Appendix 4E

Preliminary Final Report to the Australian Stock Exchange

Name of Entity	Tidewater Investments Limited
ACN	52 001 746 710
Financial Year Ended	30 June 2010
Previous Corresponding Reporting Period	30 June 2009

Results for Announcement to the Market

	$	Percentage increase /(decrease) over previous corresponding period
Revenue from ordinary activities	4,514,904	+36.9%
Profit from ordinary activities after tax attributable to members	674,359	Prior year loss
Profit for the period attributable to members	674,359	Prior year loss

Dividends (distributions)	**Amount per security**	**Franked amount per security**
Final Dividend	Nil	-
Previous corresponding period	Nil	-
Record date for determining entitlements to the dividends (if any)	n/a	

Dividends

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

plans in operation	
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	$0.199	$0.188

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: 2.7cents
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	19 August 2010

2010

tidewater INVESTMENTS LIMITED

ABN 52 001 746 710

ANNUAL REPORT
AND
FINANCIAL STATEMENTS
FOR THE YEAR TO 30 JUNE 2010

tidewater INVESTMENTS LIMITED

ABN 52 001 746 710

DIRECTORY

Directors

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

Company Secretary
Andrew Brown

Registered Office
Suite 7.09
2-14 Kings Cross Road
POTTS POINT
NSW 2011

Communications
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Share Registry
Registries Limited
Level 7
207 Kent Street
SYDNEY NSW 2000

Shareholder Enquiries: 1 300 737 760 / (02) 9290 9600
Shareholders requiring clarification of holdings, or requesting changes of name or address should contact 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
Tidewater Property Management Pty. Limited (AFS Licence Number 296137)
Tidewater Funds Management Limited (AFS Licence Number 247479)

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CHAIRMAN'S STATEMENT

The 2010 financial year was a much improved twelve months for Tidewater. The Company was able to take significant steps in cleansing the balance sheet, whilst still paying a cash and scrip dividend to shareholders. The respectable profit of just under $800,000 before tax was after the writing off of all intangibles, and allied to the cash flow from asset sales, enabled the Company to repay its last bank debt, just two weeks into the 2011 financial year.

Our strategy of maintaining external debt through the 2010 financial year whilst the investments held by the Company improved in value appears to have been successful. In tandem with paying off liabilities, we have also paid out two dividends to shareholders of the parent entity, as well as paying two sets of distributions – a dividend and capital return – to shareholders of the former subsidiary, Equities and Freeholds Limited. The dividends to Tidewater shareholders equated to 4.25cents per share fully franked – 1.5cents in cash and 2.75cents in shares of InvestorFirst. We still have over one cent a share in franking credits which we will look to utilise at an appropriate stage.

The distributions and dividends, together with the sale of some of our shareholdings have meant that Tidewater is effectively a smaller entity to manage; as a consequence, we have reduced costs significantly for the 2011 financial year to try to ensure as much of the generated investment return as possible is translated to value in shareholders hands. This did mean that late in calendar 2009 we reduced our staffing significantly, and moved to a smaller office facility away from the CBD.

The theme of ensuring value is translated into return also runs through Andrew Brown's review in respect of some of our major holdings; Andy has given a very detailed run-down on our portfolio and expectations for the investment environment over the course of the next twelve months, noting that we do see some intermittent opportunities for Tidewater to invest in larger securities that have previously not been part of our mandate. However, the board of Directors has sanctioned a share buy-back program to retire equity if the traded price of Tidewater shares is perceived to be below their realistic value and we continue to favour returning capital to shareholders in the absence of suitable passive investments. As Andy also says in his piece, we will professionally assess sensible propositions which can utilise our publicly listed status. Handing over our capital for someone else to invest doesn't count.

The new financial year has commenced with significant activity in all three of our largest investments during July 2010 – encouraging exploration drilling for Adelaide Resources, a successful listing and profit upgrade for Vocus Communications and change in largest shareholder and manager for the Fat Prophets Australia Fund. These factors are laying the foundation for what we hope will be a further improvement in the value of your shareholding in the Company.

Paul Young
Chairman

MANAGING DIRECTORS REVIEW

After the world of pain experienced over the preceding two years, in the 2010 financial year Tidewater took the first steps back towards financial rehabilitation. Like the clichéd football match, it was certainly a game of two halves, but the overall result – a pre tax profit of just under $800,000 – was a respectable outcome. This figure included some non recurring items such as the write-off of the management rights to manage Cheviot Kirribilly Vineyard Property Group ("CKP") as well as the beneficial impacts of profit on sale and deconsolidation of two controlled entities, Equities and Freeholds Limited ("EQF") and Tidewater Asset Management. The reported profit represents a return of about 16% on opening equity, but adjusting for the exclusion of these one off items and removing intangibles from opening equity, the "adjusted" pre-tax return is a more robust 27.8%[†]

Australian equity markets saw the 2010 fiscal year comprise two highly divergent six month periods; the S&P/ASX All Ordinaries Accumulation index returned 26.1% during the July – December 2009 semester, suggesting a brief return to the seemingly "risk-less" bull market conditions which had prevailed to mid -2007. During this period, the abatement of risk aversion was of significant benefit to Tidewater, and we were able to divest some remnant shareholdings at significantly increased prices, two of which – Dark Blue Sea and HJB Group – were sold into takeover offers for the companies.

Far less sanguine conditions have been prevalent in the first six months of 2010, with swooning "bear" markets in January, May and the latter part of June, partly offset by a fierce nine-week rally between early February and mid-April, resulting in a decline of 9.7% between January and June 2010. The S&P/ASX All Ordinaries Accumulation index overall return of just under 14% in fiscal 2010 was magnified in Tidewater's case, by the performance of our shareholding in Adelaide Resources Limited ("ARL"), which rose from 9.5cents to 26cents in the first half of the year, but fell back to 13.5 cents in the second six months. The fall in the share price of ADN accounted for virtually the entire profit decline in the second six months of the financial year.

Despite the more erratic conditions, we were still able to make significant divestments in the second half of the financial year – most notably of Snowball Group and InvestorFirst, the latter through a dividend distribution. These portfolio sales, accompanied by the placement of shares in September 2009 enabled Tidewater to arrive at bank-debt free status, two weeks after the close of the 2010 financial year. We still have loans of about $250,000 but they are from a more amenable, unsecured and vested interest lender, namely myself. Over the next few months, I hope these loans will also be worked off as Tidewater moves forward. Charges and mortgage security over the Company's assets by the bank financier are being released, and we should be able to simplify our group structure over the next twelve months.

It is worth noting that since 30 June 2008, from a peak debt level of $5.1million, Tidewater has fully repaid external financiers in just over two years, as well as distributing $1.55million in cash and scrip dividends together with capital returns from the group to external shareholders. We can now control our destiny to a far greater extent than has been the case for some years, and as we made clear in the ASX release of 5 July 2010, have a greater focus on influencing the development of our investee companies and ensuring they can prosper in the type of "range-bound", though volatile environment we foresee.

Before detailing the current set of investments, it's worth assessing our views on the prevailing environment for Australian equity-type assets. This should provide further insight into why we have enacted some of the recent decisions, and place our investee companies in their proper context.

[†]"adjusted" pre tax profit of $1.187million adds back all amortisation and impairment charges and deducts profits on sale of controlled entities; denominator for calculation is "adjusted" shareholders funds of $4.268million being stated equity of $4.952milion minus $0.684million of identifiable intangibles.

Operating and Investing Environment

In 1993, the legendary investor Peter Lynch published a follow-up book to his previous 1989 best-seller "One up on Wall Street" – still one of the better tomes for novice investors to read. In the sequel "Beating the Street", Lynch put forward 25 "golden rules" for investing. One of these (#19) has rarely been more prescient over the past eighteen months: *"Nobody can predict interest rates, the economy or stockmarket. Dismiss all such forecasts and concentrate on what's happening to the companies in which you've invested".*

More topically, perhaps, another accomplished author, David Einhorn, who scripted the fabulous "Fooling Some of the People All of the Time" gives an insightful view of the prevailing environment in the latest quarterly letter of his hedge fund, Greenlight Capital: "What will happen next? We have no idea."

We don't either, but have a reasonable sense of perspective as to where we stand in the equity cycle. The unravelling of the zero-priced risk bubble from June 2007 to the early part of 2009 and the consequent impacts on financial institutions and Government borrowing have provided genuine diversity within the investment community (a bit like Australian politics perhaps?). The "bears" point to high levels of Government budget deficits relative to GDP in many developed and aging economies (about 5.7% across the world) piled on existing indebtedness, high asset inventories (notably houses and units) and weak employment growth. Whatever global growth we do achieve (say 3% in each of the next two calendar years) will do little to quell social division and tension. Conversely, the "bulls" see developing corporate earnings from a generally deleveraged major sector in the US allied to continuing long term growth in the Asian arena.

Where Lynch and Einhorn meet is in the third group of arguably more astute group of equity investors. These folk are agnostic, and indeed many argue that equity markets are "range-bound" for a number of years, having now corrected the clear <u>long term</u> undervaluation which prevailed in early 2009.

In the Australian context, where certain of these aspects don't really apply, some extraordinarily simple – but effective – analysis probably shows why the domestic equity scene is unlikely to break out of a similar pattern. In November 2007, the S&P/ASX 200 index (just in capital not accumulation terms) reached its summit of about $6850 with operating earnings peaking, in the year to June 2007 at around $375, representing a trailing P/E of about 18.2x. After two successive years of decline, earnings per share for the S&P/ASX 200 index appear to have troughed out at around $272 – a total fall of 28% over this two year period. When the equity market bottomed in March 2009 at $3120, sixteen months after its peak, P/E's were around 11.4x the nadir of current year earnings. That's cheap in any long term Australian context. With great symmetry, the 55% decline in the capital value of the S&P/ASX 200 index had come roughly half each from earnings decline and P/E compression, reflecting investor fears about long term valuation parameters.

At current levels of about $4500 and co-incident EPS of about $300, the benchmark domestic equity index resides at a slightly above average P/E of about 15x, and looks out at elevated profit growth forecasts over the next few years, especially in the 2011 period, despite the obvious support from a sharply growing resources arena.

These currently lofty consensus earnings growth forecasts (well over 20% in 2011 and a further 10% plus in 2012) seem to give little credence to the (at times forced) deleveraging which is taking place in smaller business and has already occurred in the larger corporates. Stretched consumers, ludicrous housing prices – which at best force consumers away from discretionary spending – lags in the system, overall high levels of uncertainty and bureaucratic roadblocks would appear to pressure these optimistic numbers.

Add in the schizophrenic attitude to Chinese growth, and at prevailing index levels, it's hard to get fanatical. Conversely, however, in the absence of any "Armageddon" type factors, it's difficult to see the attractions of the "perma-bears" who arguably underestimate self-corrective mechanisms within economies, low corporate gearing as well as the gradual global swing back to more conservative policy settings. In these circumstances, the next period has the distinct whiff of a "range-bound" environment, where the easy money was made in calendar 2009.

The key impacts of such an environment, will, in our view, be six-fold:

- Interest rates may stay low for a while but the worst hiding place, medium term, will be bonds of meaningful duration, except those priced at distressed credit levels with good business or genuine asset backing;
- A move backwards down the greek alphabet – α (alpha – stock specific return) rather than β (beta - market based return) will be far more important over the coming periods;
- Markets in overall terms will probably remain volatile at the index level, providing some difficulty for <u>undisciplined</u> βeta traders and short term asset allocators;
- Scope for extreme outperformance over short periods from stock selection together with intra-market themes and fads is probable;
- Such greater differential of performance will result in an increase in takeover and corporate activity, heightening the benefits of access to capital; and
- Within our region, the cheapest and most accessible capital resides in China, leading to a continuing focus on the acquisition of resource based assets in the absence of a major correction in other asset classes.

With our very concentrated portfolio, we can do well <u>if</u> we exploit the attributes of each company. By being board participants in the two largest investments we hold, there will be no hiding if we can't.

The introduction to Lynch's book is entitled "Escape from Bondage", and in a different context, we know how he feels, having fully repaid the bank debt some thirteen months ahead of schedule. We haven't become evangelical about not using debt capital, more Episcopal about ensuring its appropriate use – quantum, flexibility, liquidity of security. There is room for much more modest and better structured borrowing within Tidewater, to supplement our modest capital base when measured at present prices. This is probable where we feel there are opportunities to trade βeta, with some leverage, at the outer edges of market ranges in the most liquid (and undervalued) securities.

Current Position

The following table shows that we presently hold only five investments of any consequence. In two cases, Adelaide Resources and Fat Prophets Australia Fund, I have moved to the position of Chair with a clear mandate to ensure that the inherent value within the companies is realised in the hands of shareholders. Whilst seeming a much easier proposition for a listed investment company than for a mineral explorer, to steal a line from "Porgy and Bess" - "It ain't necessarily so".

Abridged Balance Sheet and table of shareholdings as at 30 June 2010

Shares held		Value
11,584,866	Adelaide Resources	$1,552,737
10,396,350	Cheviot Bridge Limited	$462,690
1,078,100	Cheviot Kirribilly Vineyard Property Group	-
2,600,000	Equities and Freeholds Limited	$546,000
1,850,346	Fat Prophets Australia Fund	$1,701,893
2,356,963	First Opportunity Fund	$1,165,518
	Other	$26,859
	TOTAL SHARES	$5,455,697
	Cash assets	$343,825
	Net debtors including loans	$120,043
	Other assets	$88,678
	Borrowings	($887,500)
	NET ASSETS/SHAREHOLDERS EQUITY	$5,120,743

Fat Prophets Australia Fund ("the Fund")

We currently own around 6.4% of the Fund. Despite some good performance against the market benchmark over the past two to three years, the Fund's shares, in common with many other externally managed listed equity investment companies, have traded at significant discounts to publicly released net tangible asset backing per share. These discounts widened perceptibly across the ASX in the 2008 calendar year, and have yet to realistically recover. There are several possible reasons to explain this but four stand most scrutiny: externally managed LIC's are expensive relative to their larger internally managed counterparts, are expensive relative to many unit trust vehicles, are often illiquid leading to very high friction costs accompanying the change in NTA/discount patterns and now compete head-on against a group of low cost, index replicating ETF's (exchange traded funds). In the absence of a compelling investment proposition, high cost Australian equity LIC's have a limited lifespan.

For a number of these LIC's, the lifespan is prolonged by contractual agreements which serve to retain the manager, even in the case of mediocre performance. In the case of the Fund, this is less of an issue, since the management agreement is far less biased in favour of the manager than most other ASX quoted LICs. Despite this, the shares traded at discounts of over 25% to pre-tax NTA despite a high quality portfolio, over four-fifths invested in Top 100 securities, and with a franking credit pool equivalent to around 12% of pre tax NTA.

At the end of June 2010, Merricks Capital ("Merricks"), a Melbourne-based funds manager, acquired the largest shareholding block in the Fund, and when added to subsequent purchases, now hold over 19% of the vehicle. The Directors of the Fund consented to the assignment of the management rights to the Fund from the incumbent manager to Merricks, who have a strong emphasis on bottom-up stock selection and risk management to ensure the chosen security risk is reflected in the portfolio, rather than unwanted extraneous but potent other risk factors. The Fund will work with the new manager to evaluate a mandate aimed at more permanently closing the gap between traded share price and NTA/share. Closed end vehicles are appropriate for mandates and structures where immediate liquidity is not a pre-requisite but management and board must be alert to quelling the counteraction; stock markets place greater discounts on illiquidity – either of the shares themselves, or the underlying investment portfolio.

Adelaide Resources ("ARL")

At face value, it would seem bizarre that a mineral explorer could be a "deep value" investment. But, of course, price is what you pay and value is what you get. In our case, we started by paying 5c or so a share, and obtaining a (then) base level 8.5cents of cash value per share, prior to attributing any value to the company's ground holdings, or deducting value for the inevitable cash burn of such an enterprise.

ARL has six main assets:

- part of the Rover 1 copper-gold deposit near Tennant Creek (NT) adjacent to the tenement boundary with Westgold Resources Limited, who have a 1 million gold-ounce equivalent JORC-compliant deposit;
- similar Tennant Creek style mineralization at Rover 4, around 1700 metres north of the current tenement boundary;
- copper-gold exploration areas, showing initial encouraging results near Moonta in South Australia;
- a uranium exploration joint venture with Quasar Resources on the Eyre Peninsula also in South Australia;
- application for a strategically located exploration permit in the Drummond Basin in Queensland, currently subject to indigenous owner clearances; and
- $7.8million of liquid resources at 30 June 2010.

For much (not all) of the past year, ARL shares have tended to trade at discounts to their peers despite a decent past track record of realising assets and distributing the proceeds to shareholders.

In common with other exploration companies, ARL faces numerous challenges in its efforts to reward shareholders. The key constraint is always access to capital, which requires exploration results and a well thought out future program of work. In the past few months, it has also faced the challenge of the proposed Resource Profits Super Tax ("RSPT"), a monster conceived by public finance people that failed to acknowledge many real world factors. These economists skirted over such minor issues as the mobility of capital, the lack of fungibility of future tax benefits of failed projects, and the fact that global investors ratchet up the cost of capital to prohibitive levels in countries where major adverse changes to taxation regimes are applied retrospectively. Whilst this RSPT idea has been significantly amended, and in its current form does not impact on ARL with respect to the primary minerals being sought, the idea itself had significant ramifications. It significantly lessened the prospects for <u>all</u> exploration companies by reducing their potential returns, and consequential ability to attract capital. In its most extreme form, it would have meant a gold or copper discover would have remained *in situ* by rendering its extraction uneconomic. Whilst the RSPT has gone away, the lingering noxious whiff of Australian Government's capacity to retrospectively amend taxes on mineral extraction may take longer to clear.

A number of commercial sensitivities preclude a more fulsome discussion of ARL than we would prefer; suffice to say that we view the assets held as either attractive to explore/exploit, monetise or joint venture in such a manner that should add decent value to ARL's 30 June 2010 market capitalisation of about $15million, of which around half was represented by cash and liquid assets.

Vocus Communications ("Vocus")

We are the fifth largest shareholder in Vocus in account of our prior 23% shareholding in First Opportunity Fund ("FOF"), and the agreed transaction whereby FOF acquired Vocus, mainly for shares in June 2010. In the past, we had sought to wind up FOF and repatriate the funds back to shareholders, but the Vocus transaction vindicates shareholders' decision in July last year to allow Investec, the manager of FOF, further time to locate and execute an appropriate transaction.

Vocus is an independent telecommunication service provider which makes available high performance, high availability voice and data networks. Management have a strong past track record, having been key personnel in building converged voice/data and IP based networks. From a standing start in March 2008, Vocus has grown revenue to $17.5million in the latest year to 30 June 2010, with EBITDA of around $8.1million, according to recently upgraded forecasts provided by the company to ASX. On this basis, counting the future obligations to take indefeasible rights of use ("capacity") on the Southern Cross Cable internet backbone as debt, the shares at their most recent level of $0.65 (against $0.50 on 30 June 2010) trade at a trailing enterprise value/EBITDA multiple below 6x. Further upward share price progress will probably require a more widely spread share register, which may eventuate if Vocus can make accretive acquisitions in a very fragmented, but specialist area.

Wine sector investments

The two investments we hold in the wine sector were made some time ago, but were done so "eyes wide open" in trying to capitalise on two potential solutions to the problems faced by the industry:

- a brand and distribution investment where negligible capital is required other than for inventory and working capital (Cheviot Bridge Limited); and
- management of vineyard assets which were securitisable to provide a yield (management of CKP, supported by an investment in CKP itself).

Since the investments were made – in the full knowledge that grapes were in over-supply - a multitude of structural change factors have played out quite differently to our expectations. For example, the retail consolidation which has changed the distribution patterns in Australia has morphed into new brand ownership by the major retailers. The widespread propensity of banks to lend against valuations of vineyard assets, especially in MIS schemes was probably under-appreciated along with the delayed impact of the various supply/demand factors on grape prices, where sharp declines did not occur until the 2009 vintage. The ability of vineyard owners to "subsistence" farm has been surprising, even in a drought ridden environment, whilst the strength of the Australian dollar has not only subdued export growth but also made it attractive to import wine into an already saturated market. Most unfortunately, many of these "sins" are being replicated in our closest vigneron neighbour – New Zealand.

It is clear we are now moving into the "work-out" phase of the wine cycle, with events such as the Fosters' spin-off of Treasury Wines, Government payments to pull vines, and capital-starved operators looking to exit the industry at virtually any cost. Vineyards have been sold at close to agricultural land value, and some brand/winery owners have been happy to exit at minimal consideration, happy to offload the funding burden.

This is proving to be to the advantage of the now delisted Cheviot Bridge; conversely, we have to work hard to restructure CKP with its burden of bank debt. The plight of the asset owners in this industry will not be able to be soothed in the same way as commercial property – equity injections, recapitalisations and refinancings are simply not available. We have, of course, written off the value of the equity and management rights for CKP, whilst carrying Cheviot Bridge at an equity value equivalent to around 7x operating earnings after tax for the year to 30 June 2010.

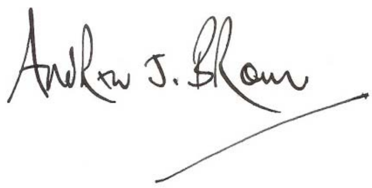
Future Strategy

We noted last year that Tidewater may cease managing money for third parties, would look to retreat to being a principal investor significantly reducing costs, whilst hoping to see improvements in the share prices of a number of our investments. We are still the responsible entity for CKP, but have otherwise managed to move down this path. In turn, in the 2011 financial year, Tidewater's costs will fall further, with a reduction in my remuneration, to reflect the smaller size of the company, and the increased quantum of time which is spent on duties with our investee companies, who will be directly remunerating me, rather than Tidewater.

Depending on the performance and strategic development of our investee companies, we hope to able to return further capital to shareholders over the course of the 2011 financial year in the form of dividends or otherwise. As was the case in the 2010 year, we do not want to walk away from good investment opportunities, and as we alluded to in discussing the operating environment, will look to make some more diverse investments over the course of the year as appropriate.

We will assess sensible mooted transactions which seek to use Tidewater's publicly listed status but note that we have high hurdles which, for extravagant vendors of mining properties, will be less appealing than a circuit at Oakbank. With the board owning 41% of Tidewater's capital, we continue to have a strong fiduciary interest in ensuring shareholders are rewarded.

Thank you for your ongoing support.



Andrew Brown
Managing Director

DIRECTORS' REPORT

The Directors present their annual report on the Company and its controlled entities ("Group" or "Economic Entity") for the financial year ended 30 June 2010.

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 25 years. Paul has a degree in economics from the University of Cambridge, is qualified as a Chartered Accountant in the United Kingdom, has a Diploma in Corporate Finance and is a Fellow of the Australian Institute of Company Directors. Paul is the Chairman of the Tidewater Investments Limited Audit Committee.

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

- Ambition Group Limited (non-executive Director – ongoing)
- Thomas and Coffey Limited (non-executive Director – ongoing)
- Peter Lehmann Wines Limited (appointed 31/10/2003; resigned 4/3/2010)
- Sapex Limited (appointed 14/4/2006; resigned 15/10/2008)
- Lazco Limited (appointed 29 /6/2010)

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

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

- Adelaide Resources Limited (non-executive Director – ongoing)
- Aequs Capital Limited (appointed 14/4/2005; resigned 18/12/2008)
- Cheviot Bridge Limited (non-executive Director – ongoing)
- Cheviot Kirribilly Vineyard Property Group (executive Director – ongoing)
- Enerji Limited (appointed 20/8/2007; resigned 8/7/2008)
- Equities and Freeholds Limited (appointed 2/10/2007; resigned 16/3/2010)
- Fat Prophets Australia Fund Limited (Chairman – ongoing)
- Snowball Group Limited (appointed 25/6/2003; resigned 9/10/2007)

Stephen Murray Roberts *(Non-Executive Director)*
Steve Roberts is a co-founder, 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 to over 250 employees. Steve retired from Link in March 2007.

During the past three years, Steve has served as a non-executive Director of the public companies, Equities and Freeholds Limited (appointed 5/3/2008; resigned 12/10/2009) and Hamilton James and Bruce Group Limited (appointed 9/7/2009; resigned 24/9/2009).

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
Mr Andrew Brown	7,465,572
Mr Stephen Roberts	1,870,451
Mr Paul Young	1,189,714

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

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

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

RESULTS AND DIVIDENDS

The net profit after income tax for the financial year to 30 June 2010 was $674,359 (2009: loss $3,858,383)

A fully franked dividend in respect of the profits for the current year of 1.5 cents per share was declared on 24 February 2010 and paid on 26 March 2010.

A special fully franked dividend in respect of the profits for the current year of 2.7cents per share was declared on 4 March 2010 and paid on 6 April 2010; the dividend was paid in securities of InvestorFirst Limited at the rate of 0.3 shares of InvestorFirst Limited per Tidewater Investments Limited share, at an imputed price of $0.09 per InvestorFirst Limited share.

REVIEW OF OPERATIONS

A full review of operations is given on pages 2 to 9 which include the Chairman's Statement and Managing Director's Review.

TRADING IN COMPANY SHARES

During the 12 months to 30 June 2010, the Company's shares traded in the following ranges:

Quarter ending	High price	Low price	Closing price	Volume
30th September 2009	$0.255	$0.14	$0.25	760,272
31st December 2009	$0.32	$0.24	$0.32	110,909
31st March 2010	$0.27	$0.20	$0.20	82,015
30th June 2010	$0.24	$0.20	$0.24	295,769

Source: IRESS/ASX

SIGNIFICANT EVENTS DURING THE YEAR

On 29 September 2009, the Company placed 3,300,000 shares at $0.25 with clients of Austock Securities Limited, to raise $825,000 before costs.

On 16 December 2009, the Economic Entity divested the controlled entity Tidewater Asset Management Pty. Limited ("TAM"). On the same day, the Economic Entity also deconsolidated Equities and Freeholds Limited ("EQF") as a result of an 8:1 rights issue reducing the Company's holding in EQF from 86.4% to 10%.

On 31 December 2009, the Company fully impaired the intangible asset being the management rights to Cheviot Kirribilly Vineyard Property Group ("CKP")

On 24 February 2010, the Company declared a fully franked cash dividend in respect of the profits for the current year of 1.5 cents per share.

On 1 March 2010, the Company repaid $700,000 of debt to its external bank financier.

On 4 March 2010, the Company declared a special fully franked dividend in respect of the profits for the current year of 2.7cents per share. The dividend was paid in securities of InvestorFirst Limited at the rate of 0.3 shares of InvestorFirst Limited per Tidewater Investments Limited share, at an imputed price of $0.09 per InvestorFirst Limited share.

On 16 April 2010, Tidewater announced its intention to purchase up to 10% of its ordinary shares through an on-market share buy-back over the twelve months commencing 4 May 2010.

On 31 May 2010, the Company repaid $812,500 of debt to its external bank financier.

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 2010 was:

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

REMUNERATION REPORT (AUDITED)

(A) Key Management Personnel

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

Directors

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

Specified Executives

Lachlan Batchelor	Investment Manager (resigned 30 November 2009)
Steve McDowell	Finance Manager (resigned 30 November 2009)
Steve O'Hanna	Investment Manager (resigned 31 October 2009)

(B) Directors Remuneration for the financial years ended 30 June 2010 and 30 June 2009

	Short-Term Benefits			*Post Employment Benefits*		*Share Based Payments*	
2010	**Salaries & fees**	**Cash bonuses**	**Non Monetary Benefits**	**Super-annuation**	**Retirement Benefits**	**Options**	**Total**
Paul Young	$ 50,000	-	-	-	-	-	$ 50,000
Andrew Brown	$200,000	-	-	$20,000	-	-	$220,000
Stephen Roberts[1]	-	-	-	$33,750	-	-	$ 33,750
Richard Ochojski[2]	$8,750	-	-	-	-	-	$ 8,750
Lee Iafrate[3]	-	-	-	-	-	-	-
Campbell McComb[3]	-	-	-	-	-	-	-
Jonathan Sweeney[3]	-	-	-	-	-	-	-
TOTAL	$258,750	-	-	$53,750	-	-	$312,500
2009							
Paul Young	$ 50,000	-	-	-	-	-	$ 50,000
Andrew Brown[4]	$226,250	-	-	$22,362	-	-	$248,612
Stephen Roberts[4]	-	-	-	$60,000	-	-	$ 60,000
Richard Ochojski[5]	$29,167	-	-	$2,625	-	-	$31,792
Clare Porta[6]	$ 8,750	-	-	$ 787	-	-	$ 9,537
TOTAL	$314,167	-	-	$85,774	-	-	$399,941

1: includes remuneration paid by Equities and Freeholds Limited to 24 September 2009
2: remuneration solely paid by Equities and Freeholds Limited in the period from 1 July 2009 to 24 September 2009
3: Director of Equities and Freeholds Limited from 12 October 2009 to 16 December 2009
4: includes remuneration paid by Equities and Freeholds Limited
5: remuneration solely paid by Equities and Freeholds Limited in the period from 5 September 2008 to 30 June 2009
6: remuneration solely paid by Equities and Freeholds Limited in the period 1 July 2008 to 5 September 2008

(C) Specified Executives Remuneration for the years ended 30 June 2010 and 30 June 2009

	Short-Term Benefits			*Post Employment Benefits*		*Share Based Payments*	
2010	**Salaries & fees**	**Cash bonuses**	**Non Monetary Benefits**	**Super-annuation**	**Retirement Benefits**	**Options**	**Total**
Lachlan Batchelor[1]	$54,167	-	-	$5,417	$30,466	-	$90,050
Steve McDowell[1]	$45,167	-	-	$14,417	$19,083	-	$78,667
Steve O'Hanna[2]	$43,333	-	-	$4,333	$12,334	-	$60,000
TOTAL	$142,667	-	-	$24,167	$61,883	-	$228,717
1: resigned 30 November 2009 2: resigned 31 October 2009							
2009							
Lachlan Batchelor	$130,000	-	-	$13,000	-	-	$143,000
Steve McDowell	$121,970	-	-	$21,000	-	-	$142,970
Steve O'Hanna	$130,000	-	-	$13,000	-	-	$143,000
TOTAL	$381,970	-	-	$47,000	-	-	$428,970

(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 and linked to market rates;
- short term incentives – paid in cash, directly earned at the discretion of the Non Executive Directors, and linked to the performance of the economic entity;
- 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, Andrew Brown, is formalised in a service agreement, the key terms of which are given below:

- 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 2011, 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;
- Other Benefits as reasonably assessed by the board of Directors from time to time.

Effective from 1 July 2010, at Mr. Brown's instigation, the relevant components of the agreement have been amended as follows:

- Annual base salary of $50,000 plus superannuation, to be reviewed annually by the Non Executive Directors; and
- Mr. Brown to be paid Directors' fees directly by investee companies of Tidewater Investments Limited. These companies presently comprise Adelaide Resources Limited, Cheviot Bridge Limited and Fat Prophets Australia Fund Limited.

There are no longer any specified executives.

(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 1/7/09	Received as Remuneration	Options Exercised	Net change – other[1]	Balance at 30/6/10
Directors					
Andrew Brown	6,921,347	-	-	544,225	7,465,572
Stephen Roberts	1,670,451	-	-	200,000	1,870,451
Paul Young	1,125,720	-	-	63,994	1,189,714
TOTAL	9,717,518	-	-	808,219	10,525,737

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

There have been no transactions subsequent to 30 June 2010.

This concludes the Remuneration Report, which has been audited.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

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

DEFERRED SHARE PLAN

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

ENVIRONMENTAL REGULATION

No significant environmental regulations apply to the economic entity.

CHANGES IN STATE OF AFFAIRS

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

PROCEEDINGS ON BEHALF OF THE COMPANY

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

SUBSEQUENT EVENTS

There has been no matter or circumstance, other than those referred to in note 26 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.

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.

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 Nineteenth day of August 2010.

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

P A Young - Chairman *A J Brown – Managing Director*

Chartered Accountants
& Business Advisers

Auditor's Independence Declaration

As lead auditor for the audit of Tidewater Investments Limited for the year ended 30 June 2010, 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

Arthur Milner
Partner
Date: 19 August 2010

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CORPORATE GOVERNANCE

In March 2003, the ASX Corporate Governance Council ("**ASXCGC**") issued the Principles of Good Corporate Governance and Best Practice Recommendations ("**ASX Recommendations**") as a guide to the top 500 ASX listed companies. The guidelines were reviewed as at 31 March 2004 by the Implementation Review Group and some relaxations agreed particularly in respect to non top 300 ASX listed companies. The ASX recommendations were extensively revised in August 2007 as a "Second Edition" in respect of which Tidewater Investments Limited ("**Tidewater**" or "**the Company**") is required to report.

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

The Company is a small company with a strong commitment to containing costs. This commitment, when related to the relatively small size of the Company, makes it difficult to fully attain all of the recommended principles; indeed, many of the principles have limited relevance to the operation of the Company, and as a consequence, the corporate governance framework has been adapted to the operation of a smaller entity. In any event, shareholders are significantly advantaged by the fact that the board of Directors of the Company hold a significant equity position, cumulatively owning over 40% of Tidewater shares. Further, all of the Board and staff are very experienced company officers and are well aware of their responsibilities to the Company, to the security holders and to all other stakeholders, and fulfil similar roles in other corporations. As a consequence, the Company looks to attract Directors who exhibit the requisite innate characteristics of honesty and integrity, rather than simply adopt a series of boilerplate documents, and attempt to justify divergence from them.

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

PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

A. THE ROLE OF THE BOARD AND MANAGEMENT

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

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

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

B. LETTERS OF APPOINTMENT

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

C. INDUCTION OF SENIOR EXECUTIVES

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

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D. PERFORMANCE EVALUATION OF SENIOR EXECUTIVES

At the end of the financial year, as part of a review process, each manager's performance is evaluated by the Managing Director. In addition, the Managing Director is on-hand on a day-to-day basis to provide mentoring, advice and informal performance evaluation to key personnel.

During the period from 1 July 2009 – 30 October 2009, Tidewater comprised two Non Executive Directors and one Managing Director, an Investment Manager, an Executive responsible for the vineyard funds management business, and a finance manager, who also acted as the Company Secretary. The Company also engaged a part time accountant and a part time employee responsible for Compliance. The Investment Manager resigned effective 31 October 2009, and the executive responsible for the vineyards funds management business and finance manager resigned effective 30 November 2009. From 1 December 2009 to 30 June 2010, Tidewater comprised two Non Executive Directors and one Managing Director who also acted as the Company Secretary, plus a part time employee responsible for compliance.

PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE

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

A. SIZE AND COMPOSITION OF THE BOARD

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

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

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

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

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

B. DIRECTORS' INDEPENDENCE

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

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

C. CONFLICT OF INTEREST

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

D. ELECTION OF DIRECTORS

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

E. BOARD COMMITTEES

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

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

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

F. DIRECTOR'S ACCESS TO INFORMATION AND ADVICE

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

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

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

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

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

G. BOARD EVALUATION

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

PRINCIPLE 3: PROMOTE ETHICAL AND RESPONSIBLE DECISION MAKING

A. BUSINESS CONDUCT AND ETHICS

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

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

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

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

B. TRADING IN TIDEWATER SECURITIES

Directors and executives are not permitted to buy or sell the Company's shares from 31 December until the half yearly announcement is made to ASX and from 30 June until the announcement of the full year's results to ASX, or until definitive guidance on such results is publicly released. Trading at other times is permitted unless there is price sensitive information known to Directors and staff. Furthermore, no trading is permitted until first notified to and considered by the Chairman or in his absence another non executive Director, to ensure that such trading will not give rise to allegations of insider trading.

PRINCIPLE 4: SAFEGUARD INTEGRITY IN FINANCIAL REPORTING

A. AUDIT COMMITTEE

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

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

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

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

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

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

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

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

B. FINANCIAL REPORT ACCOUNTABILITY

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

In the 2010 financial year, the Managing Director has provided a statement to the Board in writing in respect to the integrity of the financial statements and the efficient and effective operation of the risk management and internal compliance and control systems.

PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE

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

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

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

Tidewater provides a review of operations and financial performance in the 2010 Annual Report which includes the company's financial report. Results announcements to the ASX, analyst presentations and the full text of the Chairman's and Managing Director's addresses at the Company's Annual General Meeting are lodged with ASX and available at www.asx.com.au.

PRINCIPLE 6: RESPECT THE RIGHTS OF SHAREHOLDERS

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

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

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

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

PRINCIPLE 7: RECOGNISE AND MANAGE RISK

A. OVERSIGHT OF RISK

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

The Company pays significant attention to risk as a consequence of its activities which involve dealing in financial assets, the holding of appropriate licenses to facilitate such transactions on behalf of third parties, and to act as a responsible entity for an external trust. As a consequence of the core activities of the Company, Tidewater deliberately assumes a level of risk of capital loss, the quantum of which is regularly discussed and debated by the Board. Through the reporting of the Managing Director, the Board is able to monitor the level of interest rate, asset concentration of, capital, reputational, credit and overall financial market risk being assumed by the Company.

The Company employs a part time Compliance Officer who is responsible for the assessment of specific risks in relation to the licensing of the Company's controlled entities holding Australian Financial Services Licenses, but also in relation to wider risk management concepts.

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

B. IMPLEMENTATION OF RISK MANAGEMENT SYSTEMS

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

- an internal compliance officer who provides training in respect of certain risk assessment procedures on a quarterly basis to all employees of the Company;
- external providers of accounting services to the Company;
- a Compliance Committee in respect of the services of a controlled entity, which by definition requires disclosures from that controlled entity;
- external company secretarial and compliance for certain activities carried out by the Company on behalf of third parties;
- requirement for regular reporting to the Company's external financiers; and
- regular reporting to the Board of Directors.

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

C. ACCOUNTABILITY

In the 2010 financial year, the Managing Director has provided a statement to the Board in writing in respect to the integrity of the financial statements and the efficient and effective operation of the risk management and internal compliance and control systems.

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

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

- the statements made in relation to the financial integrity of the group financial reports are founded on a sound system of risk management and internal compliance and control;
- the system of risk management in operation at 30 June 2010 implements the policies adopted and delegated by the Board and was operating effectively; and
- the systems relating to financial reporting were operating effectively in all material respects.

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

PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY

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

Directors Remuneration

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

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

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

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financial report for the year to 30th June 2010

Statement of Comprehensive Income for the year ended 30 June 2010
Statement of Financial Position as at 30 June 2010
Statement of Changes in Equity for the year ended 30 June 2010
Statement of Cash Flows for the year ended 30 June 2010

NOTES:

TIDEWATER INVESTMENTS LIMITED AND CONTROLLED ENTITIES
STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2010

	Note	Economic Entity 2010 $	Economic Entity 2009 $
Revenues	2A	4,514,904	3,298,870
Other Income	2B	295,876	-
Other expenses	3	(3,877,626)	(6,969,094)
Finance costs	4	(133,360)	(310,484)
Profit/(loss) before income tax		799,794	(3,980,708)
Income tax benefit	6	3,847	17,912
Net profit/(loss) after income tax		803,641	(3,962,796)
(Profit)/loss attributable to non-controlling interests		(129,282)	104,413
Profit/(loss) after income tax and non-controlling interests		674,359	(3,858,383)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income attributable to owners of Tidewater Investments Limited		674,359	(3,858,383)
Basic earnings/(loss) (cents) per share	8	2.7	(19.9)
Diluted earnings/(loss) (cents) per share	8	2.7	(19.9)
Dividends (cents) per share	7	4.2	-

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

TIDEWATER INVESTMENTS LIMITED AND CONTROLLED ENTITIES
STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2010

	Note	Economic Entity 2010 $	Economic Entity 2009 $
CURRENT ASSETS			
Cash and cash equivalents	9	343,825	292,054
Financial assets	10,15	4,994,787	6,602,661
Trade and other receivables	11	360,623	135,616
Prepayments		32,418	34,353
TOTAL CURRENT ASSETS		5,731,653	7,064,684
NON-CURRENT ASSETS			
Financial assets	12,15	482,570	19,880
Property, plant and equipment	16,17	15,944	25,565
Goodwill	18	-	-
Identifiable intangible assets	19	-	683,574
Deferred tax assets	6	72,734	71,744
TOTAL NON-CURRENT ASSETS		571,248	800,763
TOTAL ASSETS		6,302,901	7,865,447
CURRENT LIABILITIES			
Trade and other payables	20	294,654	302,403
Short term borrowings	22	887,500	2,610,669
TOTAL CURRENT LIABILITIES		1,182,154	2,913,072
TOTAL LIABILITIES		1,182,154	2,913,072
NET ASSETS		5,120,747	4,952,375
EQUITY			
Issued Capital	23	16,471,395	15,740,266
Accumulated Losses		(11,350,648)	(10,934,771)
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF TIDEWATER INVESTMENTS LIMITED		5,120,747	4,805,495
Minority interests in controlled entities		-	146,880
		5,120,747	4,952,375

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

TIDEWATER INVESTMENTS LIMITED AND CONTROLLED ENTITIES

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2010

	Attributable to equity holders of Parent Entity				
ECONOMIC ENTITY	Issued Capital $	Accumulated Losses $	Total Interest $	Non-Controlling Interest $	Total Equity $
As at 30 June 2008	**14,922,111**	**(7,076,388)**	**7,845,723**	**281,142**	**8,126,865**
Total comprehensive income for the year	-	(3,858,383)	(3,858,383)	(104,413)	(3,962,796)
Contributions of equity	894,021	-	894,021	-	894,021
Cost of contributions of equity	(7,475)	-	(7,475)	-	(7,475)
Share buy back	(68,391)	-	(68,391)	-	(68,391)
Share buy backs in controlled entity	-	-	-	(29,849)	(29,849)
As at 30 June 2009	**15,740,266**	**(10,934,771)**	**4,805,495**	**146,880**	**4,952,375**
Total comprehensive income for the year	-	674,359	674,359	129,282	803,641
Dividends paid	-	(1,090,236)	(1,090,236)	-	(1,090,236)
Contributions of equity	825,000	-	825,000	-	825,000
Cost of contributions of equity	(45,262)	-	(45,262)	-	(45,262)
Share buy back	(48,609)	-	(48,609)	-	(48,609)
Adjustment for sale of controlled entity	-	-	-	(276,162)	(276,162)
As at 30 June 2010	**16,471,395**	**(11,359,017)**	**5,120,747**	**-**	**5,120,747**

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

TIDEWATER INVESTMENTS LIMITED AND CONTROLLED ENTITIES

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2010

	Note	Economic Entity 2010 $	Economic Entity 2009 $
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers		553,428	884,305
Payments to suppliers and employees		(1,140,243)	(1,753,187)
Purchases of investments		(730,217)	(1,770,218)
Proceeds from sale of investments		3,102,837	2,231,109
Proceeds from return of capital		46,836	85,560
Dividends received		91,959	325,154
Interest received		29,940	37,817
Finance costs paid		(133,360)	(235,296)
Income tax received		581	-
NET CASH PROVIDED BY/(USED IN) OPERATING ACTIVITIES	28 (A)	**1,821,761**	**(194,765)**
CASH FLOWS FROM INVESTING ACTIVITIES:			
Repayment of loans from other entities		98,000	99,077
Purchase of controlled entities, net of cash acquired		-	(4,640)
Proceeds from sale of controlled entities, net of cash divested	29 (B)	10,993	-
Deconsolidation of controlled entities, net of cash divested	29 (B)	(515,727)	-
Purchase of property plant and equipment		(12,404)	-
NET CASH FLOW PROVIDED BY/(USED IN) INVESTING ACTIVITIES		**(419,138)**	**94,437**
CASH FLOWS FROM FINANCING ACTIVITIES:			
Repayment of borrowings from other entities		(1,712,500)	(2,100,000)
Proceeds from borrowings from related parties†		-	839,559
Repayment of borrowings from related parties		(17,500)	(361,872)
Proceeds from issue of shares (net of costs)		779,625	353,901
Share buy back		(3,925)	(101,363)
Dividends paid		(385,883)	(1,029)
Return of capital		-	(298,103)
NET CASH FLOW PROVIDED BY/(USED IN) FINANCING ACTIVITIES		**(1,340,183)**	**(1,679,929)**
Net increase/(decrease) in cash held		62,440	(1,780,257)
Cash at the beginning of the financial year		281,385	2,061,642
Cash at the end of the financial year	9	**343,825**	**281,385**

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

† Proceeds of borrowings from related parties in 2009 include $530,082 of which was capitalised into equity as part of the Economic Entity's 2-3 rights issue at $0.20, this component of which is not reflected in this cash flow statement.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been approved for issue by the Board of Directors of Tidewater Investments Limited on 19 August 2010. The functional currency of the entity is measured using the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the economic entity's functional and presentation currency.

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements cover the economic entity, consisting of Tidewater Investments Limited and its subsidiaries and covers the financial year ended 30 June 2010. Tidewater Investments Limited is a publicly listed entity, incorporated and domiciled in Australia.

A. Basis of Preparation

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

Historical cost convention

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

Amendments to Accounting Standards

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

B. Principles of Consolidation

Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Tidewater Investments Limited ("company" or "parent entity") as at 30 June 2010 and the results of all subsidiaries for the year then ended. Tidewater Investments Limited and its subsidiaries together are referred to in this financial report as Group or the economic entity.

Subsidiaries are all those entities (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 the lower of cost or recoverable value in the individual financial statements of the parent entity.

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 financial 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.

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 Statement of Comprehensive Income in the period in which they arise.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

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

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

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

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

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

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

M. Contributed equity
Ordinary shares are classified as equity.

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

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

N. Earnings per share

(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.

O. Plant and Equipment

Plant and equipment
Plant and equipment are measured on the cost basis.

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Economic Entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Statement of Comprehensive Income 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 Statement of Comprehensive Income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

P. 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.

Q. Leases
No assets have been acquired under finance leases.

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

R. Comparative Figures

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

S. New Australian Accounting Standards

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

T. Critical Accounting Estimates and Judgments

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the group. The group tests annually whether intangible assets have suffered any impairment in accordance with the accounting policy stated in note 1(P). 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	
	2010	2009
	$	$
2A. REVENUES		
Proceeds from sale of investments	3,068,087	2,228,014
Change in fair value of investments distributed	276,124	-
Interest – other persons and corporations	44,652	31,024
Dividends received – other corporations	94,336	221,654
Fees and commissions	469,110	811,701
Change in fair value of investments retained	562,595	-
Other	-	6,477
TOTAL REVENUES	4,514,904	3,298,870
2B. OTHER INCOME		
Profit on sale and deconsolidation of controlled entities	295,876	-
TOTAL OTHER INCOME	295,876	-

3. PROFIT/(LOSS) FOR THE YEAR

(A) EXPENSES

	2010 $	2009 $
Amortisation of intangibles	40,689	97,653
Auditors remuneration – audit, audit review and accruals	116,000	148,377
Consultancy and other outsourced services	95,904	309,168
Cash cost of investments sold	4,281,803	4,334,430
Change in fair value of investments sold	(2,165,903)	(886,211)
Change in fair value of investments retained	-	1,593,293
Depreciation of property, plant and equipment	23,174	7,376
Directors fees and costs	137,650	215,705
Employee benefits	445,147	711,144
GST written off/(written back)	(7,349)	9,762
Office and occupancy expenses - leases	60,872	55,880
Office and occupancy expenses - other	12,194	11,900
Other expenses	194,560	215,928
Impairment of goodwill	-	158,212
Impairment of identifiable intangible assets	642,885	-
Writeback of loans to other entities	-	(13,523)
TOTAL EXPENSES EXCLUDING FINANCE COSTS	3,877,626	6,969,094

	Economic Entity 2010 $	2009 $
3. PROFIT/(LOSS) FOR THE YEAR (continued)		
(B) SIGNIFICANT REVENUE AND EXPENSES (FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS)		
Proceeds from sale of investments	3,068,087	2,228,014
Total cost of investments sold	(2,115,900)	(3,448,219)
Realised gain/(loss) on investments sold	952,187	(1,220,205)
Realised gain/(loss) on investments sold consists of:		
Gains	1,006,283	25,532
Losses	(54,096)	(1,245,737)
	952,187	(1,220,205)
Proceeds from distribution of investments	891,571	-
Total cost of investments distributed	(615,447)	-
Realised gain on investments distributed	276,124	-
Realised gain on investments distributed consists of:		
Gains	276,124	-
Losses	-	-
	276,124	-
4. FINANCE COSTS		
External	133,360	310,484
Total finance costs	133,360	310,484
5. AUDITORS REMUNERATION		
Remuneration of the auditors of the parent entity for:		
Auditing and reviewing the financial statements	104,000	130,377
Other assurance related services	12,000	18,000
	116,000	148,377

	Economic Entity	
	2010	2009
	$	$

6. INCOME TAX

(A) INCOME TAX EXPENSE/(BENEFIT)

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

	2010 $	2009 $
Profit/(loss) before tax	799,794	(3,980,708)
Prima facie income tax expense/(benefit) on the profit/(loss) before income tax at 30% (2008: 30%)	239,938	(1,194,212)
Add/(deduct) tax effect of:		
Tax benefit arising from franked dividend rebate	(39,296)	(90,497)
Withholding tax paid	-	700
Tax losses not brought to account	-	1,248,755
Deferred tax assets written off	-	700
Utilisation of tax losses	(203,499)	-
Other timing differences	(990)	16,642
	243,785	1,176,300
Income tax benefit attributable to entity	(3,847)	(17,912)

The effective tax rate of (0.5%) mainly arises from the utilisation of past tax losses. In the year to 30 June 2009, the effective tax rate of 0.5% arose from a decision not to bring deferred tax assets arising from the loss during the financial year to account as their future realisation was not probable, and the writing off of deferred tax losses carried in previous years.

	2010 $	2009 $
Income tax benefit is made up of:		
Deferred tax	990	17,912
Tax attributable to previous controlled entity	2,857	-
	3,847	17,912

(B) DEFERRED TAX ASSETS

	2010 $	2009 $
Deferred tax Assets comprise:		
Temporary differences – accruals and provisions	72,734	70,472
Withholding tax	-	1,272
	72,734	71,744

(C) RECONCILIATIONS

	2010 $	2009 $
The overall movement in the deferred tax account is as follows:		
Opening balance	71,744	53,832
Income tax refunded	(581)	-
Credit to income statement	3,847	17,912
Other adjustments	(2,276)	-
Closing balance	72,734	71,744

(D) DEFERRED TAX ASSET NOT BROUGHT TO ACCOUNT

As at 30 June 2010, the economic entity had estimated unrecouped operating income tax losses of $8,834,692 (2009 restated: $10,125,358). The benefit of these losses of $2,650,408 (2009 restated: $3,037,607) 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	
	2010	2009
	$	$
7. DIVIDENDS AND FRANKING CREDIT BALANCES		
Recognised amounts:		
An interim cash dividend of 1.5c per share fully franked at the tax rate of 30% in respect of the profits earned in the financial year ended 30 June 2010 was paid on 26 March 2010.		
A special dividend of 2.7c per share fully franked at the tax rate of 30% in respect of profits earned in the financial year ended 30 June 2010 was paid on 6 April 2010. This special dividend was paid in the form of shares in InvestorFirst Limited, at the rate of 0.3 InvestorFirst Limited shares per Tidewater Investments Limited share at an imputed price of $0.09 per Investor First Limited share.	1,090,236	-
Unrecognised amounts:	-	-
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.	117,517	527,547
Impact on franking account balance of dividends not recognised	-	-
8. EARNINGS PER SHARE		
(A) Earnings used in the calculation of basic EPS	674,359	(3,858,383)
Earnings used in the calculation of diluted EPS	674,359	(3,858,383)
(B) Weighted average number of ordinary shares outstanding during the year used in the calculation of basic EPS	25,043,788	19,367,959
(B) Weighted average number of ordinary shares outstanding during the year used in the calculation of diluted EPS	25,043,788	19,367,959
Basic earnings/(loss) per share (cents)	2.7	(19.9)
Diluted earnings/(loss) per share (cents)	2.7	(19.9)

	Economic Entity 2010 $	Economic Entity 2009 $
9. CASH AND CASH EQUIVALENTS		
Cash at bank held in escrow	212,500	243,123
Cash on hand and at bank	131,325	48,931
Total cash assets per balance sheet	343,825	292,054
Margin loans and drawdowns	-	(10,669)
Net cash and cash equivalents as per cash flow statement	343,825	281,385

10. FINANCIAL ASSETS (CURRENT)

	2010 $	2009 $
Loans and receivables at amortised cost:		
Loans to other entities (i)	21,660	104,965
Fair value through profit and loss:		
Listed Investments at fair value		
- shares in listed corporations (note 15)	4,973,127	6,497,328
- convertible notes in other corporations at fair value	-	368
TOTAL	4,994,787	6,602,661

(i) Loans to other entities include fixed rate debentures of Vesture Limited (formerly Australian Institute of Property Management) which were due for repayment on 31 October 2009. The Economic Entity entered into a repayment arrangement with Vesture Limited, since which time $98,000 has been repaid. The Economic Entity expects the loans, and capitalised accrued interest to be repaid in full.

11. TRADE AND OTHER RECEIVABLES

	2010 $	2009 $
CURRENT		
Trade receivables	333,265	195,731
less provision for doubtful debts	-	(70,000)
	333,265	125,731
Other debtors and receivables	27,358	9,885
	360,623	135,616

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. At 30 June 2009, 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. The receivable was held in a controlled entity which was divested in the year to 30 June 2010.

	Economic Entity 2010 $	Economic Entity 2009 $
12. FINANCIAL ASSETS (NON CURRENT)		
Fair value through profit and loss:		
Unlisted Investments at fair value:		
- shares in unlisted corporations at fair value:	482,570	19,880
TOTAL	482,570	19,880

13. PARENT ENTITY INFORMATION

Information relating to the parent entity, Tidewater Investments Limited:

	2010 $	2009 $
Current Assets	3,532,723	3,287,520
Total Assets	6,825,017	7,756,271
Current Liabilities	1,961,729	3,538,919
Total Liabilities	1,961,729	3,538,919
Issued Capital	16,471,395	15,740,266
Retained Earnings	(11,608,107)	(11,522,914)
Total Shareholders' Equity	4,863,288	4,217,352
Profit/(loss) of the parent entity	1,005,044	(4,499,486)
Total Comprehensive income/(loss) of the parent entity	1,005,044	(4,499,486)

As at 30 June 2010 and 30 June 2009, the parent entity had not entered into any guarantees in relation to the debts of its subsidiaries, nor had entered into any contractual commitments for the acquisition of property, plant or equipment. The parent entity has issued a total of $407,000 of promissory notes to two controlled entities.

As at 30 June 2010 and 30 June 2009, a financial facility entered into by the parent entity was secured by a floating charge against all controlled entities and registered mortgage charges against specific assets of controlled entities and guarantees and indemnities given by controlled entities Loftus Lane Investments Pty. Limited, Rowe Street Investments Pty. Limited and Discount Assets Limited. This facility was discharged on 14 July 2010.

14. CONTROLLED ENTITIES

	Country of Incorporation	Percentage Owned 2010	Percentage Owned 2009
Parent Entity:			
Tidewater Investments Limited	Australia	-	-
Controlled Entities of Tidewater Investments Limited:			
Discount Assets Limited	Australia	100%	100%
Equities and Freeholds Limited	Australia	-	86.5%
Loftus Lane Investments Pty. Limited	Australia	100%	100%
Rowe Street Investments Pty. Limited †	Australia	100%	100%
Tidewater Asset Management Pty. Limited	Australia	-	100%
Tidewater Funds Management Limited	Australia	100%	100%
Tidewater Property Management Pty. Limited	Australia	100%	100%

† controlled entity of Loftus Lane Investments Pty. Limited

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 2010 $	Economic Entity 2009 $
Adelaide Resources Limited		
Principal activity is mineral exploration		
10.4% interest in Adelaide Resources Limited (2009: 14.7%)	1,552,787	1,158,177
Cheviot Bridge Limited (2010: unlisted; 2009 listed)		
Principal activity is wine distribution and brands		
10.4% interest in Cheviot Bridge Limited (2009: 10.4%)	462,290	524,381
Cheviot Kirribilly Vineyard Property Group ("CKP")		
Principal activity is vineyard ownership		
8.1% interest in CKP (2009: 8.0%)	-	261,204
Dark Blue Sea Limited		
Principal activity is ownership and sale of internet domain names		
Nil interest in Dark Blue Sea Limited (2009: 2.0%)	-	259,262
Equities and Freeholds Limited		
Principal activity is investment		
9.9% interest in Equities and Freeholds Limited (2009: controlled entity)	546,000	-
Fat Prophets Australia Fund Limited		
Principal activity is investment		
6.4% interest in Fat Prophets Australia Fund Limited (2009: 5.9%)	1,701,893	1,345,473
Vocus Communications Limited (formerly First Opportunity Fund Limited)		
Principal activity is telecommunication services		
4.6% interest in Vocus Communications Limited (2009: 20.7%)	1,165,518	933,623
Hamilton James and Bruce Group Limited		
Principal activity is provision of recruitment services		
nil interest in HJB Group Limited (2009: 2.1%)	-	110,306
InvestorFirst Limited		
Principal activity is stockbroking		
0.1% interest in InvestorFirst Limited (2009: 5.7%)	6,677	639,076
Konekt Limited		
Principal activity is provision of rehabilitation services		
nil interest in Konekt Limited (2009: 5.0%)	-	175,436
Snowball Group Limited		
Principal activity is provision of financial advice		
nil interest in Snowball Group Limited (2009: 1.1%)	-	532,918

	Economic Entity 2010 $	2009 $
16. PROPERTY, PLANT & EQUIPMENT		
Plant and equipment at cost	72,343	58,790
Accumulated depreciation	(56,399)	(33,225)
	15,944	25,565
17. MOVEMENTS IN PROPERTY, PLANT & EQUIPMENT		
Balance at commencement of year	25,565	32,942
Capital expenditure	13,553	-
Depreciation and amortisation	(23,174)	(7,376)
Balance at end of year	15,944	25,565
18. GOODWILL		
Balance at commencement of year	-	158,212
Impairment Charges	-	(158,212)
Balance at end of year	-	-

At 30 June 2008, the carrying value of goodwill, which has an indefinite life, arose from the acquisition of Equities and Freeholds Limited ("EQF"). Goodwill was 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. At the time, the Directors did not believe this represented a permanent impairment, and noted both the inherent value of the listed status of EQF as well as depressed share prices within the EQF investment portfolio. As a consequence of further declines in the market value of securities held, as well as the prevailing financial situation, at 31 December 2008, the Directors reassessed the carrying value of goodwill and believed it to be fully impaired (Note 3A).

19. IDENTIFIABLE INTANGIBLE ASSETS

	2010 $	2009 $
Balance at commencement of year	683,574	781,227
Amortisation	(40,689)	(97,653)
Impairment Charges	(642,885)	
Balance at end of year	-	683,574

Intangible assets, being a management contract, arise from the acquisition of Tidewater Property Management Pty. Limited which holds a funds management contract for the management of Cheviot Kirribilly Vineyard Property Group. The value of the contract, which has a remaining finite useful life of six years plus a five year option, has been assessed by the Directors using discounted cash flow projections. In 2009, these projections used a discount rate of 12%, assumed no further vineyard acquisitions, escalated costs at 3%pa and assumed vineyard assets values grew at 3% pa from 2012 (2008: from 2011). Identifiable intangible assets have finite useful lives, and are amortised over the balance of their finite useful life. The current amortisation charges for intangible assets are included under "Other Expenses" in the Statement of Comprehensive Income. In the year to 30 June 2010, based on the financial performance of the vineyards, the Directors believed the previous assumptions underpinning the valuation of identifiable intangible assets were no longer sustainable, and deemed the management contracts to be fully impaired (Note 3A).

	Economic Entity 2010 $	Economic Entity 2009 $
20. TRADE AND OTHER PAYABLES		
CURRENT (UNSECURED)		
Trade creditors	63,876	19,829
Other creditors and accruals	218,552	248,268
Employee entitlements	6,412	2,328
Other payables	5,814	31,978
	294,654	302,403

	2010 $	2009 $
21. EMPLOYEE ENTITLEMENTS		
Aggregate employee entitlements	6,412	31,978
Number of employees at year end	1	5

	2010 $	2009 $
22. BORROWINGS		
CURRENT (SECURED)		
Bills payable	887,500	2,600,000
Other loans	-	10,669
Total current secured borrowings	887,500	2,610,669
Total current borrowings	887,500	2,610,669

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 (2009: excluding Equities and Freeholds Limited ("EQF")), 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 $2,148,113 as at 30 June 2010 (2009: $5,274,696). The facility, at a currently prevailing interest rate of 5.91% (plus facility fees), is operated by means of draw-downs of bank accepted bills, with maximum 180 days duration. From a balance of $4,700,000 as at 30 June 2008, the Economic Entity repaid $1,700,000 of the facility on 18 July 2008, $400,000 on 31 December 2008, $200,000 on 31 August 2009, $700,000 on 1 March 2010 and $812,500 on 31 May 2010. Subsequent to the year end, the Economic Entity fully repaid the residual $887,500 on 14 July 2010 and, as a consequence, the facility has now expired.

As at the date of these accounts, the Economic Entity has drawn down $250,000 from an unsecured facility provided by the Managing Director of the Company, Andrew Brown, at an interest rate of 9% per annum, calculated daily. The facility is operated at the discretion of Mr. Brown, and has a limit of $500,000.

As at 30 June 2009, other loans within the Economic Entity represented a margin loan facility from a subsidiary of a major bank to EQF. The facility was repayable under certain circumstances of default, and the loan attracted interest at a rate of 7.99%, payable monthly in arrears on average drawn balances. The availability of the loan facility fluctuated 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 2009, the market value of the underlying securities pledged as collateral, prior to disposal costs, was $670,514. Upon the deconsolidation of EQF on 16 December 2009, the margin loan facility was no longer available to the Economic Entity.

	Economic Entity 2010 $	2009 $
23. ISSUED CAPITAL		
25,737,460 fully paid authorised ordinary shares (2009: 22,658,006)	16,471,395	15,740,266

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

MOVEMENT IN ISSUED SHARES OF THE PARENT ENTITY FOR THE YEAR

ORDINARY SHARES

date	details	price	number of shares	$
1 July 2009	**Opening balance**		**22,658,006**	**15,740,266**
9 October 2009	Share placement	$0.25	3,300,000	825,000
11 – 30 June 2010	On market share buyback (held in treasury at 30 June 2010)	$0.22	(220,546)	(48,609)
	Sub total		25,737,460	16,516,657
	Transaction costs arising from share issues		-	(45,262)
30 June 2010	**Closing balance**		**25,737,460**	**16,471,395**

24. CAPITAL AND LEASING COMMITMENTS

(A) OPERATING LEASE COMMITMENTS
Non-cancellable operating lease commitments contracted for but not provided for in the financial statements:

	2010 $	2009 $
Minimum lease payments:		
Not later than one year	30,250	14,865
Later than one year but not later than five years	12,604	-
Later than five years	-	-
	42,854	14,865

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 lease term extends to 30 November 2011.

24. CAPITAL AND LEASING COMMITMENTS (continued)

(B) CAPITAL COMMITMENTS

The Economic Entity has no outstanding capital commitments (2009: 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.

25. CONTINGENT LIABILITIES

As at the date of this report, a controlled entity of the Company is the sixth of twelve defendants in a Statement of Claim ("Claim") made by William Lester Jacobs & Or versus Sean Christopher Edwards & Ors in the Supreme Court of South Australia. The controlled entity denies the allegations made against it in the Claim, and believes various statements within the Claim to be erroneous and will defend the Claim as required. (2009: nil)

26. EVENTS SUBSEQUENT TO REPORTING DATE

On 14 July 2010, the Economic Entity fully repaid its loan facility with its major bank financier (see note 22).

Predominantly as a result of increases in the share prices between 30 June 2010 and 31 July 2010 of Adelaide Resources Limited (from 13.5cents to 18.0cents), Fat Prophets Australia Fund Limited (from 93cents to 95cents) and Vocus Communications Limited (from 50cents to 65cents), together with small realisations of investments, realised investment gains and change in fair value of investments retained exceeded $990,000 in the month of July 2010.

27. KEY MANAGEMENT PERSONNEL

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

Directors

Andrew Brown	Managing Director - Executive
Paul Young	Chairman - Non Executive
Stephen Roberts	Director - Non Executive
Richard Ochojski	Director – Non Executive (Equities and Freeholds Limited) (resigned 12 October 2009)
Lee Iafrate	Director – Non Executive (Equities and Freeholds Limited) (12 October – 16 December 2009)
Campbell McComb	Director – Non Executive (Equities and Freeholds Limited) (12 October – 16 December 2009)
Jonathan Sweeney	Director – Non Executive (Equities and Freeholds Limited) (12 October – 16 December 2009)

Specified Executives

Lachlan Batchelor	Investment Manager (resigned 30 November 2009)
Steve McDowell	Finance Manager (resigned 30 November 2009)
Steve O'Hanna	Investment Manager (resigned 31 October 2009)

Full details of remuneration paid to key management personnel and their shareholdings in the Economic Entity are contained on pages 13-15 of the Directors Report as a Remuneration report.

	Economic Entity 2010 $	2009 $

28. CASH FLOW INFORMATION

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

	2010 $	2009 $
Operating profit/(loss) after income tax	674,359	(3,858,383)
Cash flows excluded from profit/(loss) attributable to operating activities:		
Purchases of investments	(730,317)	(1,770,218)
Proceeds from sales of investments	3,102,837	2,231,109
Proceeds from return of capital	46,836	85,560
Non cash flows in operating profit/(loss):		
Change in fair value of investments retained	(562,595)	1,593,293
(Profit)/loss on sale of investments	(952,187)	1,220,205
(Profit)/loss on distribution of investments	(276,124)	-
(Profit)/loss on disposal of controlled entities	(295,876)	-
Provision for/(writeback of) doubtful debts	-	(13,523)
Depreciation and amortisation	63,863	105,029
Goodwill impairment	-	158,212
Impairment of identifiable intangible asset	642,885	-
Profit/(loss) attributable to minorities	129,282	(104,413)
Shares issued in lieu of fees	-	29,265
Changes in assets and liabilities net of acquisitions:		
(Decrease)/Increase in deferred tax balances	990	17,912
Decrease/(Increase) in sundry debtors & prepayments	67,238	77,207
(Decrease)/Increase in trade creditors & accruals	(77,917)	(10,072)
(Decrease)/Increase in other provisions	(13,551)	-
Other	2,039	44,022
Cash flows from operations	**1,821,761**	**(194,765)**

(B) NON CASH FLOW FINANCING ACTIVITY

During the year to 30 June 2010, the economic entity paid dividends of $891,571 through the distribution of investments which is not reflected in the Cash Flow Statement (2009: nil).

During the year to 30 June 2009:

(i) the economic entity paid Directors Fees of $29,265 through the issue of new equity which is not reflected in the Statement of Cash Flows;
(ii) Andrew Brown advanced a total of $569,424 in loans to Tidewater Investments Limited during the year to 30 June 2009 of which $39,342 was repaid and $530,082 was converted into new shares of Tidewater Investments Limited through subscription to the 2-3 rights issue at $0.20 in March 2009 which is not reflected in the Statement of Cash Flows. No interest was paid on the loans.

28. CASH FLOW INFORMATION (continued)

(C) LOAN FACILITIES

	Economic Entity 2010 $	Economic Entity 2009 $
Loan facilities	1,000,000	2,600,000
Amount utilised	(887,500)	(2,600,000)
Unused loan facilities	112,500	-

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 (2009: 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. From a balance of $4,700,000 as at 30 June 2008, the Economic Entity repaid $1,700,000 of the facility on 18 July 2008, $400,000 on 31 December 2008, $200,000 on 31 August 2009, $700,000 on 1 March 2010 and $812,500 on 31 May 2010. Subsequent to the year end, the Economic Entity fully repaid the residual $887,500 on 14 July 2010 and, as a consequence, the facility has now expired.

At 30 June 2009, the then controlled entity Equities and Freeholds Limited had a margin loan facility which had no specified limit, but where the capacity to make drawings was 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 $10,669 as at 30 June 2009.

29. SALE AND DECONSOLIDATION OF CONTROLLED ENTITIES

(A) DESCRIPTION

On 16 December 2009, Tidewater Investments Limited ("**Tidewater**") disposed of its controlled entity Tidewater Asset Management Pty. Limited ("**TAM**") to Andrew Brown, Tidewater's Managing Director. TAM supplied wholesale equity funds management and underwriting services.

On 16 December 2009, as a result of Tidewater not taking up its entitlement to an underwritten 8:1 non-renounceable rights issue by the controlled entity, Equities and Freeholds Limited ("**EQF**"), EQF ceased to be a controlled entity of Tidewater. EQF is a listed investment company.

(B) DETAILS OF SALE AND DECONSOLIDATION OF CONTROLLED ENTITIES

On 16 December 2009, Tidewater divested its wholly owned controlled entity TAM. The divested business contributed revenues of $70,719 during the period between 1 July 2009 and the date of divestment and a profit before tax of $42,641 (after internal management charges), and a gain on sale of $10,000.

Details of the sale of TAM are as follows:

29. SALE AND DECONSOLIDATION OF CONTROLLED ENTITIES (continued)

	$
Cash consideration received	125,368
TOTAL DISPOSAL CONSIDERATION	125,368
Carrying value of net assets sold	(115,368)
GAIN ON SALE (before income tax – no tax applicable)	10,000

The carrying amounts of assets and liabilities at the date of sale (16 December 2009) were:

Cash	114,375
Debtors	993
TOTAL ASSETS	115,368
Liabilities	-
NET ASSETS	115,368
Cash component of consideration	125,368
Cash balances divested	(114,375)
Total inflow of cash	10,993

On 16 December 2009, as a result of Tidewater not taking up its rights entitlement in the controlled entity EQF, to an underwritten 8:1non-renounceable rights issue, EQF ceased to be a controlled entity of Tidewater. The deconsolidated entity contributed revenues of $1,680,709, profit before tax of $954,351 and a gain on deconsolidation of $285,876.

Details of the deconsolidation of EQF are as follows:

Fair value of shareholding maintained	755,230
Carrying amount of net assets deconsolidated	(469,354)
GAIN ON DECONSOLIDATION (before income tax – no tax applicable)	285,876

The carrying amounts of assets and liabilities of EQF at the date of deconsolidation (16 December 2009) were:

Cash	515,727
Debtors	74,684
Prepayments	6,749
Investment in associate	50,000
Investment in listed securities	2,702
Deferred tax asset	2,857
TOTAL ASSETS	652,719
Creditors	52,491
Accruals	14,276
TOTAL LIABILITIES	66,767
Minorities	116,598
NET ASSETS ON DECONSOLIDATION	469,354
Cash component of deconsolidation	-
Cash balances divested on deconsolidation	(515,727)
Total outflow of cash	(515,727)

30. RELATED PARTY INFORMATION AND TRANSACTIONS

Ultimate Controlling Entity

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

Key management personnel remuneration

During the financial year, total remuneration of $541,217 (2009: $828,911) 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 the Remuneration report contained as part of the Directors Report on pages 13 – 15 of this Financial Report.

This remuneration includes Directors fees of $8,750 (2009: $63,613) 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. At 30 June 2010, controlled entities owed the parent entity $5,423,878 (prior to provisions for non recovery) and the parent entity owed the controlled entities $399,640 (2009: $8,072,959 and $219,887 respectively). All loans advanced to and from these controlled entities are unsecured, subordinate to other liabilities and do not bear interest. Loans between members of the tax consolidated group are not on normal terms and conditions.

No dividends were received from controlled entities.

Tidewater Investments Limited charged management fees of $30,000 (2009: $25,000) to Tidewater Asset Management Pty. Limited and $240,000 (2009: $240,000) to Tidewater Property Management Pty. Limited. Tidewater Funds Management Limited charged Tidewater Investments Limited management fees of $240,000 (2009: $232,000)

Tidewater Investments Limited and its wholly owned controlled entity, Discount Assets Limited, received:

(i) $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 ("**EQF**");
(ii) 2,417,663 and 603,257 shares of Adelaide Resources Limited ("**ARL**") respectively on 26 October 2009 as a result of a 27.6cents per share dividend payment by EQF; and
(iii) 1,611,775 and 402,171 shares of ARL respectively on 17 December 2009 as a result of a 24.0cents per share capital return by EQF.

Other related parties

Andrew Brown is a Director of Adelaide Resources Limited, Cheviot Bridge Limited, Cheviot Kirribilly Vineyard Property Group and Fat Prophets Australia Fund Limited, and during the year was also a Director of Equities and Freeholds Limited (2009: all the above entities plus Aequs Capital 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 in 2009 which was directly paid to Mr. Brown. In 2009, Directors and Company Secretarial fees from these entities paid to Tidewater Investments Limited amounted to $93,685 (2009: $45,208).

In the year to 30 June 2011, in line with new remuneration arrangements, these Directors fees will be paid directly to Mr. Brown and not the Economic Entity.

30. RELATED PARTY INFORMATION AND TRANSACTIONS (continued)

During the years to 30 June 2010 and 30 June 2009 Andrew Brown acted as 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 $70,719 (2009: $180,446) 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**"). In the year to 30 June 2010, Tidewater Property Management Pty. Limited earned or accrued fees of $304,705 (2009: $582,593) from CKP.

Andrew Brown advanced a total of $569,424 in loans to Tidewater Investments Limited during the year to 30 June 2009 (2008: $nil) of which $39,342 was repaid and $530,082 was converted into new shares of Tidewater Investments Limited through subscription to the 2-3 rights issue at $0.20 in March 2009. No interest was paid on the loans. Subsequent to 30 June 2010, Andrew Brown advanced a total of $250,000 in loans to Tidewater Investments Limited, at an interest rate of 9%, accruing daily.

Andrew Brown advanced a total of $280,529 in loans to the controlled entity Equities and Freeholds Limited during the year to 30 June 2009 (2008: $nil) which was fully repaid as at 30 June 2009. No interest was paid on the loans.

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. From 30 September 2009, onwards, all of these ratios were in compliance with required covenants. As at 30 June 2009, and at various preceding dates during the year to 30 June 2009, certain of these ratios were not in compliance with the covenanted requirements. 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. The Economic Entity fully repaid the facility on 14 July 2010.

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 arose 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.

In the year to 30 June 2009, a non wholly owned controlled entity, Equities and Freeholds Limited, also operated 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 (2009: 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 (2009: 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 together with effective weighted average interest rates at balance date.

ECONOMIC ENTITY 2010	Interest Rate	Floating Interest Rate $	Non Interest Bearing $	Total $
Financial assets:				
Cash and cash equivalents	2.32%	343,825	-	343,825
Loans	7.00%	21,660	-	21,660
Trade and other receivables	-	-	333,265	333,265
Investments	-	-	5,455,697	5,455,697
		365,485	5,788,962	6,154,447
Financial Liabilities:				
Borrowings	5.91%	887,500	-	887,500
Trade and other payables	-	-	288,241	288,241
		887,500	288,241	1,175,741
Net Financial Assets/(Liabilities)		(522,015)	5,500,721	4,978,706

ECONOMIC ENTITY 2009	Interest Rate	Floating Interest Rate $	Non Interest Bearing $	Total $
Financial assets:				
Cash and cash equivalents	2.74%	292,054	-	292,054
Loans	7.0%	104,965	-	104,965
Trade and other receivables	-	-	125,731	125,731
Investments	-	-	6,517,576	6,517,576
		397,019	6,643,307	7,040,326
Financial Liabilities:				
Borrowings	3.89%	2,610,669	-	2,610,669
Trade and other payables	-	-	300,076	300,076
		2,610,669	300,076	2,910,745
Net Financial Assets/(Liabilities)		(2,213,650)	6,343,231	4,129,581

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

At current interest rates, 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/(loss) by $5,220 (2009:$23,186).

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

(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.

Over the course of the financial year, the Economic Entity's major credit risk relates to its exposure to sold securities transactions where Members of ASX Limited are required to settle such transactions in the normal course of business on the Australian Securities Exchange. Members of ASX Limited are generally covered by the National Guarantee Fund for the types of transactions entered into by the Economic Entity. To help manage this risk, we monitor our exposures to individual entities. The maximum amount to which the economic entity is exposed as at 30 June 2010 is nil (2009: $46,836).

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. The contracted cash flows of all financial liabilities (refer notes 20 and 22) are equal to their carrying value and will mature within twelve months of the Balance Sheet date.

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

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

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

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.

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

In the event that the portfolio increased or decreased in value by 10% from the levels of 30 June 2010, there would be a corresponding positive or negative impact on pre-tax profit/(loss) of $545,570 (2009: $651,757).

(F) NET FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

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

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

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

30 June 2010	Level 1	Level 2	Level 3	TOTAL
	$	$	$	$
Financial assets at fair value through profit or loss:				
Shares in other corporations	4,973,127	482,570	-	5,455,697
Loans to other entities	-	-	21,660	21,660
TOTAL	4,973,127	482,570	21,660	5,477,357

Comparative information has not been provided as permitted by the transitional provisions of the new rules.

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

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

The fair value of financial instruments that are not traded in an active market (e.g. shares in unlisted corporations) is determined using valuation techniques. The group uses a variety of valuation methods and makes assumptions that are based on market conditions existing at the end of each reporting period. These instruments are included in level 2 and comprise two sets of shares in unlisted corporations. One instrument included within level 2, being shares in Cheviot Bridge Limited ("CBL"), has moved from level 1 during the financial year, as a result of the delisting of shares in CBL from Australian Securities Exchange. Shares in CBL are carried at their last sale price of 4.5cents per share ($462,690) on ASX on the date of suspension of trading being 19 February 2010.

The only asset held in level 3 financial instruments, being a loan to Vesture Limited, has been repaid after 30 June 2010. No gain or loss in profit or loss was recorded in the year ended 30 June 2010. As a consequence of the repayment, the loan has been valued at par and no sensitivity analysis or other assumptions required in determining fair value have been presented.

Other data on net fair values of assets and liabilities is presented in notes 10,12 and 15 to the financial statements.

(G) RECONCILIATION OF NET FINANCIAL ASSETS TO NET ASSETS

	Economic Entity	
	2010	2009
	$	$
Net Financial Assets as above	4,978,706	4,129,581
Non financial assets and liabilities:		
Other assets	59,775	44,238
Deferred tax assets	72,734	71,744
Property, plant and equipment	15,944	25,565
Intangible assets	-	683,574
Other liabilities	(6,412)	(2,327)
Net assets per balance sheet	5,120,747	4,952,375

32. SEGMENT REPORTING

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

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

Funds management: 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".

2010	Funds Management	Investment	Unallocated	TOTAL
	$	$	$	$
External revenue	375,428	4,001,141	93,683	4,470,252
Interest revenue	-	44,652	-	44,652
Other revenue	-	-	295,876	295,876
Expenses other than finance, depreciation and amortisation	(147,278)	(2,115,899)	(907,701)	(3,170,878)
Depreciation	(1,590)	-	(21,584)	(23,174)
Amortisation and impairment	(683,574)	-	-	(683,574)
SEGMENT RESULT	(457,014)	1,929,894	(539,726)	933,154
Finance Costs	-	(57)	(133,303)	(133,360)
PROFIT/(LOSS) BEFORE INCOME TAX	(457,014)	1,929,837	(673,029)	799,794
Income tax benefit	-	3,847	-	3,847
Minority Interests	-	(129,282)	-	(129,282)
PROFIT/(LOSS) AFTER INCOME TAX	(457,014)	1,804,402	(673,029)	674,359
Segment Assets	854,428	5,432,742	15,731	6,302,901
Segment Liabilities	26,541	268,113	887,500	1,182,154
Capital Expenditure	-	-	12,404	12,404

32. SEGMENT REPORTING (continued)

2009	Funds Management $	Investment $	Unallocated $	TOTAL $
External revenue	766,493	2,456,145	45,208	3,267,846
Interest revenue	-	31,024	-	31,024
Expenses other than finance, depreciation and amortisation	(374,014)	(4,869,777)	(1,462,062)	(6,705,853)
Impairment of goodwill	-	(158,212)	-	(158,212)
Depreciation	(726)	-	(6,651)	(7,376)
Amortisation	(97,653)	-	-	(97,653)
SEGMENT RESULT	294,100	(2,540,820)	(1,423,505)	(3,670,224)
Finance Costs	-	(35,426)	(275,058)	(310,484)
PROFIT/(LOSS) BEFORE INCOME TAX	294,100	(2,576,246)	(1,698,563)	(3,980,708)
Income tax benefit	-	-	17,912	17,912
Minority Interests	-	104,413	-	104,413
PROFIT/(LOSS) AFTER INCOME TAX	294,100	(2,471,833)	(1,680,651)	(3,858,383)
Segment Assets	779,822	7,061,863	23,762	7,865,447
Segment Liabilities	48,876	264,196	2,600,000	2,913,072
Capital Expenditure	-	-	-	-

33. COMPANY DETAILS

The Registered Office and Principal Place of Business of the Economic Entity is Suite 7.09, 2-14 Kings Cross Road, POTTS POINT NSW 2011

DIRECTORS DECLARATION

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

(a) The financial statements and notes of the Economic Entity are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the Economic Entity's financial position as at 30 June 2010 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 Economic Entity for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001;
(ii) the financial statements and notes for the financial year comply with the Accounting Standards; and
(iii) the financial statements and notes for the financial year give a true and fair view.

(d) The remuneration disclosures that are contained in pages 13 to 15 of the Directors' Report comply with Australian Accounting Standard AASB 124 Related Parties and Corporations Regulations 2001.

On behalf of the Board

P A Young
Chairman

A J Brown
Managing Director

Date: 19 August 2010

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, which comprises the statement of financial position as at 30 June 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date selected explanatory notes and the directors' declaration of Tidewater Investments Limited (the consolidated entity). The consolidated entity comprises the entity and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation 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. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with Australian Equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. 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.

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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 is in accordance with the *Corporations Act 2001*, including:

   (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2010 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 consolidated financial statements also comply with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 13 to 15 of the directors' report for the year ended 30 June 2010. 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 for the year ended 30 June 2010, complies with section 300A of the *Corporations Acts 2001*.

PKF

PKF

Arthur Milner
Partner
Sydney, 19 August 2010

TIDEWATER INVESTMENTS LIMITED.

OTHER REQUIRED INFORMATION – YEAR ENDED 30 JUNE 2010

A. Range of Shares Issued as at 3 August 2010

As at 3 August 2010 there were 22,658,006 shares (including 220,546 shares of treasury stock) held by 481 shareholders, all of which were quoted on the ASX.

Range	Holders	Shares held	% of capital
1-1,000	213	101,343	0.39
1,001-5,000	157	443,848	1.71
5,001-10,000	30	227,342	0.88
10,001-100,000	53	1,487,873	5.73
Over 100,001	28	23,697,600	91.29
Totals	**481**	**25,958,006**	**100.00**

B. Top Twenty shareholders as at 3 August 2010

Holder	Shares held	% of capital
A Brown And Company Pty Limited	4,867,818	18.75%
Victor John Plummer	3,760,000	14.49%
Abron Management Services Pty Ltd <Brown Family Super A/C>	2,197,754	8.47%
National Nominees Limited	1,538,500	5.93%
Dr Stephanie Phillips	1,500,000	5.78%
RBC Dexia Investor Services Australia Nominees Pty Limited <Bkcust A/C>	1,429,975	5.51%
Paul Antony Young	945,096	3.64%
Stephen Roberts & Mrs Megan Roberts <Dover Downs Super Fund A/C>	750,948	2.89%
Stephen Roberts <Roberts Pension Fund A/C>	690,018	2.66%
Pilrift Pty Limited <Critchley Retirement Fund Ac>	577,685	2.23%
Christopher Arthur Malin & Mrs Gabrielle Eve Malin <Jingera Super Fund A/C>	456,762	1.76%
Sanolu Pty Limited	445,716	1.72%
Megwil Pty Ltd <Wpg Super Fund A/C>	443,774	1.71%
Agrico Pty Ltd <Palm Super Fund A/C>	425,000	1.64%
Pethol (Vic) Pty Ltd <Macdy Services No 5 S/F A/C>	412,692	1.59%
Stephen Murray Roberts & Mrs Megan Roberts <Roberts Pension Fund A/C>	408,333	1.57%
Pacific Gold Resources Limited	350,000	1.35%
L T And M Brown Investments Pty Limited	344,410	1.33%
Pethol (Vic) Pty Ltd	282,631	1.09%
M J H Nightingale & Co Pty Ltd	266,666	1.03%
TOTAL TOP TWENTY SHAREHOLDERS	22,093,778	85.12%

C. Voting Rights

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

D. Substantial Shareholders

The company has been notified of six shareholders who hold relevant interests of in excess of 5% of the company's ordinary shares as at 3 August 2010:

Holder	Shares held	% of capital
Andrew John Brown (relevant interests)	7,465,572	28.76%
Victor John Plummer	3,760,000	14.49%
Stephen Murray Roberts (relevant interests)	1,870,451	7.21%
Contango Capital Limited	1,538,500	5.93%
Mrs. Stephanie Phillips	1,500,000	5.78%
Wilson Asset Management (International) Pty. Limited	1,429,975	5.51%