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 2012
Previous Corresponding Reporting Period	30 June 2011

Results for Announcement to the Market

	$	Percentage increase /(decrease) over previous corresponding period
Revenue from ordinary activities	645,368	-80.4%
Loss from ordinary activities after tax attributable to members	(1,335,327)	-113.3%
Loss for the period attributable to members	(1,333,083)	-116.2%

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	$0.053	$0.163

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

Commentary on the Results for the Period

The earnings/(loss) per security and the nature of any dilution aspects: (5.3) cents
Returns to shareholders including distributions and buy backs: See attached Annual Report
Significant features of operating performance: See attached Annual Report
The results of segments that are significant to an understanding of the business as a whole: See attached Annual Report
Discussion of trends in performance: See attached Annual Report
Any other factor which has affected the results in the period or which are likely to affect results in the future, including those where the effect could not be quantified: See attached Annual Report

Audit/Review Status

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

Attachments Forming Part of Appendix 4E

Attachment #	**Details**
1	Annual Report

Signed By (Director/Company Secretary)	Andrew J. Brown
Print Name	Andrew Brown
Date	30 July 2012

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tidewater INVESTMENTS LIMITED

ABN 52 001 746 710

ANNUAL REPORT
AND
FINANCIAL STATEMENTS
FOR THE YEAR TO 30 JUNE 2012

DIRECTORY

Directors

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

Company Secretary
Andrew Brown

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

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

Share Registry
Boardroom Limited
Level 7
207 Kent Street
SYDNEY NSW 2000

Shareholder Enquiries: 1 300 737 760 / (02) 9290 9600
Shareholders requiring clarification of holdings, or requesting changes of name or address should contact Boardroom Limited directly. A variety of requisite forms may be downloaded from www.boardroomlimited.com.au

Bankers
National Australia Bank Limited
255 George Street
SYDNEY NSW 2000

Auditors
PKF East Coast Practice
Level 10
1 Margaret Street
SYDNEY NSW 2000

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

Finlaysons
81 Flinders Street
ADELAIDE
SA 5000

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

CONTENTS

CHAIRMAN and MANAGING DIRECTOR'S REVIEW

The 2012 financial year has seen a further rationalisation of the activities of Tidewater Investments Limited (**Tidewater**) through a return of capital and the sale of two companies involved in the funds management operations.

During the first half of the financial year, we sold all but one of our "passive" investment positions and in line with the comments made at the 2011 annual general meeting and the interim results, we have initiated no new positions. As a consequence, we have a significant cash balance of close to $700,000 at balance date as well as two remaining investments.

We received approval at the AGM to distribute our stake in Merricks Capital Special Opportunity Fund which was duly executed in late October 2011, returning over $1.4million to shareholders in a tax effective manner.

The major active exercise during the financial year was the consolidation and sale of the previous 19.8% stake in vanEyk Three Pillars Limited, which under our stewardship changed its name to Continuation Investments Limited (CIL). The previous board of CIL, with the approval of shareholders, opted to return capital via an off-market buyback scheme; Tidewater did not participate in the scheme and with a significant number of shares cancelled, our ownership of CIL moved from 19.8% to 52.6%. Subsequent to that time, we received a number of approaches to acquire our shareholding, and duly accepted one at the end of February 2012 that resulted in the sale of our shares, via an investment bank, to a number of unrelated holders. Whilst the exercise has spawned a multitude of accounting, consolidation and deconsolidation entries, Tidewater's effective "cash" return on the exercise, after all fees, was around 29.5% over an average 10-month holding period.

The pre-tax accounting loss, including discontinued operations, of $1,337,500 is largely made up of mark-to-market losses on the two remaining securities held, Adelaide Resources Limited and Cheviot Bridge Limited. Since the capital base is much smaller, the impact of share price movements of these two holdings is much greater; we concede that the decline in their share price and Director's valuation respectively is rather larger than we would have expected, which has contributed to the current level of Tidewater's shareholders' funds being lower than we would have hoped:

	$000 impact	**Notes**
Adelaide Resources Limited ("**ADN"**) mark to market	(594)	45% decline from 9.4cents to 5.2cents between 30 June 2011 and 30 June 2012
Cheviot Bridge Limited at Directors' valuation	(725)	Fully provisioned due to uncertainty of value
Distribution of Merricks Capital Special Opportunity Fund shares	(139)	Decline in price from 82c at 30 June 2011 to 74.75cents attributed price of capital return
Accounting gains on consolidation and deconsolidation of Continuation Investments limited (CIL) before transaction costs	501	
CIL results for four months	(50)	Before minority interests
Other miscellaneous investment gains	99	
Operating or other costs net of fee income and transaction costs	(430)	Includes finance fees of $37,000 and legal fees (including discontinued operations) of $34,000
TOTAL	**(1,338)**	

The Adelaide Resources share price has unfortunately failed to reflect interesting shallow copper discoveries on the Yorke Peninsula in South Australia, more reflecting the malaise within the copper producer/developer/explorer group of companies where share price declines within this peer group have been precipitous over the past twelve months. We continually assess ways of adding value to our stake in the company.

CHAIRMAN and MANAGING DIRECTOR'S REVIEW (continued)

We continue to hold a 10.4% stake in the now unlisted Cheviot Bridge Limited; the past twelve months have been a more difficult period for the company in the midst of a competitive retail marketplace and high Australian dollar. Management actions have certainly assisted in improving the company's results, although we do believe the company needs enlarging in the wake of the continual change within the beverage and wine environment. Discussions in this respect are virtually continual and ongoing, but in light of uncertainty over the residual value of our equity, we have fully provisioned this investment.

The two funds management companies were sold since their operations were starting to wind down as a result of the sale of four of the six vineyards within the Cheviot Kirribilly Vineyard Property Group (**CKP**) by the end of February 2012. Since divestment, a further vineyard has been sold, and the mechanism for the winding up of the trust component of CKP has been put in place.

As we noted at the interim results in February 2012, Tidewater has held a number of informal discussions with counterparties in respect of acquiring a significant new investment and financial services business for the Company. One of these discussions has been ongoing for some time, and whilst not yet at a sufficiently advanced stage to be capable of announcement to ASX, the Directors are now more confident that it will be announced in time to be placed before shareholders for approval at the 2012 Annual General Meeting.

Yours sincerely,

Paul Young
Chairman

Andrew Brown
Managing Director

DIRECTORS' REPORT

The Directors present their annual report on Tidewater Investments Limited ("the Company") and its controlled entities ("Group" or "Economic Entity") for the financial year ended 30 June 2012.

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)
- GB Energy Limited (appointed 7/2/2011; resigned 25/7/2011)
- Thomas and Coffey Limited (non-executive Director – ongoing)
- Peter Lehmann Wines Limited (appointed 31/10/2003; resigned 4/3/2010)
- Site Group International Limited (formerly Lazco Limited) (appointed 29/6/2010; resigned 1/4/2011)

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)
- Continuation Investments Limited (appointed 31/10/2011; resigned 8/3/2012)
- Equities and Freeholds Limited (appointed 2/10/2007; resigned 16/3/2010)
- Merricks Capital Special Opportunity Fund Limited (Chairman – ongoing)

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

During the past three years, Steve has served as a non-executive Director of the following public companies:

- Continuation Investments Limited (appointed 31/10/2011; resigned 8/3/2012)
- Equities and Freeholds Limited (appointed 5/3/2008; resigned 12/10/2009)
- 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	7,762,165
Mr Stephen Roberts	1,870,451
Mr Paul Young	1,189,714

Interests in Contracts or Proposed Contracts with the Company

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

PRINCIPAL ACTIVITIES

The group's primary activities are:

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

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

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

RESULTS AND DIVIDENDS

The net loss after income tax for the financial year to 30 June 2012 was $1,333,083 (2011: $616,581)

No dividends were paid or declared during the year.

REVIEW OF OPERATIONS

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

TRADING IN COMPANY SHARES

During the 12 months to 30 June 2012, the Company's shares traded in the following ranges, unadjusted for the capital return of MEF shares:

Quarter ending	High price	Low price	Closing price	Volume
30th September 2011	$ 0.16	$ 0.14	$ 0.16	240,221
31st December 2011	$ 0.10	$ 0.09	$ 0.09	9,608
31st March 2012	$ 0.094	$ 0.065	$ 0.094	14,251
30th June 2012	$ 0.11	$ 0.11	$ 0.11	107,858

Source: IRESS/ASX

SIGNIFICANT EVENTS DURING THE YEAR

On 21 October 2011, the Company distributed its 6.8% shareholding in Merricks Capital Special Opportunity Fund Limited (**MEF**) via a 1-13 distribution of MEF shares as a capital return.

On 24 October 2011, the Company acquired 52.6% control of Continuation Investments Limited (formerly vanEyk Three Pillars Limited) after an off market share buy-back increased its shareholding from 19.8%.

On 29 February 2012, the Company reached a binding agreement to sell its 52.6% shareholding in Continuation Investments Limited, which was settled on 8 March 2012.

On 29 February 2012, the Company sold its two controlled entities Tidewater Funds Management Limited and Tidewater Property Management Pty. Limited to Scunthorpe Holdings Pty. Limited, a related entity of Andrew Brown, the Managing Director of the Company.

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 2012 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	3	3	-	-
Stephen Roberts	3	3	2	2
Paul Young	3	3	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

(B) Directors Remuneration for the financial years ended 30 June 2012 and 30 June 2011

	Short-Term Benefits			*Post Employment Benefits*		*Share Based Payments*	
2012	**Salaries & fees**	**Cash bonuses**	**Non Monetary Benefits**	**Super-annuation**	**Other**	**Options**	**Total**
Paul Young	$ 50,000	-	-	-	-	-	$ 50,000
Andrew Brown[1]	$ 87,500	-	-	-	-	-	$ 87,500
Stephen Roberts[2]	-	-	-	$30,000	-	-	$ 30,000
Richard Ochojski[3]	$ 8,333	-	-	-	-	-	$ 8,333
TOTAL	$145,833	-	-	$30,000	-	-	$175,333
2011							
Paul Young	$ 50,000	-	-	-	-	-	$ 50,000
Andrew Brown[1]	$ 66,667	-	-	$4,167	$6,412	-	$ 77,246
Stephen Roberts	-	-	-	$25,000	-	-	$ 25,000
TOTAL	$116,667	-	-	$29,167	$6,412	-	$152,246

1: Andrew Brown ceased to be directly remunerated as an employee on 31 March 2011, and was contracted under a consultancy arrangement from 1 April 2011; Andrew Brown's remuneration includes Directors fees paid by the controlled entity Tidewater Funds Management Limited from 1 July 2011 to 29 February 2012 of $16,667 (2011: 1 November 2010 to 30 June 2011 of $16,667) and from the controlled entity Continuation Investments Limited from 31 October 2011 to 8 March 2012 of $5,000.
2: includes remuneration paid by Continuation Investments Limited from 31 October 2011 to 8 March 2012 of $5,000.
3: remuneration solely paid by Continuation Investments Limited in the period from 31 October 2011 to 8 March 2012.

(C) Specified Executives Remuneration for the years ended 30 June 2012 and 30 June 2011

	Short-Term Benefits			*Post Employment Benefits*		*Share Based Payments*	
2012 and 2011	**Salaries & fees**	**Cash bonuses**	**Non Monetary Benefits**	**Super-annuation**	**Other**	**Options**	**Total**
There were no specified executives in the period from 1 July 2011 to 30 June 2012 and 1 July 2010 to 30 June 2011. The only full time employee was Andrew Brown, the Managing Director, from 1 July 2011 to 31 March 2011 and who reverted to an outsourced consultancy arrangement on 1 April 2011.							

(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. Executives have historically received a base salary, superannuation, performance incentives and retirement benefits. Remuneration is reviewed annually by reference to Company performance, executive performance, comparable information from industry sectors and other listed Companies and independent advice, but has regard to expected significant share ownership in the Company. The policy is designed to attract appropriate executives and reward them for performance that results in long-term growth in shareholder value.

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

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

(E) Service Agreements

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

- Payment of up to $100,000 per annum to A. Brown and Company Pty. Limited, invoiced monthly;
- Payment of $25,000 per annum in respect of services provided to Tidewater Funds Management, invoiced monthly or quarterly (ceased 29 February 2012);
- Term of engagement to 31 December 2012;
- Automatic rollover subject to certain conditions, for a further twelve months to 30 June 2013; and
- Mr. Brown (or his nominee) to be paid Directors' fees directly by investee companies of Tidewater Investments Limited. During the year, these companies comprised Adelaide Resources Limited, Cheviot Bridge Limited, Cheviot Kirribilly Vineyard Property Group and Merricks Capital Special Opportunity Fund Limited.

(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 1/7/11	Received as Remuneration	Options Exercised	Net change – other[1]	Balance at 30/6/12
Directors					
Andrew Brown	7,558,277	-	-	203,888	7,762,165
Stephen Roberts	1,870,451	-	-	-	1,870,451
Paul Young	1,189,714	-	-	-	1,189,714
TOTAL	10,618,442	-	-	203,888	10,822,330

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

There have been no transactions subsequent to 30 June 2012.

(H) Performance of Tidewater Investments Limited

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

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

DIRECTORS REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012 (continued)

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

	30 June 2008	30 June 2009	30 June 2010	30 June 2011	30 June 2012
Share price (unadjusted)	$0.40	$0.19	$0.24	$0.17	$0.11
Market capitalisation ($000's)	7,367	4,305	6,177	4,259	2,756
Dividends paid ($000's)	434	-	1,090	251	-
Capital returns ($000's)	-	-	-	-	1,441
Profit/(loss) for the year ($000's)	(5,759)	(3,858)	674	(616)	(1,333)

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, and is in the process of being wound up.

ENVIRONMENTAL REGULATION

No significant environmental regulations apply to the economic entity.

CHANGES IN STATE OF AFFAIRS

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

PROCEEDINGS ON BEHALF OF THE COMPANY

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

SUBSEQUENT EVENTS

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

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

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

NON AUDIT SERVICES

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

AUDITOR'S INDEPENDENCE DECLARATION

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

Dated at Sydney this 30th day of July 2012.

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

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

PKF

Chartered Accountants
& Business Advisers

Lead auditor's independence declaration under Section 307C of the Corporations Act 2001

To: the directors of Tidewater Investments Limited and the entities it controlled during the year

I declare to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2012 there have been:

(a) no contraventions of the auditor independence requirements as set out in 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.

PKF

PKF

Craig Maxwell
Partner

Sydney
30 July 2012

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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. On 30 June 2010 the ASXCGC released amendments to the second edition in relation to diversity, remuneration, trading policies and briefings which applied to the Company from 1 January 2011.

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

The Company is a small company with a strong commitment to containing costs. This commitment, when related to the relatively small size of the Company, makes it difficult to fully attain all of the recommended principles; indeed, many of the principles have limited relevance to the operation of the Company, and as a consequence, the corporate governance framework has been adapted to the operation of a smaller entity. In any event, shareholders are significantly advantaged by the fact that the Board of Directors of the Company hold a significant equity position, collectively 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.

D. PERFORMANCE EVALUATION OF SENIOR EXECUTIVES

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

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

PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE

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

A. SIZE AND COMPOSITION OF THE BOARD

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

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

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

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

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

B. DIRECTORS' INDEPENDENCE

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

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

C. CONFLICT OF INTEREST

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

D. ELECTION OF DIRECTORS

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

E. BOARD COMMITTEES

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

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

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

F. DIRECTOR'S ACCESS TO INFORMATION AND ADVICE

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

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

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

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

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

G. BOARD EVALUATION

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

PRINCIPLE 3: PROMOTE ETHICAL AND RESPONSIBLE DECISION MAKING

A. BUSINESS CONDUCT AND ETHICS

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

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

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

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

B. DIVERSITY

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

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

PRINCIPLE 4: SAFEGUARD INTEGRITY IN FINANCIAL REPORTING

A. AUDIT COMMITTEE

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

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

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

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

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

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

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

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

B. FINANCIAL REPORT ACCOUNTABILITY

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

In the 2012 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 2012 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 Audit Committee Terms of Reference include a requirement for the Committee to review and monitor the risk management practices and activities of the Company. Also, the risk management responsibilities of the Board and management are dealt with in detail in the Charter for the Board of Directors.

B. IMPLEMENTATION OF RISK MANAGEMENT SYSTEMS

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

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

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

C. ACCOUNTABILITY

In the 2012 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 2012 implements the policies adopted and delegated by the Board and was operating effectively; and
- the systems relating to financial reporting were operating effectively in all material respects.

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

PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY

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

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

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

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

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financial report for the year to 30th June 2012

Statement of Comprehensive Income for the year ended 30 June 2012
Statement of Financial Position as at 30 June 2012
Statement of Changes in Equity for the year ended 30 June 2012
Statement of Cash Flows for the year ended 30 June 2012

NOTES:

TIDEWATER INVESTMENTS LIMITED AND CONTROLLED ENTITIES
STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2012

	Note	Economic Entity 2012 $	2011 $
Continuing operations			
Revenues	2A	645,368	3,290,706
Other income	2B	569,312	-
Other expenses	3A	(2,517,560)	(3,847,161)
Finance costs	4	(36,866)	(31,064)
Loss before income tax		(1,339,746)	(587,519)
Income tax charge	6	(19,074)	(38,432)
Loss after income tax		(1,358,820)	(625,951)
Loss attributable to non-controlling interests		23,493	-
Loss after income tax and non-controlling interests		(1,335,327)	(625,951)
Discontinued operations			
Funds management			
Profit for the year from discontinued operations	25	2,244	9,370
Loss attributable to owners of Tidewater Investments Limited		(1,333,083)	(616,581)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income attributable to owners of Tidewater Investments Limited		(1,333,083)	(616,581)
Basic loss (cents) per share from continuing operations	8	(5.3)	(2.5)
Diluted loss (cents) per share from continuing operations	8	(5.3)	(2.5)
Dividends (cents) per share	7	-	1.0

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 2012

	Note	Economic Entity 2012 $	2011 $
CURRENT ASSETS			
Cash and cash equivalents	9	692,242	11,535
Financial assets	10,15	699,441	4,030,616
Trade and other receivables	11	10,429	81,573
Prepayments		-	36,057
TOTAL CURRENT ASSETS		1,402,112	4,159,781
NON-CURRENT ASSETS			
Financial assets	12,15	24,368	745,000
Property, plant and equipment	16,17	-	11,500
Deferred tax assets	6	28,904	34,302
TOTAL NON-CURRENT ASSETS		53,272	790,802
TOTAL ASSETS		1,455,384	4,950,583
CURRENT LIABILITIES			
Trade and other payables	18	138,859	179,127
Short term borrowings	19	-	681,318
TOTAL CURRENT LIABILITIES		138,859	860,445
TOTAL LIABILITIES		138,859	860,445
NET ASSETS		1,316,525	4,090,138
EQUITY			
Issued Capital	21	14,867,392	16,307,922
Accumulated Losses		(13,550,867)	(12,217,784)
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF TIDEWATER INVESTMENTS LIMITED		1,316,525	4,090,138
Non-controlling interests in controlled entities		-	-
		1,316,525	4,090,138

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 2012

ECONOMIC ENTITY	Attributable to equity holders of Parent Entity Issued Capital $	 Accumulated Losses $	 Total Interest $	Non-Controlling Interest $	Total Equity $
As at 30 June 2010	**16,471,395**	**(11,350,648)**	**5,120,747**	**-**	**5,120,747**
Total comprehensive income for the year	-	(616,581)	(616,581)	-	(616,581)
Dividends paid	-	(250,555)	(250,555)	-	(250,555)
Share buy back	(163,473)	-	(163,473)	-	(163,473)
As at 30 June 2011	**16,307,922**	**(12,217,784)**	**4,090,138**	**-**	**4,090,138**
Total comprehensive income for the year	-	(1,356,576)	(1,356,576)	23,493	(1,333,083)
Return of capital	(1,440,530)	-	(1,440,530)	-	(1,440,530)
As at 30 June 2012	**14,867,392**	**(13,574,360)**	**1,299,032**	**23,493**	**1,316,525**

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 2012

	Note	Economic Entity 2012 $	2011 $
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers		136,364	397,523
Payments to suppliers and employees		(536,579)	(825,678)
Purchases of investments†		(81,470)	(2,473,097)
Proceeds from sale of investments		642,310	3,204,023
Proceeds from return of capital		7,400	291,792
Dividends received		2,380	3,566
Interest received		33,397	3,484
Finance costs paid		(36,846)	(12,234)
Income tax paid		(13,676)	-
NET CASH PROVIDED BY OPERATING ACTIVITIES	**27 (A)**	**153,280**	**589,379**
CASH FLOWS FROM INVESTING ACTIVITIES:			
Repayment of loans issued to other entities		-	17,499
Purchase of controlled entities, net of cash acquired††	23	1,715,095	(290)
Proceeds from sale of controlled entities, net of cash divested	24, 25	(417,504)	-
Purchase of property, plant and equipment		-	(464)
Sale of property, plant and equipment		5,216	-
NET CASH FLOW PROVIDED BY INVESTING ACTIVITIES		**1,302,807**	**16,745**
CASH FLOWS FROM FINANCING ACTIVITIES:			
Repayment of borrowings from other entities		-	(887,500)
Proceeds from borrowings from related parties†		-	395,000
Repayment of borrowings from related parties		(380,240)	(288,765)
Share buy back†††		(93,408)	(208,157)
Dividends paid		(654)	(250,070)
NET CASH FLOW USED IN FINANCING ACTIVITIES		**(474,302)**	**(1,239,492)**
Net increase/(decrease) in cash held		981,785	(633,368)
Cash at the beginning of the financial year		(289,543)	343,825
Cash at the end of the financial year	9	**692,242**	**(289,543)**

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

† Proceeds of borrowings in the year to 30 June 2011 exclude $256,353 which was paid directly to securities brokers by Andrew Brown, a related party, in settlement of the purchases of investments; this amount is not reflected in this Statement of Cash Flows.

†† In 2011, re-presented cheque in respect of acquisition of Goldlink Growth Plus Limited (now Equities and Freeholds Limited) in the year to 30 June 2008.

††† In 2012, share buy back of $93,408 totally in relation to buy back in controlled entity (Continuation Investments Limited)

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been approved for issue by the Board of Directors of Tidewater Investments Limited on 30 July 2012. 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 2012. 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.

The Group is a "for-profit" entity, the principal activities of which during the financial year ended 30 June 2012, included 'equity investment' and 'funds management and financial services'. There were no significant changes in the nature of the group's activities during the financial year.

Historical cost convention

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

Amendments to Accounting Standards

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

B. Principles of Consolidation

Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Tidewater Investments Limited ("company" or "parent entity") as at 30 June 2012 and the results of all subsidiaries for the year then ended. Tidewater Investments Limited and its subsidiaries together are referred to in this financial report as "group" or "the economic entity".

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

A list of controlled entities is contained in note 14.

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

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

C. Operating Segments

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

D. Income Tax

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

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

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the financial year as well 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 the reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

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

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

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

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

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

E. Revenue

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

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 the reporting date plus accrued interest and less, where applicable, any unearned income or provision for doubtful debts.

H. Trade and Other Payables
Accounts payable represent the principal amounts outstanding at the reporting date plus, where applicable, any accrued interest.

I. Finance Costs
Borrowing costs are expensed as incurred.

J. Employee Benefits

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

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

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 or overdraft facility .

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

M. Contributed Equity
Ordinary shares are classified as equity.

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

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

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

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

O. Plant and Equipment

Plant and equipment

Plant and equipment are measured on the cost basis.

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the economic entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Statement of 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 reporting date.

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

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

P. Impairment of Non-Financial Assets

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

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

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

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

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

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

T. Critical Accounting Estimates and Judgments
The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the group. The judgements, estimates and assumptions that have a risk of resulting in a material adjustment to the carrying amounts of assets and liabilities is primarily in relation to Level 2 Financial Assets, which is discussed further in Note 30F.

	Economic Entity 2012 $	2011 $
2A. REVENUES		
Proceeds from sale of investments	603,728	3,242,606
Interest	33,794	4,010
Dividends received – other corporations	2,380	1,500
Fees and commissions	-	18,765
Other	5,466	23,825
TOTAL REVENUES	**645,368**	**3,290,706**
2B. OTHER INCOME		
Gain on acquisition of controlled entities (note 23)	119,081	-
Gain on sale of controlled entities (note 24)	450,231	-
TOTAL OTHER INCOME	**569,312**	**-**

3. PROFIT/(LOSS) FOR THE YEAR

(A) EXPENSES

	2012 $	2011 $
Auditors remuneration – audit, audit review and accruals	55,600	89,279
Auditors remuneration – controlled entities	16,000	11,311
Carrying value of plant and equipment sold	9,503	-
Consultancy, fees and other outsourced services	91,017	462
Cash cost of investments sold	604,000	2,393,579
Change in fair value of investments sold	(88,440)	260,242
Change in fair value of investments distributed	139,718	-
Change in fair value of investments consolidated (note 23)	67,111	-
Change in fair value of investments retained	1,307,914	793,138
Depreciation of property, plant and equipment	1,997	4,844
Directors fees and costs	93,332	77,525
Employee benefits:		
Wages, salaries and consulting fees	79,167	76,412
Contributions to defined contribution plans	1,333	6,167
Movements in provisions for employee benefits	-	(6,412)
GST written off	514	-
Office and occupancy expenses - leases	25,171	30,942
Office and occupancy expenses - other	8,990	13,256
Other expenses	104,633	92,255
Writedown of loans to other entities	-	4,161
TOTAL EXPENSES EXCLUDING FINANCE COSTS	**2,517.560**	**3,847,161**

	Economic Entity	
	2012	2011
	$	$

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

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

	2012 $	2011 $
Proceeds from sale of investments	603,728	3,242,606
Total cost of investments sold	(515,560)	(2,653,821)
Realised gain on investments sold	88,168	588,785
Realised gain on investments sold consists of:		
Gains	96,707	747,372
Losses	(8,539)	(158,587)
	88,168	588,785
Proceeds from distribution of investments	1,440,530	-
Total cost of investments distributed	(1,580,248)	-
Realised loss on investments distributed	(139,718)	-
Realised loss on investments distributed consists of:		
Gains	-	-
Losses	(139,718)	-
	(139,718)	-

4. FINANCE COSTS

	2012 $	2011 $
External	33,024	8,933
Paid to related parties	3,842	22,131
Total finance costs	36,866	31,064

5. AUDITORS REMUNERATION

	2012 $	2011 $
Remuneration of the auditors of the parent entity for:		
Auditing and reviewing the financial statements	55,600	77,279
Other assurance related services	-	12,000
Audit of controlled entities	16,000	11,311
	71,600	100,590

	Economic Entity 2012 $	2011 $

6. INCOME TAX

(A) INCOME TAX EXPENSE

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

	2012 $	2011 $
Loss before tax	(1,337,502)	(578,149)
Prima facie income benefit on the loss before income tax at 30% (2011: 30%)	(401,251)	(173,445)
Add/(deduct) tax effect of:		
Tax losses not brought to account	401,251	173,445
Franking deficit tax	13,676	-
Other timing differences	5,398	38,432
	420,325	211,877
Income tax expense attributable to entity	19,074	38,432

The effective tax rate of (1.4%) (2011: -6.6%) mainly arises from adjustments to past deferred tax balances and a decision not to bring to account tax losses in respect of the current year.

Income tax expense is made up of:	2012 $	2011 $
Deferred tax	(5,398)	(38,432)
Franking deficit tax	(13,676)	-
	(19,074)	(38,432)

(B) DEFERRED TAX ASSETS

Deferred tax assets comprise:	2012 $	2011 $
Temporary differences – accruals and provisions	28,904	34,302
	28,904	34,302

(C) RECONCILIATIONS

The overall movement in the deferred tax account is as follows:	2012 $	2011 $
Opening balance	34,302	72,734
Debit to statement of comprehensive income	(5,398)	(38,432)
Other adjustments	-	-
Closing balance	28,904	34,302

(D) DEFERRED TAX ASSET NOT BROUGHT TO ACCOUNT

As at 30 June 2012, the economic entity had estimated unrecouped operating income tax losses of $10,598,673 (2011: $9,425,745) which are not presented on the Statement of Financial Position. The benefit of these losses of $3,179,602 (2011: $2,827,724) has not been brought to account as realisation is not probable.
The benefit will only be obtained if:

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

	Economic Entity 2012 $	Economic Entity 2011 $
7. DIVIDENDS AND FRANKING CREDIT BALANCES		
Recognised amounts:	-	250,555

During the 2011 financial year, an interim cash dividend of 1.0c per share fully franked at the tax rate of 30% was paid on 4 November 2010.

	2012 $	2011 $
Franking Credits		
Balance of franking account at the reporting date adjusted for franking credits arising from payment of provision for income tax and dividends recognised as receivables, franking debits arising from payment of proposed dividends and franking credits that may be prevented from distribution in subsequent financial years.	-	(13,676)

8. EARNINGS PER SHARE

	2012 $	2011 $
Continuing operations		
(A) Earnings used in the calculation of basic EPS	(1,335,327)	(625,951)
Earnings used in the calculation of diluted EPS	(1,335,327)	(625,951)
(B) Weighted average number of ordinary shares outstanding during the year used in the calculation of basic and diluted EPS	25,055,549	25,212,761
Basic loss per share (cents)	(5.3)	(2.5)
Diluted loss per share (cents)	(5.3)	(2.5)
Discontinued operations		
(A) Earnings used in the calculation of basic EPS	2,244	9,370
Earnings used in the calculation of diluted EPS	2,244	9,370
Basic earnings per share (cents)	0.0	0.0
Diluted earnings per share (cents)	0.0	0.0

	Economic Entity 2012 $	Economic Entity 2011 $
9. CASH AND CASH EQUIVALENTS		
Cash on hand and at bank	182,242	11,535
Term deposit	510,000	-
Total cash	692,242	11,535
Bank overdraft	-	(301,078)
Net cash and cash equivalents as per Statement of Cash Flows	692,242	(289,543)
10. FINANCIAL ASSETS (CURRENT)		
Fair value through profit and loss:		
Listed investments at fair value		
- shares in listed corporations (note 15, 30F)	699,441	4,030,616
TOTAL	699,441	4,030,616
11. TRADE AND OTHER RECEIVABLES		
CURRENT		
Trade receivables	10,429	63,782
less provision for doubtful debts	-	-
	10,429	63,782
Other debtors and receivables	-	17,791
	10,429	81,573

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.

	Economic Entity 2012 $	Economic Entity 2011 $
12. FINANCIAL ASSETS (NON CURRENT)		
Fair value through profit and loss:		
Unlisted investments at fair value:		
- shares in unlisted corporations at fair value (note 15, 30F)	24,368	745,000
	24,368	745,000

13. PARENT ENTITY INFORMATION

Information relating to the parent entity, Tidewater Investments Limited:

	Economic Entity 2012 $	Economic Entity 2011 $
Current Assets	697,700	2,952,102
Total Assets	1,726,987	5,304,551
Current Liabilities	410,375	1,214,326
Total Liabilities	410,375	1,214,326
Issued Capital	14,867,392	16,307,922
Retained Earnings	(13,550,780)	(12,217,697)
Total Shareholders' Equity	1,316,612	4,090,225
Loss of the parent entity	(1,333,082)	(359,036)
Total comprehensive income of the parent entity	(1,333,082)	(359,036)

As at 30 June 2012 and 30 June 2011, the parent entity had not entered into any guarantees in relation to the debts of its subsidiaries, nor had entered into any contractual commitments for the acquisition of property, plant or equipment. As at 30 June 2011, the parent entity had issued a total of $407,000 of promissory notes to two controlled entities.

As at 30 June 2012 and 30 June 2011, a financial facility entered into by the parent entity was secured by a fixed and floating charge against all controlled entities.

14. CONTROLLED ENTITIES

	Country of Incorporation	Percentage Owned 2012	Percentage Owned 2011
Parent Entity:			
Tidewater Investments Limited	Australia	-	-
Controlled Entities of Tidewater Investments Limited:			
Loftus Lane Investments Pty. Limited	Australia	100%	100%
Rowe Street Investments Pty. Limited †	Australia	100%	100%
Tidewater Funds Management Limited	Australia	-	100%
Tidewater Property Management Pty. Limited	Australia	-	100%

† controlled entity of Loftus Lane Investments Pty. Limited

On 24 October 2011, Continuation Investments Limited (formerly vanEyk Three Pillars Limited) became a controlled entity of Loftus Lane Investments Pty. Limited. On 29 February 2012, as a result of a sale of shares, Continuation Investments Limited ceased to be a controlled entity.

	Economic Entity 2012 $	Economic Entity 2011 $

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:

	2012 $	2011 $
Adelaide Resources Limited		
Principal activity is mineral exploration		
9.3% interest in Adelaide Resources Limited (2011: 8.9%)	699,417	1,249,705
Cheviot Bridge Limited (2012 and 2011: unlisted)		
Principal activity is wine distribution and brands		
10.4% interest in Cheviot Bridge Limited (2011: 10.4%)	-	725,000
Cheviot Kirribilly Vineyard Property Group ("CKP")		
Principal activity is vineyard ownership		
8.1% interest in CKP (2011: 8.1%)	-	-
Merricks Capital Special Opportunity Fund Limited ("MEF")		
Principal activity is investment		
Nil interest in MEF (2011: 6.8%)	-	1,587,903
National Hire Limited		
Principal activity is capital sales and investment in plant rental business		
Nil interest in National Hire Limited (2011: 0.1%)	-	249,164
vanEyk Three Pillars Limited		
Principal activity is investment		
Nil interest in vanEyk Three Pillars Limited (2011: 19.6%)	-	685,080

16. PROPERTY, PLANT & EQUIPMENT

	2012 $	2011 $
Plant and equipment at cost	-	72,807
Accumulated depreciation	-	(61,307)
	-	11,500

17. MOVEMENTS IN PROPERTY, PLANT & EQUIPMENT

	2012 $	2011 $
Balance at commencement of year	11,500	15,944
Capital expenditure	-	464
Depreciation and amortisation	(1,997)	(4,908)
Plant and equipment sold	(9,503)	-
Balance at end of year	-	11,500

	Economic Entity 2012 $	2011 $
18. TRADE AND OTHER PAYABLES		
CURRENT (UNSECURED)		
Trade creditors	11,052	53,327
Other creditors and accruals	116,500	114,346
Other payables	11,307	11,454
	138,859	179,127
19. BORROWINGS		
CURRENT (SECURED)		
Bank overdraft	-	301,078
Total current secured borrowings	-	301,078
CURRENT (UNSECURED)		
Loans from related parties	-	380,240
Total current unsecured borrowings	-	380,240
Total current borrowings	-	681,318

Tidewater Investments Limited has an overdraft facility with a major bank with a fixed and floating charge against all the assets of the Company and its controlled entities Loftus Lane Investments Pty. Limited and Rowe Street Investments Pty. Limited. At 30 June 2011, the Economic Entity also operated an unsecured loan facility provided by a related party being the Managing Director of the Company, Andrew Brown. The facility, which was repayable at call, was operated at the discretion of Mr. Brown, and had a limit of $500,000. The facility attracted an interest rate of 9% per annum, calculated daily, credited monthly. On 10 September 2011, all loans from the related party were repaid.

20. CONTINGENT LIABILITIES

As at 30 June 2011, a controlled entity of the Company, Tidewater Funds Management Limited ("TFM"), was 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. TFM denies the Claims allegations that arise from a period prior to the economic entity's ownership of TFM, believes various statements within the Claim to be erroneous and will defend the Claim as required. On 29 February 2012, TFM was sold to Scunthorpe Holdings Pty. Limited ("SHPL"), a related entity of the Managing Director of the Company, Andrew Brown. As a consequence of this transaction, the economic entity has no further exposure to this claim.

As at 30 June 2011, a controlled entity of the Company, TFM, guaranteed loans in its capacity as the Responsible Entity of Cheviot Kirribilly Vineyard Property Trust ("CKVPT"). The guarantees made by TFM, which arise from a Letter of Offer from National Australia Bank Limited dated 7 December 2007 and subsequent Letters of Variation, are limited to and can be enforced against TFM only to the extent to which it can be satisfied out of the property of CKVPT out of which TFM is actually indemnified for the liability. It should be noted that parties to the Letter of Offer other than TFM may not sue TFM in any capacity other than as responsible entity of CKVPT, including seek the appointment of a receiver (except in relation to property of CKVPT), a liquidator, an administrator or any similar person to TFM or prove in any liquidation, administration or arrangement of or affecting TFM (except in relation to property of CKVPT). As a consequence of the sale of TFM to SHPL, the economic entity has no further exposure to these guarantees.

	Economic Entity 2012 $	Economic Entity 2011 $
21. ISSUED CAPITAL		
25,055,549 fully paid authorised ordinary shares (2011: 25,055,549)	14,867,392	16,307,922

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

MOVEMENT IN ISSUED SHARES OF THE PARENT ENTITY FOR THE YEAR

ORDINARY SHARES

Date	Details	Number of shares	$
1 July 2011	Opening balance	25,055,549	16,307,922
21 October 2011	Capital return via distribution of shares in Merricks Capital Special Opportunity Fund Limited	-	(1,440,530)
30 June 2012	Closing balance	25,055,549	14,867,392

22. CAPITAL AND LEASING COMMITMENTS

(A) OPERATING LEASE COMMITMENTS

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

Minimum lease payments:	2012 $	2011 $
Not later than one year	-	12,031
Later than one year but not later than five years	-	-
	-	12,031

As at 30 June 2011, 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 expired on 30 November 2011. From 1 March 2012, the Company leased office space on a casual basis from Ireland Yard Capital Management Pty. Ltd, a related party of Andrew Brown. Refer to note 29 for further details.

(B) CAPITAL COMMITMENTS

The Economic Entity has no outstanding capital commitments (2011: 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.

23. ACQUISITION OF CONTROLLED ENTITIES

(A) DESCRIPTION

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

(B) DETAILS OF ACQUISITION OF CONTROLLED ENTITIES

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

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

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

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

23. ACQUISITION OF CONTROLLED ENTITIES (continued)

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

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

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

24. SALE AND DECONSOLIDATION OF CONTROLLED ENTITIES

(A) DESCRIPTION

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

(B) DETAILS OF SALE OF CONTROLLED ENTITY – COT

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

Details of the sale of COT are as follows:

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

24. SALE AND DECONSOLIDATION OF CONTROLLED ENTITIES (continued)

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

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

25. DISCONTINUED OPERATIONS – FUNDS MANAGEMENT

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

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

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

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

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

25. DISCONTINUED OPERATIONS – FUNDS MANAGEMENT (continued)

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

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

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

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

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

26. KEY MANAGEMENT PERSONNEL

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

Directors

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

Full details of remuneration paid to Key Management Personnel and their shareholdings in the Economic Entity are contained on pages 7-10 of the Directors Report as a Remuneration report.

	Economic Entity	
	2012	2011
	$	$

27. CASH FLOW INFORMATION

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

	2012 $	2011 $
Operating loss after income tax	(1,333,083)	(616,581)
Cash flows excluded from profit/(loss) attributable to operating activities:		
Purchases of investments	(81,470)	(2,473,097)
Proceeds from sales of investments	642,310	3,204,023
Proceeds from return of capital	7,400	291,792
Non cash flows in operating profit/(loss):		
Change in fair value of investments retained	1,307,914	793,138
Profit on sale of investments	(88,168)	(588,785)
Loss on distribution of investments	139,718	-
Change in fair value of investments consolidated	67,111	
Profit on disposal of controlled entities	(569,312)	-
Provision for doubtful debts	-	4,161
Depreciation and amortisation	1,997	4,908
Interest on related party borrowings accrued to capital	3,842	22,131
Interest paid from prior year accrual	-	(3,301)
Loss on sale of plant and equipment	4,160	-
Loss attributable to minorities	(23,493)	-
Changes in assets and liabilities net of acquisitions:		
Decrease in deferred tax balances	5,398	38,432
Decrease in sundry debtors & prepayments	68,619	22,203
Decrease in trade creditors & accruals	(2,841)	(109,645)
Other	3,178	-
Cash flows from operations	**153,280**	**589,379**

(B) NON CASH FLOW FINANCING ACTIVITY

During the year to 30 June 2012, the economic entity paid returns of capital of $1,440,530 through the distribution of investments which was not reflected in the Statement of Cash Flows. During the year to 30 June 2011, no such distributions were made.

(C) LOAN FACILITIES

	2012 $	2011 $
Overdraft/loan facilities	400,000	400,000
Amount utilised	-	(301,078)
Unused loan facilities	400,000	98,922

27. CASH FLOW INFORMATION (continued)

Tidewater Investments Limited has an overdraft facility with a major bank with a fixed and floating charge against all the assets of the Company and its controlled entities Loftus Lane Investments Pty. Limited and Rowe Street Investments Pty. Limited. The overdraft facility is available until 31 July 2012 and as at the reporting date attracted an interest rate of 12.9% per annum.

The Economic Entity also operated an unsecured loan facility provided by a related party being the Managing Director of the Company, Andrew Brown. The facility, which was repayable at call, is operated at the discretion of Mr. Brown, and had a limit of $500,000. The facility attracted an interest rate of 9% per annum, calculated daily, credited monthly. On 10 September 2011, the entire principal of $380,240 was repaid, with no drawdowns having been made subsequent to 30 June 2011. In the year to 30 June 2011, the economic entity drew down $651,433 under the facility, including $243,063 which was paid to third party stockbrokers in settlement of share purchases, and repaid $293,324. In the year to 30 June 2012, interest of $3,842 (2011: $22,131) was credited to the facility.

28. EVENTS SUBSEQUENT TO REPORTING DATE

Nil

29. 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 $175,333 (2011: $152,246) was paid to Directors and key management personnel by the economic entity, including partially owned controlled entities. Details of the payments and shareholdings in Tidewater Investments Limited of Directors and key management personnel are shown in the Remuneration Report contained as part of the Directors Report on pages 7 - 10 of this Financial Report.

This remuneration includes fees of $10,000 (2011: $nil) paid to Andrew Brown and Stephen Roberts who were common Directors of Tidewater Investments Limited and Continuation Investments 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 2012, controlled entities owed the parent entity $2,748,265 (2011: $5,643,262) (prior to provisions for non-recovery) and the parent entity owed the controlled entities $271,596 (2011: $10,048). 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 (2011: $130,000) were received from controlled entities.

Tidewater Investments Limited charged management fees of $140,000 (2011: $240,000) to Tidewater Property Management Pty. Limited, $17,194 (2011: $28,463) to Loftus Lane Investments Pty. Limited and $9,801 (2011: $25,534) to Rowe Street Investments Pty. Limited. In the year to 30 June 2011, Tidewater Investments Limited received reimbursements of $32,000 from Tidewater Funds Management Limited in respect of previous year's fees.

29. RELATED PARTY INFORMATION AND TRANSACTIONS (continued)

Other related parties
Andrew Brown is a Director of Adelaide Resources Limited, Cheviot Bridge Limited, Cheviot Kirribilly Vineyard Property Group and Merricks Capital Special Opportunities Fund Limited ("**MEF**") and was a Director of Continuation Investments Limited from 31 October 2011 to 29 February 2012 (2011: all the above entities except Continuation Investments Limited). In the year to 30 June 2012 but including MEF only until 31 October 2011 and 30 June 2011, all Directors fees earned by Mr. Brown from these parties were paid directly to Mr. Brown or his family owned companies A. Brown and Company Pty. Limited or Abron Management Services Pty. Limited and amounted to $155,833 (2011: $136,552 plus superannuation of $3,744).

Ireland Yard Capital Management Pty. Limited ("**IYCM**"), a related entity of Andrew Brown, leased office space to the economic entity from 1 March 2012 to 30 June 2012 and received rentals of $2,800. The economic entity continues to lease office space from IYCM on a casual basis and may terminate the arrangement with no notice.

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

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 period between 1 July 2011 and its divestment on 29 February 2012, Tidewater Property Management Pty. Limited earned or accrued fees of $112,500 (2011 full year: $176,667) from CKP.

Andrew Brown advanced a total of nil (2011: $651,433) in loans to Tidewater Investments Limited during the year to 30 June 2012 of which $380,240 (2011: $293,324) was repaid. Interest of $3,842 in the year to 30 June 2012 (2011: $22,131) was credited to the facility in respect of the loans. The loan facility, which was repayable at call, was operated at the discretion of Mr. Brown, had a limit of $500,000 and was fully repaid on 10 September 2011. The facility attracted an interest rate of 9% per annum, calculated daily, credited monthly.

30. 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; and
- "partly controllable risks" mainly arising from financial market risk.

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

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

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

(A) CAPITAL RISK MANAGEMENT

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

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

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

(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. Historically, our interest rate liability risk arose primarily from drawdowns of bank accepted bills with a maximum of 180 days duration, supported by a facility with a major commercial bank, with a floating charge over the assets of the economic entity. The timing of rollover of these bank accepted bills gave rise to variable interest rate and cash flow risks. The economic entity currently has access to loan facilities provided by short term bank overdraft. The parent entity largely assumes interest rate risk insofar as it acts as an effective treasury for the economic entity by arranging debt facilities with a major commercial bank. These proceeds, together with other available capital, are available to be loaned to controlled entities through non-interest bearing inter-company loan accounts.

At current interest rates, over the course of a full year, an increase of 100 basis points in borrowing rates with an accompanying change in deposit rates would increase pre- tax profit by $1,822 (2011: decrease of $3,011).

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.

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

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

ECONOMIC ENTITY 2012	Interest Rate	Fixed Interest Rate $	Floating Interest Rate $	Non Interest Bearing $	Total $
Financial assets:					
Cash and cash equivalents	3.36%	510,000	182,242	-	692,242
Trade and other receivables	-	-	-	10,429	10,429
Investments	-	-	-	723,809	723,809
		510,000	182,242	734,238	1,426,480
Financial Liabilities:					
Trade and other payables	-	-	-	138,859	138,859
		-	-	138,859	138,859
Net Financial Assets/(Liabilities)		510,000	182,242	595,379	1,287,621

ECONOMIC ENTITY 2011	Interest Rate	Fixed Interest Rate $	Floating Interest Rate $	Non Interest Bearing $	Total $
Financial assets:					
Cash and cash equivalents	-	-	-	11,535	11,535
Trade and other receivables	-	-	-	81,573	81,573
Investments	-	-	-	4,775,616	4,775,616
		-	-	4,868,724	4,868,724
Financial Liabilities:					
Bank overdraft	12.9%	-	301,078	-	301,078
Borrowings from related parties	9.0%	380,240	-	-	380,240
Trade and other payables	-	-	-	172,828	172,828
		380,240	301,078	172,828	854,146
Net Financial Assets/(Liabilities)		(380,240)	(301,078)	4,695,896	4,014,578

(C) LARGELY CONTROLLABLE RISKS – CREDIT RISK

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

Over the course of the financial year, the economic entity's major credit risk relates to its exposure to sold securities transactions where Members of ASX Limited are required to settle such transactions in the normal course of business on the Australian Securities Exchange. Members of ASX Limited are generally covered by the National Guarantee Fund for the types of transactions entered into by the Economic Entity. To help manage this risk, we monitor our exposures to individual entities. The maximum amount to which the economic entity is exposed as at 30 June 2012 is nil (2011: $38,582).

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.

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

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

(D) LARGELY CONTROLLABLE RISKS – OPERATIONAL AND LIQUIDITY RISK

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

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

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

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

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

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

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

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

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

In the event that the listed company portfolio increased or decreased in value by 10% from the levels of 30 June 2012, there would be a corresponding positive or negative impact on pre-tax profit/(loss) of $69,944 (2011: $403,062).

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

(F) NET FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

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

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

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

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

30 June 2011	Level 1	Level 2	Level 3	TOTAL
	$	$	$	$
Financial assets at fair value through profit or loss:				
Shares in other corporations	4,030,616	745,000	-	4,775,616
TOTAL	4,030,616	745,000	-	4,775,616

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

The fair value of financial instruments that are not traded in an active market (e.g. shares in unlisted corporations) is determined using valuation techniques. The group uses a variety of valuation methods and makes assumptions that are based on market conditions existing at the end of each reporting period. These instruments are included in level 2 and comprise two sets of shares in unlisted corporations. One instrument included within level 2, being shares in Cheviot Bridge Limited ("CBL") moved from level 1 to level 2 during the year to 30 June 2010, as a result of the delisting of shares in CBL from Australian Securities Exchange. As at 30 June 2012, shares in CBL are carried at zero (30 June 2011: 5.0cents) being Directors valuation, due to inherent uncertainty as to their value.

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

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

(G) RECONCILIATION OF NET FINANCIAL ASSETS TO NET ASSETS

	Economic Entity 2012 $	2011 $
Net Financial Assets as above	1,287,621	4,014,578
Non financial assets and liabilities:		
Other assets	-	36,057
Deferred tax assets	28,904	34,302
Property, plant and equipment	-	11,500
Other liabilities	-	(6,299)
Net assets per balance sheet	1,316,525	4,090,138

31. SEGMENT REPORTING

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

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

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

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

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

31. SEGMENT REPORTING (continued)

2012	Funds Management $	Investment $	Unallocated $	TOTAL $
External revenue	112,500	606,108	5,466	724,074
Interest revenue	-	33,794	-	33,794
Other revenue	-	569,312	-	569,312
Expenses other than finance, depreciation and amortisation	(110,234)	(2,030,303)	(485,282)	(2,625,819)
Depreciation	(22)	-	(1,975)	(1,997)
SEGMENT RESULT	2,244	(821,089)	(481,791)	(1,300,636)
Finance Costs	-	-	(36,866)	(36,866)
PROFIT/(LOSS) BEFORE INCOME TAX	2,244	(821,089)	(518,657)	(1,337,502)
Income tax expense	-	-	(19,074)	(19,074)
Non-controlling Interests	-	23,493	-	23,493
PROFIT/(LOSS) AFTER INCOME TAX	2,244	(797,596)	(537,731)	(1,333,083)
Segment Assets	-	1,426,130	29,254	1,455,384
Segment Liabilities	-	-	138,859	138,859
Capital Expenditure	-	-	-	-

2011	Funds Management $	Investment $	Unallocated $	TOTAL $
External revenue	232,239	3,252,293	34,403	3,518,935
Interest revenue	-	4,010	-	4,010
Expenses other than finance, depreciation and amortisation	(222,805)	(3,446,959)	(395,358)	(4,065,122)
Depreciation	(64)	-	(4,844)	(4,908)
SEGMENT RESULT	9,370	(190,656)	(365,799)	(547,085)
Finance Costs	-	-	(31,064)	(31,064)
PROFIT/(LOSS) BEFORE INCOME TAX	9,370	(190,656)	(396,863)	(578,149)
Income tax expense	-	-	(38,432)	(38,432)
PROFIT/(LOSS) AFTER INCOME TAX	9,370	(190,656)	(435,295)	(616,581)
Segment Assets	73,472	4,831,459	45,652	4,950,583
Segment Liabilities	45,215	133,911	681,319	860,445
Capital Expenditure	-	-	464	464

32. COMPANY DETAILS

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

TIDEWATER INVESTMENTS LIMITED

DIRECTORS DECLARATION

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

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

- (i) giving a true and fair view of the Economic Entity's financial position as at 30 June 2012 and of its performance for the year ended on that date;

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

- (iii) complying with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements; and

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

(c) The Managing Director has declared that:

- (i) the financial records of the Economic Entity for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001;
- (ii) the financial statements and notes for the financial year comply with the Accounting Standards; and
- (iii) the financial statements and notes for the financial year give a true and fair view.

(d) The remuneration disclosures that are contained in pages 7 to 10 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: 30 July 2012

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 2012, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of Tidewater Investments Limited (the company) and the consolidated entity. The consolidated entity comprises the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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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Liability limited by a scheme approved under Professional Standards Legislation.

PKF

Chartered Accountants
& Business Advisers

Independence

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

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 2012 and of its performance for the year ended on that date; and

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

(b) the consolidated financial statements and notes 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 7 to 10 of the directors' report for the year ended 30 June 2012. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Tidewater Investments Limited for the year ended 30 June 2012 complies with section 300A of the *Corporations Act 2001*.

PKF

PKF

Craig Maxwell
Partner

30 July 2012
Sydney

TIDEWATER INVESTMENTS LIMITED.

OTHER REQUIRED INFORMATION – YEAR ENDED 30 JUNE 2012

A. Range of Shares Issued as at 23 July 2012

As at 23 July 2012 there were 25,055,549 shares held by 431 shareholders, all of which were quoted on the ASX.

Range	Holders	Shares held	% of capital
1-1,000	206	96,937	0.39
1,001-5,000	133	372,485	1.49
5,001-10,000	21	156,970	0.63
10,001-100,000	48	1,224,554	4.89
Over 100,001	23	23,204,603	92.61
Totals	**431**	**25,055,549**	**100.00**

B. Top Twenty shareholders as at 25 July 2011

Holder	Shares held	% of capital
Abron Management Services Pty Ltd <Brown Family Super A/C>	4,445,000	17.74
Mr. Victor John Plummer	3,760,000	15.01
A Brown And Company Pty Limited	3,057,572	12.20
National Nominees Limited	1,538,500	6.14
Dr. Stephanie Phillips	1,500,000	5.99
Rbc Dexia Investor Services Australia Nominees Pty Limited <Bkcust A/C>	1,429,975	5.71
Clapsy Pty Ltd <Baron Super Fund A/C>	945,096	3.77
Pethol (Vic) Pty Ltd <Macdy No 5 Super Fund A/C>	829,015	3.31
Mr. Stephen Roberts & Mrs. Megan Roberts <Dover Downs Super Fund A/C>	750,948	3.00
Mr. Stephen Roberts <Roberts Pension Fund A/C>	690,018	2.75
Pilrift Pty Ltd <Critchley Retirement A/C>	577,685	2.31
Mr. Christopher Arthur Malin & Mrs. Gabrielle Eve Malin <Jingera Super Fund A/C>	456,762	1.82
Megwil Pty Ltd <Wpg Super Fund A/C>	443,774	1.77
Agrico Pty Ltd <Palm Super Fund A/C>	425,000	1.70
Mr. Stephen Murray Roberts & Mrs Megan Roberts <Roberts Pension Fund A/C>	408,333	1.63
Sanolu Pty Limited	405,954	1.62
Pacific Gold Resources Limited	350,000	1.40
Mr. Paul Antony Young	244,618	0.98
Mr. John Edwin Cordukes & Mrs. Elizabeth Julia Moreton Cordukes <John Cordukes S/F A/C>	214,500	0.86
Mr. Andrew john Brown	211,387	0.84
TOTAL TOP TWENTY SHAREHOLDERS	**22,684,137**	**90.54**

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 23 July 2012:

Holder	Shares held	% of capital
Andrew John Brown (relevant interests)	7,762,165	30.98%
Victor John Plummer	3,760,000	15.01%
Stephen Murray Roberts (relevant interests)	1,870,451	7.47%
Contango Capital Limited	1,538,500	6.14%
Dr. Stephanie Phillips	1,500,000	5.99%
Wilson Asset Management (International) Pty. Limited	1,429,975	5.71%