



SWW Energy Limited

**SWW Energy Limited**

**ABN 60 096 687 839**

**Annual Financial Report  
31 December 2013**



## CORPORATE DIRECTORY

### Directors

Stewart Elliott	Non-Executive Chairman
Brian Allen	Non-Executive Director
Graham Elliott	Non-Executive Director
Stuart Foster	Non-Executive Director

### Company Secretary

Matthew Foy

### Registered Office

Office J, Level 2, 1139 Hay Street

Perth WA 6005

Telephone: (08) 9486 4699

Facsimile: (08) 9486 4799

### Auditors

BDO (Audit) WA Pty Ltd

38 Station Street

SUBIACO WA 6008

### Bankers

National Australia Bank

Level 1, 1238 Hay Street

West Perth WA 6005

### Share Registry

Link Market Services Ltd

Level 12, 680 George Street

SYDNEY NSW 2000

Tel: (02) 8280 7111

Fax: (02) 9287 0303

### Stock Exchange Listing

Australian Securities Exchange

Level 8, Exchange Plaza

2 The Esplanade

PERTH WA 6000

**ASX Code:** SWW



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## DIRECTORS' REPORT

Your directors present their report on the Company for the financial year ended 31 December 2013.

### DIRECTORS

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

Stewart Elliott	Non-Executive Chairman (Appointed 13 September 2013)
Brian Allen	Non-Executive Director (Appointed 13 September 2013)
Graham Elliott	Non-Executive Director (Appointed 13 September 2013)
Stuart Foster	Non-Executive Director (Appointed 13 September 2013)
Benjamin Bussell	Non-Executive Chairman (Resigned 16 September 2013)
Matthew Foy	Non-Executive Director (Resigned 16 September 2013)
Darren Olsen	Non-Executive Director (Resigned 3 May 2013)
Samuel Edis	Non-Executive Director (Appointed 3 May 2013, resigned 16 September 2013)

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 people held the position of company secretary during the financial year:

Matthew Foy

### PRINCIPAL ACTIVITIES

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

- Development and/or acquisition of new renewable energy technologies.

### OPERATING RESULTS

The loss of the entity after providing for income tax amounted to \$190,266 (2012: \$479,610).

### DIVIDENDS PAID OR RECOMMENDED

No dividends were paid or are proposed to be paid to members during the financial year.

### REVIEW OF OPERATIONS

The result for SWW Energy Limited for the twelve months to 31 December 2013 was a loss of \$190,266.

During the period, the Company allocated part of its working capital budget to the identification and evaluation of new energy resource opportunities in Australia and overseas. In this regard the Company actively reviewed a number of potential acquisitions. No decision to invest in any of the projects reviewed was made during the period.

### Corporate

During the period the Company advised that Mr Stewart Elliott, Mr Brian Allen, Mr Graham Elliott and Mr Stuart Foster had joined the Board of SWW.

Mr Elliott is the Chairman and CEO of Energy World Limited (EWC) which is listed on the ASX and has a market capitalisation of in excess of \$800m. EWC is an integrated energy company engaged in the production and sale of



## DIRECTORS' REPORT

power and natural gas. He is also the founder and managing director of Energy World International Ltd (EWI) which has diverse interests including listed investments, resources, property and hotels.

Mr Brian Allen has been an Executive Director of EWC since 2001. Prior to joining EWC, Mr Allen was a director and head of project finance for The Hong Kong and Shanghai Banking Corporation Limited based in Hong Kong.

Mr Graham Elliott joined EWC in 2001 and is the Project Director. He is responsible for the development of new project opportunities throughout the Asia Pacific region. He is a graduate of Princeton University and holds a BSc in Engineering, and has completed a MBA at Southampton.

Mr. Stuart Foster has been involved in Stockbroking and financial management for more than 20 years. He is the founder and Chief Executive of Foster Stockbroking Pty Ltd and Cranport Funds Management. Foster Stockbroking possesses an Australian Financial Services Licence and is a member organisation of the ASX.

The Company further advised that Mr. Benjamin Bussell, Mr. Matthew Foy and Mr. Samuel Edis had tendered their resignations as Directors of the Company.

### Placement

On 13 September 2013 the Company advised that it had completed a placement to sophisticated investors to raise approximately \$292,199 through the issue of 58,439,868 shares at \$0.005 per share (the **Placement**). The Placement was completed in a single tranche pursuant to the Company's 15% capacity under ASX Listing Rule 7.1.

The proceeds from the Placement will be applied primarily towards meeting costs associated with the Company's ongoing evaluation of new investment opportunities.

### Options

At the end of the Period the Company had outstanding 80,000,000 options exercisable at \$0.01 on or before 31 December 2014.

### EVENTS SUBSEQUENT TO REPORTING DATE

There were no subsequent reporting date events.

### FINANCIAL POSITION

The net asset position of the entity has increased from \$703,207 at 31 December 2012 to a net asset position of \$805,138 at 31 December 2013.

### SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There have been no other significant changes in the state of affairs of the Company during the financial year. The Company expects to continue its evaluation of new investment opportunities which, once identified, are expected to impact the operations of the Company.

### ENVIRONMENTAL REGULATIONS

The entity is subject to environmental regulation by State and Local government authorities. As at the date of this report the Company believes it complies with all regulations issued by relevant authorities. The Company will ensure that any future activities will continue to comply with relevant environmental regulations, including the NGER Act 2007.



## DIRECTORS' REPORT

### INFORMATION ON DIRECTORS

#### **Mr Stewart Elliott – Non-Executive Director and Chairman (Appointed 13 September 2013)**

##### *Experience and Expertise*

Mr Elliott is the founder and Managing Director of Energy World International Limited (**EWI**), a controlled company of Energy World Corporation (**EWC**). EWI has diverse interests including listed investments, resources, property and hotel interests. Mr Elliott was the Managing Director and CEO of Consolidated Electric Power Asia (**CEPA**). CEPA was listed on the SEHK in 1993 and delisted in January 1997 following its acquisition and privatisation by The Southern Company for US\$3.2 billion. Mr Elliott was also an Executive Director of Hong Kong listed Hopewell Holdings Limited, from 1980 until 1998, leading many of its infrastructure projects and major developments (including leading the construction of the 'Hopewell Centre' in Hong Kong).

##### *Interest in Shares and Options*

Indirect interest in 89,159,750 ordinary shares.

##### *Former directorships in last three years*

Nil

##### *Directorship held in other listed entities*

Managing Director of Energy World Corporation Ltd (ASX:EWC)

#### **Mr Brian Allen – Non-Executive Director (Appointed 13 September 2013)**

##### *Experience and Expertise*

Mr Allen is a director of EWI. Prior to joining EWI, Mr Allen was a director and head of project finance for The Hongkong and Shanghai Banking Corporation Limited based in Hong Kong. Mr Allen was directly involved in a number of transactions including certain financing arranged by HSBC Group members for CEPA. Mr Allen has been involved in arranging finance for major projects in Asia since 1986.

##### *Interest in Shares and Options*

Indirect interest in 89,159,750 ordinary shares.

##### *Former directorships in last three years*

Nil

##### *Directorship held in other listed entities*

Executive Director of Energy World Corporation Ltd (ASX:EWC)

#### **Mr Graham Elliott – Non-Executive Director (Appointed 13 September 2013)**

##### *Experience and Expertise*

Mr Elliott was educated at Princeton University (Engineering). While at Princeton, he served as the President of the Princeton American Society of Civil Engineering Student Chapter. He completed a Masters of Business Administration at Southampton University in June 2004. His previous work experience includes various internships at Slipform



## DIRECTORS' REPORT

### INFORMATION ON DIRECTORS (CONT)

#### **Mr Graham Elliott – Non-Executive Director (Appointed 13 September 2013) (Cont)**

engineering Ltd. Between 1992 and 1996, at GEC Alstom in 1996, at Arup in 1997, and at Energy World International Ltd. Between 1997 and 2001. Mr Elliott joined EWC in 2001 and is responsible for matters relating to engineering and civil construction for the development of new project opportunities through the Asia Pacific region.

#### *Interest in Shares and Options*

Indirect interest in 89,159,750 ordinary shares.

#### *Former directorships in last three years*

Nil

#### *Directorship held in other listed entities*

Alternate Director of Energy Word Corporation Ltd (ASX:EWC)

#### **Mr Stuart Foster – Non-Executive Director (Appointed 13 September 2013)**

#### *Experience and Expertise*

Mr Foster has been involved in stockbroking and financial management for over 20 years. He is the founder and Chief Executive Officer of Foster Stockbroking Pty Ltd, which was established in 1991. Mr Foster possesses a background in equity research and financial analysis. He actively works in a dealing and advisory capacity to predominately institutional clients and professional investors. Mr Foster is also the found of Cranport Pty Ltd, which is a private Funds Management operation that primarily focuses on identifying investment opportunities in listed equities. Mr Foster holds a Bachelor of Commerce degree from Canterbury University and he is a qualified Chartered Accountant. He is also an ASIC Responsible Executive and an ASIC Responsible Management.

#### *Interest in Shares and Options*

Indirect Interest in 65,250,000 ordinary shares and 10,000,000 options exercisable at \$0.01 on or before 31 December 2014.

#### *Former directorships in last three years*

Nil

#### *Directorship held in other listed entities*

Non-Executive Director of Pacific Energy Limited (ASX:PEA)

#### **Mr Benjamin Bussell – Non-Executive Director and Chairman (Resigned 16 September 2013)**

#### *Experience and Expertise*

Mr Bussell is a Senior Accountant with over 14 years' experience in public accounting, corporate accounting and taxation. Mr Bussell is currently the Chief Financial Officer of ASX listed mineral exploration companies Minerals Corporation Ltd, Auroch Minerals NL, Stonehenge Metals Ltd, Segue Resources Ltd and White Eagle Resources Ltd.



## DIRECTORS' REPORT

### INFORMATION ON DIRECTORS (CONT)

#### **Mr Benjamin Bussell – Non-Executive Director and Chairman (Resigned 16 September 2013) (Cont)**

*Former directorships in last three years*

Nil.

*Qualifications*

Bachelor of Business, Company Secretary of Australia (CSA) (Cert)

*Interest in Shares and Options*

3,157,895 shares

*Former directorships in last three years*

Non-Executive Chairman of Auroch Minerals NL (resigned 14 January 2013)

*Directorship held in other listed entities*

Non-Executive Director of White Eagle Resources Ltd

#### **Mr Darren Olsen – Non-Executive Director (Resigned 3 May 2013)**

*Experience and Expertise*

Darren Olsen is a Certified Practising Accountant with over 14 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.

*Qualifications*

Bachelor of Business, Certified Practising Accountant

*Interest in Shares and Options*

3,200,000 shares

*Former directorships in last three years*

Nil

*Directorship held in other listed entities*

Nil





## DIRECTORS' REPORT

### INFORMATION ON DIRECTORS (CONT)

#### **Mr Matthew Foy – Executive Director and Company Secretary (resigned as Director 16 September 2013)**

##### *Experience and Expertise*

Matthew Foy was a Senior Adviser at the Australian Securities Exchange with 5 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 offerings and possesses significant commercial and corporate experience.

Mr Foy is currently the company secretary of ASX Listed Auroch Minerals NL, Stonehenge Metals Limited, Segue Resources Limited and White Eagle Resources Limited.

##### *Qualifications*

Bachelor of Commerce, Diploma of Applied Finance and Investment, Diploma of Applied Corporate Governance (GIA)

##### *Interest in Shares and Options*

1,013,158 ordinary shares

##### *Former directorships in last three years*

Executive Director of Auroch Minerals NL (Resigned 14 January 2013)

##### *Directorship held in other listed entities*

Non-Executive Director of Segue Resources Ltd

#### **Mr Samuel Edis – Non-Executive Director (resigned as Director 16 September 2013)**

##### *Experience and Expertise*

Mr Edis has two years' experience facilitating compliance of ASX-listed companies while further assisting with capital raisings, IPOs and investor relations. Having first trained in law in London, he has recently completed the GIA's Graduate Diploma of Applied Corporate Governance and draws on a thorough understanding of corporate law and regulatory requirements.

Mr Edis has held no other ASX-listed directorships in the last 3 years

##### *Qualifications*

Bachelor of Arts (Hons), Graduate Diploma in Law, Graduate Diploma of Applied Corporate Governance (GIA)

##### *Interest in Shares and Options*

Nil

##### *Former directorships in last three years*



## DIRECTORS' REPORT

None.

*Directorship held in other listed entities*

None.

### **The Audit, Compliance and Risk Committee**

The Audit, Compliance and Risk Management Committee comprise the full Board (all of whom are Non-Executive Directors) and is chaired by Mr Stewart Elliott (Non-Executive Director).

### **AUDITED 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 and governance*

Due to the size of the Company the role of remuneration committee is performed by the Board. It is primarily responsible for:

- The over-arching executive remuneration framework
- Remuneration levels of executives; and
- Non-executive director Fees.

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 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 entity, as well as create goal congruence between directors, other key management personnel and shareholders. The Board notes however that no director fees are currently being paid at this time of evaluation.

The Board determines the nature and the amount of remuneration for Board members and key management personnel of the 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 key management personnel are set by the Board.
- The key management personnel packages are reviewed annually by reference to the entity's performance, key management personnel performance and comparable information from industry sectors and other listed companies in similar industries.



## DIRECTORS' REPORT

### AUDITED REMUNERATION REPORT (CONT)

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 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. 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 9.25%, 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's policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. Remuneration of the non-executive directors is made on this basis and is reviewed 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. The Board notes however, that during this time of evaluation no director fees are currently being paid.

#### *Company performance, shareholder wealth and director and executive remuneration*

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.

	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
Revenue	12,028	-	1,136	35	29
Net profit/(loss)	(24,933)	(345)	691	(480)	(190)
Share price at year-end (cents)	3.2	9.2	2.0	0.5	0.6
Dividend paid	-	-	-	-	-

#### *Performance based remuneration*

At the time of identification of an appropriate acquisition, business combination or other activity, each executive director and executive remuneration package will have a tailored, 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 will be set annually, with certain level of consultation with directors/executives to ensure buy-in. The measures will be 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 company's expansion and profit, covering financial and non-financial as well as short- and long-term goals.

Performance in relation to the objectives will be 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. Nil bonuses were paid/payable to KMP's during the year.



## DIRECTORS' REPORT

### AUDITED REMUNERATION REPORT (CONT)

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

2013	Position	Salary, Fees & Commissions \$	Superannuation Contribution \$	Cash Bonus \$	Non-cash benefits \$	Total \$	Performance related% %
<b>Directors</b>							
S Elliott (i)	Non-executive Chairman	-	-	-	-	-	-
B Allen (i)	Non-executive Director	-	-	-	-	-	-
G Elliott (i)	Non-executive Director	-	-	-	-	-	-
S Foster (i)	Non-executive Director	-	-	-	-	-	-
B Bussell (ii)	Non-executive Director	15,290	-	-	-	15,290	-
D Olsen (iii)	Non-executive Director	14,294	1,287	-	-	15,581	-
M Foy (ii)	Executive Director & Company Secretary	28,290	-	-	-	28,290	-
S Edis (iv)	Non-executive Director	1,210	-	-	-	1,210	-
		59,084	1,287	-	-	60,371	

(i) Appointed 13 September 2013

(ii) Resigned 16 September 2013

(iii) Resigned 3 May 2013

(iv) Appointed 3 May 2013, resigned 16 September 2013

2012	Position	Salary, Fees & Commissions \$	Superannuation Contribution \$	Cash Bonus \$	Non-cash benefits \$	Total \$	Performance related% %
<b>Directors</b>							
B Bussell	Non-executive Director	36,000	-	-	-	36,000	-
D Olsen	Non-executive Director	32,871	3,129	-	-	36,000	-
M Foy	Executive Director & Company Secretary	48,000	-	-	-	48,000	-
		116,871	3,129	-	-	120,000	

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

*Shares issued on exercise of options for the year ended 31 December 2013*

Nil

*Options issued as part of remuneration for the year ended 31 December 2013*

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

### AUDITED REMUNERATION REPORT (CONT)

#### *Employment contracts of directors and key management personnel*

The employment conditions of the executive directors and other key management personnel are not currently formalised in contracts of employment. The Board is not currently drawing any fees relating to its services as directors during this time of evaluation.

However, following the identification of an appropriate acquisition, business combination or other activity, employment contracts will be formalised. The employment contracts will stipulate a range of three- to six-month resignation periods. It is envisaged that certain directors and executives will have have renewable three year fixed term contracts. The Company will be able to 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 will also be included. 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.

#### *Use of remuneration consultants*

The Company did not employ services of consultants to review its existing remuneration policies.

#### *Voting and comments made at the company's 2012 Annual General Meeting*

The Company received more than 99% of "yes" proxy votes on its remuneration report for the 2012 financial year, inclusive of discretionary proxy votes. The Company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

***End of audited remuneration report.***



## DIRECTORS' REPORT

### MEETINGS OF DIRECTORS

During the financial year two meetings of Directors were held. Attendances by each director during the year were as follows:

Director	Directors' Meetings	
	Number eligible to attend	Number attended
Mr Stewart Elliott	1	1
Mr Brian Allen	1	1
Mr Stuart Foster	1	1
Mr Graham Elliott	1	1
Mr Benjamin Bussell	2	2
Mr Darren Olsen	2	2
Mr Matthew Foy	2	2

### 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.

### 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 2013:

	2013	2012
	\$	\$
Compliance and Taxation Services	-	-



## **DIRECTORS' REPORT**

### **MEETINGS OF DIRECTORS (CONT)**

#### **Indemnity and Insurance of officers**

##### *(a) Indemnification*

Every person who is or has been a director, secretary or executive officer of the 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 2013 has been received and can be found on page 20, which forms part of the directors' report.

Signed in accordance with a resolution of the Board of Directors

Mr Stuart Foster, Director

Dated this 24<sup>th</sup> day of March 2014



## CORPORATE GOVERNANCE STATEMENT

### FOR THE YEAR ENDED 31 DECEMBER 2013

The Board of SWW Energy Limited is committed to maintaining high standards of Corporate Governance. This statement outlines the main Corporate Governance practices that were adopted or in place throughout the financial year, which comply with the ASX Corporate Governance Council recommendations, unless otherwise stated.

#### **PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT**

**Recommendation 1.1:** *Companies should establish and disclose the respective roles and responsibilities of Board and management.*

The Directors are responsible to the shareholders for the performance of the Company in both the short and the longer term and seek to balance sometimes competing objectives in the best interests of the Company as a whole. Their focus is to enhance the interests of shareholders and other key stakeholders and to ensure the Company is properly managed.

Day to day management of the Company's affairs and the implementation of the corporate strategy and policy initiatives are undertaken by the Board. The Corporate Governance Charter contains a statement of practices and processes the Board has adopted to discharge its responsibilities. It includes the processes the Board has implemented to undertake its own tasks and activities and the matters it has reserved for its own consideration and decision-making.

The matters that the Board has specifically reserved for its decision are:

- the appointment and management of the CEO/managing director;
- approval of the overall strategy and annual budgets of the business; and
- compliance with constitutional documents.

Some Board functions are handled through Board Committees. These committees are appointed when the size and scale of operations requires. However, the Board as a whole is responsible for determining the extent of powers residing in each Committee and is ultimately responsible for accepting, modifying or rejecting Committee recommendations.

**Recommendation 1.2:** *Companies should disclose the process for evaluating the performance of senior executives.*

The Board will monitor the performance of senior management, including measuring actual performance against planned performance.

**Recommendation 1.3:** *Companies should provide the information indicated in the Guide to reporting on Principle 1.*

The Board Charter is set out in the Corporate Governance Plan which is posted on the Australian Securities Exchange website. The Board Charter discloses the specific responsibilities of the Board and provides that the Board shall delegate responsibility for the day-to-day operations and administration of the Company to an Executive Director and/or Company Secretary.

#### **PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE**

**Recommendation 2.1:** *A majority of the Board should be independent directors.*

The Company does not have a majority of independent directors. The Board is comprised of four (4) directors and the Board considers that this structure is appropriate considering the size and activity of the Company currently.





## CORPORATE GOVERNANCE STATEMENT

### Recommendation 2.1 (Cont)

The Board's policy is that the majority of directors shall be independent, non-executive directors. The composition of the Board does not currently conform to its policy. It is the Board's intention to comply with its policy at a time when the size of the Company and its activities warrants such a structure.

**Recommendation 2.2:** *The chairperson should be an independent director.*

The Chair of the Board is Mr Stewart Elliott who is not considered independent.

**Recommendation 2.3:** *The roles of chairperson and chief executive officer (or equivalent) should not be exercised by the same individual.*

The roles of the Chairman and the chief executive officer are not exercised by the same person.

**Recommendation 2.4:** *The Board should establish a nomination committee.*

A nomination committee has not been established. The role of the Nomination Committee has been assumed by the full Board operating under the Nomination Committee Charter adopted by the Board.

**Recommendation 2.5:** *Companies should disclose the process for evaluating the performance of the Board, its committees and individual directors.*

An informal assessment process, facilitated by the Chairman in consultation with the Company's professional advisors, has been committed to by the Board.

**Recommendation 2.6:** *Provide the information indicated in Guide to Reporting on Principle 2.*

The Company will provide details of each director, such as their skills, experience and expertise relevant to their position, together with an explanation of any departures (if any) from the ASX Recommendations 2.1, 2.2, 2.3, 2.4 and 2.5 in its annual reports.

### PRINCIPLE 3: PROMOTE ETHICAL AND RESPONSIBLE DECISION-MAKING.

**Recommendation 3.1:** *Companies should establish a code of conduct and disclose the code or a summary of the code as to:*

- (a) the practices necessary to maintain confidence in the company's integrity;*
- (b) the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders*
- (c) the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.*

The Company's Corporate Governance Plan includes a Corporate Code of Conduct, which provides a framework for decisions and actions in relation to ethical conduct in employment.

**Recommendation 3.2:** *Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the Board to establish measureable objectives for achieving gender diversity and for the Board to assess annually both the objectives and progress in achieving them.*

The Company has adopted a diversity policy to address equal opportunities in the hiring, training and career advancement of Directors, officers and employees.



## CORPORATE GOVERNANCE STATEMENT

**Recommendation 3.3:** *Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the Board in accordance with the diversity policy and progress in achieving them.*

The Company has not yet set measurable objectives for achieving diversity. The Board continues to monitor diversity across the organisation and is satisfied with the current level of gender diversity within the Company. The Board does not consider it appropriate at this time, to formally set objectives for gender diversity.

**Recommendation 3.4:** *Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the Board.*

As at 31 December 2013 the Company has no female employee or Board Member.

**Recommendation 3.5:** *Companies should provide the information indicated in the Guide to reporting on Principle 3.*

The Company will explain any departures (if any) from ASX Recommendations 3.2, 3.3 and 3.4 in its Annual Reports.

### PRINCIPLE 4: SAFEGUARD INTEGRITY IN FINANCIAL REPORTING

**Recommendation 4.1:** *The Board should establish an audit committee.*

Due to the size of the Company an audit committee has not been established. The role of the Audit Committee has been assumed by the full Board operating under the Audit Committee Charter adopted by the Board.

**Recommendation 4.2:** *Structure the audit committee so that it consists of:*

- (a) only non-executive directors;*
- (b) a majority of independent directors;*
- (c) an independent chairperson, who is not chairperson of the Board; and*
- (d) at least three members.*

The Company has not established a separate audit committee. However, if one was established the Board policy is that it would comprise at least two (2) members who are non-executive directors. This structure would comply with the structure set out in the Board Charter adopted by the Company but not with the ASX Corporate Governance Principles and the corresponding Recommendations.

**Recommendation 4.3:** *The audit committee should have a formal charter.*

The Company's has established an Audit Committee Charter although this is currently administered by the Board.

**Recommendation 4.4:** *Provide the information indicated in Guide to Reporting on Principle 4.*

The role of the Audit Committee is currently administered by the full Board in accordance with the Board Charter. The full Board met in its capacity as the Audit Committee two times during the Reporting Period. Details of director attendance at meetings of the full Board, in its capacity at the Audit Committee, during the Reporting Period are set out in a table in the Directors' Report on page 12.

The Company has established procedures for the selection, appointment and rotation of its external auditor. The Board is responsible for the initial appointment of the external auditor and the appointment of a new external auditor when any vacancy arises, as recommended by the Audit Committee. Candidates for the position of external auditor must demonstrate independence from the Company through the engagement period. The Board may otherwise select an external auditor based on criteria relevant to the Company's business and circumstances. The performance of the external auditor is reviewed on an annual basis by the Board.



## CORPORATE GOVERNANCE STATEMENT

### PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE

**Recommendation 5.1:** *Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.*

The Board Charter contains the policies designed to ensure compliance with ASX Listing Rule disclosure and accountability at a senior executive level for that compliance.

**Recommendation 5.2:** *Provide the information indicated in Guide to Reporting on Principle 5.*

The company secretary who reports directly to the Board has been appointed as the disclosure officer and is required to keep abreast of all material information and where appropriate, ensure disclosure of share price sensitive information.

### PRINCIPLE 6: RESPECT THE RIGHTS OF SHAREHOLDERS

**Recommendation 6.1:** *Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.*

The Company's Corporate Governance Plan includes a shareholder communications strategy, which aims to ensure that the shareholders are informed of all major developments affecting the Company's state of affairs. Shareholders are encouraged to attend and participate in general meetings.

The Company makes available on its website the following information on a regular and up-to-date basis:

- (a) Information briefings to media and analysts;
- (b) Notices of meetings and explanatory materials;
- (c) Financial information including annual reports; and
- (d) All other Company announcements.

The Company provides shareholder materials directly to shareholders through electronic means. A shareholder may request a hard copy of the Company's annual report to be posted to them. Provision is made on the Company's website for shareholders to register to receive information updates.

**Recommendation 6.2:** *Provide the information indicated in the Guide to reporting on Principle 6.*

The Board aims to ensure that Security Holders are informed of all information necessary to assess the performance of the Company.

Information is communicated to the shareholders through:

- The annual report, which is distributed to all shareholders (other than those who elect not to receive it);
- The AGM and other shareholder meetings called to obtain approval for Board action as appropriate;
- Making available all information released to the ASX website immediately following confirmation of receipt by the ASX;
- Encouraging active participation by shareholders at shareholder meetings;

Encouraging all shareholders who are unable to attend general meetings to communicate issues or ask questions by writing to the Company.



## CORPORATE GOVERNANCE STATEMENT

### PRINCIPLE 7: RECOGNISE AND MANAGE RISK

**Recommendation 7.1:** *Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.*

The Board has adopted a Risk Management Policy. As detailed in 7.2 no risk management committee has been formed and this role is undertaken by the Board, however, the overall basis for risk management is to provide recommendations about:

- (a) Ensuring that the Company has an effective risk management system and that major risks to the Company are reported at least annually to the Board.
- (b) Receiving from management reports on all suspected and actual frauds, thefts and breaches of laws.
- (c) Evaluating the process the Company has in place for assessing and continuously improving internal controls, particularly those related to areas of significant risk.
- (d) Assessing whether management has controls in place for unusual types of transactions and/or any potential transactions that may carry more than an acceptable degree of risk.

**Recommendation 7.2:** *The Board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.*

The Board's collective experience will enable accurate identification of the principal risks that may affect the Company's business. Key operational risks and their management will be recurring items for deliberation at Board meetings.

A Risk Management Committee has not been formed and no internal audit function exists. All functions, roles and responsibilities with regard to risk oversight and management and internal control are undertaken by Management as at the date of this report.

**Recommendation 7.3:** *The Board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.*

Due to the size of the Company, the Board signed the declaration in accordance with section 295A of the Corporations Act. The declaration is made and is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial risk.

**Recommendation 7.4:** *Provide the information located in Guide to Reporting on Principle 7.*

The Company will provide an explanation of any departures (if any) from ASX Recommendations 7.1, 7.2 and 7.3 in its future annual reports.

The Corporate Governance Plan, including the charter of the audit and risk committee is posted on the Company's website.

### PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY

**Recommendation 8.1:** *The Board should establish a remuneration committee.*

A Remuneration Committee has not been established. The role of the Remuneration Committee has been assumed by the full Board operating under the Remuneration Committee Charter adopted by the Board.



## CORPORATE GOVERNANCE STATEMENT

**Recommendation 8.2:** *The remuneration committee should be structured so that it:*

- (a) consists of a majority of independent directors;
- (b) is chaired by an independent director; and
- (c) has at least three members

A Remuneration Committee has not been established. The role of the Remuneration Committee has been assumed by the full Board operating under the Remuneration Committee Charter adopted by the Board.

**Recommendation 8.3:** *Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.*

The Board will distinguish the structure of non-executive director's remuneration form that of executive directors and senior executives. The Company's constitution also provides that the remuneration of non-executive Directors will not be more than the aggregate fixed sum determined by a general meeting.

Non-executive directors are remunerated at a fixed fee for time, commitment and responsibilities. Remuneration for non-executive directors is not linked to the performance of the Company. There are no documented agreements providing for termination or retirement benefits to non-executive directors (other than for superannuation). There are currently no options issued to non-executive directors.

Executive directors and senior executives are offered a competitive level of base pay at market rates and are reviewed annually to ensure market competitiveness. Long term performance incentives may include performance and production bonus payments, shares options granted at the discretion of the Board and subject to obtaining the relevant approvals.

**Recommendation 8.4:** *Provide the information indicated in Guide to Reporting on Principle 8.*

The Board will consider what information to include in the corporate governance section of the Company's annual report in respect of remuneration policies at the relevant time.

The Company will explain any departures (if any) from best practice recommendations 8.1, 8.2 and 8.3 in its future annual reports.

DECLARATION OF INDEPENDENCE BY PHILLIP MURDOCH TO THE DIRECTORS OF SWW ENERGY LIMITED

As lead auditor of SWW Energy Limited for the year ended 31 December 2013, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.



Phillip Murdoch

Director

BDO Audit (WA) Pty Ltd

Perth, 24 March 2014



## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2013

	Note	2013 \$	2012 \$
Revenue from continuing operations		-	-
Other Income	2	16,295	2,822
Interest Income		13,117	32,418
		<hr/>	<hr/>
		29,412	35,240
Accounting and Tax		(20,458)	(24,098)
Audit Fees	12	(29,289)	(26,196)
Consulting Fees		(2,804)	(90,986)
Corporate Administration		(51,301)	(80,395)
Directors Fees		(44,371)	(108,000)
Employee Benefits		(18,142)	(61,805)
Finance Costs		(1)	(1)
Insurance		(11,176)	(9,814)
Legal		(1,265)	(20,018)
Occupancy		(38,544)	(42,696)
Project Costs		-	(31,764)
Travel		-	(3,777)
Other		(2,327)	(15,300)
		<hr/>	<hr/>
		(219,678)	(514,850)
Loss before income tax		(190,266)	(479,610)
Income tax expense	3	-	-
Loss after income tax		<hr/>	<hr/>
		(190,266)	(479,610)
Other comprehensive income for the year		-	-
Total comprehensive Loss for the year attributable to the owners of SWW Energy Limited		<hr/>	<hr/>
		(190,266)	(479,610)
Loss per share for the year attributable to members of SWW Energy Limited		(190,266)	(479,610)
Basic loss per share (cents per share)	13	(0.047)	(0.123)
Diluted loss per share (cents per share)	13	(0.047)	(0.123)

The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

**SWW ENERGY LIMITED**



## STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2013

	Note	2013 \$	2012 \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	4	799,678	675,447
Trade and other receivables	5	30,992	47,140
Other current assets	6	5,280	30,625
<b>Total Current Assets</b>		<b>835,950</b>	<b>753,212</b>
<b>TOTAL ASSETS</b>		<b>835,950</b>	<b>753,212</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	7	30,810	50,005
<b>Total Current Liabilities</b>		<b>30,810</b>	<b>50,005</b>
<b>TOTAL LIABILITIES</b>		<b>30,810</b>	<b>50,005</b>
<b>NET ASSETS</b>		<b>805,140</b>	<b>703,207</b>
<b>EQUITY</b>			
Issued capital	8	2,084,552	1,792,353
Reserves	9	552,000	552,000
Accumulated losses	10	(1,831,412)	(1,641,146)
<b>TOTAL EQUITY</b>		<b>805,140</b>	<b>703,207</b>

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

**SWW ENERGY LIMITED**





## STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2013

	Issued Capital	Share Based Payments Reserve	Accumulated Losses	Total
	\$	\$	\$	\$
<b>Balance at 1 January 2012</b>	1,792,353	552,000	(1,161,536)	1,182,817
Loss for the year	-	-	(479,610)	(479,610)
Other comprehensive income for the year	-	-	-	-
Total comprehensive loss for the year	-	-	(479,610)	(479,610)
<b>Transactions with owners in their capacity as owners:</b>				
Share capital raised during the year	-	-	-	-
Total transaction with owners	-	-	-	-
<b>Balance as 31 December 2012</b>	<b>1,792,353</b>	<b>552,000</b>	<b>(1,641,146)</b>	<b>703,207</b>
<b>Balance at 1 January 2013</b>	<b>1,792,353</b>	<b>552,000</b>	<b>(1,641,146)</b>	<b>703,207</b>
Loss for the year	-	-	(190,266)	(190,266)
Other comprehensive income for the year	-	-	-	-
Total comprehensive loss for the year	-	-	(190,266)	(190,266)
<b>Transactions with owners in their capacity as owners:</b>				
Share capital raised during the year	292,199	-	-	292,199
Costs of share issue	-	-	-	-
Total transaction with owners	292,199	-	-	292,199
<b>Balance as 31 December 2013</b>	<b>2,084,552</b>	<b>552,000</b>	<b>(1,831,412)</b>	<b>805,140</b>

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

**SWW ENERGY LIMITED**



## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2013

	Note	2013 \$	2012 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Payments to suppliers and employees		(181,084)	(614,296)
Interest received		13,115	32,418
<b>Net cash outflows from operating activities</b>	<b>15</b>	<b>(167,969)</b>	<b>(581,878)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Loans to related entities		-	-
<b>Net cash outflows from investing activities</b>		<b>-</b>	<b>-</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Net proceeds from issue of shares		292,199	-
<b>Net cash inflows from financing activities</b>		<b>292,199</b>	<b>-</b>
Net increase/(decrease) in cash and cash equivalents		124,230	(581,878)
Cash and cash equivalents at beginning of year	<b>4</b>	675,447	1,257,325
<b>NET CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>		<b>799,677</b>	<b>675,447</b>

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

**SWW ENERGY LIMITED**



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

## 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. SWW Energy Limited is a listed public company, incorporated and domiciled in Australia. SWW Energy Limited is a for-profit entity for the purposes of preparing the financial statements.

The following is a summary of the material accounting policies adopted by the company 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) Revenue Recognition

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.

#### (B) 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.



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

### (C) Income Tax

The income tax expense or revenue for the year is the tax payable on the current year's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill.

Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

SWW Energy Limited and its wholly owned Australian controlled entity have implemented the tax consolidation legislation. As a consequence, these entities are taxed as a single entity and the deferred tax assets and liabilities of these entities are set off in the consolidated financial statements.

Current and deferred tax is recognised in profit and loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

### (D) 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 Profit or Loss and Other 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.



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

### **(E) 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 2013 overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

### **(F) Financial Instruments**

#### ***Recognition***

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

#### ***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.

#### ***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 Profit or Loss and Other Comprehensive Income.

### **(G) Comparative Figures**

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

### **(H) 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.

### **(I) Share-based payments**

Share-based compensation benefits are provided to employees via the company's Employee Option Plan and an employee share scheme. Information relation to these schemes is set out in note 16.

The fair value of options granted under the company's Employee Option Plan is recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted, which includes any market performance conditions and the impact of any non-vesting conditions but excludes the impact of any service and non-market performance vesting conditions.



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

### (I) Share-based payments (continued)

Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-marketing vesting conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

### (J) 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.

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.

### (K) Segment Reporting

Operating segments are reported in a manner that is consistent with the internal reporting to the chief operating decision maker ("CODM"), which has been identified by the company as the Managing Director and other members of the Board of directors.

### (L) Employee Entitlements

The Company's liability for employee entitlements arising from services rendered by employees to reporting date is recognised in other payables. Employee entitlements expected to be settled within one year together with entitlements arising from wages and salaries, and annual leave which will be settled within one year, have been measured at their nominal amount and include related on-costs.

### (M) Earnings Per Share

#### (i) Basic Earnings Per Share

Basic earnings per share is determined by dividing the operating loss attributable to the equity holder of the Company after income tax by the weighted average number of ordinary shares outstanding during the financial year.

#### (ii) Diluted Earnings Per Share

Diluted earnings per share adjusts the figures used in determination of basic earnings per share by taking into account amounts unpaid on ordinary shares and any reduction in earnings per share that will arise from the exercise of options outstanding during the year.



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

### (N) Trade and Other Receivables

Receivables are initially recognised at fair value and subsequently measured at amortised cost, less provision for doubtful debts. Current receivables for GST are due for settlement within 30 days and other current receivables within 12 months. Cash on deposit is not due for settlement until rights of tenure are forfeited or performance obligations are met.

### (O) Trade and Other Payables

Trade payables and other payables are carried at cost and represent liabilities for goods and services provided to the Company prior to the end of the financial period that are unpaid and arise when the Company becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and usually paid within 30 days of recognition.

### (P) Contributed Equity

Issued and paid up capital is recognised at the fair value of the consideration received by the company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

### (Q) New accounting standards and interpretations

The following applicable accounting standards and interpretations have been issued or amended but are not yet effective. These standards have not been adopted by the Group for the year ended 31 December 2013, and no change to the Group's accounting policy is required:

Reference	Title	Summary	Impact on Group's financial report	Application date for Group
AASB 9	Financial Instruments	<p>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. Under AASB 9, there are three categories of financial assets:</p> <ul style="list-style-type: none"> <li>- Amortised cost</li> <li>- Fair value through profit or loss</li> <li>- Fair value through other comprehensive income</li> </ul> <p>The following requirements have generally been carried forward unchanged from AASB 139 Financial Instruments. Recognition and Measurement into AASB 9:</p> <ul style="list-style-type: none"> <li>- Classification and measurement of financial liabilities; and</li> <li>- Derecognition requirements for financial assets and liabilities.</li> </ul> <p>However, AASB 9 requires that gains or losses on financial liabilities measured at fair value are recognized in profit or loss, except that the effects of changes in the liability's credit risk are recognised in other comprehensive income.</p>	The Group has not yet determined the impact on the Group's financial statements.	1 January 2015



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

### 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

#### (R) New accounting standards and interpretations

In the year ended 31 December 2013, the company has reviewed all of the new and revised standards and interpretations issued by the AASB that are relevant to its operations and effective for the current annual reporting period and have been determined that there is no impact, material or otherwise on its current accounting policies and disclosures.

### 2. OTHER INCOME

	2013	2012
	\$	\$
Other Revenues		
Interest Income	13,117	32,418
Foreign exchange gain	16,295	2,822
Total Operating Revenue	29,412	35,240

### 3. INCOME TAX EXPENSE

#### (a) The components of tax expense comprise:

	2013	2012
	\$	\$
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 2012: 30%)

Entity	(57,080)	(143,883)
	(57,080)	(143,883)
Add:		
Tax effect of:		
Deductions not included in loss for the period		
Non-deductible expenses	-	6,149
	-	6,149
Less:		
Tax effect of:		
Non-assessable income	-	-
Deferred tax asset unrecognised on tax	57,080	137,734
Income tax expense	-	-





## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

### 3. INCOME TAX EXPENSE (CONT.)

Deferred tax assets/liabilities not brought to account:

Opening deferred tax assets/liabilities	259,905	122,171
Deferred tax assets – tax losses	57,080	137,735
Deferred Tax Liabilities	-	-
Total deferred tax assets/liabilities not brought to account.	<u>316,985</u>	<u>259,906</u>

### 4. CASH AND CASH EQUIVALENTS

Cash at bank and on hand	19,764	9,100
Deposits at call	779,914	666,347
	<u>799,678</u>	<u>675,447</u>

Refer note 19 for further details

### 5. TRADE AND OTHER RECEIVABLES

	2013	2012
	\$	\$
<b>Current</b>		
Trade and other receivables	30,992	47,140
	<u>30,992</u>	<u>47,140</u>

Refer note 19 for further details

#### Allowance for Impairment Loss

Trade receivables are non-interest bearing and are generally on cash up front or – 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 2013, the ageing analysis of trade receivables is as follows:

	Total	0-30 days	31-60 days	61-90 Days	+91 days	+91 days
			PDNI*	PDNI*	PDNI*	CI*
As at 31 December 2013	30,992	30,992	-	-	-	-
As at 31 December 2012	47,140	47,140	-	-	-	-

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

Receivables past due but not considered impaired are \$nil (2012: \$nil).

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



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

### 6. OTHER CURRENT ASSETS

Prepayments	5,280	30,625
	5,280	30,625

#### *Nature of Prepayments*

The prepayments figure relates to prepaid insurance incurred during the year.

### 7. TRADE AND OTHER PAYABLES

#### **Current**

Trade payables	12,810	30,005
Accrued Expenses	18,000	20,000
	30,810	50,005

### 8. ISSUED CAPITAL

	2013	2012	2013	2012
	Shares	Shares	\$	\$
<b>Share Capital</b>				
Ordinary Shares				
Fully Paid	389,599,124	389,599,124	1,792,353	1,792,353
Shares issued during year				
11 September 2013	58,439,868	-	292,199	-
Capital Raising Costs	-	-	-	-
	448,038,992	389,599,124	2,084,552	1,792,353
	448,038,992	389,599,124	2,084,552	1,792,353

During the year ending 31 December 2013 the company issued 58,439,868 ordinary fully paid shares as follows:

- On 11 September 2013 58,439,868 new shares at an issue price of 0.5 cent per share by the company to apply towards meeting costs associated with the Company's ongoing evaluation of new investment opportunities

### 9. RESERVES

	2013	2012
	\$	\$
<b>Reserves</b>		
Share based payments reserve	552,000	552,000
	552,000	552,000

**SWW ENERGY LIMITED**



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

### 9. RESERVES (CONT.)

#### 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 issued to employees

### 10. ACCUMULATED LOSSES

Balance at the beginning of the financial year	(1,641,146)	(1,161,536)
Net loss attributable to members	(190,266)	(479,610)
Reduction of share capital	-	-
Balance at the end of the financial year	<u>(1,831,412)</u>	<u>(1,641,146)</u>

### 11. KEY MANAGEMENT PERSONNEL INFORMATION

(a) *Key Management Personnel Compensation*

31 December 2013	Short-term Benefits	Post-employment Benefits	Share-based payment	Total
	\$	\$	\$	\$
Directors	59,084	1,287	-	60,371
	<u>59,084</u>	<u>1,287</u>	<u>-</u>	<u>60,371</u>

31 December 2012	Short-term Benefits	Post-employment Benefits	Share-based payment	Total
	\$	\$	\$	\$
Directors	116,871	3,129	-	120,000
	<u>116,871</u>	<u>3,129</u>	<u>-</u>	<u>120,000</u>

(b) *Other Key Management Personnel Disclosures*

Director, Mr B Bussell, is a shareholder and a director of Hemisphere Corporate Services Pty Ltd and Minerva Corporate Pty Ltd. During the 2013 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 2013 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.

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

**SWW ENERGY LIMITED**



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

### 11. KEY MANAGEMENT PERSONNEL INFORMATION (CONT.)

	2013	2012
	\$	\$
<b>Payments to related parties</b>		
Consultancy, Rent and Administration	121,544	341,685
Taxation and Accountancy	8,954	26,389
	<u>130,498</u>	<u>368,074</u>
Balance outstanding at year end		
Trade Payables	<u>7,188</u>	<u>19,913</u>
	7,188	19,913

#### (c) Compensation options

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

#### (d) Shareholdings

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

2013	Balance 1 Jan	Purchased	Disposed	Other	Balance 31 Dec
<b>Directors</b>					
Mr Stewart Elliott	-	89,159,750	-	-	89,159,750
Mr Brian Allen	-	89,159,750	-	-	89,159,750
Mr Stuart Foster	-	65,250,000	-	-	65,250,000
Mr Graham Elliott	-	89,159,750	-	-	89,159,750
Mr Benjamin Bussell	3,157,895	-	-	(3,157,895)	-
Mr Darren Olsen	3,200,000	-	-	(3,200,000)	-
Mr Matthew Foy	1,013,158	-	-	(1,013,158)	-
Mr Sam Edis	-	-	-	-	-
	<u>7,371,053</u>	<u>332,729,250</u>	<u>-</u>	<u>(7,371,053)</u>	<u>332,729,250</u>

The above figures are from the later of employment commencement date and 1 January 2013 through to the earlier of termination date and 31 December 2013.

2012	Balance 1 Jan 1	Purchased	Disposed	Balance 31 Dec
<b>Directors</b>				
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
	<u>6,950,000</u>	<u>421,053</u>	<u>-</u>	<u>7,371,053</u>

The above figures are from the later of employment commencement date and 1 January 2013 through to the earlier of termination date and 31 December 2012.



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

### 12. AUDITOR'S REMUNERATION

	2013	2012
	\$	\$
Remuneration of the auditor of the parent entity for:		
Auditing and review of financial reports	29,289	26,196
Compliance and taxation services	-	-
	<u>29,289</u>	<u>26,196</u>

### 13. EARNINGS PER SHARE

(a) Earnings used in calculating earnings per share

Loss attributable to continuing operations	(190,266)	(479,610)
Loss attributable to ordinary equity holders of the parent entity	(190,266)	(479,610)

# #

(b) Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS

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

407,531,357	389,599,124
-	-
407,531,357	389,599,124

### 14. SEGMENT REPORTING

The company primarily operates in one segment being renewable energy research, development and production. No segment results are presented as the directors believe these are the same as the results presented by the company as a whole.

### 15. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES

#### Cash Flows from operating activities

Loss for the year	(190,266)	(479,610)
Non-cash flows in profit / (Loss):		
Reversal of creditors	-	-
Changes in assets and liabilities:		
Increase / (Decrease) in trade payables and accrual	(31,787)	(46,644)
Decrease / (Increase) in trade receivables	25,345	(25,801)
Decrease / (Increase) in other current assets	28,739	(29,823)
Increase / (Decrease) in income tax liabilities	-	-
Net cash from operating activities	<u>(167,969)</u>	<u>(581,878)</u>



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

### 16. SHARE BASED PAYMENTS

#### Options Issued

No options were issued as share based payments during the year ended 31 December 2013.

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
<b>2013</b>							
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
<b>2012</b>							
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

Included under employee benefits expense in the Statement of Profit or Loss and Other Comprehensive Income is \$nil (2012: \$nil), and relates, in full, to equity-settled share-based payment transactions.

### 17. EVENTS OCCURRING AFTER THE REPORTING PERIOD

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.



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

### 18. CAPITAL MANAGEMENT (CONT.)

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 2013 and 31 December 2012 are as follows:

	2013	2012
	\$	\$
Total Borrowings	-	-
Less Cash and Cash Equivalents	799,678	675,447
Net Debt	-	-
Total Equity	823,140	690,207
Total Capital	823,140	690,207
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.

The company has the following financial instruments.

#### 2. Financial Risk Exposures and Management

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

The entity does not currently have any formal policies in place regarding interest rate risk as it is not considered significant.



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

### 19. FINANCIAL RISK MANAGEMENT (CONT.)

#### (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 reporting 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.

The entity does not currently have any formal policies in place regarding credit risk as it is not considered significant.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available).

	2013	2012
	\$	\$
Cash and Cash Equivalents		
AA	799,678	675,447
	<hr/> 799,678	<hr/> 675,447





## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

### 19. FINANCIAL RISK 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.

	Weighted average effective interest rate	Variable interest rate	Fixed Interest		Total Contractual Cash Flows	Non-interest bearing	Total
			1 Year or less	Over 1 to 5 years			
	%	\$	\$	\$	\$	\$	\$
<b>31 December 2013</b>							
Financial Assets							
Cash and cash equivalents	1.74%	799,678	-	-	-	-	799,678
Trade and other receivables		-	-	-	-	36,272	36,272
		799,678	-	-	-	36,272	835,950
Financial Liabilities							
Trade and other payables		-	-	-	-	12,810	12,810
Other financial liabilities		-	-	-	-	-	-
		-	-	-	-	12,810	12,810
<b>31 December 2012</b>							
Financial Assets							
Cash and cash equivalents	3.08%	675,447	-	-	-	-	675,447
Trade and other receivables		-	-	-	-	77,765	77,765
		675,447	-	-	-	77,765	753,212
Financial Liabilities							
Trade and other payables	-	-	-	-	-	63,005	63,005
Other financial liabilities	-	-	-	-	-	-	-
		-	-	-	-	63,005	63,005



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

### 19. FINANCIAL RISK MANAGEMENT (CONT.)

#### 2. Financial Risk Exposures and Management (Cont)

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

	2013	2012
	\$	\$
Less than 6 months	12,810	63,005
6 months to 1 year	-	-
1 to 5 years	-	-
Over 5 years	-	-
	12,810	63,005

#### (e) Fair Value Measurement

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.

There are no financial assets or liabilities that are carried at fair value in the financial statements therefore no additional disclosures have been made with respect to fair value measurement.

#### (f) Sensitivity Analysis

##### Interest Rate Risk

The entity has performed a sensitivity analysis relating to its exposure to interest rate risk, and price risk at reporting 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 2013, 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:

	2013	2012
	\$	\$
<b>Change in profit</b>		
Increase in interest rate by 2%	14,751	19,328
Decrease in interest rate by 2%	(14,751)	(19,328)
<b>Change in equity</b>		
Increase in interest rate by 2%	14,751	19,328
Decrease in interest rate by 2%	(14,751)	(19,328)



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

### 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  
Office J, Level 2  
1139 Hay Street  
West Perth WA 6005  
T: (08) 9486 4699 F: (08) 9486 4799

**The principal place of business is:**

SWW Energy Limited  
Office J, Level 2  
1139 Hay Street  
West Perth WA 6005  
T: (08) 9486 4699 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 22 to 42 are in accordance with the Corporations Act 2001 and:
  - a. comply with Accounting Standards and the Corporations Regulations 2001 other mandatory professional reporting requirements; and
  - b. give a true and fair view of the financial position as at 31 December 2013 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.

Stuart Foster

Director

Dated this 24<sup>th</sup> day of March 2014

## 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, which comprises the statement of financial position as at 31 December 2013, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

#### Directors' Responsibility for the Financial Report

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

#### Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of SWW Energy Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

#### Opinion

In our opinion:

- (a) 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 financial position as at 31 December 2013 and of its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

#### Report on the Remuneration Report

We have audited the Remuneration Report included in pages 9 to 12 of the directors' report for the year ended 31 December 2013. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

#### Opinion

In our opinion, the Remuneration Report of SWW Energy Limited for the year ended 31 December 2013 complies with section 300A of the *Corporations Act 2001*.

BDO Audit (WA) Pty Ltd

BDO

A handwritten signature in black ink, appearing to read 'P Murdoch', written over a horizontal line.

Phillip Murdoch  
Director

Perth, 24 March 2014



## ADDITIONAL INFORMATION

**Latest Date:** 19 March 2014

### Top 20 Shareholders

<u>Date</u>	<u>Issued Capital (IC)</u>	<u>Top 20 Position</u>	<u>%IC</u>	
19 March 2014	448,038,992	350,923,448	78.32%	
<u>Rank</u>	<u>Name</u>	<u>A/C Designation</u>	<u>16 Jan 14</u>	<u>%IC</u>
1	SWAN CAPITAL LIMITED		58,439,868	13.04%
2	MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED		45,000,000	10.04%
3	SWAN CAPITAL LIMITED		30,719,882	6.86%
4	MIMO STRATEGIES PTY LTD	<MIMO A/C>	26,872,266	6.00%
5	FOSTER STOCKBROKING NOMINEES PTY LTD	<NO 1 ACCOUNT>	20,250,000	4.52%
6	KOBIA HOLDINGS PTY LTD	<THE KOBIA A/C>	18,000,000	4.02%
7	BLU BONE PTY LTD		16,991,432	3.79%
8	DEPOFO PTY LTD	<SUPER A/C>	15,000,000	3.35%
8	NAUTICAL HOLDINGS WA PTY LTD MR MARK JOHN BAHEN & MRS MARGARET PATRICIA BAHEN	<ABANDON SHIP S/F A/C>	15,000,000	3.35%
9		<SUPERANNUATION ACCOUNT> <CRANSTON SUPERANNUATION A/C>	14,700,000	3.28%
10	KINGSLANE PTY LTD		13,500,000	3.01%
11	MR GLENN ROSS WHIDDON		11,500,000	2.57%
12	MR TONY ATHAS & MRS ANGELA ATHAS	<ATHAS FAMILY SUPER FUND A/C>	10,000,000	2.23%
12	MRS JANE VALENTINE WHIDDON	<THE LAGRAL FAMILY A/C> <GREEN POSSUM SUPER FUND A/C>	10,000,000	2.23%
13	MR NORMAN SYDNEY MCCLEARY		8,000,000	1.79%
14	6466 INVESTMENTS PTY LTD		7,000,000	1.56%
15	ATHAS INVESTMENTS PTY LTD	<THE ATHAS INVESTMENT A/C>	6,000,000	1.34%
16	N & J MITCHELL HOLDINGS PTY LTD	SECOND SUPERANNUATION FUND	5,500,000	1.23%
17	PROFESSIONAL PAYMENT SERVICES PTY LTD		5,450,000	1.22%
18	MR GINO D'ANNA	<THE INTERNATZIONALE A/C>	4,500,000	1.00%
19	MR MICHAEL SEAN HOBBS		4,300,000	0.96%
20	EL PRONTO PTY LTD	<ITS BOUT BLOODY TIME SF A/C>	4,200,000	0.94%
			4,300,000	0.89%
	<b>TOTAL</b>		<b>350,923,448</b>	<b>78.32%</b>
	<b>Balance of Register</b>		<b>97,115,544</b>	<b>21.68%</b>
	<b>Grand TOTAL</b>		<b>448,038,992</b>	<b>100.00%</b>

<u>Range</u>	<u>Securities</u>	<u>%</u>	<u>No of Holders</u>	<u>%</u>
100,001 and Over	441,428,747	98.52	148	20.27
10,001 to 100,000	5,783,080	1.29	142	19.45
5,001 to 10,000	336,562	0.08	46	6.30
1,001 to 5,000	418,011	0.09	168	23.01
1 to 1,000	72,592	0.02	226	30.96
<b>Total</b>	<b>448,038,992</b>	<b>100.00</b>	<b>730</b>	<b>100.00</b>

### Unmarketable Parcels

The number of holders of less than a marketable parcel of fully paid shares is 573.

### Voting Rights

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



## ADDITIONAL INFORMATION

### Ordinary shares

Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

### Options

There are no voting rights attached to any class of options that is on issue.

**Substantial Shareholders** (i.e. shareholders who hold 5% or more of the issued capital)

Name	Number of Shares Held	Percentage
Swan Capital Limited	89,159,750	19.89%
MIMO Strategies Pty Ltd <MIMO A/C>	26,872,266	6.00%

### Unquoted Securities

As at 19 March 2014 the following options over un-issued shares were on issue:

- i. 80,000,000 options exercisable at 1 cent on or before 31 December 2014.

### Unquoted Equity Security Holders with Greater than 20% of an Individual Class

As at 19 March 2014 the following class of unquoted securities had holders with greater than 20% of the class on issue.

*Options exercisable at 1 cent on or before 31 December 2014*

Name	Number of Shares Held	Percentage
Mr Bevan Nigel Hugh Tarratt & Mrs Sophie Tarratt	19,000,000	23.75%

### Buy-back arrangements

There are no buy-back arrangements in place.

### Restricted Securities

There are no securities restricted or currently subject to voluntary escrow.

### Registered Address

The address of the principal registered office is Office J, Level 2, 1139 Hay St, West Perth WA. Telephone (08) 9486 4699.

### Registers

The register of securities is held at the following address:

Link Market Services Limited  
Level 12, 680 George Street  
SYDNEY NSW 2000





## **VARIANCE FROM PRELIMINARY FINAL REPORT & APPENDIX 4E**

There was no material variance from the Final Annual Report for the Year Ended 31 December 2013 and Preliminary Final Report and Appendix 4E lodged on 3 March 2014.