	413,659	3
TOTAL	**1,792,316**	**142**

D. Top 20 Optionholders as at 23 July 2008

	Number Of Options	Held %
A. Brown and Company Pty. Limited	191,608	10.69
Invia Custodian Pty. Limited <WAM Capital Limited A/C >	135,346	7.55
Andrew John Brown	117,593	6.56
L,T & M. Brown Investments Pty. Limited	95,450	5.32
Harvard Nominees Pty. Limited	88,333	4.93
Pierce CIM Pte Limited	88,099	4.92
Donna Ann Brown	86,181	4.81
Invia Custodian Pty. Limited <WAM Equity Fund A/C >	78,491	4.38
Christopher Arthur Malin & Mrs Gabrielle Eve Malin <Jingera Super Fund A/C>	74,970	4.18
Stephen Roberts & Mrs Megan Roberts <Dover Downs Super Fund A/C>	74,969	4.18
Pilrift Pty. Limited <Critchley Retirement Fund A/C>	61,325	3.42
Austock Nominees Pty. Limited	50,000	2.79
Clapsy Pty. Limited <PAY A/C>	49,990	2.79
Redcliffe Pty. Limited <Superannuation Fund A/C>	47,344	2.64
Pethol (Vic) Pty. Limited	47,105	2.63
ANZ Nominees Limited <Cash Income A/C>	39,111	2.18
Lush Investments Pty. Limited <Lush Investments Super Fund A/C>	37,800	2.11
Dr. Stephanie Phillips	35,240	1.97
Locope Pty. Limited	34,692	1.93
Tabor Investments Pty. Limited	27,750	1.55
TOP 20 TOTAL	**1,440,772**	**80.38**

E. 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.

F. Substantial Shareholders

The company has been notified of five shareholders who hold relevant interests of in excess of 5% of the company's ordinary shares as at 23 July 2008:

	Number Of Shares	% held
Andrew John Brown	4,152,810	22.54
Contango Capital Limited	1,538,500	8.35
Wilson Asset Management (International) Pty. Limited	1,429,975	7.76
Victor John Plummer	1,296,967	7.04
Mrs. Stephanie Phillips	1,249,862	6.78