SWW Energy Limited

SWW Energy Limited

ABN 60 096 687 839

Appendix 4E

Preliminary Final Report

Results for announcement to the market

for the year ended 31 December 2012

				31 December 2012 **$A**
Revenue	N/A	-	to	-
Profit after tax attributable to members	Down	171%	to	(492,610)
Net Profit for the period attributable to members	Down	171%	to	(492,610)

	31 December 2012	**31 December 2011**
Net Tangible assets per Security	$0.0018	$0.0031

Dividend

The Directors recommend that no dividend be paid. No dividends have been paid or declared during the year.

Status of Audit

The 31 December 2012 report and accompanying notes for SWW Energy Limited are in the process of being audited, but are not currently subject to any disputes or qualifications.

Comments by Directors

All other information required to be disclosed by the Group in the Appendix 4E is either not applicable or has been included in the attached financial report.

SUMMARY INFORMATION

Reporting Period: 31 December 2012

Previous Corresponding Period: 31 December 2011

Results for announcement to the market

				31 December 2012 $A
Revenue	Down	100%	to	-
Profit after tax attributable to members	Down	171%	to	(492,610)
Net Profit for the period attributable to members	Down	171%	to	(492,610)

* Company has reported profit in 2011 after a loss in 2010 therefore % Up/Down from prior year is irrelevant.

Dividends (distributions)	Amount per security	Franked amount per security
Final dividend	NIL	NIL
Interim dividend	NIL	NIL
Previous corresponding period	NIL	NIL
Record date for determining entitlements to the dividend.	No dividends are proposed	

NTA backing	**Current period**	**Previous corresponding Period**
Net tangible asset backing per ordinary security	0.18 cents	0.31 cents

Control gained over entities having material effect

Name of entity (or group of entities)	N/A
Date from which such profit has been calculated	N/A
Contribution to the reporting entity's result	N/A

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2012

	Note	2012 $	2011 $
Revenue		-	-
Cost of Sales		-	-
Gross Profit		-	-
Other Income	2	35,240	1,136,154
		35,240	1,136,154
Accounting and Tax		(24,098)	(45,714)
Audit Fees	12	(39,196)	(56,718)
Consulting Fees		(90,986)	(27,600)
Corporate Administration		(80,395)	(110,595)
Directors Fees		(108,000)	(46,743)
Employee Benefits		(61,805)	(40,657)
Finance Costs		(1)	(51)
Insurance		(9,814)	(3,723)
Legal		(20,018)	(6,758)
Occupancy		(42,696)	(21,659)
Project Costs		(31,764)	(64,338)
Travel		(3,777)	(4,737)
Other		(15,300)	(15,622)
		(527,850)	(444,915)
Profit/ (Loss) before income tax		(492,610)	691,239
Income tax expense	3	-	-
Profit / (Loss) for the year attributable to members of the parent entity		(492,610)	691,239
Other comprehensive income for the year		-	-
Total comprehensive income for the year attributable to the members		(492,610)	691,239
Overall operations			
Basic profit / (loss) per share (cents per share)	13	(0.126)	0.270
Diluted profit / (loss) per share (cents per share)	13	(0.105)	0.220

The 31 December 2012 report and accompanying notes for SWW Energy Limited are in the process of being audited, but are not currently subject to any disputes or qualifications.

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2012

	Note	2012 $	2011 $
ASSETS			
Current Assets			
Cash and Cash Equivalents	**4**	675,447	1,257,325
Trade and Other Receivables	**5**	47,140	21,089
Other Current Assets	**6**	30,625	4,824
Total Current Assets		**753,212**	**1,283,238**
TOTAL ASSETS		**753,212**	**1,283,238**
LIABILITIES			
Current liabilities			
Trade and Other Payables	**7**	63,005	100,421
Total Current Liabilities		**63,005**	**100,421**
TOTAL LIABILITIES		**63,005**	**100,421**
NET ASSETS		**690,207**	**1,182,817**
EQUITY			
Issued Capital	**8**	1,792,353	1,792,353
Reserves	**9**	552,000	552,000
Retained Earnings	**10**	(1,654,146)	(1,161,536)
TOTAL EQUITY		**690,207**	**1,182,817**

The 31 December 2012 report and accompanying notes for SWW Energy Limited are in the process of being audited, but are not currently subject to any disputes or qualifications.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2012

	Ordinary Share Capital $	Share Based Payments Reserve $	Retained Earnings $	Total $
Balance at 1 January 2011	72,605,431	-	(74,458,206)	(1,852,775)
Profit for the period	-	-	691,239	691,239
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	691,239	691,239
Transactions with owners in their capacity as owners:				
Share capital raised during the year	2,771,000	-	-	2,771,000
Reduction of share capital	(72,605,431)	-	72,605,431	-
Costs of share issue	(978,647)	552,000	-	-
Total transaction with owners	(70,813,078)	552,000	72,605,431	2,344,353
Balance as 31 December 2011	**1,792,353**	**552,000**	**(1,161,536)**	**1,182,817**
Balance at 1 January 2012	1,792,353	552,000	(1,161,536)	1,182,817
Profit for the period	-	-	(492,610)	(492,610)
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	(492,610)	(492,610)
Transactions with owners in their capacity as owners:				
Share capital raised during the year	-	-	-	-
Total transaction with owners	-	-	-	-
Balance as 31 December 2012	**1,792,353**	**552,000**	**(1,654,146)**	**690,207**

The 31 December 2012 report and accompanying notes for SWW Energy Limited are in the process of being audited, but are not currently subject to any disputes or qualifications.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2012

	Note	2012 $	2011 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(587,295)	(1,186,283)
Interest received		32,418	37,628
Other payments (GST)		(29,823)	-
Net cash outflow from operating activities	**15**	(584,700)	(1,148,655)
CASH FLOWS FROM INVESTING ACTIVITIES			
Loans to related entities		-	(11,779)
Net cash flows from investing activities		-	(11,779)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net proceeds from issue of shares		-	2,417,759
Net cash flows from financing activities		-	2,417,759
Net increase/(decrease) in cash and cash equivalents		(584,700)	1,257,325
Effects of exchange rate changes on cash and cash equivalents		2,822	
Cash and cash equivalents at beginning of year	**4**	1,257,325	-
NET CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		675,447	1,257,325

The 31 December 2012 report and accompanying notes for SWW Energy Limited are in the process of being audited, but are not currently subject to any disputes or qualifications.

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.

This financial report covers the company SWW Energy Limited. The comparative figures are those of the consolidated entity of SWW Energy Limited and controlled entities. 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 company and 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

The Company has received a net profit after taxes for the year ended 31 December 2011 of $691,239 (Consolidated Entity 31 December 2010 loss of $344,552) and has a working capital surplus of $1,181,817 (Consolidated Entity 31 December 2010 deficit of $1,852,775). The financial report has therefore 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 directors are of the opinion that the cash resources injected through the Recapitalisation Proposal will provide sufficient funds to enable the Company to continue its operations for at least the next 12 months, including the commercialisation and marketing of products under development.

(B) Principles of Consolidation

At the date of this report, and for the year ended 31 December 2011 there are no entities under the control of SWW Energy Limited.

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 (leave) the consolidated group, their operating results are included (excluded) from the date control was obtained (ceased).

A list of controlled entities as at 31 December 2011 is contained in Note 9 to the financial statements.

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

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

(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 company.

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.

(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) 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.

(F) Impairment of Assets

At each reporting date, the company 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 company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

(G) 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 Notes to the financial statements for the financial year ended 31 December 2011 overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

(H) 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.

(H) Financial Instruments (Cont)

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 company assesses whether there is objective evidence that a financial instrument has been impaired. Any impairment losses are recognised in the statement of comprehensive income.

(I) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year. Comparative figures for the year ended 31 December 2010 are for the consolidated entities controlled by SWW Energy Limited at that time.

(J) 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 company.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

(K) Financial Risk Management Objectives and Policies

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

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

The main risks arising from the company financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The company 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.

(K) Financial Risk Management Objectives and Policies (Cont)

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.

(L) 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 Company has not early adopted any of these pronouncements. The new Standards, amendments and Interpretations that are, expected to be relevant to the Company's financial statements are as follows:

Reference	Title	Nature of Change	Application date of standard	Impact on Group financial statements
AASB 9 (issued December 2009 and amended December 2010)	Financial Instruments	Amends the requirements for classification and measurement of financial assets. The available-for-sale and held-to-maturity categories of financial assets in AASB 139 have been eliminated. AASB 9 requires that gains or losses on financial liabilities measured at fair value are recognised in profit or loss, except that the effects of changes in the liability's credit risk are recognised in other comprehensive income.	Periods beginning on or after 1 January 2015	Adoption of AASB 9 is only mandatory for the year ending 30 June 2016. The Group has not yet made an assessment of the impact of these amendments.

(L) Impact of new accounting standards not yet adopted (Cont)

Reference	Title	Nature of Change	Application date of standard	Impact on Group financial statements
AASB 10 (issued August 2011)	Consolidated Financial Statements	Introduces a single 'control model' for all entities, including special purpose entities (SPEs), whereby all of the following conditions must be present: • Power over investee (whether or not power used in practice) • Exposure, or rights, to variable returns from investee • Ability to use power over investee to affect the Group's returns from investee. • Introduces the concept of 'defacto' control for entities with less than 50% ownership interest in an entity, but which have a large shareholding compared to other shareholders. This could result in more instances of control and more entities being consolidated.	Annual reporting periods commencing on or after 1 January 2013	When this standard is first adopted for the year ended 30 June 2014, there will be no impact on transactions and balances recognised in the financial statements because the Group does not have any special purpose entities. The 'Group' does not have 'defacto' control of any entities with less than 50% ownership interest in an entity.
AASB 12 (issued August 2011)	Disclosure of Interests in Other Entities	Combines existing disclosures from AASB 127 *Consolidated and Separate Financial Statements*, AASB 128 *Investments in Associates* and AASB 131 *Interests in Joint Ventures*. Introduces new disclosure requirements for interests in associates and joint arrangements, as well as new requirements for unconsolidated structured entities.	Annual reporting periods commencing on or after 1 January 2013	As this is a disclosure standard only, there will be no impact on amounts recognised in the financial statements. However, additional disclosures will be required for interests in associates and joint arrangements, as well as for unconsolidated structured entities.
AASB 13 (issued September 2011)	Fair Value Measurement	AASB 13 establishes a single framework for measuring fair value of financial and non-financial items recognised at fair value in the statement of financial position or disclosed in the notes in the financial statements. Additional disclosures required for items measured at fair value in the statement of financial position, as well as items merely disclosed at fair value in the notes to the financial statements. Extensive additional disclosure requirements for items measured at fair value that are 'level 3' valuations in the fair value hierarchy that are not financial instruments	Annual reporting periods commencing on or after 1 January 2013	When this standard is adopted for the first time for the year ended 30 June 2014, additional disclosures will be required about fair values.

(L) Impact of new accounting standards not yet adopted (Cont)

Reference	Title	Nature of Change	Application date of standard	Impact on Group financial statements
AASB 2011-4 (issued July 2011)	Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements	Amendments to remove individual key management personnel (KMP) disclosure requirements from AASB 124 to eliminate duplicated information required under the *Corporation Act 2001*	Annual periods commencing on or after 1 July 2013	When this standard is first adopted for the year ended 30 June 2014 the Group will show reduced disclosures under Key Management Personnel note to the financial statements
AASB 2011-9 (issued September 2011)	Amendments to Australian Accounting Standards - Presentation of Items of Other Comprehensive Income	Amendments to align the presentation of items of other comprehensive income (OCI) with US GAAP. Various name changes of statements in AASB 101 as follows: • 1 statement of comprehensive income – to be referred to as 'statement of profit or loss and other comprehensive income' • 2 statements – to be referred to as 'statement of profit or loss' and 'statement of comprehensive income'. • OCI items must be grouped together into two sections: those that could subsequently be reclassified into profit or loss and those that cannot.	Annual periods commencing on or after 1 July 2012	When this standard is first adopted for the year ended 30 June 2013, there will be no impact on amounts recognised for transactions and balances for 30 June 2013 (and comparatives).
AASB 2012-5 (issued June 2012)	Annual Improvements to Australian Accounting Standards 2009-2011 Cycle	Non-urgent but necessary changes to IFRSs (IAS1, IAS 16 & IAS 32)	Periods commencing on or after 1 January 2013	When this standard is first adopted for the year ended 30 June 2013, there will be no material impact.
AASB 2012-6	Mandatory Effective Date of IFRS 9 and Transition Disclosures	Entities are no longer required to restate comparatives on first time adoption. Instead, additional disclosures on the effects of transition are required.	Annual reporting periods commencing on or after 1 January 2015	As comparatives are no longer required to be restated, there will be no impact on amounts recognised in the financial statements. However, additional disclosures will be required on transition, including the quantitative effects of reclassifying financial assets on transition.
AASB 127 (issued August 2011)	Separate Financial Statements	Requirements for consolidation removed and inserted into AASB 10 Consolidated Financial Statements Disclosures removed and inserted into AASB 12 Disclosure of Interests in Other Entities.	Annual periods commencing on or after 1 January 2013	1 July 2013

(L) Impact of new accounting standards not yet adopted (Cont)

Reference	Title	Nature of Change	Application date of standard	Impact on Group financial statements
AASB 128 (issued August 2011)	Investments in Associates and Joint Ventures	Disclosures removed and inserted into AASB 12 *Disclosure of Interests in Other Entities*.	Annual periods commencing on or after 1 January 2013	1 July 2013
AASB 2012-3 (issued June 2012	Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities [AASB 132]	Amendments clarify the requirements for offsetting financial instruments and introduce new disclosure requirements	Annual periods commencing on or after 1 January 2013	1 July 2013

2. OTHER INCOME

	2012 $	2011 $
Other Revenues		
Interest	32,418	37,679
Reversal of Creditors	-	1,098,475
Foreign Exchange Gain	2,822	-
Total Operating Revenue	35,240	1,136,154

Restructure and recapitalisation

During 2011, the company underwent a restructuring and recapitalisation under the terms of the DOCA. As part of this arrangement, the company was released from all existing creditors at the time of the recapitalisation. The effect on profit of this transaction was an increase in income of $1,098,475.

3. 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	-	-
	-	-

3. INCOME TAX EXPENSE (CONT)

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

	2012 $	2011 $
Prima facie tax benefit on loss before income tax at 30% (31 Dec 2011: 30%)		
Entity	(147,783)	207,372
	(147,783)	207,372
Add:		
Tax effect of:		
Deductions not included in loss for the period		
Non-deductible expenses	9,900	-
	9,900	-
Less:		
Tax effect of:		
Non-assessable income	-	(329,543)
Tax benefit not carried forward to later years	137,883	122,171
Income tax credit	-	-
Deferred tax assets/liabilities not brought to account:		
Tax losses	137,883	122,171
Temporary differences	-	-
Asset	-	-
Liabilities	-	-
	137,883	122,171
The applicable weighted average effective tax rates are as follows:	0%	0%

4. CASH AND CASH EQUIVALENTS

Cash at bank and on hand	9,100	1,257,325
Deposits at call	666,347	-
	675,447	1,257,325

5. TRADE AND OTHER RECEIVABLES

Current

Trade and other receivables	47,140	21,089
	47,140	21,089

5. TRADE AND OTHER RECEIVABLES (CONT)

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 entity in the current year.

At 31 December 2012, 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*
As at 31 December 2012	47,140	47,140	-	-	-	-
As at 31 December 2011	21,089	21,089	-	-	-	-

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

Allowance for Impairment Loss (Cont)

Receivables past due but not considered impaired are $nil (2011 - consolidated: $700).

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

6. OTHER CURRENT ASSETS

	2012 $	2011 $
Prepayments	30,625	4,824
	30,625	4,824

7. TRADE AND OTHER PAYABLES

	2012 $	2011 $
Current		
Trade payables	30,005	100,421
Accrued Expenses	33,000	-
	63,005	100,421

8. ISSUED CAPITAL

		Number	$
389,599,124 (2011: 389,599,124) Fully paid ordinary shares	(a)	389,599,124	1,792,353
0 (2011: 0) Convertible notes	(b)	-	-
		389,599,124	1,792,353

8. ISSUED CAPITAL (CONT)

(a) Ordinary Shares: Movements

	Number	$
As at 1 January 2012	389,599,124	1,792,353
Shares Issued during the year	-	-
As at 31 December 2012	389,599,124	1,792,353
As at 1 January 2011	103,379,322	72,605,431
Reconciliation adjustment	418,050	
Reduction of Share Capital		(72,605,431)
1:3 Reconstruction	(69,198,248)	
Shares issued during year		
18 May 2011	350,000,000	2,721,000
24 May 2011	5,000,000	50,000
Capital Raising Costs		(978,647)
As at 31 December 2011	389,599,124	1,792,353

During the period ending 31 December 2011 the company issued 355,000,000 ordinary fully paid shares as follows:

- On 18 May 2011 350,000,000 new shares were issued by the company to provide working capital for the expansion of the Company's core business. The shares were issued at varying issue prices as follows:
- 35,000,000 new shares at an issue price of 0.1 cent per share.
- 60,000,000 new shares at an issue price of 0.5 cents per share.
- 220,000,000 new shares at an issue price of 1 cent per share.
- 35,000,000 new shares at an issue price of nil cents per share.
- On 24 May 2011 5,000,000 new shares were issued by the company at a price of 1 cent per share to provide working capital funding.

(b) Convertible Note

There weren't any convertible notes issued or converted during the reporting period.

	Number	$
As at 1 January 2011	15,000,000	75,000
Convertible notes issued during year	-	-
Notes converted	(15,000,000)	(75,000)
As at 31 December 2011	-	-

8. ISSUED CAPITAL (CONT)

(b) Convertible Note (Cont)

On 24 September 2010 the company issued 15,000,000 convertible notes for nil consideration to Hemisphere Investment Partners or its nominees under the Prospectus. The convertible notes were 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.

9. RESERVES

	2012 $	2011 $
Reserves		
Share Based Payments Reserve	552,000	552,000
	552,000	552,000

Nature and purpose of reserves

(i) Share-based payments reserve

The share based payments reserve is used to recognise:

- The fair value of options issued to employees and consultants but not exercised
- The fair value of shares issues to employees

10. RETAINED EARNINGS

Balance at the beginning of the financial year	(1,161,536)	(74,458,206)
Net loss attributable to members	(492,610)	691,239
Reduction of share capital	-	72,605,431
Balance at the end of the financial year	(1,654,146)	(1,161,536)

11. KEY MANAGEMENT PERSONNEL INFORMATION

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

Benjamin Bussell	Non-executive Director
Darren Olsen	Non-executive Director
Matthew Foy	Executive Director & Company Secretary
Bevan Tarratt	Consultant

11. KEY MANAGEMENT PERSONNEL INFORMATION (CONT)

(b) Key Management Personnel Compensation

31 December 2012*	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		
	$	$	$	$	$	$	$	%
Directors								
Benjamin Bussell	36,000	-	-	-	-	-	36,000	0%
Darren Olsen	32,871	-	-	3,129	-	-	36,000	0%
Mr Matthew Foy	48,000	-	-	-	-	-	48,000	0%
Other Executives								
B Tarratt	4,037	-	-	363	-	-	4,400	0%
	120,908	-	-	3,492	-	-	124,400	

* *The above figures are from the later of employment commencement date and 1 January 2012 through to the earlier of termination date and 31 December 2012.*

31 December 2011*	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		
	$	$	$	$	$	$	$	%
Gino D'Anna	-	-	-	-	-	-	-	-
Benjamin Bussell	15,581	-	-	-	-	-	15,581	-
Darren Olsen	14,183	-	-	1,398	-	-	15,581	-
Mr Matthew Foy	20,775	-	-	-	-	-	20,775	-
	50,539	-	-	1,398	-	-	51,937	

* *The above figures are from the later of employment commencement date and 1 January 2011 through to the earlier of termination date and 31 December 2011.*

(c) Other Key Management Personnel Disclosures

Director, Mr B Bussell, is a shareholder and a director of Hemisphere Corporate Services Pty Ltd. During the 2012 year the Company was providing consultancy, tenancy and administration services to SWW Energy Limited. No formal contract is in place in regard to these transactions. All transactions were conducted on normal commercial terms.

Director, Mr D Olsen, is a shareholder and a director of Marlston Taxation & Business Advisers. During the 2012 year the company was providing taxation and accountancy services to SWW Energy Limited. No formal contract is in place in regard to these transactions. All transactions were conducted on normal commercial terms.

11. KEY MANAGEMENT PERSONNEL INFORMATION (CONT)

(c) Other Key Management Personnel Disclosures (Cont)

Aggregate amounts of each of the above types of other transactions with key management personnel of SWW Energy Limited are as follows:

	2012 $	2011 $
Amounts recognised as expense		
Consultancy, Rent and Administration	341,685	340,400
Taxation and Accountancy	26,389	38,030
	368,074	378,430
Balance outstanding at year end		
Trade Payables	19,913	54,993
	19,913	54,993

(d) Compensation options

No options were issued to Directors or Key Management Personnel during the year.

(e) Shareholdings

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

	Balance 1 Jan 12	Purchased	Disposed	Balance 31 Dec 12
Directors				
Mr Benjamin Bussell	3,000,000	157,895	-	3,157,895
Mr Darren Olsen	3,200,000	-	-	3,200,000
Mr Matthew Foy	750,000	263,158	-	1,013,158
	7,371,053	421,053	-	7,371,053

The above figures are from the later of employment commencement date and 1 January 2012 through to the earlier of termination date and 31 December 2012.

12. AUDITOR'S REMUNERATION

Remuneration of the auditor of the parent entity for:

	2012	2011
Auditing and review of financial reports	39,196	56,718
Compliance and taxation services	-	-
	39,196	56,718

13. EARNINGS PER SHARE

	2012 $	2011 $
(a) Earnings used in calculating earnings per share		
Profit / (Loss) attributable to continuing operations	(492,610)	691,239
Profit / (Loss) attributable to ordinary equity holders of the parent entity	(492,610)	691,239
	#	#
(b) Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	389,599,124	259,489,535
Weighted average number of potential ordinary shares outstanding during the year not included in diluted EPS as not dilutive	-	-
Weighted average number of ordinary shares outstanding during the year used in calculating diluted EPS	469,599,124	310,777,206

14. SEGMENT REPORTING

The company primarily operates in one segment being renewable energy research, development and production.

15. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES

Cash Flows from operating activities		
Profit / (Loss) for the year	(492,610)	691,239
Non-cash flows in profit / (Loss):		
Currency Translation Loss	(2,822)	
Reversal of creditors	-	(1,098,475)
Changes in assets and liabilities:		
Increase / (Decrease) in trade payables and accrual	(33,644)	(717,278)
Decrease / (Increase) in trade receivables	(25,801)	(24,141)
Decrease / (Increase) in other current assets	(29,823)	-
Increase / (Decrease) in income tax liabilities	-	-
Net cash from operating activities	(584,700)	56,718

16. SHARE BASED PAYMENTS

(a) Options Issued

No options were issued as share based payments during the year ended 31 December 2012.

The share based payments listed below have been issued to consultants of SWW Energy during the year ended 31 December 2011.

16. SHARE BASED PAYMENTS (CONT)

(a) Options Issued (Cont)

Share based payments transactions are recognised at fair value in accordance with AASB 2.

Grant date	Expiry date	Exercise price	Balance at start of the year Number	Granted during the year Number	Expired during the year Number	Balance at the end of the year Number	Vested and exercisable at the end of the year Number
2012							
19/04/2011	31/12/2014	$0.01	80,000,000	-	-	80,000,000	80,000,000
			80,000,000	-	-	80,000,000	80,000,000
Weighted Average Exercise Price			$0.01	-	-	$0.01	$0.01
2011							
19/04/2011	31/12/2014	$0.01	-	80,000,000	-	80,000,000	80,000,000
28/05/2008	28/05/2011	$0.01885	2,100,000	-	(2,100,000)	-	-
			2,100,000	80,000,000	(2,100,000)	80,000,000	80,000,000
Weighted Average Exercise Price			$0.01885	-	-	$0.01	$0.01

The assumptions used for the director's options valuation for options issued in 2011 are as follows:

The options granted during 2011 had a weighted average fair value of the options granted during the year was $0.0069. This price was calculated by using a Black Scholes option pricing model applying the following inputs:

Weighted average exercise price	$0.01
Weighted average life of the option	3.704 years
Underlying share price	$0.01
Expected share price volatility	100%
Risk free interest rate	4.97%

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 (2011: $nil), and relates, in full, to equity-settled share-based payment transactions.

(b) Shares issued

No shares were issued as share-based payments during 31 December 2012.

Shares granted to external consultants during the year ended 31 December 2011 as share-based payments are as follows:

Grant Date	No. of Shares
13 May 2011	20,000,000

16. SHARE BASED PAYMENTS (CONT)

(b) Shares issued (Cont)

The weighted average fair value of those equity instruments, determined by reference to market price, was $0.010875.

These shares were issued as compensation to external consultants of the Company in exchange for services rendered during the year. A summary of shares issued is as follows:

Shareholder	No. of shares	$ Value
Hemisphere Corporate Services	20,000,000	217,500

17. EVENTS AFTER THE STATEMENT OF FINANCIAL POSITION DATE

There has not been any matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operation of the entity, the results of those operations, or the state of affairs of the entity in future financial years.

18. CAPITAL MANAGEMENT

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

The entity'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 entity's capital by assessing the entity'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 entity since the prior year. This strategy is to ensure that the entity's gearing ratio remains below 40%. The gearing ratios for the year ended 31 December 2012 and 31 December 2011 are as follows:

	2012 $	2011 $
Total Borrowings	-	-
Less Cash and Cash Equivalents	675,447	1,257,325
Net Debt	-	-
Total Equity	690,207	1,182,817
Total Capital	690,207	1,182,817
Gearing Ratio	0%	0%

19. FINANCIAL RISK MANAGEMENT

The entity'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 consist 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 entity 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 entity is exposed to through its financial instruments are interest rate risk, liquidity risk, credit risk and price risk.

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

(a) Interest rate risk

The entity is exposed to interest rate risk at the date of this report via its cash holdings.

(b) Liquidity risk

The entity 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.

19. FINANCIAL RISK MANAGEMENT (CONT)

2. Financial Risk Exposures and Management (Cont)

(d) 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.

			Fixed Interest			
	Weighted average effective interest rate	**Variable interest rate**	**1 Year or less**	**Over 1 to 5 years**	**Non-interest bearing**	**Total**
	%	**$**	**$**	**$**	**$**	**$**
31 December 2012						
Financial Assets						
Cash and cash equivalents	3.08%	675,447	-	-	-	675,447
Trade and other receivables		-	-	-	77,765	-
		675,447	-	-	77,765	675,447
Financial Liabilities						
Trade and other payables		-	-	-	63,005	63,005
Other financial liabilities		-	-	-	-	-
		-	-	-	63,005	63,005
31 December 2011						
Financial Assets						
Cash and cash equivalents	5.99%	1,257,325	-	-	-	1,257,325
Trade and other receivables		-	-	-	24,841	24,841
		1,257,325	-	-	24,841	1,282,166
Financial Liabilities						
Trade and other payables	-	-	-	-	100,421	100,421
Other financial liabilities	-	-	-	-	-	-
		-	-	-	100,421	100,421

19. FINANCIAL RISK MANAGEMENT (CONT)

2. Financial Risk Exposures and Management (Cont)

(d) Financial instrument composition and maturity analysis (Cont)

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

	2012 $	2011 $
Less than 6 months	63,005	100,421
6 months to 1 year	-	-
1 to 5 years	-	-
Over 5 years	-	-
	63,005	100,421

(e) 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.

(f) Sensitivity Analysis

Interest Rate Risk and Price Risk

The entity 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 2012, 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:

Change in profit		
Increase in interest rate by 2%	19,328	12,573
Decrease in interest rate by 2%	(19,328)	(12,573)
Change in equity		
Increase in interest rate by 2%	19,328	12,573
Decrease in interest rate by 2%	(19,328)	(12,573)

20. CONTINGENT LIABILITIES

There were no contingent liabilities as at the date of this report.

21. 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 place of business is:

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012

The directors of the company declare that:

1. the financial statements and notes, as set out on pages 8 to 28 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 2012 and of the performance for the financial year ended on that date of the company and 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 28th day of February 2013.