SWW Energy Limited

(formerly known as Solverdi WorldWide Limited)

and Controlled Entities

ABN 60 096 687 839

Annual Report
31 December 2009

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Corporate Governance Statement

Unless disclosed below, all the best practice recommendations of the ASX Corporate Governance Council have been applied for the entire financial year ended 31 December 2009.

1. Role of Board and Management

The key responsibilities of the SWW Energy Limited Board are detailed in its corporate governance manual and include:

- oversight of the Company, including its control, accountability and resources;
- setting the Company's strategic direction and overseeing activities and performance;
- ensuring proper controls, compliance, transparency and accountability;
- monitoring financial performance, setting financial objectives and monitoring and approving financial and other reporting;
- monitoring and evaluating managers and key service providers; and
- ensuring effective communication to shareholders and the market.

The role of key management positions is detailed in the executive service agreements. The evaluation of key executives is generally undertaken on a six-monthly basis.

2. Board Structure

As at 31 December 2009, being the date of this Annual Report, the composition of the SWW Energy Limited Board is[1]:

- Mr Wayne Rogers – Independent Non-Executive Chairman
- Mr Dennis Danzik – Chief Executive Officer
- Mr John Hoffman – Executive Director
- Mr David Sutton – Non-Executive Director
- Mr Ian Mutton – Non-Executive Director (resigned 16 December 2009)

The skills, experience and expertise of each Director are detailed in the Company's Annual Report. The Board considers that the current composition is appropriate to the current size of the Company and its limited scope of operations.

Under the Company's Constitution, a quorum for a meeting of SWW Energy Limited is two directors.

The role of Chairman and Chief Executive Officer are not held by the same individual and the Chairman is an independent Director.

When determining whether a non-executive director is independent, the Director must meet all of the following criteria:

- is not a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company;
- within the last three years has not been employed in an executive capacity by the Company or another group member, or been a director after ceasing to hold any such employment;

[1] Due to the appointment of administrators on 18 March 2010, each of Mr Rogers, Mr Danzik, Mr Hoffman and Mr Sutton are no longer on the board of the Company and are no longer a part of any committees of the Company

Corporate Governance Statement (continued)

2. Board Structure (continued)

- within the last three years has not been a principal of a material professional adviser or a material consultant to the Company or another group member, or an employee materially associated with the service provided;

- is not a material supplier or customer of the Company or other group member or an officer of or otherwise associated directly or indirectly with a material supplier or customer. The Board considers this to be control of a supplier or customer of the Company;

- has no material contractual relationship with the Company or another group member other than as a director of the Company;

- has not served on the Board for a period which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company; and

- is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company.

Independent Directors have the right to seek independent professional advice at the Company's expense in the furtherance of their duties as Directors. While the Chairman's prior approval is needed, it may not be unreasonably withheld.

The Board's composition is subject to review in the following ways:

- The company's constitution provides that at every Annual General Meeting, one third of the Directors or the nearest third of the Directors and any other Director who has held office for three years or more since last being elected (excluding the Chief Executive Officer) are to retire from office. Each retiring Director under the constitution is eligible for re-election.

- The composition of the Board is reviewed annually by the Board to ensure that it has available an appropriate mix of skills and experience to ensure the interests of shareholders are served.

Nominations Committee

The Board has not yet formed a separate nominations committee and all matters that would normally be the responsibility of a nomination committee are dealt with by the full Board of Directors.

The Board reviews its composition on an annual basis to ensure that the Board has the appropriate mix of expertise and experience. When a vacancy exists, for whatever reason, or where it is considered that the Board would benefit from the services of a new Director with particulars skills, the Board will select appropriate candidates with relevant qualifications, skills and experience. External advisers may be used to assist such a process. The board will then appoint the most suitable candidate who must stand for election at the next general meeting of shareholders.

The Company does not comply with the recommendation 2.4, which recommends that the Board should establish a nomination committee. The Board considers that the Board are currently not of sufficient size to justify the establishment of a separate nomination committee.

Corporate Governance Statement (continued)

3. Ethical and Responsible Conduct

The Board has adopted specific policies related to ethical and responsible conduct by Company officials. It requires the highest standards of ethics and integrity be observed in the conduct of the Company's business.

The Board has approved a Share Trading Policy for the dealing in Company securities by its Directors and key management. This policy specifies the periods during which the purchase and sale of the securities may occur and sets out a notification procedure concerning any such transactions.

The Company has adopted a Code of Conduct applicable to all employees and directors. The requirement to comply with the Code is mandatory and is communicated to all employees. The Code sets out standards of conduct, behaviour and professionalism.

4. Integrity of Financial Reporting

The Board has implemented processes to ensure the presentation of the Company's financial position and performance is accurate, complete and in accordance with accounting standards. The Board has established an Audit, Compliance and Risk Management Committee which has specific responsibility for the review of financial matters. The Committee operates under a charter agreed by the Board.

The Audit, Compliance and Risk Management Committee comprises three Directors (two of whom are Non-Executive Directors) and is chaired by a Mr Ian Mutton (Non-Executive Director), who is not the chair of the Board. The members of the Committee are:[2]

- Mr Ian Mutton (Chair; Appointed 30 June 2008, resigned 10 February 2009, reappointed 18 March 2009, resigned 16 December 2009)
- Dr Len Humphreys (Chair; Appointed 10 February 2009, resigned 18 March 2009)
- Mr Wayne Rogers (Appointed 29 February 2008, resigned 31 December 2009)
- Mr Bevan Dooley (Appointed 3 May 2001, resigned 10 February 2009)
- Mr Dennis Danzik (Appointed 10 February 2009, resigned 24 September 2010)

The qualifications and attendance at the meetings of the Committee are included in the Directors' Report of the Company's Annual Report. The composition of the Audit, Compliance and Risk Management Committee is considered appropriate by the Board, given the limited number of Directors and the restricted operations of the Company.

The Company has a policy on how and when the directors and employees may deal in the Company's securities. The purpose of this policy is to ensure that the directors and employees deal in the Company's securities in a manner which properly reflects their fiduciary duty, and that they do not transact in those securities whilst in possession of price sensitive information.

This policy requires all directors and employees to seek approval from the Chairman and Company Secretary prior to dealing in the Company's securities.

5. Timely and Balanced Disclosure

The Company's communication focus is on the continuous disclosure of any information concerning the Company and its controlled entities that a reasonable person would expect to have a material effect on the price of the Company's securities.

[2] The committee is currently comprised of the current directors of the Company, being Mr Olsen, Mr Bussell and Mr Foy

Corporate Governance Statement (continued)

5. Timely and Balanced Disclosure (continued)

The Chief Executive Officer has overall responsibility for management of the Company's continuous disclosure obligations as well as communication with analysts, brokers, shareholders, the media and the public, so as to ensure that the announcements are timely, factual, clear and precise and omit no material information.

All information disclosed to the ASX is posted on the Company's web site within 24 hours of being disclosed to the ASX. When analysts are formally briefed on aspects of the Company's operations, the material used in the presentation is released to the ASX prior to the briefing and is later posted on the Company's web site.

Access to price sensitive information is rigorously controlled, but procedures have been established to ensure that any such information is immediately released to the market, should it be inadvertently disclosed.

6. Rights of Shareholders

The Company has a strategy to promote effective communication with all shareholders and encourage effective participation. SWW Energy Limited maintains a comprehensive Investor Centre on the Company's website, providing key information for shareholders, including all SWW Energy Limited announcements to the ASX and other public information.

Other than during a closed period, the Chief Executive Officer also maintains regular dialogue with institutional shareholders throughout the year.

All Board members and the external auditor attend the Annual General Meeting and are available to answer questions by shareholders. Resolutions are proposed on each substantially separate issue, including in relation to the Report and Accounts and the Directors Remuneration Report.

All corporate governance policies noted in this Statement may be obtained by shareholders by contacting the Company.

7. Risk Management

The Audit, Compliance and Risk Management charter requires the establishment of policies on risk oversight and management which:

- Provide for overseeing the establishment and implementation of the Company's risk management system;
- Provide for review (at least annually) of the effectiveness of the Company's implementation of its risk management system;
- Provide (with regular review and update) a risk profile for the Company describing material risks (both financial and non financial) facing the Company;
- Provide for review and approval of the Company's accounting policies and procedures and;
- Provide for review of the annual and half year financial reports to ensure compliance with the Australian Accounting Standards and generally accepted accounting principles.

Corporate Governance Statement (continued)

7. Risk Management (continued)

The full Board is responsible for the appointment, removal and remuneration of the external auditors, and reviewing the terms of their engagement and the scope and quality of the audit. In fulfilling its responsibilities the Board receives regular reports from management and the external auditors at least twice a year, and more frequently if necessary. The external auditors have a clear line of direct communication at any time to the Chairman of the Board.

The Company engaged a leading audit firm to undertake a strategic risk assessment and to develop a risk management plan during the third quarter of 2008. The risk assessment and management plan has been accepted by Audit, Compliance and Risk Management Committee and implemented by management.

8. Responsible Remuneration

The remuneration policy sets the terms and conditions for the Chief Executive Officer and key management personnel.

All key management personnel receive a base salary, superannuation, fringe benefits and performance payments. The CEO makes an annual recommendation on remuneration for all direct reports, by reference to Company performance and external industry comparison, which are subject to approval by the Chairman.

The performance of key management personnel is measured against criteria agreed half-yearly, which is based on the forecast growth of the Company's profits and shareholders' value. The policy is designed to attract the highest calibre key management personnel and reward them for performance which results in long-term growth in shareholders' value.

The amount of remuneration for all directors and key management personnel, including all monetary and non-monetary components, are detailed in the remuneration report section of the Company's Annual Report. All remuneration paid to key management personnel is valued at the cost to the Company and expensed.

The Board expects that the remuneration structure implemented will result in the Company being able to attract and retain the best key management personnel to run the consolidated entity. It will also provide the necessary incentives to work to grow long-term shareholder value.

The payment of performance bonuses are within the performance pay plan parameters. All bonuses must be linked to predetermined performance criteria. The Board and CEO together can exercise their discretion in relation to approving bonuses and can recommend changes to the performance pay plan. Any changes must be justified by reference to measurable performance criteria.

The Board has not established a Remuneration Committee, as the Board does not consider such a committee would enhance efficiencies, given the current size and operations of the Company. The Board considers it more appropriate for the Board as a whole to review the performance and remuneration of the CEO and for the Chairman to review recommendations relating to key management personnel remuneration.

Directors' Report

Your directors present their report on the company and its controlled entities (the consolidated entity) for the financial year ended 31 December 2009.

Directors

The names of directors in office at any time during or since the end of the financial year are:

Mr Wayne Rogers	(Appointed 29 February 2008, resigned 31 December 2009)
Mr Dennis Danzik	(Appointed 10 February 2009, resigned 24 September 2010)
Mr John Hoffman	(Appointed 10 February 2009, resigned 24 September 2010)
Mr David Sutton	(Appointed 27 August 2009, resigned 24 September 2010)
Dr Len Humphreys	(Appointed 10 February 2009, resigned 18 March 2009)
Mr Bevan Dooley	(Appointed 3 May 2001, Resigned 10 February 2009)
Prof Dr Thomas Maschmeyer	(Appointed 29 February 2008, resigned 10 February 2009)
Mr Ian Mutton	(Appointed 29 February 2008, resigned 10 February 2009, reappointed 18 March 2009, resigned 16 December 2009)
Mr Christopher Larson	(Appointed 27 August 2009, resigned 9 November 2009)
Mr Gino D'Anna	(Appointed 24 September 2010, resigned 16 June 2011)
Mr Benjamin Bussell	(Appointed 24 September 2010)
Mr Darren Olsen	(Appointed 24 September 2010)
Mr Matthew Foy	(Appointed 16 June 2011)

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Company Secretary

The following person held the position of company secretary at the end of the financial year:

Hean Siew	(Appointed 4 July 2009, resigned 15 March 2010)
Gino D'Anna	(Appointed 24 September 2010, resigned 16 June 2011)
Matthew Foy	(Appointed 16 June 2011)

Hean Siew

Hean Siew has had 24 years in the financial services industry and four years in management accounting, during which time he has held senior appoints with two fund management companies, a specialist investment bank and two global investment banks. He currently provides specialist corporate finance and corporate affairs services to a number of private and public companies. Hean holds Bachelor of Laws and Bachelor of Economics degrees from Sydney University. He has been admitted as a solicitor to the NSW Supreme Court and was a former associate member of the Australian Society of Accountants.

Matthew Foy

Matthew Foy was a Senior Adviser at the Australian Securities Exchange with 4 years experience in facilitating the compliance of listed companies. Mr Foy has reviewed and approved the listing of over 40 companies during his tenure at the ASX.

Mr Foy has been involved in a number of seed capital raisings and initial public offering and possess significant commercial and corporate experience.

Mr Foy is currently the company secretary of ASX Listed Red October Resources Limited.

Directors' Report (continued)

Principal Activities

The principal activities of the consolidated entity during the course of the financial year were:

- Marketing of SWW Energy Limited biodiesel production plant design and operations intellectual property.
- Recycling business, including a used cooking oil (UCO) aggregation business in New South Wales and Queensland
- Development and/or acquisition of new renewable energy technologies

Operating Results

The consolidated loss of the consolidated entity after providing for income tax amounted to $24,932,679 (2008: $1,996,626).

Dividends Paid or Recommended

There were no dividends paid or recommended during the course of the financial year. The directors intend to pay dividends when the profitability of the business permits and subject to the operational requirements of the consolidated entity.

Review of Operations

The result for SWW Energy Limited for the 12 months to 31 December 2009 was a loss of $24,932,679. The result included asset impairment charge against property, plant and equipment during the period for the group totalling $12,198,423.

The asset at Berkley Vale had been developed to pursue several new operations in 2008. On 28 March 2009, the Company entered into an agreement with Swickley Hauling Corporation from Pennsylvania USA in relation to the sale of the Berkley Vale site for $800,000 and the provision of services for up to $140,000.

Financial Position

The net assets of the consolidated entity have decreased from $8,703,880 at 31 December 2008 to a net liability position of $1,881,602 at 31 December 2009. This decrease has resulted mainly from the following factors:

- Asset impairment charge of $12,198,423.
- Loss from discontinued operations of $3,296,352

Significant Changes in State of Affairs

The following significant changes in the state of affairs of the parent entity occurred during the financial year:

- On 23 February 2009 White Mountain secured a fully transferable Bridge Loan Agreement with ESG, Inc. for $1,066,400. To date there has been no borrowing on this credit line by White Mountain or SWW Energy Limited. The Assignment of the Bridge Loan Agreement took place on 2 April 2009.

- On 27 March 2009 shareholders approved the issue of 47,422,629 pre consolidation shares to White Mountain for a total price of $500,000 and the completion of a number of milestones. A consolidation of 10 to 1 shares was then approved. Shareholders also approved the issuing of a further 44,977,622 post consolidation shares to White Mountain LLC contingent on a series of milestones surrounding the vesting of a renewable energy plant into the company. A change of name from Australian Biodiesel Group Limited was also approved for lodging a later date.

Directors' Report (continued)

- On 27 March 2009 the company announced its first contract for renewable energy and related infrastructure products in North America. PW Strategy Management Inc. (PWM) of Calgary, Alberta Canada, has executed a two year contract for renewable energy and related products for three locations in North America. The fiscal 2009 contract revenue is $3,757,000.

- On 28 March 2009 a binding Heads of Agreement was signed with Swickley Hauling Corporation from Pennsylvania USA regarding the sale of assets from the Berkeley Vale site for $800,000 as well as the provision of services for up to $140,000.

- On 19 June 2009 SWW Energy Limited announced that it had successfully sold the business and assets of ACN 051 792 495 Pty Ltd (formerly known as Scanline Pty Ltd) to Australian Eco Oils for total consideration of $2,450,000.

- On 26 August 2009 SWW Energy Limited announced that it had sold the Narangba Refinery to Accensi Pty Limited for $1,900,000 payable in cash.

- On 2 September 2009 the Company announced that it had acquired 100% of the issued capital of Aristos International for consideration of 5 million fully paid ordinary SWW Energy Limited shares.

- On 12 November 2009 the Company announced that it had executed a five-year multi location contract for the treatment of waste water.

- On 25 November 2009 the Company announced that it had executed a three term, renewable contract with IBI Inc, which includes the assignment of a fifteen year commitment for the supply of biofuels from the Turkish Republic of Northern Cyprus.

- On 18 December 2009 the Company announced a Share Purchase Plan (SPP). On 21 January 2010, the SPP had its closing date extended and this was subsequently extended further on 24 February 2010. Under the SPP, the Company issued and allotted 3,044,684 shares raising a total of approximately $298,380 (before costs). The shares under the SPP were allotted on a progressive basis. The SPP was designed to raise up to $2,450,000 (before costs).

On 17 February 2010, the Company announced that it had received a Tender Offer and Voting Agreement for the Assets of the Company from LincolnHill Capital Partners. The price of the Tender Offer and Asset Purchase Agreement was US$0.27 per SWW Energy Limited share payable in cash and shares. The cash component under the offer from LincolnHill was US$0.02 per SWW Energy Limited share with the balance payable by the way of tradeable OTC.BB shares. On 24 February 2010, the Company announced that it had accepted the Tender Offer and Asset Purchase Agreement from LincolnHill Capital Partners, however, no further detail or correspondence was provided to the shareholders. This Tender Offer and Asset Purchase Agreement are no longer in existence.

On 18 March 2010, Mr Phillip Pinn of Pinn Deavin BIO was appointed as administrator by the Company's board of directors pursuant to Section 436A of the Corporations Act.

At the first meeting of the creditors it was resolved by the creditors of the Company that Mr Geoffrey Reidy of Rodgers Reidy be appointed as administrator of the Company to replace Mr Pinn.

At this time, Mr Geoffrey Reidy engaged with groups interested in recapitalising SWW Energy Limited.

Hemisphere Investment Partners Pty Ltd (Hemisphere) subsequently put forward a proposal to the administrator to reconstruct and recapitalise the Company with a view to ensuring that the Company could continue to operate as a going concern and seek reinstatement to trading on ASX (Proposal).

Directors' Report (continued)

On 3 September 2010, the Proposal by Hemisphere (Proponent) was put to creditors and approved. The Proposal can be summarised as follows:

a. The Company will consolidate its existing issued capital on a one (1) for three (3) basis (being the Consolidation). This was approved by Shareholders at the Company's General Meeting held on 19 April 2011.

b. The Proponent has provided a non refundable deposit of $75,000 to the Company to be applied by the Deed Administrator to the Creditors Trust.

c. The Proponent will be entitled to the Corporate Fee on termination of the DOCA.

d. The Company will undertake the Offers pursuant to this Prospectus lodged with the ASIC on 5 April 2011.

e. All of the directors of the Company will be removed and replaced by nominees of the Proponent.

The Company subsequently entered into a deed of company arrangement (DOCA) that provided for the payment of funds into the Company, and settlement of creditors' claims (consistently with the terms of the Proposal).

Conditions precedent to the DOCA include:

a. the Company obtaining Shareholder approval of, inter alia, the Consolidation, the payment of the Corporate Fee to the Proponent and the Proponent Offer;

b. all employees of the Company being terminated prior to the termination of the DOCA;

c. ASX confirming in writing that it will lift the Company's suspension on the ASX following the Capital Raising on terms satisfactory to the Proponent and the Company without the need to re-comply with Chapters 1 and 2 of the ASX Listing Rules; and

d. the Offers pursuant to this Prospectus being closed and the minimum subscription of $2,200,000 being raised.

The DOCA will be terminated following completion of:

a. the capital raisings under this Prospectus;

b. payment to the Deed Administrator of $780,000 (to be applied to the Creditors Trust established to meet the payment of the Administrator's fees and expenses, Deed Administrator's fees and expenses and the satisfaction of the compromised creditor's claims) and transfer to the Creditors Trust of all the Company's assets (including the issued share capital of the Company's wholly owned subsidiary, ACN 051 792 495 Pty Ltd). Together the payment amount and the transferred assets will be the amount to be applied to the Creditors Trust after payment of the Administrator's fees and expenses and the Deed Administrator's fees and expenses; and

c. payment to the Proponent of the Corporate Fee and the issue of Shares and Options to the Proponent under the Proponent Offer.

Your current Board has been appointed pursuant to a Deed of Company Arrangement, and believes that combined with a recapitalisation of the Company and a review of the Company's operational strategy, the Company will be well positioned to generate shareholder returns.

Directors' Report (continued)

The Board believes that completion of the Recapitalisation Proposal will demonstrate a renewed strategy for the Company and will position the Company well for the future to enhance shareholder returns and evaluate further project opportunities.

The capital raising of $2,503,500 proposed by the Recapitalisation Proposal was completed on 19th May 2011 and will allow the Company to meet its initial objectives and expenditure plans. The Company will now make an application to ASX for its Shares to be reinstated on the official list of the ASX.

The purpose of the Offers is to:

a. provide funds for the expansion of the Company's existing core business, which is focused on:

    i. the production of biofuel and biodiesel from the beneficiation of waste oils using the proprietary technology of the Company, known as Thermodepolymerisation;

    ii. the funding of operating expenses associated with the toll processing agreement with White Mountain Group LLC and feedstock suppliers;

    iii. the funding of potential offtake agreements with end users of biofuel and biodiesel;

    iv. expansion funding associated with new plants both directly owned and operated by White Mountain Group LLC and other third party operators; and

    v. funding for the research and development of the Frac Water Technology and the Solar Cracking Technology.

    vi. provide funds for the further acquisition and development of other investments, as identified by the Company (that may or may not be in the same sector); and

    vii. meet the costs and expenses of the recapitalisation of the Company (including payments due to under the DOCA and to the Proponent) with a view to seeking reinstatement to trading of its securities on ASX.

Appointment of Joint and Several Voluntary Administrators

On 18 March 2010, Mr Phillip Pinn of Pinn Deavin BIO was appointed as administrator by the Company's board of directors pursuant to Section 436A of the Corporations Act.

At the first meeting of the creditors on 29 March 2010 it was resolved by the creditors of the Company that Mr Geoffrey Reidy of Rodgers Reidy be appointed as administrator of the Company to replace Mr Pinn.

The Board of SWW Energy Limited had for several months been endeavouring to resolve a business strategy for the future of the Company and to identify funding in this regard. Negotiations in respect of funding have failed and accordingly ongoing funding for the Company has not been secured.

The Administrators worked with the new Board of Directors and management to facilitate and implement the recapitalisation and restructure of the Company.

Directors' Report (continued)

Events Subsequent to Balance Date

A number of significant corporate events have occurred since the reporting period:

- At a meeting on 3 September 2010, the creditors resolved that the Company enter into a Deed of Company Arrangement (DOCA), which was executed on 24 September 2010. The Company and the Administrator also entered into a Reconstruction Deed pursuant to which Hemisphere Investment Partners agreed to facilitate the recapitalisation of the Company referred to below.

  On 24 September 2010:

  i. the Company and Geoffrey Reidy executed the Reconstruction Deed, under which the:

     a. Trustee became the Trustee of the Creditor's Trust;

     b. Company was required to reconstruct and recapitalise the Company by no later than 31 May 2011; and

     c. The Company was required, and covenanted, to transfer all assets and liabilities, with the exception of the Intellectual Property that relates to the Thermodepolymerisation Technology, the Frac Water Technology and the Solar Cracking Technology and pay the settlement sum of $780,000 to the Trustee by no later than 31 May 2011.

On 24 September 2010, pursuant to Section 442A of the Corporations Act 2001, Benjamin John Bussell, Gino D'Anna and Darren Paul Olsen were appointed as Directors of the Company. On 24 September 2010 and immediately following execution of the DOCA, control of the Company passed to these Directors.

The principal features of the Proposal are as follows:

i. ***Consolidation of Capital:*** Consolidation of the existing issued capital of the Company on a 1 for 3 basis from 103,799,883 shares on issue to 34,599,961 post consolidation shares on issue.

ii. ***Reduction of Capital:*** Reduction of the Company's share capital by a portion of accumulated losses.

iii. ***Issue of New Shares to Hemisphere Investment Partners or its nominees:*** The issue of 60,000,000 New Shares to Hemisphere Investment Partners or its nominees under the Prospectus to be issued by the Company at an issue price of $0.005 per share in consideration for the payment of $300,000.

iv. ***Issue of New Shares to Hemisphere Investment Partners or its nominees:*** The issue of 35,000,000 New Shares to Hemisphere Investment Partners or its nominees under the Prospectus to be issued by the Company at an issue price of $0.0001 per share in consideration for the payment of $3,500.

v. ***Issue of New Shares to Hemisphere Investment Partners or its nominees:*** The issue of 20,000,000 New Shares for nil consideration to Hemisphere Investment Partners or its nominees under the Prospectus to be issued by the Company. These shares have a deemed issue price of 1 cent per share.

Directors' Report (continued)

vi. ***Issue of New Shares to Hemisphere Investment Partners or its nominees:*** The issue of 15,000,000 New Shares for nil consideration to Hemisphere Investment Partners or its nominees under the Prospectus to be issued by the Company in consideration for the payment of a $75,000 Deposit pursuant to the Deposit Convertible Note Agreement. These shares have a deemed issue price of 0.5 cents per share.

vii. ***Prospectus Issue:*** The issue of 220,000,000 New Shares in the Company at a price of not less than 1 cent per share under a Prospectus to raise not less than $2.2 million. The minimum fund raising is $2.2 million via the issue of 220,000,000 shares. From the capital raising, a sum of $780,000 will be paid to the Trustee of the Creditors Trust to settle the Creditors claims in full;

viii. ***Issue of New Options to Hemisphere Investment Partners or its nominees:*** The issue of up to 80,000,000 New Options for nil consideration to Hemisphere Investment Partners or its nominees under the Prospectus to be issued by the Company;

ix. ***Board Changes:*** The Board of Directors of the Company will change as soon as practicable after the date of the Prospectus being fully subscribed at which time the proposed Directors will be appointed and such of the Existing Directors as Hemisphere Investment Partners requests will resign;

x. ***Company Name:*** The Company requests shareholder approval to change its name to SWW Energy Limited. On 2 May 2011, the Company changed its name to SWW Energy Limited.

Future Developments, Prospects and Business Strategies

The new board of SWW Energy Limited (**New Board**) intends to further evaluate and develop the renewable fuel business via the use of the TDP™ Thermodepolymerisation Technology.

The continuing business operations of the Company are based on the technology and licence agreement executed with White Mountain. This includes the Shallow Water Reactor Process, the Frac Water Technology, the TDP™ Thermodepolymerisation Technology and the Solar Cracking Technology. The TDP™ Thermodepolymerisation Technology will underpin the continued operations of the Company as SWW Energy Limited embarks upon a restructured business plan designed to mitigate the need for extensive capital investments whilst maintaining the same business operations.

Thermodepolymerisation (TDP) is a depolymerisation process using hydrous pyrolysis for the reduction of complex organic materials (usually waste products of various sorts, often biomass and plastic) into light crude oil. It mimics the natural geological processes thought to be involved in the production of fossil fuels. Under pressure and heat, long chain polymers of hydrogen, oxygen, and carbon decompose into short-chain petroleum hydrocarbons with a maximum length of around 18 carbons.

On 1 December 2010, White Mountain and the Company signed an agreement allowing SWW Energy Limited the right to access the excess capacity at a renewable fuel plant located in North Las Vegas, Nevada operated by experts engaged by White Mountain for the production of biofuel using feedstock supplied by SWW Energy Limited.

The White Mountain plant in Nevada currently has total capacity of 240,000 litres per month, a portion of which can be secured by SWW Energy Limited in the production of the Biofuel and Biodiesel. The toll processing arrangement allows SWW Energy Limited to pay White Mountain a toll processing fee equal to US$0.86 for every litre of Biodiesel and a license fee of US$0.054 per litre of Biodiesel produced for the use of the technology in the plant, produced at standard temperature and pressure at the White Mountain Facility from the feed stocks supplied by SWW Energy Limited, delivered to SWW Energy Limited.

Directors' Report (continued)

Access to the treatment plant will allow SWW Energy Limited to reduce the need to raise large sums of capital associated with the capital expenditure required for the construction, operation and maintenance of the plants on an ongoing basis. This is considered to be a more efficient business model than previously employed by SWW Energy Limited and allows the Company to treat waste oil products using the White Mountain plant by sharing the sale margin with White Mountain. In addition, the experts and personnel that operate the plant on behalf of White Mountain will provide their expertise to SWW Energy Limited during the beneficiation and manufacturing process.

In addition to accessing personnel and experts within White Mountain, SWW Energy Limited may also be able to utilise the existing White Mountain customer base as an opportunity to channel its own production of Biofuel and Biodiesel.
This business model is essentially the same as the core business of SWW Energy Limited prior to it being placed into administration, without the risk associated with constructing and operating its own Biodiesel plants. In turn, the associated large sums of capital which were required under the previous business model are no longer required.
SWW Energy Limited will endeavour to create "micro-plant" operations in the fragmented waste oil and grease interceptor industry. SWW Energy Limited will attempt to create service collection "vacuums", that competing companies will find difficult to react to, and implement effective "radius" marketing to increase customer density.

SWW Energy Limited, through its proprietary technology, intends to convert the collected waste material into a value added resource for the manufacture of renewable fuels. Using proprietary, patent issued and patent pending, technology to convert waste water and waste oil sources to alternative fuel.

The future activities of the Company will largely focus on the commercial application of the existing SWW Energy Limited technology, with a view to achieving the production and sale of Biofuel and Biodiesel products into the transport industry as well as animal feed stock to the agricultural industry under a relationship with White Mountain.

This will be accomplished through the toll processing agreement with White Mountain.

As part of the recapitalisation, the Company will also evaluate other project opportunities for acquisition or investment. The Company proposes to review projects across a range of sectors.

The Company proposes to investigate acquisitions and investments in the following sectors:

a. metals and mining across all commodities, including iron ore, gold, copper, manganese, lead, zinc, silver, platinum, chrome, nickel and rare earth elements;

b. energy and energy related investments including oil and gas, coal bed methane, coal and uranium; and

c. renewable energy and fuels including Biofuel, Biodiesel and ethanol.

Environmental Issues

The consolidated entity's operations are subject to significant environmental regulation by State and Local government authorities.

At the date of this report the current plants are believed to comply with all regulations issued by relevant authorities.

Directors' Report (continued)

Information on Directors

Mr Wayne Rogers	-	Non-executive Chairman – appointed 29 February 2008, resigned 31 December 2009
Qualifications	-	Member of Chartered Institute of Management Accountants (CIMA)
Experience	-	Mr. Rogers is an experienced financial and General Manager with wide-ranging experience of operations in Europe, Australia and Asia, particularly in the renewable energy and manufacturing fields. He held several senior financial positions with IBM in the UK and its European headquarters in Paris before participating in a successful management buyout to form the now NASDAQ-listed Xyratex – a \$500m computer storage and services company, in which he served initially as Treasurer and later as Managing Director for the Asia Pacific region, based in Kuala Lumpur. He was the Chief Financial Officer of Novera Energy Limited, now listed on the AIM index in the UK, and has recently concluded a role as the Managing Director of a highly successful turn-around of a Malaysian-based electronics manufacturing concern.
Interest in Shares and Options	-	1,700,000 shares and 3,000,000 options (pre-consolidation basis). These options have been forfeited due to market conditions and the voluntary administration.
Special Responsibilities	-	Chairman of the Board and Member of the Audit, Compliance and Risk Management Committee
Directorships held in other listed entities	-	Nil

Directors' Report (continued)

Information on Directors (continued)

Mr Dennis Danzik	-	Executive Director and CEO – appointed 10 February 2009, resigned 24 September 2010
Qualifications	-	BS Industrial Engineering, AS Mathematics Registered Member: National Society of Professional Engineers Arizona Society of Professional Engineers Senior Member – Society of Plastics Engineers Senior Member – Institute of Industrial Engineers Member – American Society of Testing Materials (ASTM)
Experience	-	Mr Danzik is a 28 year veteran of engineering and design. He has successfully acted as interim CEO of eight startup companies over the last fifteen years. He has acted as Director / Managing Member of D2 LLC for the last sixteen years. His experience includes joint ventures with publicly held and privately held companies where Mr Danzik served as an officer and director. Prior to joining SWW Energy Limited Mr Danzik successfully completed over 500 product developments including Composite Utility Poles, Structural Systems for Underground Shoring, Polymeric Foams, Rotational Molding Equipment, Medical Waste Sterilization and several inventions in recycling, including the development of the SWW Energy Limited fuel process and shallow water reactors. He holds patents and patents pending in six fields of polymer use and design as well as structural composites, and recycling. Mr Danzik serves as Managing Director of White Mountain Group, LLC.
Interest in Shares and Options	-	Following the General Meeting of Shareholders on 27 March 2009 Dennis holds in 12-month escrow period 11.3 million ordinary shares (post 10:1 consolidation).
Special Responsibilities	-	Member of the Audit, Compliance and Risk Management Committee
Directorships held in other listed entities	-	Nil

Directors' Report (continued)

Information on Directors (continued)

Dr Len Humphreys	-	Non-Executive Director – appointed 10 February 2009, resigned 18 March 2009
Qualifications	-	C.Chem, Member of Royal Society of Chemistry
Experience	-	Dr Humphreys is a Chartered Chemist and prior to joining SWW Energy Limited was the Managing Director of IBA Health a healthcare IT software provider and Novera Energy, a renewable energy company. He has held MD and Director roles inside the European Invensys group of companies in Australia. Invensys is one of the world's largest IT, industrial process and system automation companies. In Europe, he was a senior executive inside the Mannesmann group, the German multinational specialising in engineering, manufacturing and telecommunications, in particular, heading up the Hartman and Braun Analytical division based in the UK.
Interest in Shares and Options	-	16,800,418 shares and 3,000,000 options (pre-consolidation basis)
Special Responsibilities	-	Chairman of the Audit, Compliance and Risk Management Committee
Directorships held in other listed entities	-	Nil

Mr John Hoffman	-	Executive Director and COO – appointed 10 February 2009, resigned 24 September 2010
Qualifications	-	Mr Hoffman holds three degrees, two are in engineering from Boise State University, California State Polytechnic University Pomona, and an MBA / MS Engineering Management from the University of Southern California
Experience	-	Mr Hoffman held management positions in construction and Industrial Engineering at Northrop, PepsiCo, and Taco Bell Corporation. He has co-founded several successful start up businesses including TotalTix, Inc. an internet ticket service, which was licensed to Major League Baseball, and was sold to MLB in 2009.
Interest in Shares and Options	-	Following the General Meeting of Shareholders on 27 March 2009 John holds in 12-month escrow period 4.7 million ordinary shares (post 10:1 consolidation).
Special Responsibilities	-	Nil
Directorships held in other listed entities	-	Nil

Directors' Report (continued)

Information on Directors (continued)

Mr Ian Mutton	-	Non-Executive Director – appointed 29 February 2008, resigned 10 February 2009 and reappointed 18 March 2009, resigned 16 December 2009
Qualifications	-	LLB and Member of The Law Society of New South Wales
Experience	-	Mr Mutton is a lawyer whose experience includes significant periods with the Commonwealth Crown Solicitor, responsible for the legal work required by the (then) Australian Trade Practices Commission in connection with enforcement proceedings; and CSR where he was responsible for managing one of the world's largest product liability portfolios across Australia, New Zealand and the United States.
Interest in Shares and Options	-	3,000,000 options (pre-consolidation)
Special Responsibilities	-	Chairman of the Audit, Compliance and Risk Management Committee
Directorships held in other listed entities	-	Current director of: Uranium Exploration Australia Limited Sinovus Mining Limited

Prof. Dr. Thomas Maschmeyer	-	Non-Executive Director – appointed 29 February 2009, resigned 10 February 2009
Qualifications	-	Chemistry B.Sc. (Hons I) and PhD
Experience	-	Prof Dr Maschmeyer is currently Federation Fellow and Professor of Chemistry at the University of Sydney, receiving his B.Sc. (Hons I) and PhD from there in 1991 and 1995 respectively. In 1994 he moved to work with Prof. Sir John M. Thomas at the Royal Institution of Great Britain as Australian Bicentennial Fellow. In 1997 he became the Assistant Director of the Davy Faraday Laboratories there and held an Affiliate Lecturer's position at the University of Cambridge and was Fellow at Peterhouse. Two years later he moved to be Professor and Head of the Department of Applied Organic and Catalytic Chemistry at the Delft Institute in 2000. He had a leading role in spinning out a combinatorial catalysis company, Avantium, which has around 90+ employees and a capitalisation of A$110 million. The international standing of Professor Maschmeyer's research is evidenced by the fact that he has been awarded a Research Fellowhip of the Royal Society (Oxford), and EU Fellowship, an EPSRC Fellowship and an Australian Bicentennial Fellowship.
Interest in Shares and Options	-	1,700,000 shares and 3,000,000 options (pre-consolidation basis)
Special Responsibilities	-	Nil
Directorships held in other listed entities	-	Nil

Directors' Report (continued)

Information on Directors (continued)

Mr Gino D'Anna	-	Executive Director – appointed 24 September 2010, resigned 16 June 2011
Qualifications	-	Bachelor of Commerce (Finance), Honours Degree, Diploma of Applied Finance and Investment (Mining and Financial Analysis)
Experience	-	Gino D'Anna has experience in financial markets having been involved in a number of initial public offers and secondary listings. Mr D'Anna has been involved in the reconstruction and recapitalisation of various ASX listed companies and has previously been involved in structuring investments and acquisitions for ASX listed companies. Mr D'Anna has also been involved in a number of secondary capital raisings and brings experience and knowledge in private equity and debt markets and has specialist understanding and experience in dealing with the Listing Rules and compliance requirements. Mr D'Anna is currently Executive Director and Company Secretary of ZYL Limited and was previously Executive Director of ASX Listed Ferrum Crescent Limited (formerly Washington Resources Limited).
Interest in Shares and Options	-	4,500,000 shares
Special Responsibilities	-	Nil
Directorships held in other listed entities	-	Current director of: ZYL Limited

Mr Benjamin Bussell	-	Non-Executive Director, appointed 24 September 2010
Qualifications	-	Bachelor of Business
Experience	-	Mr Bussell is a Senior Accountant with over 12 years experience in public accounting, corporate accounting and taxation. Mr Bussell is currently the Chief Financial Officer of ASX listed mineral exploration companies Stonehenge Metals Limited, ZYL Limited, Segue Resources Ltd and Excelsior Gold Limited.
Interest in Shares and Options	-	3,000,000 shares
Special Responsibilities	-	Nil
Directorships held in other listed entities	-	Nil

Mr Darren Olsen	-	Non-Executive Director, appointed 24 September 2010
Qualifications	-	Bachelor of Business, Certified Practising Accountant
Experience	-	Darren Olsen is a Certified Practising Accountant with over 13 years' experience in Public Accounting & Taxation. Mr Olsen is currently a Director of Marlston Taxation & Business Advisers, a public Accountancy Firm which provides Accounting and Taxation services and advice to a wide range of small to large business entities including several ASX listed exploration companies. Mr Olsen has also been directly involved in an accounting advisory capacity with a number of IPO's and capital raisings including Stonehenge Metals Ltd and Excelsior Gold Ltd.
Interest in Shares and Options	-	3,500,000 shares
Special Responsibilities	-	Nil
Directorships held in other listed entities	-	Nil

Directors' Report (continued)

Information on Directors (continued)

Mr Matthew Foy	-	Executive Director, appointed 16 June 2011
Qualifications	-	Bachelor of Commerce, Diploma of Applied Finance and Investment and Company Secretary of Australia (CSA)
Experience	-	Matthew Foy was a Senior Adviser at the Australian Securities Exchange with 4 years experience in facilitating the compliance of listed companies. Mr Foy has reviewed and approved the listing of over 40 companies during his tenure at the ASX. Mr Foy has been involved in a number of seed capital raisings and initial public offering and possess significant commercial and corporate experience. Mr Foy is currently the company secretary of ASX Listed Red October Resources Limited.
Interest in Shares and Options	-	750,000
Special Responsibilities	-	Nil
Directorships held in other listed entities	-	Nil

Directors' Report (continued)

Remuneration report

This report details the nature and amount of remuneration for each director of SWW Energy Limited, and for all other key management personnel. Key management personnel are defined as persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any directors (whether executive or otherwise).

Remuneration policy

The remuneration packages of directors and key management personnel of SWW Energy Limited have been designed to align director and other key management personnel objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific performance pay incentives based on key performance areas affecting the consolidated entity's financial results. The board of SWW Energy Limited believes the remuneration methodology to be appropriate and effective in its ability to attract and retain the best key management personnel and directors to run and manage the consolidated entity, as well as create goal congruence between directors, other key management personnel and shareholders.

The board determines the nature and the amount of remuneration for board members and the CEO of the consolidated entity as follows:

- All key management personnel may receive a base salary, superannuation, fringe benefits (if applicable) and performance pay incentives (if applicable).
- The performance pay plan is reviewed by the board. Objectives for the CEO are set by the board with the CEO setting the objectives for key management personnel. If necessary the board can act as an independent and objective party to review the objectives set for key management personnel.
- The key management personnel packages are reviewed annually by reference to the consolidated entity's performance, key management personnel performance and comparable information from industry sectors and other listed companies in similar industries.

The performance of key management personnel is measured against criteria agreed annually with each key management personnel, and is in part based on the forecast growth of the consolidated entity's profits and shareholders' value. All bonuses and incentives must be linked to predetermined performance criteria. The board may, however, exercise its discretion in relation to approving incentives and bonuses, and can recommend changes to the CEO recommendations. Any changes must be justified by reference to measurable performance criteria. The remuneration practices are designed to attract the highest calibre of key management personnel and reward them for performance that results in long-term growth in shareholder wealth.

The executive directors and the Australian based key management personnel receive the superannuation guarantee contribution required by the government, which is currently 9%, and do not receive any other retirement benefits.

All remuneration paid to directors and other key management personnel is valued at the cost to the company and expensed.

The board policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. The Chairman determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting.

Directors' Report (continued)

Remuneration report (continued)

Company performance, shareholder wealth and director and executive remuneration

The remuneration policy has been tailored to increase goal congruence between shareholders, directors and executives. There have been two methods applied in achieving this aim (or a combinations of both), the first being a performance based bonus based on key performance indicators, and the second being the issue of options to the majority of directors and executives to encourage the alignment of personal and shareholder interests.

The following table shows the gross revenue, profits and dividends for the last four and a half years for the listed entity, as well as the share price at the end of the respective financial years. Analysis of the actual figures shows that subsequent to the startup phase during 2004-2006 the results in 2007 were severely impacted by the change in regulatory environment after initially promising results. In 2008 the company went through a turnaround and set itself up for a revised renewable fuel strategy to be implemented from 2009 onwards. The above mentioned remuneration methods have been instrumental in attracting the right human resources throughout the various stages of the company.

	July 2004/2005	**2006**	**2007**	**2008**	**2009**
	$000	**$000**	**$000**	**$000**	**$000**
Revenue	4,527	5,109	6,588	5,134	12,028
Net profit/(loss)	(3,202)	(13,889)	(29,499)	(1,996)	(24,933)
Share price at year-end (cents)	56.38	13.75	3.20	1.80	3.2
Dividend paid	-	-	-	-	-

Performance based remuneration

As part of each executive director and executive remuneration package there is a performance-based component, consisting of company and individual objectives. The intention of this program is to facilitate goal congruence between directors/executives with that of the business and shareholders. The objectives are set annually, with certain level of consultation with directors/executives to ensure buy-in. The measures are specifically tailored to the areas each director/executive is involved in and has a level of control over. When setting objectives the board aims to set objectives that will provide greater potential for the groups' expansion and profit, covering financial and non-financial as well as short- and long-term goals.

Performance in relation to the objectives is assessed annually, with bonuses being awarded depending on the number and deemed difficulty of the objective achieved.

In determining whether the financial objectives have been achieved, SWW Energy Limited bases the assessment on audited figures.

Directors' Report (continued)

Remuneration report (continued)

Details of remuneration for the financial year ended 31 December 2009

The remuneration for each director and other key management personnel of the consolidated entity receiving the highest remuneration during the year was as follows:

	Position	Salary, Fees and Commissions $	Superannuation Contribution $	Cash Bonus $	Non-cash benefits $	Total $	Performance related %
Directors (i)							
Mr Bevan Dooley (i)	Executive Director and CEO	12,293	1,106	-	-	13,399	5%
Mr Wayne Rogers (ii)	Chairman	109,435	-	-	-	109,435	-
Mr Ian Mutton (iii)	Non-executive Director	80,952	-	-	-	80,952	-
Dr Thomas Maschmeyer (iv)	Non-executive Director	12,293	-	-	-	12,293	-
Mr Dennis Danzik (v)	Non-executive Director	97,142	-	-	-	97,142	-
Mr John Hoffman (vi)	Non-executive Director	97,142	-	-	-	97,142	-
Mr David Sutton (vii)	Non-executive Director	36,878	-	-	-	36,878	-
Dr Len Humphreys (viii)	Non-executive Director	10,794	-	-	-	10,794	-
Mr Christopher Larson (ix)	Non-executive Director	12,892	-	-	-	12,892	-
		469,821	1,106	-	-	470,927	

(i) Resigned 10 February 2009
(ii) Appointed 29 February 2008, resigned 31 December 2009
(iii) Appointed 18 March 2009, resigned 16 December 2009
(iv) Appointed 29 February 2008, resigned 10 February 2009
(v) Appointed 10 February 2009
(vi) Appointed 10 February 2009
(vii) Appointed 27 August 2009
(viii) Appointed 10 February 2009, resigned 18 March 2009
(ix) Appointed 27 August 2009, resigned 9 November 2009

There is no further key management personnel remuneration to be disclosed.

Directors' Report (continued)

Remuneration report (continued)

Details of remuneration for the financial year ended 31 December 2008

	Position	Salary, Fees and Commissions $	Superannuation Contribution $	Cash Bonus $	Non-cash benefits $	Total $	Performance related %
Directors (i)							
Mr Bevan Dooley	Executive Director and CEO	183,486	16,514	-	45,687	245,687	5%
Mr Wayne Rogers (ii)	Chairman	33,333	-	-	22,925	56,258	-
Ms Sarah Israel (iii)	Non-executive Director	10,321	929	-	-	11,250	-
Mr Ian Mutton (ii)	Non-executive Director	16,667	-	-	22,925	39,592	-
Dr Thomas Maschmeyer (ii)	Non-executive Director	16,667	-	-	22,925	39,592	-
Dr John Keniry (iv)	Non-executive Director	6,116	550	-	3,455	10,121	-
Dr David Iverach (iv)	Non-executive Director	-	-	-	-	-	-
		266,590	17,993	-	117,917	402,500	

(i) The above figures are from the later of employment commencement date and 1 January 2008 through to the earlier of termination date and 31 December 2008.
(ii) Appointed 29 February 2008
(iii) Resigned 30 June 2008
(iv) Resigned 29 February 2008

	Position	Salary, Fees and Commissions $	Superannuation Contribution $	Cash Bonus $	Non-cash benefits $	Total $	Performance related %
Other Key Management Personnel (i)							
Mr Mark Brown	Assistant Plant Manager	103,918	9,277	-	13,148	126,343	-
Mr Richard Saliba	General Manager – Scanline	146,789	13,211	-	6,878	166,878	-
Mr Jaap den Engelsman (iii)	Chief Financial Officer	87,725	3,650	-	22,926	114,301	14%
Mr Rainer Stork (iv)	Financial Manager	35,064	2,793	-	-	37,857	-
Mr Craig Dewar (ii)	Financial Controller	56,518	5,087	-	-	61,605	-
Mr Frank van der Zanden (v)	Operations Manager	17,776	1,600	-	2,834	22,210	-
		447,790	35,618	-	45,786	529,194	

(i) The above figures are from the later of employment commencement date and 1 January 2008 through to the earlier of termination date and 31 December 2008..
(ii) Resigned 29 February 2008
(iii) Appointed 1 April 2008
(iv) Resigned 19 April 2008
(v) Resigned 15 February 2008

Directors' Report (continued)

Remuneration report (continued)

Options

At the date of this report unissued ordinary shares of the Company under option are:

Series	Expiry date	Exercise price $	Number of options
Tranche 1 [3]	28 May 2011	18.85 cents	900,000
Tranche 2 [1]	28 May 2011	18.85 cents	300,000
Tranche 3 [2]	28 May 2011	18.85 cents	600,000
Tranche 4 [3]	28 May 2011	18.85 cents	300,000

1. 50% of the Tranche 2 Options will vest with the relevant grantees immediately following the first instance where the share price of the Company on a trading day is more than 5 cents and 50% will vest with the relevant grantees upon satisfactory performance review of the grantees by the Board (or its representative) within 12 months from date of issue.

2. 30% of the Tranche 3 Options will vest with the relevant grantees immediately following the first instance where the share price of the Company on a trading day is more than 5 cents and 70% will vest with the relevant grantees upon satisfactory performance review of the grantees by the Board (or its representative) within 12 months from date of issue.

3. The Options are exercisable at any time by the holder provided that the share price of the Company has been and continue to be more than 5 cents at the close of each trading day for the 30 trading day period immediately before the date of exercise.

These options have subsequently been forfeited due to market conditions and the voluntary administration.

Performance income as a proportion of total remuneration

Executive directors and other key management personnel are paid performance based bonuses based on set monetary figures specified in their employment contracts, rather than proportions of their salary. These bonuses are to encourage achievement of specific goals that have been given a high level of importance in relation to the future growth and profitability of the consolidated entity. The Board and CEO will review the performance bonuses to gauge their effectiveness against achievement of the set goals, and adjust future years incentives as they see fit, to ensure use of the most cost effective and efficient methods.

Options issued as part of remuneration for the year ended 31 December 2009.

There were nil options issued during the period to key management personnel. Options may be issued to key management personnel as part of their remuneration. The options are issued to key management personnel of SWW Energy Limited and its subsidiaries to increase goal congruence between key management personnel and shareholders, and are partly based on performance criteria.

Directors' Report (continued)

Remuneration report (continued)

Options granted as remuneration

	Vested Number	Granted Number	Grant Date	Value per Option at Grant Date $	Terms & Conditions for Each Grant Exercise Price $	First Exercise Date	Last Exercise Date
Directors (i)							
Mr Bevan Dooley	-	3,000,000	27 March 2009	0.0131	0.01885	27 April 2009	28 May 2011
Mr Wayne Rogers	-	3,000,000	27 March 2009	0.0131	0.01885	27 April 2009	28 May 2011
Mr Ian Mutton	-	3,000,000	27 March 2009	0.0131	0.01885	27 April 2009	28 May 2011
Dr Thomas Maschmeyer	-	3,000,000	27 March 2009	0.0131	0.01885	27 April 2009	28 May 2011
Mr Dennis Danzik	-	-	-	-	-	-	-
Mr John Hoffman	-	-	-	-	-	-	-
Mr David Sutton	-	-	-	-	-	-	-
Dr Len Humphreys	-	3,000,000	27 March 2009	0.0131	0.01885	27 April 2009	28 May 2011
Mr Christopher Larson	-	-	-	-	-	-	-
		15,000,000					

(i) The above figures are from the later of employment commencement date and 1 January 2009 through to the earlier of termination date and 31 December 2009.

(ii) The above options and listed exercise prices were issued pre-consolidation and as such have been reduced on a 10:1 basis during the year.

Shares issued on exercise of compensation options

No options were exercised, nor lapsed, during the year that were granted as compensation in prior periods.

Employment contracts of directors and key management personnel

The employment conditions of the executive directors and other key management personnel are formalised in contracts of employment. As at 31 December 2009, other than the non-executive directors all key management personnel are permanent employees of SWW Energy Limited and controlled entities.

The employment contracts stipulate a range of three- to six-month resignation periods. Certain directors and executives have renewable three year fixed term contracts. The company may terminate an employment contract without cause by providing notice or making payment in lieu of notice, based on the individual's annual salary component. Non-competition clauses are in certain contracts ranging from six- to twenty-four-months depending on geographical region. Termination payments are generally not payable on resignation or dismissal for serious misconduct. In the instance of serious misconduct the company can terminate employment at any time.

Directors' Report (continued)

Remuneration report (continued)

Number of shares held by parent entity directors and other key management personnel

	Balance 1 Jan 09	Purchased	Disposed	Balance 31 Dec 09
Directors				
Mr Bevan Dooley	11,343,415	-	-	11,343,415
Mr Wayne Rogers	1,700,000	-	-	1,700,000
Mr Ian Mutton	-	-	-	-
Prof Thomas Maschmeyer	1,700,000	-	-	1,700,000
Mr Dennis Danzik	-	21,340,183	-	21,340,183
Mr John Hoffman	-	-	-	-
Mr David Sutton	-	2,148,660	-	2,148,660
Dr Len Humphreys	-	16,800,418	-	16,800,418
Mr Christopher Larson	-	-	-	-
	14,743,415	40,289,261	-	55,032,676

The above figures are from the later of employment commencement date and 1 January 2009 through to the earlier of termination date and 31 December 2009.

Meetings of Directors

During the financial year, 12 meetings of directors and 4 meetings of audit, compliance and risk management committee were held. Attendances by each director during the year were as follows:

Director	Directors' Meetings		Audit, Compliance and Risk Management Committee Meeting	
	A	**B**	**A**	**B**
Mr Bevan Dooley	2	2	-	-
Mr Wayne Rogers	12	12	4	4
Mr Ian Mutton	10	10	3	3
Dr Thomas Maschmeyer	2	2	-	-
Mr Dennis Danzik	2	2	4	4
Mr John Hoffman	2	2	4	4
Mr David Sutton	4	4	2	2
Dr Len Humphreys	2	2	-	-
Mr Christopher Larson	3	3	1	1

A – Number eligible to attend
B – Number attended

Proceedings on Behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of these proceedings.

The company was not a party to any such proceedings during the year.

Directors' Report (continued)

Non-audit Services

The board of directors, in accordance with advice from the audit, compliance and risk management committee, is satisfied that the provision of non-audit services during the year are compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001.* The directors believe that the services did not compromise the external auditor's independence for the following reasons:

- typically non-audit services are reviewed and approved by the audit, compliance and risk management committee prior to commencement to ensure they do not adversely affect the integrity and objective of the auditor; and
- the nature of the services provided do not comprise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

The following fees for non-audit services were paid to the external auditors during the year ended 31 December 2009:

	$
Compliance and Taxation Services	32,630

Indemnity and Insurance of officers

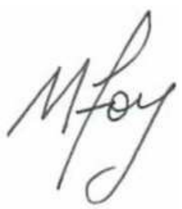
(a) Indemnification
Every person who is or has been a director, secretary or executive officer of the consolidated entity is indemnified, to the maximum extent permitted by law, out of property of the company against any liabilities for costs and expenses incurred by that person unless the liability arises out of conduct involving a lack of good faith.

(b) Insurance Premiums
The company has paid a premium for directors and officers liability. The insurance policy covers the directors of the company and executive officers. The contract prohibits the disclosure of the nature of the liability insured and the amount of the premium.

Auditor's Independence Declaration

The lead auditor's independence declaration for the financial year ended 31 December 2009 has been received and can be found on page 28, which forms part of the directors' report.

Signed in accordance with a resolution of the Board of Directors.



……………………………
Mr Matthew Foy, Director

Dated this 12th day of July 2011

Grant Thornton

Grant Thornton NSW
ABN 25 034 787 757

Level 17, 383 Kent Street
Sydney NSW 2000
Locked Bag Q800
QVB Post Office
Sydney NSW 1230

T +61 2 8297 2400
F +61 2 9299 4445
E info.nsw@au.gt.com
W www.grantthornton.com.au

Auditor's Independence Declaration
To the Directors of SWW Energy Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of SWW Energy Limited for the year ended 31 December 2009, I declare that, to the best of my knowledge and belief, there have been:

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

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

Grant Thornton NSW

GRANT THORNTON NSW
Chartered Accountants

G S Layland
Partner

Sydney, 12 July 2011

Statement of Comprehensive Income for the financial year ended 31 December 2009

	Note	Consolidated Entity 2009 $	Consolidated Entity 2008 $	Parent Entity 2009 $	Parent Entity 2008 $
Revenue	2	12,028,000	5,134,292	3,235,884	1,239,475
Cost of sales		(4,699,619)	(2,933,676)	(167,960)	(1,030,517)
Gross profit		7,328,381	2,200,616	3,067,924	208,958
Other income	2	-	-	-	-
Sales and marketing expenses		(36,090)	(64,155)	-	(43,551)
Research & development		-	(143,477)	-	(143,477)
Operating site expenses		-	(710,833)	-	(218,024)
Administration expenses		(4,741,127)	(2,364,663)	(1,920,803)	(1,764,730)
Impairment of property, plant and equipment for continuing operations		(12,198,423)	(587,047)	(12,198,423)	(587,047)
Impairment of intangibles		(8,095,075)	-	(8,095,075)	-
Impairment of investment		(689,219)	-	(650,000)	-
Impairment of other assets		(2,909,240)	-	(1,791,425)	-
Loss on sale of non-current assets		(252,476)	-	(2,095,116)	-
Finance costs		(43,058)	(23,454)	(34,507)	(12,735)
		(28,964,708)	(3,893,629)	(26,785,349)	(2,769,564)
Loss before income tax	3	(21,636,327)	(1,693,013)	(23,717,425)	(2,560,606)
Income tax expense	4	-	-	-	-
Loss from continuing operations after income tax		(21,636,327)	(1,693,013)	(23,717,425)	(2,560,606)
Loss from discontinuing operations	12	(3,296,352)	(303,613)	-	(303,613)
Loss for the year attributable to members of the parent entity		(24,932,679)	(1,996,626)	(23,717,425)	(2,864,219)
Other comprehensive income for the year		-	-	-	-
Total comprehensive income for the year attributable to the year attributable to the members of SWW Energy Limited		(24,932,679)	(1,996,626)	(23,717,425)	(2,864,219)
Overall operations					
Basic loss per share (cents per share)	7	(34.90)	(0.44)		
Diluted loss per share (cents per share)	7	(34.90)	(0.43)		
Continuing operations					
Basic loss per share (cents per share)	7	(30.28)	(0.37)		
Diluted loss per share (cents per share)	7	(30.28)	(0.36)		
Discontinuing operations					
Basic loss per share (cents per share)	7	(4.61)	(0.07)		
Diluted loss per share (cents per share)	7	(4.61)	(0.06)		

The financial statements should be read in conjunction with accompanying notes.

Statement of Financial Position as at 31 December 2009

		Consolidated Entity		Parent Entity	
	Note	2009 $	2008 $	2009 $	2008 $
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	8	-	331,196	-	274,845
Trade and other receivables	9	4,382	242,929	4,382	74,304
Inventories	10	-	408,737	-	199,010
Other current assets	11	-	361,492	-	203,298
		4,382	1,344,354	4,382	751,457
Assets of disposal group classified as held for sale	12	-	1,227,715	-	1,227,715
TOTAL CURRENT ASSETS		4,382	2,572,069	4,382	1,979,172
NON-CURRENT ASSETS					
Financial assets	13	-	-	-	2,500,000
Property, plant and equipment	14	-	6,867,230	-	4,793,646
Intangible assets	15	-	433,399	-	-
TOTAL NON-CURRENT ASSETS		-	7,300,629	-	7,293,646
TOTAL ASSETS		4,382	9,872,698	4,382	9,272,818
LIABILITIES					
CURRENT LIABILITIES					
Trade and other payables	16	1,884,667	647,098	2,862,666	2,088,160
Short-term financial liabilities	17	1,317	64,510	1,317	25,631
Short-term provisions	18	-	278,497	-	110,296
TOTAL CURRENT LIABILITIES		1,885,984	990,105	2,863,983	2,224,087
NON-CURRENT LIABILITIES					
Long-term financial liabilities	19	-	148,411	-	-
Long-term provisions	18	-	30,302	-	16,956
TOTAL NON-CURRENT LIABILITIES		-	178,713	-	16,956
TOTAL LIABILITIES		1,885,984	1,168,818	2,863,983	2,241,043
NET ASSETS		(1,881,602)	8,703,880	(2,859,601)	7,031775
EQUITY					
Issued capital	20	72,232,052	57,988,855	72,232,052	57,988,855
Reserves		-	238,000	-	238,000
Retained earnings		(74,113,654)	(49,522,975)	(75,091,653)	(51,195,080)
TOTAL EQUITY		(1,881,602)	8,703,880	2,859,601	7,031,775

The financial statements should be read in conjunction with accompanying notes.

Statement of Changes in Equity for the financial year ended 31 December 2009

Consolidated Entity

	Ordinary Share Capital	Option Reserve	Retained Earnings	Total
	$	$	$	$
Balance at 1 January 2008	**57,988,855**	**94,000**	**(47,526,349)**	**10,556,506**
Loss for the period	-	-	(1,996,626)	(1,996,626)
Total recognised income and expenses for the period	-	-	(1,996,626)	(1,996,626)
Share options	-	144,000	-	144,000
Balance at 31 December 2008	**57,988,855**	**238,000**	**(49,522,975)**	**8,703,880**
Loss for the period	-	-	(24,932,679)	(24,932,679)
Total recognised income and expenses for the period	-	-	(24,932,679)	(24,932,679)
Share options	-	104,000	-	104,000
Forfeiture of options	-	(342,000)	342,000	-
Share capital issued	14,243,197	-	-	14,243,197
Balance at 31 December 2009	**72,232,052**	**-**	**(74,113,654)**	**(1,881,602)**

The financial statements should be read in conjunction with accompanying notes.

Statement of changes in equity for the financial year ended 31 December 2009

Parent Entity

	Ordinary Share Capital	Option Reserve	Retained Earnings	Total
	$	$	$	$
Balance at 1 January 2008	**57,988,855**	**94,000**	**(48,330,861)**	**9,751,994**
Loss for the period	-	-	(2,864,219)	(2,864,219)
Total recognised income and expenses for the period	-	-	(2,864,219)	(2,864,219)
Issue of options	-	144,000	-	144,000
Balance at 31 December 2008	**57,988,855**	**238,000**	**(51,195,080)**	**7,031,775**
Net income recognised directly in equity	-	-	(521,148)	(521,148)
Loss for the period	-		(23,717,425)	(23,717,425)
Total recognised income and expenses for the period	-	-	(24,238,573)	(24,238,573)
Share options	-	104,000	-	104,000
Forfeiture of options	-	(342,000)	342,000	-
Share capital issued	14,243,197	-	-	14,243,197
Balance at 31 December 2009	**72,232,052**	**-**	**(75,091,653)**	**2,859,601**

The financial statements should be read in conjunction with accompanying notes.

Statements of Cash Flows for the financial year ended 31 December 2009

	Note	Consolidated Entity 2009 $	Consolidated Entity 2008 $	Parent Entity 2009 $	Parent Entity 2008 $
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers		13,469,347	4,752,000	3,629,394	835,000
Payments to suppliers and employees		(12,172,989)	(7,037,000)	(1,258,789)	(4,332,000)
Interest received		-	71,000	-	67,000
Finance costs		(43,058)	(24,000)	(34,507)	(13,000)
Net cash used in operating activities	24(b)	1,253,300	(2,238,000)	2,336,098	(3,443,000)
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from sale of property, plant and equipment		2,707,715	2,746,000	2,707,715	2,747,000
Purchase of property, plant and equipment		(4,580,607)	(667,000)	(5,794,344)	(252,000)
Net cash provided by investing activities		(1,872,892)	2,079,000	(3,086,629)	2,495,000
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from issue of shares		500,000	-	500,000	-
Proceeds from borrowings		-	457,000	-	1,192,000
Repayment of borrowings		(212,921)	(343,000)	(25,631)	(265,000)
Net cash provided by financing activities		287,079	114,000	474,369	927,000
Net decrease in cash and cash equivalents held		(332,513)	(45,000)	(276,162)	(21,000)
Cash at the beginning of the financial year		331,196	376,196	274,845	295,845
Cash at the end of the financial year	24(a)	(1,317)	331,196	(1,317)	274,845

Notes to the financial statements for the financial year ended 31 December 2009

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Notes to the financial statements for the financial year ended 31 December 2009

1. Statement of Significant Accounting Policies

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. Compliance with Australian Accounting Standards ensures compliance in International Financial Reporting Standards (IFRS) in their entirety.

The financial report covers the consolidated entity of SWW Energy Limited and controlled entities, and SWW Energy Limited as an individual parent entity. SWW Energy Limited is a listed public company, incorporated and domiciled in Australia.

The following is a summary of the material accounting policies adopted by the consolidated entity in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

Basis of Preparation

Reporting Basis and Conventions

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, and financial assets and financial liabilities for which the fair value basis of accounting has been applied. All amounts are in Australian dollars, unless otherwise stated.

Accounting Policies

(a) Going Concern Basis of Accounting

Notwithstanding the loss for the year, negative cash flows from operations and historical financial performance, the financial report has been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

The directors believe that it is appropriate to prepare the financial report on a going concern basis for the following reasons:

- The new board has developed a recapitalisation proposal which includes a revised business plan.

  The capital raising of $2,503,500 proposed by the Recapitalisation Proposal was completed on 19th May 2011 and will allow the Company to meet its initial objectives and expenditure plans. The Company will now make an application to ASX for its Shares to be reinstated on the official list of the ASX.

  The purpose of the capital raising is to provide funds for the expansion of the Company's existing core business, which is focused on:

  i. the production of biofuel and biodiesel from the beneficiation of waste oils using the proprietary technology of the Company, known as Thermodepolymerisation;

  ii. the funding of operating expenses associated with the toll processing agreement with White Mountain Group LLC and feedstock suppliers;

Notes to the financial statements for the financial year ended 31 December 2009

1. Statement of Significant Accounting Policies (continued)

(a) Going Concern Basis of Accounting (continued)

iii. the funding of potential offtake agreements with end users of biofuel and biodiesel;

iv. expansion funding associated with new plants both directly owned and operated by White Mountain Group LLC and other third party operators;

v. funding for the research and development of the Frac Water Technology and the Solar Cracking Technology;

vi. provide funds for the further acquisition and development of other investments, as identified by the Company (that may or may not be in the same sector); and

vii. meet the costs and expenses of the recapitalisation of the Company (including payments due to under the DOCA and to the Proponent) with a view to seeking reinstatement to trading of its securities on ASX.

The Board believes that completion of the Recapitalisation Proposal will demonstrate a renewed strategy for the Company and will position the Company well for the future to enhance shareholder returns and evaluate further project opportunities.

The directors are of the opinion that the cash resources injected through the Recapitalisation Proposal will provide sufficient funds to enable the Parent Entity to continue its operations for at least the next 12 months, including the commercialisation and marketing of products under development.

(b) Principles of Consolidation

A controlled entity is any entity SWW Energy Limited has the power to control the financial and operating policies so as to obtain benefits from its activities. Where controlled entities enter (left) the consolidated group, their operating results are included (excluded) from the date control was obtained (ceased).

A list of controlled entities is contained in Note 13 to the financial statements. At the date of this report, all controlled entities have a December financial year-end.

All inter-company balances and transactions between entities in the consolidated entity, including any unrealised profits or losses, have been eliminated on consolidation.

(c) Revenue Recognition

All revenue is stated net of the amount of goods and services tax (GST).

Sales revenue

Sales revenue comprises revenue earned (net of returns, discounts and allowances) from the sale of goods or provision of services to entities outside the consolidated entity.

Sale of goods – Revenue from the sale of goods is recognised when all significant risks and rewards of ownership have been transferred to the buyer. In most cases this coincides with the transfer of legal title or the passing of possession to the buyer.

Interest revenue is recognised using the effective interest method. It includes the amortisation of any discount or premium. The revenue is recognised over the time the interest is earned.

Dividend revenue is recognised when the right to receive a dividend has been established.

Notes to the financial statements for the financial year ended 31 December 2009

1. Statement of significant accounting policies (continued)

(d) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(e) Foreign Currency Transactions and Balances

Foreign currency transactions are translated into Australian dollar functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on translation of monetary items are recognised in the statement of comprehensive income.

(f) Income Tax

Income taxes are accounted for using the comprehensive statement of financial position liability method whereby:

- the tax consequences of recovering (settling) all assets (liabilities) are reflected in the financial statements;
- current and deferred tax is recognised as income or expense except to the extent that the tax relates to equity items or to a business combination;
- a deferred tax asset is recognised to the extent that it is probable that future taxable profit will be available to realise the asset;
- deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability settled.

(g) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost, where applicable, less any accumulated depreciation and impairment losses.

The cost of fixed assets constructed within the consolidated entity includes the cost of materials and direct labour.

Subsequent costs are recognised as a separate asset, only when it is probable that future economic benefits associated with the item will flow to that group 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.

1. Statement of significant accounting policies (continued)

(g) Property, Plant and Equipment (continued)

Depreciation

For the parent SWW Energy Limited, due to the fact that the Berkley Vale facility has been mothballed and the Narangba facility is in standby mode the following asset classes have not been depreciated over the past 12 months – Buildings and Operational Plant and Equipment. The depreciable amount of all other SWW non operational plant and equipment and Scanline assets, but excluding freehold land, is depreciated on a straight-line basis over the useful lives to the consolidated 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	3 - 40%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position 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.

(h) Inventories

Inventories are carried at the lower of cost and net realisable value. Construction work in progress and finished goods include direct materials, direct labour and an appropriate portion of variable and fixed overheads.

Net realisable value
Net realisable value is determined on the basis of normal selling pattern and the costs of marketing, selling and distribution are estimated and deducted to establish net realisable value.

(i) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that is transferred to entities in the consolidated entity, are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over their estimated useful lives.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses on a straight line basis over the term of the lease.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

Notes to the financial statements for the financial year ended 31 December 2009

1. Statement of significant accounting policies (continued)

(j) Impairment of Assets

At each reporting date, the group determines whether there is any indication that assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(k) Employee Benefits

Provision is made for the consolidated entity's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amount expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

Wages, salaries and annual leave

The liabilities for employee benefits for wages, salaries and annual leave expected to be settled within 12 months of the year-end represent present obligations resulting from employees' services provided to reporting date, calculated at undiscounted amounts based on wage and salary rates that the consolidated entity expects to pay as at reporting date including related on-costs.

Long service leave

The provision for employee benefits to long service leave represents the present value of the estimated future cash outflows to be made resulting from employees' services provided to reporting date.

The provision is calculated using expected future increases in wage and salary rates including related on-costs and expected settlement dates based on turnover history and is discounted using the rates attached to national government securities at reporting date which most closely match the terms of maturity of the related liabilities.

Superannuation plan

Contributions are made by the consolidated entity to a superannuation fund nominated by each employee and are charged as expenses when incurred. Employee funds are managed by independent fund managers and trustees.

(l) Provisions

Provisions are recognised when the group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(m) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

Notes to the financial statements for the financial year ended 31 December 2009

1. Statement of significant accounting policies (continued)

(n) Intangibles

Goodwill

Goodwill on consolidation is initially recorded at the amount by which the purchase price for a business or for an ownership interest in a controlled entity exceeds the fair value attributed to its net assets at date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in the statement of comprehensive income as an expense as incurred.

Expenditure on development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised if the product or process is technically and commercially feasible and the consolidated entity has sufficient resources to complete development. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads. Other development expenditure is stated at cost less accumulated amortisation and impairment losses.

(o) 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.

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.

Investments in subsidiaries

Investments in controlled entities are measured at cost, less impairment losses.

Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Impairment

At each reporting date, the group assesses whether there is objective evidence that a financial instrument has been impaired. Any impairment losses are recognised in the statement of comprehensive income.

(p) Comparative Figures

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

Notes to the financial statements for the financial year ended 31 December 2009

1. Statement of significant accounting policies (continued)

(q) 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.

Key estimates – Impairment

The group assesses impairment at each reporting date by evaluating conditions specific to the group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Going concern calculations performed in assessing recoverable amounts incorporate a number of key estimates.

The financial report for the year ended 31 December 2009 has been based on partially completed management accounting reports and records as well as periodic information previously lodged with the ASX. In addition, the information recorded by the Administrator in relation to the activities of the Company has been used in the preparation of the financial report for the year ended 31 December 2009. Due to significant shortfalls in the available financial information, the attached financial report has relied heavily on estimations in arriving at the reported figures. This was considered appropriate as the Company did not have any detailed books and records available to complete the financial report for the year ended 31 December 2009 and additionally, the Administrator did not possess any books and records.

(r) Goodwill

Goodwill arising on consolidation relates to a single cash generating unit, being the Scanline business.

(s) Financial Risk Management Objectives and Policies

The consolidated entity's principal financial instruments comprise receivables, payables, cash and short-term deposits.

The consolidated entity manages its exposure to key financial risks, including interest rate and currency risk in accordance with the consolidated entity's financial risk management policy. The objective of the policy is to support the delivery of the consolidated entity's financial targets whilst protecting future financial security.

The main risks arising from the consolidated entity financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The consolidated entity uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rate and foreign exchange risk and assessments of market forecasts for interest rate, foreign exchange and commodity prices. Ageing analyses and monitoring of specific credit allowances are undertaken to manage credit risk, liquidity risk is monitored through the development of future rolling cash flow forecasts.

The Board reviews and agrees policies for managing each of these risks as summarised below.

Primary responsibility for identification and control of financial risks rests with the Audit, Compliance and Risk Management Committee under authority of the Board. The Board reviews and agrees policies for managing each of the risks identified, including the setting of limits for credit allowances and future cash flow forecast projections.

Notes to the financial statements for the financial year ended 31 December 2009

1. Statement of Significant Accounting Policies (continued)

(t) Impact of new accounting standards not yet adopted

At the date of authorisation of these financial statements, certain new Standards, amendments and Interpretations to existing standards have been published but are not yet effective. The Consolidated Entity has not early adopted any of these pronouncements. The new Standards, amendments and Interpretations that are, expected to be relevant to the Consolidated Entity's financial statements are as follows:

AASB reference	Title and Affected Standard(s):	Nature of Change	Application date:	Impact on Initial Application
AASB 2009-8 (issued July 2009)	Amendments to Australian Accounting Standards – Group Cash-settled Share-based Payment Transactions	Clarifies the scope and accounting for group cash-settled share-based payment transactions in the individual financial statements of an entity receiving the goods/services when that entity has no obligation to settle the share-based payment transaction. Supersedes Interpretation 8 Scope of AASB 2 and Interpretation 11 AASB 2 – Group and Treasury Share Transactions.	Periods beginning on or after 1 January 2010	There will be no impact as there are no share-based payment transactions where the entity receives goods or services with no corresponding obligation to settle the share-based payment transaction.
AASB 9 (issued December 2009)	Financial Instruments	Amends the requirements for classification and measurement of financial assets	Periods beginning on or after 1 January 2013	Due to the recent release of these amendments and that adoption is only mandatory for the 30 June 2014 year end, the entity has not yet made an assessment of the impact of these amendments.
AASB Interpretation 19 (issued December 2009)	Extinguishing Financial Liabilities with Equity Instruments	Equity instruments issued to a creditor to extinguish all or part of a financial liability are 'consideration paid' to be recognised at the fair value of the equity instruments issued, unless their fair value cannot be measured reliably, in which case they are measured at the fair value of the debt extinguished. Any difference between the carrying amount of the financial liability extinguished and the 'consideration paid' is recognised in profit or loss.	Periods beginning on or after 1 July 2010	There will be no impact as the entity has not undertaken any debt for equity swaps.

Notes to the financial statements for the financial year ended 31 December 2009

1. Statement of Significant Accounting Policies (continued)

(t) Impact of new accounting standards not yet adopted (continued)

STANDARDS LIKELY TO HAVE A DISCLOSURE IMPACT ONLY

AASB reference	Title and Affected Standard(s):	Nature of Change	Application date:	Impact on Initial Application
AASB 124 (issued December 2009)	Related Party Disclosures	Simplifies disclosure requirements for government-related entities and clarifies the definition of a related party.	Annual reporting periods commencing on or after 1 January 2011.	No impact
AASB 107	Statement of Cash Flows	Clarifies that only expenditures that result in a recognised asset in the statement of financial position are eligible for classification as cash flows from investing activities.	Periods commencing on or after 1 January 2010	Initial adoption of this amendment will have no impact as the entity only recognises cash flows from investing activities for expenditures that result in a recognised asset in the statement of financial position.
AASB 136	Impairment of Assets	Clarifies that CGUs to which goodwill is allocated cannot be larger than an operating segment as defined in AASB 8 *Operating Segments* before aggregation.	Periods commencing on or after 1 January 2010	There will be no impact as these requirements are only required to be applied prospectively to goodwill impairment calculations for periods commencing on or after 1 July 2010.

Other new Standards and Interpretations have been issued but are not expected to have a material impact on the Consolidated Entity's financial statements.

Notes to the financial statements for the financial year ended 31 December 2009

	Consolidated Entity		Parent Entity	
	2009	2008	2009	2008
	$	$	$	$

2. Revenue

Operating activities				
- sale of goods	12,028,000	4,922,292	3,235,884	1,012,475
- rendering of services	-	74,000	-	74,000
- interest received – other persons	-	71,000	-	67,000
- Inter-entity charges	-	-	-	71,000
- other revenue	-	67,000	-	16,000
Total Operating Revenue	12,028,000	5,134,292	3,235,884	1,239,475
Non-operating activities				
- loss on disposal of property, plant & equipment	(252,476)	-	(2,095,116)	-
Total Other Income	(252,476)	-	(2,095,116)	-

3. Loss before income tax

(a) Expenses

Cost of sales	4,699,619	2,933,676	167,960	1,030,517
Rental expense on operating leases				
- minimum lease payments	-	257,000	-	257,000
Employee benefits expenses	584,752	1,468,000	469,821	841,000
Inventory write down	-	50,000	-	50,000
Depreciation expense	-	443,978	-	38,916
Finance costs - External	43,058	23,454	34,507	12,735
Loss on disposal of Property, Plant & Equipment	252,476	118,000	2,095,116	141,000
Bad and doubtful debts - Trade receivables	895,804	-	96,722	-

	Consolidated Entity		Parent Entity	
	2009	2008	2009	2008
	$	$	$	$

4. Income Tax Expense

(a) The components of tax expense comprise:

Current tax	-	-	-	-
Deferred tax	-	-	-	-
Recoupment of prior year tax losses	-	-	-	-
Under provision in respect of prior years	-	-	-	-
	-	-	-	-

(b) The prima facie tax benefit on loss before income tax is reconciled to the income tax as follows:

Prima facie tax benefit on loss before income tax at 30% (31 Dec 2008: 30%)				
- consolidated entity	(7,479,804)	(599,000)	-	-
- parent entity	-	-	(7,115,228)	(860,000)
	(7,479,804)	(599,000)	(7,115,228)	(860,000)
Add:				
Tax effect of:				
Deductions not included in loss for the period				
Non-deductible expenses	-	194,000	-	194,000
	-	194,000	-	194,000
Less:				
Tax effect of:				
Income tax over / (under) provided in prior year	-	-	-	-
Tax benefit not carried forward to later years	7,479,804	405,000	7,115,228	666,000
Income tax credit	-	-	-	-
Deferred tax assets/liabilities not brought to account:				
Tax losses	16,268,804	8,789,000	15,904,228	8,789,000
Temporary differences				
Asset	-	4,201,000	-	4,941,000
Liabilities	-	-	-	-
	16,268,804	12,990,000	15,904,228	13,730,000
The applicable weighted average effective tax rates are as follows:	0%	0%	0%	0%

Notes to the financial statements for the financial year ended 31 December 2009

5. Key Management Personnel Information

(a) Names and positions held of consolidated and parent entity key management personnel in office at any time during the financial year are:

Key Management Personnel

John Hoffman	Non-executive Director	Appointed 10 February 2009 Resigned 24 September 2010
Dennis Danzik	Executive Director	Appointed 10 February 2009 Resigned 24 September 2010
David Sutton	Non-executive Director	Appointed 27 August 2009 Resigned 24 September 2010
Mr Wayne Rogers	Chairman	Resigned 31 December 2009
Mr Ian Mutton	Non-executive Director	Resigned 10 February 2009 Reappointed 18 March 2009 Resigned 16 December 2009
Christopher Larson	Non-executive Director	Appointed 27 August 2009 Resigned 9 November 2009
Leonard Humphreys	Non-executive Director	Appointed 10 February 2009 Resigned 18 March 2009
Bevan Dooley	Non-executive Director	Resigned 10 February 2009
Thomas Maschmeyer	Non-executive Director	Resigned 10 February 2009

(b) ***Key Management Personnel Compensation***

12 months to 31 December 2009 (i)

	Short-term Benefits			Post-employment Benefits	Share-based payment		Total	Performance Related
	Cash, Salary and Commissions $	Cash Bonus $	Non-cash benefit $	Super-annuation $	Equity $	Options $	$	%
Mr Bevan Dooley	12,293	-	-	1,106	-	-	13,399	5%
Mr Wayne Rogers	109,435	-	-	-	-	-	109,435	-
Mr Ian Mutton	80,952	-	-	-	-	-	80,952	-
Mr Thomas Maschmeyer	12,293	-	-	-	-	-	12,293	-
Dennis Danzik	97,142	-	-	-	-	-	97,142	-
John Hoffman	97,142	-	-	-	-	-	97,142	-
David Sutton	36,878	-	-	-	-	-	36,878	-
Dr Len Humphreys	10,794	-	-	-	-	-	10,794	-
Mr Christopher Larson	12,892	-	-	-	-	-	12,892	-
	469,821	-	-	1,106	-	-	470,927	

Notes to the financial statements for the financial year ended 31 December 2009

5. Key Management Personnel Compensation (continued)

(b) ***Key Management Personnel Compensation (continued)***

12 months to 31 December 2008 (i)

	Short-term Benefits			Post-employment Benefits	Share-based payment		Total	Performance Related
	Cash, Salary and Commissions $	Cash Bonus $	Non-cash benefit $	Super-annuation $	Equity $	Options $	$	%
Mr Bevan Dooley	183,486	-	22,762	16,514	-	22,925	245,687	5
Mr Wayne Rogers	33,333	-	-	-	-	22,925	56,258	-
Ms Sarah Israel	10,321	-	-	929	-	-	11,250	-
Mr Ian Mutton	16,667	-	-	-	-	22,925	39,592	-
Dr John Keniry	6,116	-	3,455	550	-	-	10,121	-
Mr Thomas Maschmeyer	16,667	-	-	-	-	22,925	39,592	-
Mr Richard Saliba	146,789	-	-	13,211	-	6,878	166,878	-
Mr Mark Brown	103,918	-	13,148	9,277	-	-	126,343	-
Mr Jaap den Engelsman	87,725	-	-	3,650	-	22,926	114,301	14
Mr Craig Dewar	56,518	-	-	5,087	-	-	61,605	-
Mr Rainer Stork	35,064	-	-	2,793	-	-	37,857	-
Dr David Iverach	-	-	-	-	-	-	-	-
Mr Frank van der Zanden	17,776	-	2,834	1,600	-	-	22,210	-
	714,380	-	42,199	53,611	-	121,504	931,694	-

(i) The above figures are from the later of employment commencement date and 1 January 2008 through to the earlier of termination date and 31 December 2008.

Notes to the financial statements for the financial year ended 31 December 2009

5. Key Management Personnel Compensation (continued)

(c) ***Compensation options***

Nine million options were granted during the year, of which 6 million to personnel and 3 million to advisers (the latter not reflected in the tables below). On 27 March 2008 12 million options were granted to Directors.

	Vested Number	Granted Number	Grant Date	Value per Option at Grant Date $	Terms & Conditions for Each Grant Exercise Price $	First Exercise Date	Last Exercise Date
Directors (i)							
Mr Bevan Dooley	-	3,000,000	27 March 2008	0.0131	0.01885	27 April 2008	28 May 2011
Mr Wayne Rogers	-	3,000,000	27 March 2008	0.0131	0.01885	27 April 2008	28 May 2011
Ms Sarah Israel	-	-		-	-		
Mr Ian Mutton	-	3,000,000	27 March 2008	0.0131	0.01885	27 April 2008	28 May 2011
Prof Thomas Maschmeyer	-	3,000,000	27 March 2008	0.0131	0.01885	27 April 2008	28 May 2011
Dr John Keniry	-	-		-	-		
Dr David Iverach	-	-		-	-		
		12,000,000					

(iii) The above figures are from the later of employment commencement date and 1 January 2009 through to the earlier of termination date and 31 December 2008.

	Vested Number	Granted Number	Grant Date	Value per Option at Grant Date $	Exercise Price $	First Exercise Date	Last Exercise Date
Other Key Management Personnel (i)							
Mr Mark Brown	-	-		-	-		
Mr Richard Saliba	-	3,000,000	28 May 2008	0.0131	0.01885	28 June 2008	28 May 2011
Mr Jaap den Engelsman	-	3,000,000	28 May 2008	0.0131	0.01885	28 June 2008	28 May 2011
Mr Rainer Stork	-	-		-	-		
Mr Craig Dewar	-	-		-	-		
Mr Frank van der Zanden	-	-		-	-		
	-	6,000,000					

(i) The above figures are from the later of employment commencement date and 1 January 2009 through to the earlier of termination date and 31 December 2009.

(d) ***Shareholdings***

Number of shares held by parent entity directors and other key management personnel

	Balance 1 Jan 09	Purchased	Disposed	Balance 31 Dec 09
Directors				
Mr Bevan Dooley	11,343,415	-	-	11,343,415
Mr Wayne Rogers	1,700,000	-	-	1,700,000
Mr Ian Mutton	-	-	-	-
Prof Thomas Maschmeyer	1,700,000	-	-	1,700,000
Dr John Keniry	283,333	-	-	283,333
Mr Dennis Danzik	-	21,340,183	-	21,340,183
Mr John Hoffman	-	-	-	-
Mr David Sutton	-	2,148,660	-	2,148,660
Dr Len Humphreys	-	16,800,418	-	16,800,418
Mr Christopher Larson	-	-	-	-
Other Key Management Personnel				
Mr Mark Brown	-	-	-	-
Mr Richard Saliba	-	-	-	-
Mr Jaap den Engelsman	-	-	-	-
	15,026,748	40,289,261	-	55,316,009

The above figures are from the later of employment commencement date and 1 January 2009 through to the earlier of termination date and 31 December 2009.

Notes to the financial statements for the financial year ended 31 December 2009

	Consolidated Entity		Parent Entity	
	2009	2008	2009	2008
	$	$	$	$

6. Auditors' Remuneration

Remuneration of the auditor of the parent entity for:				
- auditing and review of financial reports	103,350	84,000	103,350	84,000
- compliance and taxation services	32,630	19,000	32,630	19,000
	135,980	103,000	135,980	103,000

7. Earnings Per Share

(a) Earnings used in calculating earnings per share

	Consolidated Entity	
	2009	2008
	$	$
Loss attributable to continuing operations	(21,636,327)	(1,693,013)
Loss attributable to discontinued operations	(3,296,352)	(303,613)
Loss attributable to ordinary equity holders of the parent	(24,932,679)	(1,996,626)
	No.	No.
(b) Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	71,444,861	456,150,862
Weighted average number of potential ordinary shares outstanding during the year not included in diluted EPS as not dilutive	-	10,083,333
Weighted average number of ordinary shares outstanding during the year used in calculating diluted EPS	4,068,493	466,234,195

8. Cash Assets

	Consolidated Entity		Parent Entity	
	2009	2008	2009	2008
	$	$	$	$
Cash at bank and in hand	-	101,196	-	45,000
Bank deposits	-	2,000	-	2,000
Restricted cash	-	228,000	-	227,845
	-	331,196	-	274,845

The effective interest rate on the bank deposits was 0% (2008: 5.2%); these deposits are at call.
The effective interest rate on cash at bank was 0% (2008: 3.33%)
The effective interest rate on the restricted cash 0% (2008: 5.2%). The restriction of the cash as per statement of financial position date relates to potential remediation expenses for the Berkeley Vale site upon departure. On January 15th, 2008 the company agreed terms with the landlord to access this restricted cash providing the on-site tank farm as security.

Notes to the financial statements for the financial year ended 31 December 2009

9. Trade and Other Receivables

	Consolidated Entity		Parent Entity	
	2009	2008	2009	2008
	$	$	$	$
CURRENT				
Trade receivables	4,382	230,929	4,382	62,304
Less: Provision for impairment of receivables	-	(1,000)	-	(1,000)
	4,382	229,929	4,382	61,304
Other	-	13,000	-	13,000
	4,382	242,929	4,382	74,304

(a) Allowance for Impairment Loss

Trade receivables are non-interest bearing and are generally on cash up front – 30 day end of month terms. A provision for impairment loss is recognised when there is objective evidence that an individual trade receivable is impaired. No impairment loss has been recognised by the consolidated entity and by the parent entity in the current year. These amounts have been included in the distribution expense item.

Movements in the provision for impairment loss were as follows:

	Consolidated Entity		Parent Entity	
	2009	2008	2009	2008
At 1 January	-	1,000	-	1,000
Charge for the year	-	-	-	-
Amounts written back against trade receivables	-	-	-	-
At 31 December	-	1,000	-	1,000

At 31 December, the ageing analysis of trade receivables is as follows:

	Total	0-30 days	31-60 days PDNI*	61-90 Days PDNI*	+91 days PDNI*	+91 days CI*
2009 Consolidated entity	4,382	-	-	-	-	4,382
Parent	4,382	-	-	-	-	4,382
2008 Consolidated entity	232,000	132,000	42,000	30,000	28,000	-
Parent	63,000	11,000	5,000	30,000	17,000	-

- Past due not impaired ('PDNI'), Considered impaired ('CI')

Receivables past due but not considered impaired are: Consolidated entity $4,382 (2008: $100,000); Parent Entity $4,382 (2008: $52,000).

Other balances within trade and other receivables do not contain impaired assets and are not past due.

Notes to the financial statements for the financial year ended 31 December 2009

	Consolidated Entity		Parent Entity	
	2009	2008	2009	2008
	$	$	$	$

10. Inventories

CURRENT
At lower of cost or net realisable value

Raw materials and stores	-	-	-	-
Finished goods	-	458,377	-	249,010
Provision for stock obsolescence	-	(50,000)	-	(50,000)
	-	408,737	-	199,010

11. Other Assets

CURRENT

Prepayments - general	-	212,019	-	203,298
Other	-	149,473	-	-
	-	361,492	-	203,298

12. Discontinued Operations

(a) Details of operations disposed and held for sale

The Board of Directors have announced to the ASX that non core assets will be disposed in order to fund the continued operations of the core business. Although there are no firm sale agreements at the date of this report, the Berkeley Vale facility is classified as a disposal group held for sale.

(b) Financial performance of operations disposed and held for sale

The financial performance of the discontinued operation to the date of sale or 31 December 2009 is included in the loss from discontinued operations per the statement of comprehensive income is as follows:

	Consolidated
	$
2009	
Revenue	-
Expenses	(3,296,352)
Loss before income tax	(3,296,352)
Income tax benefit	-
Loss attributable to members of the parent entity	(3,296,352)
Loss on sale before income tax	-
	(3,296,352)
The net cash flows of the discontinuing division which have been incorporated into the cash flow statement are as follows:	
Net cash inflow / (outflow) from operating activities	-
Net cash (outflow) from investing activities	-
Net cash (outflow) from financing activities	-
Net cash increase / (decrease) in cash generated by the discontinuing operations	-

Notes to the financial statements for the financial year ended 31 December 2009

12. Discontinued Operations (continued)

(b) Financial performance of operations disposed and held for sale (continued)

	Consolidated $ Berkeley Vale
2008	
Revenue	278,000
Expenses	(581,000)
Loss before income tax	(303,000)
Income tax expense	-
Loss attributable to members of the parent entity	(303,000)
Loss on sale before income tax	-
Income tax benefit	-
Loss on sale after income tax	-
	(303,000)
The net cash flows of the discontinuing division which have been incorporated into the cash flow statement are as follows:	
Net cash (outflow) / inflow from operating activities	(300,000)
Net cash (outflow) / inflow from investing activities	-
Net cash (outflow) from financing activities	-
Net cash (decrease) / increase in cash generated by the discontinuing operations	(300,000)

(i) In line with the group's strategy to expand the Used Cooking Oil business it was determined Scanline should no longer be classified as held for sale.

	Parent $
2009	
Revenue	-
Expenses	-
Loss before income tax	-
Income tax benefit	-
Loss attributable to members of the parent entity	-
Loss on sale before income tax	-
Income tax benefit	-
Loss on sale after income tax	-
	-
The net cash flows of the discontinuing division which have been incorporated into the cash flow statement are as follows:	-
Net cash (outflow) from operating activities	-
Net cash (outflow) from investing activities	-
Net cash increase / (decrease) in cash generated by the discontinuing operations	-

	Parent $ Berkeley Vale
2008	
Revenue	278,413
Expenses	(582,026)
Loss before income tax	(303,613)
Income tax expense	-
Loss attributable to members of the parent entity	(303,613)
Loss on sale before income tax	-
Income tax benefit	-
Loss on sale after income tax	-
	(303,613)
The net cash flows of the discontinuing division which have been incorporated into the cash flow statement are as follows:	
Net cash (outflow) / inflow from operating activities	(300,000)
Net cash inflow / (outflow) from investing activities	
Net cash (decrease) / increase in cash generated by the discontinuing operations	(300,000)

Notes to the financial statements for the financial year ended 31 December 2009

12. Discontinued operations (continued)

(c) Assets and liabilities – held for sale operations

The major classes of assets and liabilities of held for sale are as follows:

Consolidated		Berkeley Vale
	2009	2008
	$	$
Assets		
Intangibles	-	-
Property, plant and equipment	-	1,227,715
Assets classified as held for sale	-	1,227,715
Liabilities classified as held for sale	-	-

Parent		
Assets		
Property, plant and equipment	-	1,227,715
Assets classified as held for sale	-	1,227,715
Liabilities classified as held for sale	-	-

13. Financial Assets

	Consolidated Entity		**Parent Entity**	
	2009	2008	2009	2008
	$	$	$	$
NON CURRENT				
Investments in controlled entity – at cost	-	-	-	4,251,000
Less: Impairment write down	-	-	-	(1,751,000)
	-	-	-	2,500,000

(a) Controlled Entities

	Country of Incorporation	Percentage Owned*		Carrying Amount of Investment	
		31 Dec 09	31 Dec 08	31 Dec 09	31 Dec 08
		%	%	$	$
Parent Entity:					
SWW Energy Limited	Australia	-	-	-	-
Subsidiaries of SWW Energy Limited					
Aristos International Ltd	USA	100	-	-	-
ABJ USA Ltd	USA	-	100	-	-
ACN 051 792 495 Pty Ltd (formerly known as Scanline Pty Ltd)	Australia	100	100	-	2,500,000
				-	2,500,000

* *Percentage of voting power is in proportion to ownership*

ABJ USA Ltd was incorporated 16 September 2005 in Delaware, USA. There has been no trading in ABJ USA Ltd as at balance date. ABJ USA Ltd was dissolved on 19 January 2008.

The investment in Aristos International Ltd (Aristos) was fully impaired on the balance sheet as at 31 December 2009. Due to the lack of supporting financial information the board was unable to adequately assess the current value of its investment in Aristos at 31 December 2009 and it was extremely unlikely that the company would receive any further financial information for Aristos in the future. Therefore the decision was made to fully impair the investment on this basis.

Notes to the financial statements for the financial year ended 31 December 2009

14. Property, plant and equipment

	Consolidated entity 2009 $	Consolidated entity 2008 $	Parent Entity 2009 $	Parent Entity 2008 $
LAND AND BUILDINGS				
Freehold land at:				
- at cost	-	433,000	-	433,000
Accumulated impairment losses	-	(238,000)	-	(238,000)
Total Land	-	195,000	-	195,000
Buildings:				
- at cost	-	3,229,000	-	3,229,000
Accumulated depreciation	-	(130,000)	-	(130,000)
Accumulated impairment losses	-	(1,814,000)	-	(1,814,000)
Total Buildings	-	1,285,000	-	1,285,000
Total Land and Buildings	-	1,480,000	-	1,480,000
PLANT AND EQUIPMENT				
Plant and equipment:				
At cost	-	18,532,000	-	14,954,000
Accumulated depreciation	-	(2,744,686)	-	(1,240,270)
Accumulated impairment losses	-	(9,197,478)	-	(9,197,478)
Transfers to assets held for sale	-	(1,227,715)	-	(1,227,715)
	-	5,362,121	-	3,288,537
Leasehold improvements				
At cost	-	143,000	-	143,000
Accumulated depreciation	-	(39,646)	-	(39,646)
Accumulated impairment losses	-	(78,245)	-	(78,245)
Total Leasehold Improvements	-	25,109	-	25,109
Total Plant and Equipment	-	5,387,230	-	3,313,646
Total Property, Plant and Equipment	-	6,867,230	-	4,793,646

The group assesses impairment at each reporting date by evaluating conditions specific to the group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Going concern calculations performed in assessing recoverable amounts incorporate a number of key estimates.

For the year ended 31 December 2009 an asset impairment charge has been recognised in respect of property, plant and equipment values for all assets held by the Group that were not sold in the year ended 31 December 2009. The Group was unable to substantiate the carrying values of any remaining assets at 31 December 2009 therefore the Board of Directors decided the fully impair all remaining balances.

For the year ended 31 December 2008 an asset impairment charge has been recognised in respect of property, plant and equipment values held in the Berkeley Vale and Narangba sites. As a result of mothballing of plant, the directors obtained fair market value valuations from an independent second hand equipment dealer for the Berkeley Vale and Narangba property, plant and equipment. A valuation for the land and improvements at Narangba was obtained from a registered valuer.

Notes to the financial statements for the financial year ended 31 December 2009

14. Property, Plant and Equipment (continued)

(a) Movements in Carrying Amounts

Movement in carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Consolidated entity		Parent Entity	
	2009	2008	2009	2008
	$	$	$	$
Freehold Land				
Balance at beginning of year	195,000	195,000	195,000	195,000
Additions	6,113,321	-	8,186,905	-
Disposals	(195,000)	-	(195,000)	-
Impairment	(6,113,321)	-	(8,186,905)	-
Depreciation expense	-	-	-	-
Carrying amount at end of year	-	195,000	-	195,000
Buildings				
Balance at beginning of year	1,285,000	1,371,000	1,285,000	1,371,000
Additions	697,872	9,000	697,872	9,000
Disposals	(1,285,000)	(95,000)	(1,285,000)	(95,000)
Impairment	(697,872)	-	(697,872)	-
Depreciation expense	-	-	-	-
Carrying amount at end of year	-	1,285,000	-	1,285,000
Plant and Equipment				
Balance at beginning of year	5,362,121	4,029,000	3,288,537	4,029,000
Additions	-	658,000		243,000
Disposals	-	(360,854)	-	(357,500)
Impairment	(5,362,121)	(587,047)	(3,288,537)	(587,047)
Depreciation expense	-	(443,978)	-	(38,916)
Transfers from / (to) assets held for sale	-	2,067,000	-	-
Carrying amount at end of year	-	5,362,121	-	3,288,537
Leasehold Improvements				
Balance at beginning of year	25,109	25,109	25,109	25,109
Additions	-	-	-	-
Disposals	-	-	-	-
Impairment	(25,109)	-	(25,109)	-
Depreciation expense	-	-	-	-
Carrying amount at end of year	-	25,109	-	25,109
Total				
Balance at beginning of year	6,867,230	5,620,109	4,793,646	5,620,109
Additions	6,811,193	667,000	8,884,777	252,000
Disposals	(1,480,000)	(455,854)	(1,480,000)	(452,500)
Impairment	(12,198,423)	(587,047)	(12,198,423)	(587,047)
Depreciation expense	-	(443,978)	-	(38,916)
Transfers from / (to) assets held for sale	-	2,067,000	-	-
Carrying amount at end of year	-	6,867,230	-	4,793,646

Notes to the financial statements for the financial year ended 31 December 2009

	Consolidated entity		Parent Entity	
	2009	2008	2009	2008
	$	$	$	$

15. Intangibles

NON CURRENT				
Development costs – at cost	-	315,000	-	315,000
Less: Impairment write down	-	(315,000)	-	(315,000)
	-	-	-	-
Intellectual property – at cost	-	579,000	-	579,000
Less: Amortisation	-	(98,000)	-	(98,000)
Less: Impairment write down	-	(481,000)	-	(481,000)
	-	-	-	-
Goodwill – at cost	-	2,227,000	-	-
Less: Impairment write down	-	(1,793,601)	-	-
Less: Transfer to assets held for sale	-	(433,399)	-	-
	-	-	-	-
	-	-	-	-

Intangible assets, other than goodwill, have finite useful lives. The current amortisation charges for intangible assets are included under depreciation and amortisation expense per the statement of comprehensive income. Goodwill has an indefinite life. The recoverable amount of goodwill has been assessed through a fair value less costs to sell, rather then a discounted cash flow as the asset will not be realised through value in use.

16. Trade and Other Payables

	Consolidated entity		Parent Entity	
	2009	2008	2009	2008
CURRENT				
Trade payables	1,884,667	386,423	2,862,666	183,675
Sundry payables and accrued expenses	-	260,675	-	203,273
Related parties	-	-	-	1,701,212
	1,884,667	647,098	2,862,666	2,088,160

17. Short-term financial liabilities

CURRENT				
Commercial loan	-	64,510	-	25,631
Bank overdraft	1,317	-	1,317	-
	1,317	64,510	1,317	25,631

Notes to the financial statements for the financial year ended 31 December 2009

18. Provisions

Consolidated entity

	Onerous Contracts	Employee Entitlements	Total
	$	$	$
Opening balance as at 1 January 2008	486,000	320,000	806,000
Additional provisions	-	86,000	86,000
Amounts used	-	(97,201)	(97,201)
Unused amounts reversed	(486,000)	-	(486,000)
Balance at 31 December 2008	-	308,799	308,799
Opening balance as at 1 January 2009	-	308,799	308,799
Additional provisions	-	-	-
Amounts used	-	-	-
Unused amounts reversed	-	(308,799)	(308,799)
Balance at 31 December 2009	-	-	-

Parent Entity

	Onerous Contracts	Employee Entitlements	Total
	$	$	$
Opening balance as at 1 January 2008	486,000	143,000	629,000
Additional provisions	-	41,000	41,000
Amounts used	-	(56,748)	(56,748)
Unused amounts reversed	(486,000)	-	(486,000)
Balance at 31 December 2008	-	127,252	127,252
Opening balance as at 1 January 2009	-	127,252	127,252
Additional provisions	-	-	-
Amounts used	-	-	-
Unused amounts reversed	-	(127,252)	(127,252)
Balance at 31 December 2009	-	-	-

Analysis of Total Provisions

	Consolidated entity		Parent Entity	
	2009	2008	2009	2008
	$	$	$	$
Current	-	278,497	-	110,296
Non-current	-	30,302	-	16,956
	-	308,799	-	127,252

Provision for Employee Benefits
A provision has been recognised for employee benefits relating to annual and long service leave. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data and given the short history of the company and consolidated entity an estimate of likely turnover going forward. The measurement and recognition criteria relating to employee benefits has been included in Note 1 to this report.

Onerous contracts
A provision had been recognised in relation to a contract for the supply of natural gas to the Narangba site. During 2008 new terms were negotiated and a provision is no longer required.

Notes to the financial statements for the financial year ended 31 December 2009

19. Long-term Financial Liabilities

	Consolidated entity		Parent Entity	
	2009	2008	2009	2008
	$	$	$	$
NON CURRENT				
Commercial loan	-	148,411	-	-
	-	148,411	-	-

20. Issued Capital

100,334,638 (2008: 456,150,862) fully paid ordinary shares	(a)	72,232,052	57,988,855	72,232,052	57,988,855
		72,232,052	57,988,855	72,232,052	57,988,855

The company has authorised share capital amounting to 53,822,260 ordinary shares of no par value

(a) Ordinary Shares

	Consolidated entity		Parent Entity	
	2009	2008	2009	2008
	No.	No.	No.	No.
At the beginning of the reporting period	456,150,862	456,150,862	456,150,862	456,150,862
Shares issued during year				
- 27 March 2009	47,422,629	-	47,422,629	-
- Capital reconstruction: 1 for 10	(453,216,142)	-	(453,216,142)	-
- 23 July 2009	44,977,622	-	44,977,622	-
- 2 September 2009	5,000,000	-	5,000,000	-
- At reporting date	100,334,971	456,150,862	100,334,971	456,150,862

	Consolidated entity		Parent Entity	
	2009	2008	2009	2008
	$	$	$	$
At the beginning of the reporting period	57,988,855	57,988,855	57,988,855	57,988,855
Shares issued during year				
- 27 March 2009	6,936,000	-	6,936,000	-
- 23 July 2009	6,746,643	-	6,746,643	-
- 2 September 2009	650,000	-	650,000	-
Share Buy Back	(89,446)	-	(89,446)	-
Share Issue Costs				
- 1 January to 31 December	-	-	-	-
At reporting date	72,232,052	57,988,855	72,232,052	57,988,855

Notes to the financial statements for the financial year ended 31 December 2009

20. Issued Capital (continued)

(a) Ordinary Shares (continued)

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held.

At shareholder meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on show of hands.

On 27 March 2009, at a General Meeting, shareholders approved the consolidation of the issued capital of the Company by consolidating all of the fully paid ordinary shares on issue on the basis that every 10 fully paid ordinary shares in the capital of the Company be converted into one fully paid ordinary share in the capital of the Company. The effective date of the consolidation was 6 April 2009 and as a result of the consolidation, the Company's issued capital has been consolidated from 503,573,491 shares to 50,357,016 shares. This comprises a total of 45,614,754 ordinary shares that are quoted on ASX and 4,742,262 ordinary shares that are restricted (ie subject to escrow).

On 27 July 2009 44,977,622 shares were issued to White Mountain pursuant to the terms of the subscription agreement dated 10 February 2009 as a consequence of completion of Milestone 2. The shares were escrowed until 23 July 2010.

On 2 September 2009 the company issued 5,000,000 shares for the acquisition of 100% of the issued capital of United States based Aristos international Inc. The shares were escrowed until 2 September 2010.

21. Reserves

(a) Option reserve

The option reserve records items recognised as expenses on valuation of employee share options.

22. Lease Commitments

(a) Operating Lease Commitments

	Consolidated entity		Parent Entity	
	2009	2008	2009	2008
	$	$	$	$
Payable – minimum lease payments				
- not later than 12 months	-	408,000	-	197,000
- between 12 months and 5 years	-	394,000	-	198,000
- greater than 5 years	-	-	-	-
	-	802,000	-	395,000

Due to a lack of reliable financial information obtainable the consolidated entity is unable to report detail of any lease commitments for the year ended 31 December 2009.

The consolidated entity leases land and property under non-cancellable operating leases expiring from one to five years. Leases generally provide the consolidated entity with a right of renewal at which time all terms are renegotiated. Lease payments comprise a base amount plus an incremental rental.

Incremental rentals are based on either movements in the Consumer Price Index or operating criteria.

Notes to the financial statements for the financial year ended 31 December 2009

23. Segment Reporting

Primary Reporting – Business Segments

	Continuing Operations			Discontinuing Operations
	Biodiesel	Recycling	Consolidated Group	
2009	$	$	$	$
REVENUE				
External sales	2,738,000	9,290,000	12,028,000	-
Total revenue from external sale activities	2,738,000	9,290,000	12,028,000	-
Less Cost of Goods Sold	(2,283,328)	(2,416,291)	(4,699,619)	-
RESULT				
Business Segment Result	454,672	6,873,709	7,328,381	-
Other expenses			(28,921,650)	(3,296,352)
Financing costs			(43,058)	-
Loss before tax			(21,636,327)	(3,296,352)
Income tax benefit			-	-
Loss after income tax			(21,636,327)	(3,296,352)
ASSETS				
Business Segment assets	2,948	1,434	4,382	
Discontinued operations assets			-	
Total assets			4,382	
LIABILITIES				
Business Segment liabilities	870,496	1,015,737	1,885,984	
Discontinued operations liabilities			-	
Total liabilities			1,885,984	-
OTHER				
Impairment expenses	-	-	23,891,957	3,296,352

Notes to the financial statements for the financial year ended 31 December 2009

23. Segment Reporting (continued)

Primary Reporting – Business Segments

	Continuing Operations			Discontinuing Operations
	Biodiesel	Recycling	Consolidated Group	Berkeley Vale
2008	$	$	$	$
REVENUE				
External sales	1,169,146	3,965,146	5,134,292	278,413
Total revenue from external sale activities	1,169,146	3,965,146	5,134,292	278,413
Less Cost of Goods Sold	(1,425,338)	(1,508,338)	(2,933,676)	(197,166)
RESULT				
Business Segment Result	(256,192)	2,456,808	2,200,616	81,247
Other expenses			(3,870,175)	(384,860)
Financing costs			(23,454)	-
Loss before tax			(1,693,013)	(303,613)
Income tax benefit			-	-
Loss after income tax			(1,693,013)	(303,613)
ASSETS				
Business Segment assets	5,822,951	2,822,032	8,644,983	
Discontinued operations assets			1,227,715	
Total assets			9,872,698	
LIABILITIES				
Business Segment liabilities	539,409	629,409	1,168,818	
Discontinued operations liabilities			-	
Total liabilities			1,168,818	
OTHER				
Investments accounted for using the equity method	-	2,500,000	-	-
Acquisition of non-current segment assets	253,000	414,000	667,000	-
Depreciation and amortisation of segment assets	39,646	132,638	444,708	-

Notes to the financial statements for the financial year ended 31 December 2009

23. Segment Reporting (continued)

Accounting Policies

Segment revenues and expenses are those directly attributable to the segments and include any joint revenue and expenses where a reasonable basis of allocation exists. Segment assets include all assets used by a segment and consist principally of cash, receivables, inventories and property, plant and equipment, net of allowances and accumulated depreciation. Segment liabilities consist principally of payables, employee benefits, accrued expenses, provisions and borrowings. Segment assets and liabilities do not include deferred income taxes.

Inter-segment Transfers

Segment revenues, expenses and results include transfers between segments. The prices charged on inter-segment transactions are the same as those charged for similar goods to parties outside of the consolidated entity at arms length. These transfers are eliminated on consolidation.

Business segments

The consolidated entity has the following two business segments:

- Biodiesel – Sale of Biodiesel fuel and other related products
- Recycling – Sale of used cooking oil

24. Cash Flow Information

(a) Reconciliation of Cash

Cash at the end of the financial year as shown in the Cash Flow Statement is reconciled to the related items in the Statement of financial position as follows:

	Consolidated entity		**Parent Entity**	
	2009	2008	2009	2008
	$	$	$	$
Cash on hand and bank	-	101,196	-	44,845
Bank deposits	-	2,000	-	2,000
Restricted cash	-	228,000	-	228,000
Bank overdraft	(1,317)	-	(1,317)	-
	(1,317)	331,196	(1,317)	274,845

Notes to the financial statements for the financial year ended 31 December 2009

24. Cash Flow Information (continued)

	Consolidated entity 2009 $	Consolidated entity 2008 $	Parent Entity 2009 $	Parent Entity 2008 $
(b) Reconciliation of Cash Flow from Operations With Loss After Tax				
Loss after income tax	(24,932,679)	(1,996,626)	(23,717,425)	(2,864,219)
Cash flows excluded from loss from ordinary activities attributable to operating activities				
Loss/(profit) on sale of plant and equipment	252,476	144,000	2,095,116	142,000
Non-cash flows in loss from ordinary activities				
Depreciation	-	443,978	-	38,916
Impairment of PP&E – Contd operations	12,198,423	592,000	12,198,423	592,000
Write off of intangibles assets	8,095,075	-	8,095,075	-
Impairment of other assets	2,909,240	-	1,791,425	-
Write off investment	689,219	-	650,000	-
Inter Entity Loan non cash movement	-	-	-	(119,000)
Share options	-	144,000	-	144,000
Forefeiture of options	104,000	-	104,000	-
Centrifuge sale reallocated to investing	-	(315,000)	-	(315,000)
Changes in assets and liabilities				
Increase/(decrease) in trade and term receivables	238,547	(115,000)	69,922	3,000
Increase/(decrease) in other current assets	361,492	(50,000)	203,298	(33,697)
Decrease/(increase) in inventories	408,737	505,648	199,010	699,000
Increase/(decrease) in trade payables and accruals	1,237,569	(1,161,000)	774,506	(1,228,000)
Increase/(decrease) in provisions	(308,799)	(430,000)	(127,252)	(502,000)
Cashflow used in operations	1,253,300	(2,238,000)	2,336,098	(3,443,000)

(c) Credit Standby Arrangements with Banks

	Consolidated entity 2009 $	Consolidated entity 2008 $	Parent Entity 2009 $	Parent Entity 2008 $
Total facilities available:				
Bank guarantees	-	30,000	-	30,000
Bank overdrafts	1,317	-	1,317	-
Credit cards	-	250,000	-	250,000
	1,317	280,000	1,317	280,000
Facilities utilised at balance date:				
Bank guarantees	-	30,000	-	30,000
Bank overdrafts	1,317	-	1,317	-
Credit Cards	-	-	-	-
	1,317	-	1,317	-
Facilities not utilised at balance date:				
Bank guarantees	-	-	-	-
Bank overdrafts	-	-	-	-
Credit cards	-	-	-	-
	-	-	-	-

Notes to the financial statements for the financial year ended 31 December 2009

24. Cash Flow Information (continued)

The major facilities are summarised as follows:

Westpac Banking Corporation holds a registered mortgage over the property at 195 – 199 Potassium St Narangba and finance will be provided under the facilities provided by the company and the consolidated entity have not breached any borrowing requirements or the required financial and management covenant.

On February 23rd 2009 White Mountain secured a fully transferable Bridge Loan Agreement with ESG, Inc. for $1,066,400. To date there has been no borrowing on this credit line by White Mountain or SWW Energy Limited.
The Assignment of the Bridge Loan Agreement took place on April 2 2009.

At the date of this report there are no credit standby arrangements in place with banks or third party lenders.

The Company no longer has any financing facilities in place with any banks or third party lenders and the registered mortgage over 195 – 199 Potassium St Narangba held by Westpac Banking Corporation is no longer in existence.

In addition, the Bridge Loan with ESG, Inc. is no longer in existence.

At the date of this report there are no credit standby arrangements in place with banks or third party lenders.

25. Share-based Payments

The following share-based payment arrangements existed at 31 December 2009:

On 28 May 2008, 6,000,000 share options (pre-consolidation) were granted to employees with the right to take up ordinary shares at an exercise price of $ 0.01885 each. The options are exercisable on or before 28 May 2011. The options hold no voting or dividends rights and are not transferable. Of these options 70% is dependent on achieving specific targets.

Per the same date another 12,000,000 share options where granted to Directors and 3,000,000 million to advisers, with the right to take up ordinary shares at an exercise price of $ 0.01885 each. The options are exercisable on or before 28 May 2011. The options hold no voting or dividends rights and are not transferable.

All options granted to key management personnel are ordinary shares in SWW Energy Limited, which confer a right of one ordinary share for every option held.

	Consolidated entity				Parent Entity			
	2009		2008		2009		2008	
	Number of Options	Weighted Average Exercise Price $	Number of Options	Weighted Average Exercise Price $	Number of Options	Weighted Average Exercise Price $	Number of Options	Weighted Average Exercise Price $
Outstanding balance at the beginning of the year	21,550,000	0.33000	550,000	0.33000	21,550,000	0.33000	550,000	0.33000
Granted	-	-	21,000,000	0.01885	-	-	21,000,000	0.01885
Forfeited	-	-	-	-	-	-	-	-
Exercised	-	-	-	-	-	-	-	-
Expired	(19,450,000)	0.01885	-	-	(19,450,000)	0.01885	-	-
Outstanding at year end	2,100,000	0.01885	21,550,000	0.02119	2,100,000	0.01885	550,000	0.33000
Exercisable at year end	2,100,000	0.01885	21,550,000	0.02119	2,100,000	0.01885	550,000	0.33000

Notes to the financial statements for the financial year ended 31 December 2009

25. Share-based Payments (continued)

No options were granted during the year ended 31 December 2009. The options granted during 2008 had a weighted average exercise price of $0.01885 and a weighted average remaining contractual life of 2.4 years. Exercise prices range from $0.01885 to $0.33 in respect of options outstanding at 31 December 2008.

The weighted average fair value of the options granted during the year was $0.0131.

This price was calculated by using a Black Scholes option pricing model applying the following inputs:

Weighted average exercise price	$0.01885
Weighted average life of the option	2.75 years
Underlying share price	$0.0190
Expected share price volatility	114.2%
Risk free interest rate	7.25%

Historical volatility has been the basis for determining expected share price volatility as it is assumed that this is indicative of future tender, which may not eventuate.

The life of the options is based on the historical exercise patterns, which may not eventuate in the future.

Included under employee benefits expense in the statement of comprehensive income is $nil (2008: $29,804), and relates, in full, to equity-settled share-based payment transactions.

26. Events After the Statement of Financial Position Date

On 18 March 2010, Mr Phillip Pinn of Pinn Deavin BIO was appointed as administrator by the Company's board of directors pursuant to Section 436A of the Corporations Act.

At the first meeting of the creditors it was resolved by the creditors of the Company that Mr Geoffrey Reidy of Rodgers Reidy be appointed as administrator of the Company to replace Mr Pinn.

Hemisphere Investment Partners Pty Ltd (Hemisphere) subsequently put forward a proposal to the administrator to reconstruct and recapitalise the Company with a view to ensuring that the Company could continue to operate as a going concern and seek reinstatement to trading on ASX (Proposal).

On 3 September 2010, the Proposal by Hemisphere (Proponent) was put to creditors and approved. The Proposal can be summarised as follows:

a. The Company will consolidate its existing issued capital on a one (1) for three (3) basis (being the Consolidation). This was approved by Shareholders at the Company's General Meeting to be held on 19 April 2011.

b. The Proponent has provided a non refundable deposit of $75,000 to the Company to be applied by the Deed Administrator to the Creditors Trust.

c. The Proponent will be entitled to the Corporate Fee on termination of the DOCA.

d. The Company will undertake the Offers pursuant to this Prospectus lodged with the ASIC on 5 April 2011.

e. All of the directors of the Company will be removed and replaced by nominees of the Proponent.

Notes to the financial statements for the financial year ended 31 December 2009

26. Events After the Statement of Financial Position Date (continued)

The Company subsequently entered into a deed of company arrangement (DOCA) that provided for the payment of funds into the Company, and settlement of creditors' claims (consistently with the terms of the Proposal).

Conditions precedent to the DOCA include:

a. the Company obtaining Shareholder approval of, inter alia, the Consolidation, the payment of the Corporate Fee to the Proponent and the Proponent Offer;

b. all employees of the Company being terminated prior to the termination of the DOCA;

c. ASX confirming in writing that it will lift the Company's suspension on the ASX following the Capital Raising on terms satisfactory to the Proponent and the Company without the need to re-comply with Chapters 1 and 2 of the ASX Listing Rules; and

d. the Offers pursuant to this Prospectus being closed and the minimum subscription of $2,200,000 being raised.

The DOCA will be terminated following completion of:

a. the capital raisings under this Prospectus;

b. payment to the Deed Administrator of $780,000 (to be applied to the Creditors Trust established to meet the payment of the Administrator's fees and expenses, Deed Administrator's fees and expenses and the satisfaction of the compromised creditor's claims) and transfer to the Creditors Trust of all the Company's assets (including the issued share capital of the Company's wholly owned subsidiary, ACN 051 792 495 Pty Ltd). Together the payment amount and the transferred assets will be the amount to be applied to the Creditors Trust after payment of the Administrator's fees and expenses and the Deed Administrator's fees and expenses; and

c. payment to the Proponent of the Corporate Fee and the issue of Shares and Options to the Proponent under the Proponent Offer.

Your current Board has been appointed pursuant to a Deed of Company Arrangement, and believes that combined with a recapitalisation of the Company and a review of the Company's operational strategy, the Company will be well positioned to generate shareholder returns.

The Board believes that completion of the Recapitalisation Proposal will demonstrate a renewed strategy for the Company and will position the Company well for the future to enhance shareholder returns and evaluate further project opportunities.

The capital raising of $2,503,500 proposed by the Recapitalisation Proposal was completed on 19th May 2011 and will allow the Company to meet its initial objectives and expenditure plans. The Company will now make an application to ASX for its Shares to be reinstated on the official list of the ASX.

Notes to the financial statements for the financial year ended 31 December 2009

26. Events After the Statement of Financial Position Date (continued)

The purpose of the Offers is to:

a. provide funds for the expansion of the Company's existing core business, which is focused on:

b. the production of biofuel and biodiesel from the beneficiation of waste oils using the proprietary technology of the Company, known as Thermodepolymerisation;

c. the funding of operating expenses associated with the toll processing agreement with White Mountain Group LLC and feedstock suppliers;

d. the funding of potential offtake agreements with end users of biofuel and biodiesel;

e. expansion funding associated with new plants both directly owned and operated by White Mountain Group LLC and other third party operators; and

f. funding for the research and development of the Frac Water Technology and the Solar Cracking Technology.

g. provide funds for the further acquisition and development of other investments, as identified by the Company (that may or may not be in the same sector); and

h. meet the costs and expenses of the recapitalisation of the Company (including payments due to under the DOCA and to the Proponent) with a view to seeking reinstatement to trading of its securities on ASX.

Appointment of Joint and Several Voluntary Administrators

On 18 March 2010, Mr Phillip Pinn of Pinn Deavin BIO was appointed as administrator by the Company's board of directors pursuant to Section 436A of the Corporations Act.

At the first meeting of the creditors it was resolved by the creditors of the Company that Mr Geoffrey Reidy of Rodgers Reidy be appointed as administrator of the Company to replace Mr Pinn.

The Board of SWW Energy Limited had for several months been endeavouring to resolve a business strategy for the future of the Company and to identify funding in this regard. Negotiations in respect of funding have failed and accordingly ongoing funding for the Company had not been secured.

The Administrators are working with the new Board of Directors and management to facilitate and implement the recapitalisation and restructure of the Company.

Notes to the financial statements for the financial year ended 31 December 2009

26. Events After the Statement of Financial Position Date (continued)

Events Subsequent to Balance Date

A number of significant corporate events have occurred since the reporting period:

- At a meeting on 3 September 2010, the creditors resolved that the Company enter into a Deed of Company Arrangement (DOCA), which was executed on 24 September 2010. The Company and the Administrator also entered into a Reconstruction Deed pursuant to which Hemisphere Investment Partners agreed to facilitate the recapitalisation of the Company referred to below.

  On 24 September 2010:

  ii. the Company and Geoffrey Reidy executed the Reconstruction Deed, under which the:

     d. Trustee became the Trustee of the Creditor's Trust;

     e. Company was required to reconstruct and recapitalise the Company by no later than 31 May 2011; and

     f. The Company was required, and covenanted, to transfer all assets and liabilities, with the exception of the Intellectual Property that relates to the Thermodepolymerisation Technology, the Frac Water Technology and the Solar Cracking Technology and pay the settlement sum of $780,000 to the Trustee by no later than 31 May 2011.

On 24 September 2010, pursuant to Section 442A of the Corporations Act 2001, Benjamin John Bussell, Gino D'Anna and Darren Paul Olsen were appointed as Directors of the Company. On 24 September 2010 and immediately following execution of the DOCA, control of the Company passed to these Directors.

The principal features of the Proposal are as follows:

i. ***Consolidation of Capital:*** Consolidation of the existing issued capital of the Company on a 1 for 3 basis from 103,799,883 shares on issue to 34,599,961 post consolidation shares on issue.

ii. ***Reduction of Capital:*** Reduction of the Company's share capital by a portion of accumulated losses.

iii. ***Issue of New Shares to Hemisphere Investment Partners or its nominees:*** The issue of 60,000,000 New Shares to Hemisphere Investment Partners or its nominees under the Prospectus to be issued by the Company at an issue price of $0.005 per share in consideration for the payment of $300,000.

iv. ***Issue of New Shares to Hemisphere Investment Partners or its nominees:*** The issue of 35,000,000 New Shares to Hemisphere Investment Partners or its nominees under the Prospectus to be issued by the Company at an issue price of $0.0001 per share in consideration for the payment of $3,500.

v. ***Issue of New Shares to Hemisphere Investment Partners or its nominees:*** The issue of 20,000,000 New Shares for nil consideration to Hemisphere Investment Partners or its nominees under the Prospectus to be issued by the Company. These shares have a deemed issue price of 1 cent per share.

Notes to the financial statements for the financial year ended 31 December 2009

26. Events After the Statement of Financial Position Date (continued)

vi. ***Issue of New Shares to Hemisphere Investment Partners or its nominees:*** The issue of 15,000,000 New Shares for nil consideration to Hemisphere Investment Partners or its nominees under the Prospectus to be issued by the Company in consideration for the payment of a $75,000 Deposit pursuant to the Deposit Convertible Note Agreement. These shares have a deemed issue price of 0.5 cents per share.

vii. ***Prospectus Issue:*** The issue of 220,000,000 New Shares in the Company at a price of not less than 1 cent per share under a Prospectus to raise not less than $2.2 million. The minimum fund raising is $2.2 million via the issue of 220,000,000 shares. From the capital raising, a sum of $780,000 will be paid to the Trustee of the Creditors Trust to settle the Creditors claims in full;

viii. ***Issue of New Options to Hemisphere Investment Partners or its nominees:*** The issue of up to 80,000,000 New Options for nil consideration to Hemisphere Investment Partners or its nominees under the Prospectus to be issued by the Company;

ix. ***Board Changes:*** The Board of Directors of the Company will change as soon as practicable after the date of the Prospectus being fully subscribed at which time the proposed Directors will be appointed and such of the Existing Directors as Hemisphere Investment Partners requests will resign;

x. ***Company Name:*** The Company requests shareholder approval to change its name to SWW Energy Limited. On 2 May 2011, the Company changed its name to SWW Energy Limited.

Future Developments, Prospects and Business Strategies

The new board of SWW Energy Limited (**New Board**) intends to further evaluate and develop the renewable fuel business via the use of the TDP™ Thermodepolymerisation Technology.

The continuing business operations of the Company are based on the technology and licence agreement executed with White Mountain. This includes the Shallow Water Reactor Process, the Frac Water Technology, the TDP™ Thermodepolymerisation Technology and the Solar Cracking Technology. The TDP™ Thermodepolymerisation Technology will underpin the continued operations of the Company as SWW Energy Limited embarks upon a restructured business plan designed to mitigate the need for extensive capital investments whilst maintaining the same business operations.

Thermodepolymerisation (**TDP**) is a depolymerisation process using hydrous pyrolysis for the reduction of complex organic materials (usually waste products of various sorts, often biomass and plastic) into light crude oil. It mimics the natural geological processes thought to be involved in the production of fossil fuels. Under pressure and heat, long chain polymers of hydrogen, oxygen, and carbon decompose into short-chain petroleum hydrocarbons with a maximum length of around 18 carbons.

26. Events After the Statement of Financial Position Date (continued)

On 1 December 2010, White Mountain and the Company signed an agreement allowing SWW Energy Limited the right to access the excess capacity at a renewable fuel plant located in North Las Vegas, Nevada operated by experts engaged by White Mountain for the production of biofuel using feedstock supplied by SWW Energy Limited.

The White Mountain plant in Nevada currently has total capacity of 240,000 litres per month, a portion of which can be secured by SWW Energy Limited in the production of the Biofuel and biodiesel. The toll processing arrangement allows SWW Energy Limited to pay White Mountain a toll processing fee equal to US$0.86 for every litre of Biodiesel and a license fee of US$0.054 per litre of Biodiesel produced for the use of the technology in the plant, produced at standard temperature and pressure at the White Mountain Facility from the feed stocks supplied by SWW Energy Limited, delivered to SWW Energy Limited.

Access to the treatment plant will allow SWW Energy Limited to reduce the need to raise large sums of capital associated with the capital expenditure required for the construction, operation and maintenance of the plants on an ongoing basis. This is considered to be a more efficient business model than previously employed by SWW Energy Limited and allows the Company to treat waste oil products using the White Mountain plant by sharing the sale margin with White Mountain. In addition, the experts and personnel that operate the plant on behalf of White Mountain will provide their expertise to SWW Energy Limited during the beneficiation and manufacturing process.

In addition to accessing personnel and experts within White Mountain, SWW Energy Limited may also be able to utilise the existing White Mountain customer base as an opportunity to channel its own production of biofuel and biodiesel.

This business model is essentially the same as the core business of SWW Energy Limited prior to it being placed into administration, without the risk associated with constructing and operating its own biodiesel plants. In turn, the associated large sums of capital which were required under the previous business model are no longer required.
SWW Energy Limited will endeavour to create “micro-plant” operations in the fragmented waste oil and grease interceptor industry. SWW Energy Limited will attempt to create service collection “vacuums”, that competing companies will find difficult to react to, and implement effective “radius” marketing to increase customer density.

SWW Energy Limited, through its proprietary technology, intends to convert the collected waste material into a value added resource for the manufacture of renewable fuels. Using proprietary, patent issued and patent pending, technology to convert waste water and waste oil sources to alternative fuel.

The future activities of the Company will largely focus on the commercial application of the existing SWW Energy Limited technology, with a view to achieving the production and sale of biofuel and biodiesel products into the transport industry as well as animal feed stock to the agricultural industry under a relationship with White Mountain. This will be accomplished through the toll processing agreement with White Mountain.

As part of the recapitalisation, the Company will also evaluate other project opportunities for acquisition or investment. The Company proposes to review projects across a range of sectors.

The Company proposes to investigate acquisitions and investments in the following sectors:

a. metals and mining across all commodities, including iron ore, gold, copper, manganese, lead, zinc, silver, platinum, chrome, nickel and rare earth elements;
b. energy and energy related investments including oil and gas, coal bed methane, coal and uranium; and
c. renewable energy and fuels including Biofuel, biodiesel and ethanol.

Notes to the financial statements for the financial year ended 31 December 2009

27. Related Party Transactions

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

	Consolidated entity		Parent Entity	
	2009	2008	2009	2008
	$	$	$	$
Transactions with related parties:				
(a) Controlled entities				
Sales of goods from SWW Energy Limited to ACN 051 792 495 (formerly known as Scanline Pty Ltd).	-	-	-	71,000
	-	-	-	71,000

28. Capital Management

Management controls the capital of the group in order to maintain a good debt to equity ratio, provide the shareholders with adequate returns and ensure that the group can fund its operations and continue as a going concern.

The group's debt and capital includes ordinary share capital, and financial liabilities, supported by financial assets.

There are no externally imposed capital requirements.

Management effectively manages the group's capital by assessing the group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

There have been no changes in the strategy adopted by management to control the capital of the group since the prior year. This strategy is to ensure that the group's gearing ratio remains below 40%. The gearing ratio's for the year ended 31 December 2009 and 31 December 2008 are as follows:

	Consolidated entity		Parent Entity	
	2009	2008	2009	2008
	$	$	$	$
Total borrowings	-	213,000	-	1,727,000
Less cash and cash equivalents	(1,317)	331,196	(1,317)	274,845
Net debt	(1,317)	118,196	(1,317)	1,452,155
Total equity	(1,881,854)	8,703,628	2,859,605	7,031,775
Total capital	(1,883,171)	8,821,824	2,858,288	5,579,620
Gearing ratio	0%	0%	0%	26%

29. Financial Risk Management

The group's financial instruments consist mainly of deposits with banks, short-term investments, accounts receivables and payable and leases.

1. Treasury Risk Management

An audit compliance and risk committee consisting of board members who meet to analyse financial risk exposure and to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts.

The board's overall risk management strategy seeks to assist the consolidated group in meeting its financial targets, whilst minimising potential adverse effects on financial performance.

Risk management policies are approved and reviewed by the board. These include the use of credit risk policies and future cash flow requirements.

2 Financial Risk Exposures and Management

The main risks the group is exposed to through its financial instruments are interest rate risk, liquidity risk, credit risk and price risk.

The group is not exposed to fluctuations in foreign currencies arising from the sale and purchase of goods and services in currencies other than the group's measurement currency.

a) Interest rate risk

The group is not exposed to interest rate risk at the date of this report.

b) Liquidity risk

The group manages liquidity risk by monitoring forecast cash flows and ensuring sufficient cash reserves are on hand to meet obligations.

c) Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements.

d) Price risk

The board has determined that the group is exposed to commodity price risk in relation to Biodiesel and Used Cooking Oil purchase and sales prices, however the board seeks to mitigate this risk by putting in place long term pricing and purchase agreements.

e) Financial instrument composition and maturity analysis

The tables below reflect the undiscounted contractual settlement terms for financial instruments of a fixed period of maturity, as well as management's expectations of the settlement period for all other financial instruments. As such, the amounts may not reconcile to the statement of financial position.

Notes to the financial statements for the financial year ended 31 December 2009

29. Financial Risk Management (continued)

	Weighted average effective interest rate	Variable interest rate	Fixed Interest 1 Year or less	Fixed Interest Over 1 to 5 years	Non-interest bearing	Total
	%	$	$	$	$	$
2009 Consolidated						
Financial Assets						
Cash and cash equivalents	-	-	-	-	-	-
Trade and other receivables	-	-	-	-	4,382	4,382
Total		-	-	-	4,382	4,382
Financial Liabilities						
Trade and other payables	-	-	-	-	1,884,667	1,884,667
Other financial liabilities	-	-	-	-	1,317	1,317
Total		-	-	-	1,885,984	1,885,984
2008 Consolidated						
Financial Assets						
Cash and cash equivalents	5.2	331,196	-	-	-	331,196
Trade and other receivables	-	-	-	-	242,929	242,929
Total		331,196	-	-	242,929	574,125
Financial Liabilities						
Trade and other payables	-	-	-	-	647,098	647,098
Other financial liabilities	9.2	-	64,510	148,411	-	212,921
Total		-	64,510	148,411	647,098	860,019
2009 Parent						
Financial Assets						
Cash and cash equivalents	-	-	-	-	-	-
Trade and other receivables	-	-	-	-	4,382	4,382
Total		-	-	-	4,382	4,382
Financial Liabilities						
Trade and other payables	-	-	-	-	2,862,666	2,862,666
Other financial liabilities	-	-	-	-	-	-
Total		-	-	-	2,862,666	2,862,666
2008 Parent						
Financial Assets						
Cash and cash equivalents	5.2	274,845	-	-	-	274,845
Trade and other receivables	-	-	-	-	74,304	74,304
Total		274,845	-	-	74,304	349,149
Financial Liabilities						
Trade and other payables	-	-	-	-	2,088,160	2,088,160
Other financial liabilities	9.2	-	25,631	-	-	25,631
Total		-	25,631	-	2,088,160	2,113,791

Notes to the financial statements for the financial year ended 31 December 2009

29. Financial Risk Management (continued)

Trade and other payable are expected to be paid as follows;

	Consolidated		Parent Entity	
	2009	2008	2009	2008
	$	$	$	$
Less than 6 months	1,884,667	647,098	2,862,666	386,675
6 months to 1 year (related parties*)	-	-	-	-
1 to 5 years	-	-	-	-
Over 5 years	-	-	-	1,701,485
	1,884,667	647,098	2,862,666	2,088,160

* The related party payables have no set terms for repayment, do not attract interest and not considered to be impaired. While the payables are at call, and therefore in current payables in note 16, they are not expected to be paid within the next 5 years and therefore disclosed as such.

f) Net Fair Value of Financial Assets and Liabilities

For all assets and liabilities net fair value approximates their carrying value. No financial assets and financial liabilities are readily traded on organised markets in standardised form other than listed investments. Financial assets where the carrying amount exceeds net fair values have not been written down as the company intends to hold these assets to maturity. The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the statement of financial position and in the notes to the financial statements.

g) Sensitivity Analysis

Interest Rate Risk and Price Risk

The group has performed a sensitivity analysis relating to its exposure to interest rate risk, and price risk at balance date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in these risks.

Interest Rate Sensitivity Analysis

At 31 December 2009, the effect on profit and equity as a result of changes in the interest rate, with all other variables remaining constant would be as follows:

	Consolidated entity		Parent entity	
	2009	2008	2009	2008
	$	$	$	$
Change in profit				
Increase in interest rate by 2%	-	(8,000)	-	(6,000)
Decrease in interest rate by 2%	-	8,000	-	6,000
Change in equity				
Increase in interest rate by 2%	-	(8,000)	-	(6,000)
Decrease in interest rate by 2%	-	8,000	-	6,000

Notes to the financial statements for the financial year ended 31 December 2009

29. Financial Risk Management (continued)

Price Risk Sensitivity Analysis

At 31 December 2009, the effect on profit and equity as a result of changes in the price of UCO, with all other variables remaining constant is as follows:

	Consolidated entity		Parent entity	
	2009	2008	2009	2008
	$	$	$	$
Change in profit				
Increase in price by 15%	-	300,000	-	-
Decrease in price by 15%	-	(300,000)	-	-
Change in equity				
Increase in price by 15%	-	300,000	-	-
Decrease in price by 15%	-	(300,000)	-	-

30. Contingent Liabilities

(a) Legal Claim

The group remained in litigation with Gardner Smith at 31 December 2010 with regard to a contract for the supply of tallow, which could have resulted in a settlement.

As a result of the execution of the Deed of Company Arrangement, which was terminated on 31 May 2011, the Company is no longer in litigation with Gardner Smith. Gardner Smith has now been admitted as a creditor under the Creditors Trust which was established for the benefit of the Creditors of SWW Energy Limited.

31. Company Details

The registered office of the company is:

SWW Energy Limited
Level 8
225 St Georges Terrace
Perth WA 6000
T (08) 9486 4036 F (08) 9486 4799

The principal places of business are:

SWW Energy Limited
Level 8
225 St Georges Terrace
Perth WA 6000
T (08) 9486 4036 F (08) 9486 4799

The company is domiciled and legally incorporated in Australia.

Directors' declaration

The directors of the company declare that:

1. the financial statements and notes, as set out on pages 29 to 75 are in accordance with the *Corporations Act 2001* and:

   (a) comply with Accounting Standards and the Corporations Regulations 2001; and

   (b) give a true and fair view of the financial position as at 31 December 2009 and of the performance for the financial year ended on that date of the company and consolidated entity; and

   (c) complies with International Financial Reporting Standards as disclosed in note 1.

2. the Chief Executive Officer (or equivalent) and Chief Financial Officer (or equivalent) have each declared that:

   (a) the financial records of the company for the financial year have been properly maintained in accordance with section 286 of the *Corporations Act 2001;*

   (b) the financial statements and notes for the financial year comply with Accounting Standards; and

   (c) the financial statements and notes for the financial year give a true and fair view.

3. in the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Matthew Foy
Director

Dated this 12th day of July 2011.

Grant Thornton

Grant Thornton NSW
ABN 25 034 787 757

Level 17, 383 Kent Street
Sydney NSW 2000
Locked Bag Q800
QVB Post Office
Sydney NSW 1230

T +61 2 8297 2400
F +61 2 9299 4445
E info.nsw@au.gt.com
W www.grantthornton.com.au

Independent Auditor's Report
To the Members of SWW Energy Limited

Report on the financial report

We have audited the accompanying financial report of SWW Energy Limited (the "Company"), which comprises the statement of financial position as at 31 December 2009, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes to the financial report and the directors' declaration of the consolidated entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors responsibility for the financial report

The Directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the Corporations Act 2001. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. The Directors also state, in the notes to the financial report, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

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

Independence

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

Basis for disclaimer of auditor's opinion

The directors of SWW Energy Limited were only able to provide limited documentation and support with regard to the accounting records for the year ended 31 December 2009. An administrator was appointed to the company on 18 March 2010 with a Deed of Company Arrangement and Recapitalisation Deed with Hemisphere Investment Partners Pty Limited being executed on 24 September 2010. As a result, the limited accounting records provided are not adequate to permit the application of necessary auditing procedures, therefore we are unable to obtain all the information and explanations we require in order to form an opinion on the financial report.

Disclaimer of auditor's opinion

In our opinion, due to the existence of the limitation on the scope of our work, as described in the preceding paragraph, and the effects of such adjustments, if any, as might have been determined to be necessary had the limitation not existed, we are unable to and do not express an opinion as to whether the financial report of SWW Energy Limited is in accordance with the Corporations Act 2001, including:

i giving a true and fair view of the Company's and consolidated entity's financial position as at 31 December 2009 and of their performance for the year ended on that date;

ii complying with Australian Accounting Standards and the Corporations Regulations 2001; and iii Complying with International Financial Reporting Standards as disclosed in the notes to the financial statements.

Report on the remuneration report

We have audited the remuneration report included in pages 20 to 26 of the directors' report for the year ended 31 December 2009. 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.

Basis for disclaimer of auditor's opinion on the remuneration report

The directors of SWW Energy Limited were only able to provide limited documentation and support with regard to the accounting records for the year ended 31 December 2009. An administrator was appointed to the company on 18 March 2010 with a Deed of Company Arrangement and Recapitalisation Deed with Hemisphere Investment Partners Pty Limited being executed on 24 September 2010. As a result, the limited accounting records provided are not adequate to permit the application of necessary auditing procedures, therefore we are unable to obtain all the information and explanations we require in order to form an opinion on the remuneration report.

Disclaimer of Auditor's opinion on the remuneration report

In our opinion, due to the existence of the limitation on the scope of our work, as described in the preceding paragraph, and the effects of such adjustments, if any, as might have been determined to be necessary had the limitation not existed, we are unable to and do not express and opinion as to whether the remuneration report of SWW Energy Limited for the year ended 31 December 2009, complies with section 300A of the Corporations Act 2001.

Grant Thornton NSW

GRANT THORNTON NSW
Chartered Accountants

G S Layland
Partner

Sydney, 12 July 2011

SWW Energy Limited and Controlled Entities

(formerly known as Solverdi WorldWide Limited)

ABN 60 096 687 839

Other ASX Information

Company Name: SWW Energy Limited (formerly Solverdi Worldwide Limited) (SWW.ASX)
Latest Date: 7 July 2011
Top Holders: 20

Date	Issued Capital (IC)	Top 20 Position	%IC
7 July 2011	389,599,124	302,173,294	77.56%

Rank	Name	A/C Designation	Total Units	% IC
1	MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED		45,000,000	11.55%
2	NIGEL TARRATT PTY LTD	<NIGEL TARRATT SUPER FUND A/C>	34,250,000	8.8%
3	BLU BONE PTY LTD	<THE SHARE TRADING A/C>	22,000,000	5.6%
4	KOBIA HOLDINGS PTY LTD	<THE KOBIA A/C>	22,000,000	5.65%
5	FOSTER STOCKBROKING NOMINEES PTY LTD	<NO 1 ACCOUNT>	21,000,000	5.39%
6	BEVAN NIGEL HUGH TARRATT +SOPHIE MACKAY		20,336,647	5.22%
7	JOE DIRT SUPER PTY LTD	<JOE DIRT SUPER A/C>	17,500,000	4.49%
8	MIMO STRATEGIES PTY LTD	<MIMO A/C>	16,573,294	4.25%
9	NAUTICAL HOLDINGS WA PTY LTD	<ABANDON SHIP SUPER FUND A/C>	15,000,000	3.85%
10	MR MARK JOHN BAHEN + MRS MARGARET PATRICIA BAHEN	<SUPERANNUATION ACCOUNT>	14,700,000	3.77%
11	KINGSLANE PTY LTD	<CRANSTON SUPERANNUATION A/C>	10,000,000	2.57%
12	MRS JANE VALENTINE WHIDDON	<THE LAGRAL FAMILY A/C>	10,000,000	2.57%
13	MIMO STRATEGIES PTY LTD	<MIMO A/C>	8,813,353	2.26%
14	HEMISPHERE CORPORATE SERVICES PTY LTD		8,000,000	2.05%
15	N & J MITCHELL HOLDINGS PTY LTD	<ORD STREET PROPERTIES A/C>	7,500,000	1.93%
16	OAKHURST ENTERPRISES PTY LTD		7,500,000	1.93%
17	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED		7,000,000	1.80%
18	GETMEOUTOFHERE PTY LTD	<SINKING SHIP SUPER FUND A/C>	5,000,000	1.28%
19	ROWAN HALL PTY LTD	<ROWAN HALL TRADING A/C>	5,000,000	1.28%
20	THIRD REEF PTY LTD	<BACK REEF A/C>	5,000,000	1.28%
	TOTAL		**302,173,294**	**77.56%**
	BALANCE OF REGISTER		**87,425,830**	**22.44%**

Other ASX Information (continued)

Company Name: SWW Energy Limited (formerly Solverdi Worldwide Limited) (SWW.ASX)
Latest Date: 7 July 2011

Range	Securities	%	No of Holders	%
1 to 1000	422,279	0.11%	1,380	55.22%
1001 to 5000	1,655,555	0.42%	656	26.25%
5001 to 10000	1,284,924	0.33%	171	6.84%
10001 to 100000	5,750,161	1.48%	186	7.44%
100001 and Over	380,486,205	97.66%	106	4.24%
Total	**389,599,124**	**100.00%**	**2,499**	**100.00%**

Voting Rights

The voting rights attached to each class of equity security are as follows:

Ordinary shares

1. At meetings of members each member is entitled to vote in person or by proxy or attorney or, in the case of a member which is a body corporate, by representative duly authorized;
2. On a show of hands every member entitled to vote and be present in person or by proxy or attorney or representative duly authorized shall have one (1) vote;
3. On a poll every member entitled to vote and be present in person or by proxy or attorney or representative duly authorized shall have one (1) vote for each fully paid share of which they are a holder.

White Mountain holdings held in escrow

At an extraordinary general meeting of the company held in Sydney on 27 March 2009 shareholders approved the issue of 47,422,629 pre consolidation shares to White Mountain for a total price of $500,000 and the completion of a number of milestones. A consolidation of 10 to 1 shares was then approved. Shareholders also approved the issuing of a further 44,977,622 post consolidation shares to White mountain LLC contingent on a series of milestones surrounding the vesting of a renewable energy plant into the company.

Buy-back arrangements

There are no buy-back arrangements in place.

Variance from Preliminary Final Report and Appendix 4E

On 25 February 2010, the Group issued an Appendix 4E. The group went into voluntary administration on 18 March 2010. The majority of the financial information prepared by management was not available to verify against the Appendix 4E therefore the company is unable to substantiate significant items in the financial statements.

Cash and cash equivalents according to the Appendix 4E was $1,397,000 (rounded) however on further investigation it was substantiated by bank statements to be $1,317 overdrawn. The Appendix 4E had not been reviewed by the independent auditors of the Company prior to them being released to the ASX. The changes have been deemed to be material and suggest that the books and records in the lead up to the lodgement of the Appendix 4E had not been adequately maintained.

Other ASX Information (continued)

The Company has now put in place sufficient controls, policies and procedures to ensure that the financial accounts and the Company's books and records are maintained with a high degree of certainty. This will avoid any material discrepancies in the reports lodged with the ASX in the future.