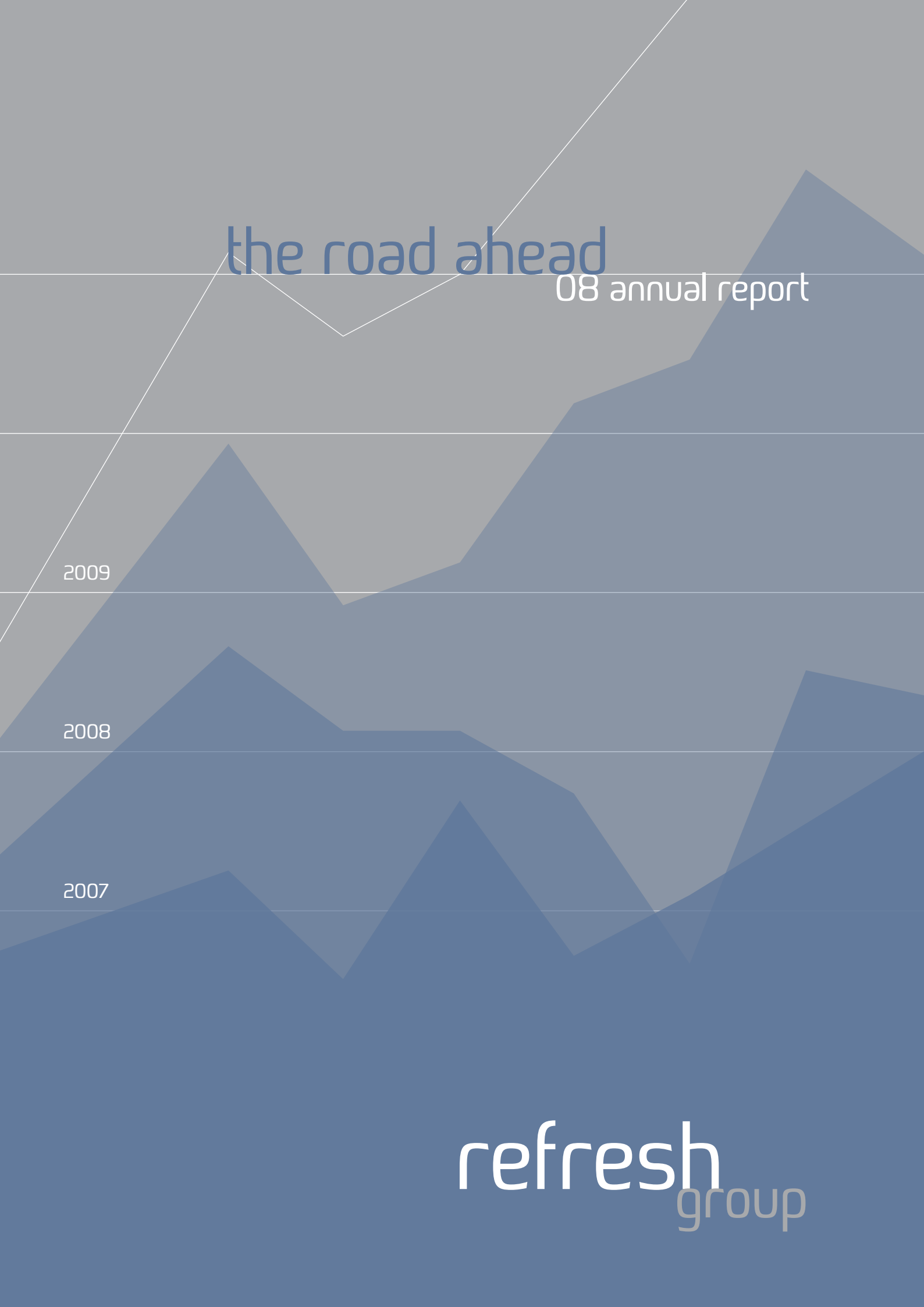




the road ahead

08 annual report

2009

2008

2007

refresh
group

Contents

CHAIRMAN'S REVIEW.....	1
DIRECTORS' REPORT	2
AUDITORS' INDEPENDENCE DECLARATION.....	9
INCOME STATEMENT	10
BALANCE SHEET	11
CASH FLOW STATEMENT.....	12
STATEMENT OF CHANGES IN EQUITY.....	13
NOTES TO THE FINANCIAL STATEMENTS.....	15
DIRECTORS' DECLARATION.....	43
INDEPENDENT AUDIT REPORT.....	44
CORPORATE GOVERNANCE STATEMENT	47
SHAREHOLDER INFORMATION	49
CORPORATE DIRECTORY	51

Chairman's Review

Dear Shareholders

We are pleased to announce that Refresh Group made substantial gains on two important fronts – financial position and growth.

The sale of our Perth property dramatically improved our current asset ratio. It reduced our borrowings and increased our cash to grow the business.

Despite inflationary pressures and increasing transport costs, Refresh has been able to offset this against improved operating efficiencies. Economies of scale and improved operating efficiencies have substantially reduced operating losses. These losses are expected to turn into profits over the coming years. Profitability for most operations is expected within the coming year and for all operations within 2 years. This bodes well for the future considering the strong upward swing for profitability.

Through investment in growth, we have seen a strong upward trend in revenue. This year, we achieved a revenue growth of 25%, up 3% over last year's performance. Since listing, Refresh revenue has doubled.

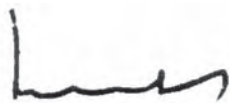
Brisbane has experienced very strong growth since our acquisition of Sun Shower Springs in July 2007. In preparation for the establishment of a production facility, our Brisbane operations moved to much larger new premises. The plant is expected to be up and running by the end of 2008. Once operational, it is expected to not only provide substantial cost savings but produce additional revenue streams.

In December 2007, Refresh acquired Blackwood Gully Spring Water in Melbourne. This improved our customer density resulting in substantial reduction of losses.

Our growth is only constrained by the lack of capital. The Board is looking at options to meet this need.

The Board looked at merger and acquisition opportunities throughout the year and will continue to look for opportunities to increase shareholder value. Although this has added to costs, it has reduced significantly over previous years.

Thanks to the dedication and support of management, staff and shareholders, Refresh Group is well positioned to capitalise on this year's growth and realise long term profitability.



Henry Heng
Executive Chairman

Directors' Report

Directors

The directors of Refresh Group Limited ("Refresh") present the annual financial report of the company for the financial year ended 30 June 2008. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

The names and particulars of the directors of the company during or since the end of the financial year are:

Henry Heng *MBA, ACIB, G Dip PM* **Executive Chairman**

Henry Heng is a founding director of Refresh.

Henry started his career in banking and is an Associate of the Chartered Institute of Bankers, London. He subsequently held management positions in multi-national corporations. Henry's experience extends to small and medium enterprises, being founding partner of a chain of child care centres and a distribution business in Singapore. He was a licensed securities dealer with the Singapore Stock Exchange.

Henry is active in social and community services and was a volunteer migration agent. He was on the Board of Grace City Church for 11 consecutive years.

Henry holds a Master of Business Administration (Edith Cowan University), Graduate Diploma in Personnel Management (Singapore Institute of Management) and a Banking Diploma (Chartered Institute of Bankers).

Appointed on 11 August 1997.

Edmund Teo *MAICD* **Non-Executive Director**

Edmund Teo is a founding director of Refresh.

Edmund had a successful career in journalism between 1974 and 1995. During this period Edmund was a London Correspondent for The Straits Times newspapers in Singapore; Chief Transport Correspondent for The Straits Times; and Acting Assistant to the Editor of the financial section of The Straits Times. He left the newspaper as an Executive Sub-Editor in 1993 to live in Australia. In Perth, he worked as a Sub-Editor with The West Australian newspapers from 1993 to 1995. In August 1997, Edmund bought into the Refresh Pure Water business.

Edmund resigned from his position of Executive Director on 1 February 2008. He is now a Non-Executive Director of the company.

Edmund holds Reporting Certificates with the British Institute of Careers (Australia) and the Graduate London School of Journalism. He is also a Member of the Australian Institute of Company Directors.

Appointed on 11 August 1997.

Murray Smith *LL B* **Independent Non-Executive Director**

Murray Smith is a Barrister and Solicitor who was admitted to the Bar in Western Australia in 1968.

Murray's extensive experience includes 8 years with the Crown Law Department of Western Australia where he was involved in formulating draft uniform legislation such as the Companies Code and advising government ministers on constitutional issues. For the past 25 years he has operated his own legal practice and been the managing partner of other larger firms, working in all fields of law. His clients included listed public companies, particularly in the resources industry and government instrumentalities.

Murray has been a director of both public and private companies and continues to be a director of private companies with interests in Asia. He is involved in conducting seminars in the field of business management, marketing and project management.

Appointed on 18 July 2005.

No director held directorship in any other listed company in the last three years.

Directors' Report

The names and particulars of the secretaries of the company during or since the end of the financial year are:

Catherine Clay *CPA, ACIS B.Bus* **Company Secretary / Chief Financial Officer**

Catherine has more than 15 years of diverse management and consulting experience in areas of finance, tax and company secretarial; gained from her employment with multinational and national companies across organisations and industries, including service industry, education, wholesale and retail, banking, software and mining exploration.

Catherine is currently pursuing an MBA course with Curtin Graduate School of Business; graduated with a Bachelor of Business (Accounting) from Curtin University and is an Associate member of CPA Australia and Company Secretaries of Australia.

Appointed on 19 March 2008

Mary Ang held the position of Company Secretary up to 19 March 2008

Mary has more than 20 years of diverse management and consulting experience in areas of finance, tax and treasury, gained from her employment with multi-national companies and international accounting firms including Unisys International and Ernst and Whinney.

Mary graduated with a Bachelor of Accountancy from the National University of Singapore and is an Associate member of CPA Australia. She is also a Certified Public Accountant of the Institute of Certified Public Accountants of Singapore.

Directors' Report

(a) Review of Operations

Refresh's objective is to expand its bottled water operations across Australia and to have production and marketing facilities in all main capital cities. It currently has factories in Perth. Sydney. Melbourne. **Toowoomba** and Kalgoorlie. It is in the process of setting up a factory in Brisbane. Having factories in multiple locations is necessary because Refresh's primarily business is in the home and office segment of the bottled water market. With empty bottles having to be returned, being in multiple locations help cut down the cost of freight. Sales to country towns are through its wide network of distributors.

There are only **2** national bottled water companies in the home and office segment. Besides Neverfail, a wholly-owned subsidiary of Coca-Cola Amatil, Refresh is the only other national player.

Refresh currently supplies a few products to selected distribution centres of all three major supermarket chains. With its competitive advantage, Refresh will also appoint distributors to handle the route trade of convenience stores, cafes and delicatessens.

Refresh intends to review and fully exploit the potential of all existing products of the Company. At the same time, it will review and develop new markets and new channels of delivering its products to the discerning consumer.

Refresh is currently the largest supplier of distilled water in Australia.

(b) Results of Operations

The key financial results of the Company for the year are as follows:

	Consolidated 30 June 2008 \$	Parent 30 June 2008 \$
Revenue	5,148,487	-
Net Loss after tax	(79,046)	(1,377,883)
Total Assets	4,981,749	4,309,286
Total Equity	4,047,422	4,027,010

(c) Significant Changes in State of Affairs

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

- 1) In July **2007**, the Company purchased Sun Shower Springs for **\$420.000** in cash, **630.000** in barter dollars and **\$50,000** in shares of Refresh Group Limited.
- 2) In December **2007**, the Company purchased Blackwood Gully Spring Water for **\$228.534** in cash.

Details of the acquisitions can be found in Note **23**.

(d) Principal Activities

The principal activity of Refresh during the year was the producer and distributor of bottled water. There was no significant change in the nature of the activity of the entity during the year.

(e) Significant after Balance Date Events

No other matter or circumstance has arisen since the end of the financial year that has significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity, in future financial years.

Directors' Report

(f) Likely Future Developments

For the coming financial year, we intend to consolidate our business in the cities we have operations. We regard the Refresh business as truly national in presence.

(g) Performance in Relation to Environmental Regulation

Federal and State governments regulate bottled water as a food product under the Australian and New Zealand Code Standard 08. All Refresh bottling plants meet the requirements stipulated in the Food Code.

In addition to collection of rain water where feasible, all bottling plants currently use state supplied water for purposes of steam-distilling them.

(h) Dividends

No dividend has been paid or declared for the year ended 30 June 2008. No dividend was paid in the prior year.

(i) Directors' Meetings

The following table sets out the number of directors' meetings held during the financial year and the number of meetings attended by each director.

Directors	Board Meetings	
	Held	Attended
Henry Heng	14	14
Edmund Teo	14	14
Murray Smith	14	13

(j) Remuneration Report (Audited)

The performance of Refresh depends upon the quality of its directors and key management personnel. To achieve success, the company must attract, motivate and retain highly skilled directors and key management personnel. To this end, the company proposes to adopt the following principles in its remuneration framework:

- Provide competitive rewards to attract high calibre key management personnel;
- Link executive rewards to shareholder value and
- Establish appropriate performance hurdles in relation to variable key management personnel remuneration.

Company Performance, Shareholder Wealth and Director and Key Management Personnel Remuneration

The remuneration policy has been tailored to increase goal congruence between shareholders, directors and key management personnel. There have been 2 methods applied in achieving this aim, the first being a performance based bonus based on key performance indicators (KPIs), and the second being the issue of options to all directors and key management to encourage the alignment of personal and shareholder interests. The company believes this policy to have been effective in increasing shareholder wealth over the past years.

Remuneration for all directors is determined by the Board, within the maximum amount approved by shareholders from time to time. At present, the aggregate sum is fixed at a maximum of \$100,000 per annum. Superannuation is paid on director fees.

All executive directors and key management personnel receive a base salary, superannuation, fringe benefits, options and performance incentives. Performance incentive is paid upon achievement of KPIs or performance targets. The KPIs are set annually, with a certain level of consultation with key management personnel. The measures are specifically tailored to the areas each key management personnel is involved in and has a level of control over. The KPIs target areas the Board believes hold greater potential for group expansion and profit, covering financial and non-financial as well as short and long term goals. The level set for each KPI is based on budgeted figures for the Group and respective industry standards.

Directors' Report

(j) Remuneration Report (continued)

The company's new remuneration policy was implemented after the listing and there is insufficient information to provide a meaningful quantitative analysis of the relationship between remuneration and company performance. In the last financial year, no performance incentive was paid because no key management personnel achieved their targets.

To align the interests of the directors and key management of Refresh, the Directors and Executives Option Scheme provides a cost-effective and efficient long-term incentive to them which is linked to the performance of the company. By rewarding executives with the issue of options, Refresh will be able to reward them without having to commit cash resources to do so. Directors and key management personnel are granted options annually. This is to motivate them to pursue the long term growth and success of the company within an appropriate control framework and demonstrate a clear relationship between key management performance and remuneration. Details of the scheme are found on Note 27 of the Financial Report.

All remuneration paid is valued at the cost to the company and expensed. Shares given to key management personnel are valued as the difference between the market price of those shares and the amount paid by the key management personnel. Options are valued using the Black-Scholes methodology.

(k) Directors and Key Management Personnel Disclosure

(i) Remuneration of Directors

Directors	Primary Salary & Fees \$	Non Monetary benefits \$	Post Employment Superann uation \$	Retireme nt benefits \$	Equity Options \$	Other \$	Total \$	Percentage Remuneration Performance Related
30 June 2008								
Mr H Heng	81,853	5,781	7,367	-	1,950	2,676	99,627	2%
Mr E Teo	33,269	2,963	4,851	20,625	1,560	-	63,268	3%
Mr M Smith	4,088	-	12,262	-	1,560	-	17,910	9%
Total	119,210	8,744	24,480	20,625	5,070	2,676	180,805	
30 June 2007								
Mr L Ivory	10,000	-	900	-	-	-	10,900	-
Mr H Heng	85,210	1,674	7,669	-	4,425	1,346	100,324	4%
Mr E Teo	57,802	1,231	5,202	-	3,540	1,616	69,391	2%
Mr M Smith	5,450	-	10,900	-	3,540	-	19,890	18%
Total	158,462	2,905	24,671	-	11,505	2,962	200,505	

(ii) Remuneration of Key Management Personnel

The key management of Refresh includes:

Mr G Johnson	National Marketing Manager
Mr D Hadi	Western Australia Director
Mr J Humphreys	Queensland Director
Mr S Doyle	Brisbane Manager
Mr H Ho	Melbourne Manager

Directors' Report

(k) Directors and Key Management Personnel Disclosure (continued)

	Primary		Non	Post Employment		Equity	Other	Total
	Salary & Fees	Cash Bonus	Monetary benefits	Superannuation	Retirement benefits	Options		
	\$	\$	\$	\$	\$	\$	\$	\$
30 June 2008								
Mr G Johnson ¹	28,136	-	-	3,622	-	1,300	2,725	35,783
Mr D Hadi	62,385	-	1,467	5,615	-	1,300	1,500	72,267
Mr J Humphreys	30,200	-	3,842	35,201	-	1,300	1,500	72,043
Mr S Doyle	-	-	-	65,400	-	1,040	-	66,440
Mr H Ho	57,247	-	-	4,860	-	1,040	-	63,147
Ms M Ang ²	46,995	-	-	4,230	-	-	-	51,225
Ms C Clay ³	27,790	-	-	-	-	-	-	27,790
Total	252,753	-	5,309	118,928	-	5,980	5,725	388,695
30 June 2007								
Ms M Ang	45,695	-	-	4,113	-	2,950	-	52,758
Mr D Hadi	59,004	-	413	5,310	-	2,950	1,364	69,041
Mr H Ho	57,124	-	-	4,856	-	2,213	-	64,193
Mr J Humphreys	29,500	-	-	36,491	-	2,950	1,000	69,941
Mr M Scott	52,401	-	476	4,716	-	2,213	-	59,806
Total	243,724	-	889	55,486	-	13,276	2,364	315,739

¹ Mr Johnson joined the company on 29 Oct 07

² Ms Ang left the company on 19 Mar 08

³ Ms Clay worked as a contractor as from 19 Mar 08

(iii) Remuneration options: Granted and vested during the year

During the financial year, options were granted as equity compensation benefits under the Directors and Executives Option Scheme (DEOS) to certain directors and specified key management personnel as disclosed below. The options were issued free of charge. Each option entitles the holder to subscribe for one fully paid ordinary share in the entity at an exercise price of \$0.07.

	Vested	Granted	Terms & Conditions for each Grant			
	No.	No.	Grant Date	Value per option at grant date	Exercise price per share	Expiry Date
				\$	\$	
Directors:						
Mr H Heng	150,000	150,000	31/03/08	0.013	0.07	27/03/09
Mr E Teo	120,000	120,000	31/03/08	0.013	0.07	27/03/09
Mr M Smith	120,000	120,000	31/03/08	0.013	0.07	27/03/09
Key Management Personnel:						
Mr G Johnson *	100,000	100,000	31/03/08	0.013	0.07	27/03/09
Mr D Hadi	100,000	100,000	31/03/08	0.013	0.07	27/03/09
Mr J Humphreys	100,000	100,000	31/03/08	0.013	0.07	27/03/09
Mr S Doyle	80,000	80,000	31/03/08	0.013	0.07	27/03/09
Mr H Ho	80,000	80,000	31/03/08	0.013	0.07	27/03/09
	850,000	850,000				

Directors' Report

(l) Indemnifying Directors and Officers

The Company has taken out a Director's and Officer's Liability Insurance protecting directors and officers against claims resulting from management decisions. The insurance contract prohibits disclosure of the limit of liability, the nature of liability indemnified or the premium paid.

The Company has not otherwise, during or since the financial year, indemnified or agreed to indemnify a director or officer of the Company or of any related body corporate against a liability incurred by such a director or officer.

(m) Non-audit Services

The directors are satisfied that the provision of non-audit services during the year by the auditors is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are satisfied that the provision of non-audit services did not compromise the auditor independence for the following reasons:

- All non-audit services are reviewed and approved by the Board prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- The nature of the services provided does not compromise 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.

Details of amount paid to auditors for audit and non-audit services provided during the year are disclosed in Note 26.

(n) Financial Position

The net assets of the consolidated group have decreased by \$15,916 from 30 June 2007 to \$4,047,422 in 2008. This decrease is caused by the losses in the company, which has reduced substantially.

The sale of our Perth property has enabled the company to reduce its borrowings by \$835,151 while maintaining a healthy working capital ratio. Our working capital, being current assets less current liabilities, has improved from \$760,425 in 2007 to \$1,248,815 in 2008.

During the past years the company has invested in plant and equipment to secure its long-term success. The directors believe the company is in a stable financial position to expand and grow its current operations.

(o) Proceeds 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 those proceedings.

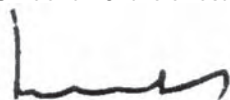
The company was not a party to such proceedings during the year.

(p) Auditor's Independence Declaration

The auditor's independence declaration under section 370C is included on page 9 of the Directors' Report.

Signed in accordance with a resolution of the directors made pursuant to s298 (2) of the Corporations Act 2001.

On behalf of the directors



Henry Heng
Executive Chairman
PERTH, 2 October 2008

Auditor's Independence Declaration



Grant Thornton (WA) Partnership
ABN: 17 735 344 518
Level 1
10 Kings Park Road
West Perth WA 6005
PO BOX 570
West Perth WA 6872
T +61 8 9480 2000
F +61 8 9322 7787
E admin@gtwa.com.au
W www.grantthornton.com.au

AUDITOR'S INDEPENDENCE DECLARATION TO THE DIRECTORS OF REFRESH GROUP LIMITED

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Refresh Group Limited for the year ended 30 June 2008, I declare that, to the best of my knowledge and belief, there have been:

- a No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- b No contraventions of any applicable code of professional conduct in relation to the audit.

Grant Thornton (WA) Partnership

GRANT THORNTON (WA) PARTNERSHIP
Chartered Accountants

P. Warr.

P W WARR
Partner
Perth, 2 October 2008

Liability limited by a scheme approved under Professional Standards Legislation.

Grant Thornton (WA) Partnership is an independent business entitled to trade under the international name Grant Thornton.
Grant Thornton is a trademark owned by Grant Thornton International and used under licence by independent firms and entities throughout the world.

Income Statement

For the financial year ended 30 June 2008

	Note	CONSOLIDATED		PARENT	
		2008	2007	2008	2007
		\$	\$	\$	\$
Revenues from ordinary activities	4a	5,148,487	4,106,600	-	-
Change in inventories of finished goods and work in progress		(1,912,472)	(1,810,515)	-	-
Other income	4b	612,868	25,391	1,066,354	403,066
Employee benefits expense	4c	(2,342,831)	(1,960,460)	(259,989)	(245,765)
Depreciation and amortisation expense		(220,981)	(157,804)	(4,553)	(843)
Investment in associates written off	13	(67,165)	(151,036)	(120,586)	(368,790)
Sundry investment written off		(1,950)	-	(1,950)	-
Loan to related parties written off		-	(112,140)	-	(112,140)
Provision for impairment of loans receivable from controlled entities	11	-	-	1,887,726	-
Finance costs	4d	(63,225)	(86,269)	(19,291)	(57,960)
Professional fees		(113,129)	(234,555)	(108,872)	(225,723)
Advertising expenses		(60,770)	(52,943)	(303)	(4,003)
Motor vehicle expenses		(174,927)	(144,620)	-	-
Occupancy expenses		(344,950)	(215,120)	-	-
Other expenses		(549,755)	(417,450)	(40,967)	(44,388)
Share of net losses of associates accounted for using the equity method		-	(35,062)	-	-
Net Loss before Income Tax		(90,800)	(1,245,983)	(1,377,883)	(656,546)
Income tax benefit/ (expense)	5	11,754	(7,218)	-	(9,326)
Net loss attributable to members of Refresh Group Limited		(79,046)	(1,253,201)	(1,377,883)	(665,872)
Basic loss per share (cents per share)	6	(0.18)	(2.87)		
Diluted loss per share (cents per share)	6	(0.18)	(2.87)		

The accompanying notes form part of the Income Statements

Balance Sheet

As at 30 June 2008

	Notes	CONSOLIDATED		PARENT	
		2008	2007	2008	2007
		\$	\$	\$	\$
ASSETS					
Current Assets					
Cash and cash equivalents	8	738,446	435,507	578,985	295,836
Trade and other receivables	9	670,051	538,996	18,520	54,912
Inventories	10	605,318	398,030	-	-
Total Current Assets		2,013,815	1,372,533	597,505	350,748
Non-Current Assets					
Other receivables	11	-	1,227	3,710,729	4,097,557
Other financial assets	12	1,050	26,000	1,052	23,002
Investment in associates accounted for using the equity method	13	-	86,580	-	140,000
Property, plant and equipment	14	1,997,110	3,547,231	-	1,652,889
Intangible assets	15	969,774	543,774	-	-
Total Non-current assets		2,967,934	4,204,812	3,711,781	5,913,448
TOTAL ASSETS		4,981,749	5,577,345	4,309,286	6,264,196
LIABILITIES					
Current Liabilities					
Trade and other payables	17	598,171	328,334	207,550	29,663
Financial liabilities	18	65,236	190,996	-	84,700
Short-term provisions and accruals	19	101,593	91,744	57,209	29,874
Current tax liabilities	5	-	1,034	-	-
Total Current Liabilities		765,000	612,108	264,759	144,237
Non-current Liabilities					
Financial liabilities	18	151,810	861,201	-	762,300
Deferred income tax liabilities	5	-	8,658	-	-
Long-term provisions	19	17,517	32,040	17,517	15,896
Total Non-current Liabilities		169,327	901,899	17,517	778,196
TOTAL LIABILITIES		934,327	1,514,007	282,276	922,433
NET ASSETS		4,047,422	4,063,338	4,027,010	5,341,763
EQUITY					
Issued capital	20	4,778,991	4,728,991	4,778,991	4,728,991
Reserves	20	127,888	805,492	127,888	920,492
Accumulated losses		(859,457)	(1,471,145)	(879,869)	(307,720)
TOTAL EQUITY		4,047,422	4,063,338	4,027,010	5,341,763

The accompanying notes form part of the Balance Sheets

Cash Flow Statement

For the financial year ended 30 June 2008

	Notes	CONSOLIDATED		PARENT	
		2008	2007	2008	2007
		\$	\$	\$	\$
Cash flows from operating activities					
Receipts from customers		4,994,108	4,133,792	-	-
Payments to suppliers and employees		(5,388,502)	(4,650,803)	(401,025)	(346,558)
Borrowing costs		(63,225)	(86,269)	(19,291)	(57,960)
Interest received		37,732	30,970	35,146	27,184
Net cash flows (used in) operating activities	8	(419,887)	(572,310)	(385,170)	(377,334)
Cash flows from investing activities					
Proceeds from sale of property, plant and equipment, and investment		2,265,094	20,966	2,272,217	-
Purchase of property, plant and equipment		(307,283)	(509,190)	-	-
Loans from director related entity		198,700	(95,067)	198,700	(112,140)
Purchase of additional investment in associates		-	(95,790)	-	(95,790)
Acquisition of subsidiaries, net of cash acquired	23	(598,534)	(70,000)	-	-
Net cash flows provided by /(used in) investing activities		1,557,977	(749,081)	2,470,917	(207,930)
Cash flows from financing activities					
Loans to controlled entities		-	-	(955,597)	(828,248)
Proceeds from borrowings		141,500	847,000	-	847,000
Share Issue expenses		-	(20,555)	-	(20,555)
Repayments of borrowings		(976,651)	(532,180)	(847,000)	(417,281)
Net cash flows (used in)/ provided by financing activities		(835,151)	294,265	(1,802,597)	(419,084)
Net increase/(decrease) in cash and cash equivalents		302,939	(1,027,126)	283,150	(1,004,348)
Cash and cash equivalents at beginning of period		435,507	1,462,633	295,836	1,300,184
Cash and cash equivalents at end of period	8	738,446	435,507	578,986	295,836

The accompanying notes form part of the Cash Flow Statements

Statement of Changes In Equity

For the financial year ended 30 June 2008

	Issued Capital	Fund Raising Costs	Other Reserves	Retained Earnings/ (Accumulate d Losses)	Revaluation Reserve	Total
CONSOLIDATED						
At 1 July 2006	4,933,070	(298,075)	81,128	(217,944)	521,110	5,019,289
Fair value revaluation of land and buildings	-	-	-	-	250,000	250,000
Equity fund raising costs	-	(20,555)	-	-	-	(20,555)
AIFRS tax adjustment taken to equity	-	(7,449)	-	-	(80,376)	(87,825)
Income and expense for the year recognised directly in equity	-	(28,004)	-	-	169,624	141,620
Loss for the year	-	-	-	(1,253,201)	-	(1,253,201)
Total income and expense for the period	-	(28,004)	-	(1,253,201)	169,624	(1,111,581)
Issue of share capital	122,000	-	-	-	-	122,000
Cost of share-based payments	-	-	33,630	-	-	33,630
At 30 June 2007	5,055,070	(326,079)	114,758	(1,471,145)	690,734	4,063,338
Loss for the year	-	-	-	(79,046)	-	(79,046)
Total income and expense for the period	-	-	-	(79,046)	-	(79,046)
Issue of share capital	50,000	-	-	-	-	50,000
Cost of share-based payments	-	-	13,130	-	-	13,130
Transfer of revaluation reserve to retained earnings	-	-	-	690,734	(690,734)	-
At 30 June 2008	5,105,070	(326,079)	127,888	(859,457)	-	4,047,422

The accompanying notes form part of the Statements of Changes in Equity

Statement of Changes In Equity

For the financial year ended 30 June 2008

	Issued Capital	Fund Raising Costs	Other Reserves	Retained Earnings/ (Accumulated Losses)	Revaluation Reserve	Total
PARENT						
At 1 July 2006	4,933,070	(298,075)	81,128	358,152	636,110	5,710,385
Fair value revaluation of land						
Buildings	-	-	-	-	250,000	250,000
Equity fund raising costs	-	(20,555)	-	-	-	(20,555)
AIFRS tax adjustment taken to equity	-	(7,449)	-	-	(80,376)	(87,825)
Income and expense for the year recognised directly in equity	-	(28,004)	-	-	169,624	141,620
Loss for the year	-	-	-	(665,872)	-	(665,872)
Total income and expense for the period	-	(28,004)	-	(665,872)	169,624	(524,252)
Issue of share capital	122,000	-	-	-	-	122,000
Cost of share-based payments	-	-	33,630	-	-	33,630
At 30 June 2007	5,055,070	(326,079)	114,758	(307,720)	805,734	5,341,763
Loss for the year	-	-	-	(1,377,883)	-	(1,377,883)
Total income and expense for the period	-	-	-	(1,377,883)	-	(1,377,883)
Issue of share capital	50,000	-	-	-	-	50,000
Cost of share-based payments	-	-	13,130	-	-	13,130
Transfer of revaluation reserve to retained earnings	-	-	-	805,734	(805,734)	-
At 30 June 2008	5,105,070	(326,079)	127,888	(879,869)	-	4,027,010

The accompanying notes form part of the Statements of Changes in Equity

Notes to the Financial Statements

For the financial year ended 30 June 2008

1. CORPORATE INFORMATION

The financial report of Refresh Group Limited for the year ended 30 June 2008 was authorised for issue in accordance with a resolution of the directors on 2 October 2008.

Refresh Group Limited is a company limited by shares incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange.

The Group's principal activities are the processing and distribution of bottled water.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The financial report includes the separate financial statements and notes of Refresh Group Limited as an individual parent entity and the consolidated financial statements and notes of Refresh Group Limited and its controlled entities.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below.

This financial report has been prepared on an accrual basis and the basis of historical cost, except for the revaluation of certain non-current assets. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

(b) Basis of consolidation

The consolidated financial statements incorporate the financial statements of Refresh Group Limited and its subsidiaries as at 30 June 2008 ('the Group'). Control is achieved where the Company has the power to govern the financial and operating policies of any entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

(c) Investment in associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held for sale. Under the equity method, investments in associates are carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of individual investments.

Losses of an associate in excess of the Group's interest in that associate are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Notes to the Financial Statements

For the financial year ended 30 June 2008

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Investment in associates (continued)

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of the acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of that investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of the acquisition, after reassessment, is recognised immediately in profit or loss. Where a Group entity transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

d. Property, plant and equipment

Plant and equipment, including leasehold improvements are stated at cost less accumulated depreciation and impairment.

Depreciation is provided on property, plant and equipment. Depreciation is calculated on a straight-line basis over the estimated useful life of the asset. Leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is the shorter, using the straight-line method. The estimated useful lives and depreciation method are reviewed at the end of each annual reporting period, with the effect of any changes recognised on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

The following useful lives are used in the calculation of depreciation:

Leasehold improvements	5 to 20 years
Plant and equipment	5 to 20 years

e. Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

f. Goodwill

Goodwill acquired in a business combination is initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised at the date of the acquisition.

Goodwill is subsequently measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the business combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently if events or changes in circumstances indicate that goodwill might be impaired.

If the recoverable amount of the cash-generating unit is less than the carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit and then to the other assets of the cash generating units pro-rata on the basis of the carrying amount of each asset in the cash-generating unit. An impairment loss recognised for goodwill is recognised immediately in profit or loss and is not reversed in a subsequent period. On disposal of an operation within a cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal of the operation.

Notes to the Financial Statements

For the financial year ended 30 June 2008

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g. Impairment of assets

At each reporting date, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of any asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Impairment testing is performed annually for goodwill. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

h. Employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave, and sick leave when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities recognised in respect of employee benefits expected to be settled within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting date.

i. Inventories

Inventories are valued at the lower of cost and net realisable value. Costs incurred in bringing each product to its present location and condition is accounted for as follows:

- Raw materials - purchase cost
- Finished goods - cost of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity.

Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

j. Trade and other receivables

Trade receivables, which generally have 30-90 day terms, are recognised and carried at original invoice amounts less an allowance for any uncollectible amounts.

An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when identified.

k. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand; cash in bank and short-term deposits with an original maturity of three months or less.

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

Notes to the Financial Statements

For the financial year ended 30 June 2008

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

l. Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

m. Share-based payment transactions

Share-based payments are provided to directors and employees of the Group whereby employees render services in exchange for shares or rights over shares.

There are currently two plans in place to provide these benefits:

- i. The Directors and Executives Option Scheme (DEOS), which provides benefits to directors and senior executives, and
- ii. The Employee Share Scheme (ESS), which provides benefits to all employees, excluding directors and senior executives.

Details of the plans are covered under note 27 Employee Benefits.

The fair value of the equity to which employees become entitled is measured at grant date and recognised as an expense over the vesting period, with a corresponding increase to an equity account. The fair value of shares is ascertained as the market bid-price. The fair value of options is ascertained using a Black-Scholes pricing model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at each reporting date such that the amount recognised for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

n. Leases

Leases are classified as finance leases when the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the leased asset to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are initially recognised at their fair value or, if lower, at amounts equal to the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability.

Finance leased assets are amortised on a straight-line basis over the estimated useful life of the asset.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

o. Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Sale of goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and can be measured reliably. Risks and rewards are considered passed to the buyer at the time of delivery of the goods to the customer.

Interest Received

Interest revenue is recognised as it accrues taking into account the effective yield on the financial asset.

Notes to the Financial Statements

For the financial year ended 30 June 2008

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

p. Income tax

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

Deferred income tax expense reflects movements in deferred tax liability balances arising during the year.

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for the financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences:

- except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised:

- except where the deferred income tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the income statement.

q. Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- i. where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of the asset or as part of an item of expense; or
- ii. for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified within operating cash flows.

Notes to the Financial Statements

For the financial year ended 30 June 2008

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

r. Business Combinations

The purchase method of accounting is used to account for all business combinations, including business combinations involving entities or businesses under common control, regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, shares issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition. Where equity instruments are issued in an acquisition the value of the instruments is their published market price as at the date of exchange or at an agreed average based on the published market price. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

s. Financial Instruments

Recognition

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

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash or cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire.

Financial assets at fair value through profit and loss

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management and within the requirements of AASB 139: Recognition and Measurement of Financial Instruments. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the income statement in the period in which they arise.

Loans and receivables

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

Available-for-sale financial assets

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

Financial liabilities

Financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Fair value

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

Notes to the Financial Statements

For the financial year ended 30 June 2008

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

s. Financial Instruments (continued)

Impairment

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

t. Critical accounting estimates and judgements

The Directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

Key estimates – Impairment

The Group assesses impairment at each reporting date by evaluating conditions specific to the Group that may lead to impairment of assets including property, plant and equipment, identifiable intangible assets and goodwill. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates, including levels of operating revenue and terminal value of assets. A material change to these key assumptions could result in material adjustment to the carrying values of non-current assets.

No impairment has been recognised in respect of non-current assets including intangibles (goodwill) for the year ended 30 June 2008. Further particulars of impairment testing can be found in note 16.

Share-based payment transactions

The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using the Black-Scholes formula, with the assumptions detailed in note 27. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact expenses and equity.

Inter-company loan

The parent entity impaired its loans receivable in controlled entities. The value was determined based upon financial modelling which was undertaken to determine the recoverable amount.

u. Going Concern

The financial report has been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. The company incurred a loss after tax of \$79,046 for the financial year and at 30 June 2008 or an adjusted loss of \$463,090 excluding the gain on sale of property.

The ability of the company to continue paying its debts as and when they fall due is dependent upon the company's improving profitable operations, the raising of additional equity funds and finance funding (as and when required) or limiting the company's cash burn rate.

In the event that the Company is unable to continue as a going concern, it may be required to realise all assets at amounts different from that recorded in the balance sheet, settle liabilities other than in the ordinary course of business, and make provision for other costs which may arise as a result of cessation or curtailment of normal business procedures.

Notes to the Financial Statements

For the financial year ended 30 June 2008

3. SEGMENT INFORMATION

During the financial year, the Group only operated in one business segment being water purification. Almost all its revenue is derived from one geographical segment being Australia with occasional exports to Singapore and South Africa contributing around 0.3% of revenue.

4. REVENUE AND EXPENSES

	CONSOLIDATED		PARENT	
	2008	2007	2008	2007
	\$	\$	\$	\$
a. Revenue				
Sale of bottled water and accessories	5,148,487	4,106,600	-	-
	5,148,487	4,106,600	-	-
b. Other income				
Rent received	-	-	36,845	100,512
Interest received	37,732	30,970	445,042	302,554
Gain/(loss) on disposal of property, plant and equipment	542,136	(5,579)	551,467	-
Gain on disposal of investment	33,000	-	33,000	-
	612,868	25,391	1,066,354	403,066
c. Employee benefits expense				
Wages and Salaries	1,991,974	1,679,042	201,023	171,659
Workers' compensation costs	79,342	48,396	-	-
Superannuation costs	274,558	195,638	28,380	24,205
Provisions for Annual and Long Service Leave	(16,173)	3,754	17,456	16,271
Expense of share-based payments	15,855	33,630	15,855	33,630
	2,345,556	1,960,460	262,714	245,765
d. Finance costs				
Bank loans and overdrafts	36,540	67,631	19,291	57,960
Finance charges payable under finance leases and hire purchase contracts	26,685	18,638	-	-
Total finance costs (on historical cost basis)	63,225	86,269	19,291	57,960

Notes to the Financial Statements

For the financial year ended 30 June 2008

5. INCOME TAX

	CONSOLIDATED		PARENT	
	2008	2007	2008	2007
a The components of the tax (benefit)/ expense comprise:				
Current tax	-	-	-	-
Deferred tax	(8,658)	(103,863)	-	(92,623)
Recoupment of prior year tax losses	-	-	-	-
Under (over) provision in respect of prior years	(3,096)	111,081	-	101,949
	(11,754)	7,218	-	9,326
b The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax as follows:				
Prima facie tax payable on profit from ordinary activities before income tax at 30% (2008: 30%)				
- Consolidated Group	(27,240)	(438,496)		
- Parent Entity			152,022	(258,926)
Add:				
Tax effect of:				
- Non-deductible expenses	3,517	21,810	17,295	10,090
- Other assessable items	201,569	-	201,569	-
- Under provision for income tax in prior year	-	423,904	-	258,162
	205,086	445,714	218,864	268,252
Less:				
Tax effect of:				
Under provision in respect of prior years	3,096	-	-	-
Reversal of deferred tax	8,658	-	-	-
Recoupment of prior year tax losses not previously brought to account	177,846	-	370,887	-
	189,600	-	370,887	-
Income tax benefit/ (expense) attributable to entity	(11,754)	7,218	-	9,326

Unrecognised deferred tax balances

The following deferred tax assets and liabilities have not been brought to account:

Unrecognised deferred tax asset losses	277,394	-	213,140	-
Unrecognised deferred tax assets other	123,193	36,857	121,555	12,450
Unrecognised deferred tax liabilities	(127,668)	-	-	-
	400,587	36,857	334,695	12,450

Notes to the Financial Statements

For the financial year ended 30 June 2008

5. INCOME TAX (continued)

Tax consolidation

Refresh Group Limited and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under tax consolidation legislation. Each entity in the Group recognises its own current and deferred tax assets and liabilities. Such taxes are measured using the "stand-alone taxpayer" approach to allocation. Current tax liabilities (assets) and deferred tax assets arising from unused tax losses and tax credits in the subsidiaries are immediately transferred to the head entity. The Group notified the Australian Tax Office that it had formed an income tax consolidated group to apply from 1 July 2005. The tax consolidated group has agreed that differences between the amounts of net tax assets and liabilities derecognised and the net amounts recognised are recognised as either a contribution by, or distribution to the head entity. The head entity is Refresh Group Limited.

6. EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing net loss for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net loss attributable to ordinary shareholders (after deducting interest on the convertible redeemable preference shares) by the weighted average number of ordinary shares outstanding during the year (adjusted for the effects of dilutive options and dilutive convertible non-cumulative redeemable preference shares).

The following reflects the loss and share data used in the total operations basic and diluted loss per share computations:

	CONSOLIDATED	
	2008	2007
Loss attributable to equity holders of the parent	(79,046)	(1,253,201)
Weighted average number of ordinary shares for basic earnings per share	44,361,233	43,628,433
Basic loss per share (cents per share)	(0.18)	(2.87)

There have been no other transactions involving ordinary shares or potential ordinary shares since the reporting date and before the completion of these financial statements.

7. DIVIDENDS PAID AND PROPOSED

No dividend has been paid or declared for the year ended 30 June 2008. No dividend was paid in the previous year.

8. CASH AND CASH EQUIVALENTS

	CONSOLIDATED		PARENT	
	2008	2007	2008	2007
	\$	\$	\$	\$
Cash at bank and in hand	738,446	435,507	578,985	295,836
Cash at bank and in hand earns interest at floating rates based on daily bank rates.				

Reconciliation of cash

For the purposes of the Cash Flow Statement, cash and cash equivalents comprise the following at 30 June:

Cash at bank and in hand	738,446	435,507	578,985	295,836
Short-term deposits	-	-	-	-
	738,446	435,507	578,985	295,836

Notes to the Financial Statements

For the financial year ended 30 June 2008

8. CASH AND CASH EQUIVALENTS (continued)

	CONSOLIDATED		PARENT	
	2008	2007	2008	2007
	\$	\$	\$	\$
Reconciliation from the net profit / (loss) after tax to the net cash flows from operations				
Net Loss after income tax	(79,046)	(1,253,201)	(1,377,883)	(665,872)
<i>Adjustments for:</i>				
Depreciation expense	220,981	157,780	4,553	843
Provision for impairment of loans receivable from controlled entities	21,054	9,730	1,887,726	-
Investment in associates written off	67,165	151,036	120,586	368,790
Loan to related parties written off	-	112,140	-	112,140
Net (profit)/loss on disposal of property, plant and equipment	(542,136)	5,579	(551,467)	-
Net (profit)/loss on disposal of investment				
Share of associates' net (profits) and losses	(33,000)	35,062	(33,000)	-
Interest received	-	-	(409,896)	(275,370)
Sundry investments written off	1,950	-	1,950	-
Employee shares / options expensed	13,130	33,630	13,130	33,630
<i>Changes in assets and liabilities</i>				
(increase)/decrease in inventories	(202,647)	128,321	-	-
(increase)/decrease in trade and other receivables	(131,055)	46,318	(49,013)	67,281
(decrease)/increase in deferred income tax liabilities	-	(103,861)	-	(92,623)
(decrease)/increase in current tax liability	(1,034)	76,633	-	75,599
(decrease)/increase in trade and other payables	249,425	53,268	(20,813)	10,478
(decrease)/increase in short-term provisions	(4,674)	(24,745)	28,957	(12,230)
Net cash used in operating activities	(419,887)	(572,310)	(385,170)	(377,334)

9. TRADE AND OTHER RECEIVABLES

	CONSOLIDATED		PARENT	
	2008	2007	2008	2007
	\$	\$	\$	\$
Current				
Trade receivables	517,577	321,070	-	-
Provision for impairment of receivables	(21,054)	(9,730)	-	-
	496,523	311,340	-	-
Other receivables	114,288	160,519	14,470	50,835
Prepayments	59,240	67,137	4,050	4,077
	670,051	538,996	18,520	54,912

10. INVENTORIES

Raw materials (at cost)	323,312	199,567	-	-
Finished goods (at cost)	282,006	198,463	-	-
Total inventories at lower of cost or net realisable value	605,318	398,030	-	-

11. OTHER RECEIVABLES (NON-CURRENT)

Non-Current				
Amounts receivable from controlled entities	-	-	5,598,455	4,097,557
Provision for impairment (refer note 2(t))	-	-	(1,887,726)	-
Other receivables	-	1,227	-	-
	-	1,227	3,710,729	4,097,557

Loans to related parties are interest bearing and carry an interest rate of 7.9% p.a.

Notes to the Financial Statements

For the financial year ended 30 June 2008

12. OTHER FINANCIAL ASSETS

	CONSOLIDATED		PARENT	
	2008	2007	2008	2007
	\$	\$	\$	\$
Non-Current				
Shares in controlled entities	-	-	2	2
Other listed securities held for trading	1,050	26,000	1,050	23,000
	1,050	26,000	1,052	23,002

13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Restock Distributors Pty Ltd	CONSOLIDATED		PARENT	
	2008	2007	2008	2007
	\$	\$	\$	\$
Balance 1 July 2006	121,642		140,000	
Share of losses 2007	(35,062)		-	
Balance 30 June 2007	86,580		140,000	
Capital returned	(19,415)		(19,415)	
Investment written off	(67,165)		(120,585)	
Balance 30 June 2008	-		-	

	CONSOLIDATED		PARENT	
	2008	2007	2008	2007
	\$	\$	\$	\$
Restock Distributors Pty Ltd	-	86,580	-	140,000
	-	86,580	-	140,000

Refresh Group Limited has a 49.9% interest in Restock Distributors Pty Ltd, which is involved in the distribution of cooking oil and food products in Australia. Restock Distributors Pty Ltd is a small proprietary company incorporated in Australia that is not listed on any public exchange and therefore there is no published quotation price for the fair value of this investment.

The reporting date of Restock Distributors Pty Ltd is the same as Refresh Group Limited.

Notes to the Financial Statements

For the financial year ended 30 June 2008

14. PROPERTY, PLANT AND EQUIPMENT

Year ended 30 June 2008	CONSOLIDATED			PARENT		
	Land and buildings	Plant and equipment	Total	Land and buildings	Plant and equipment	Total
	\$	\$	\$	\$	\$	\$
At 1 July 2007						
Cost or fair value	1,650,000	2,803,544	4,453,544	1,650,000	3,732	1,653,732
Accumulated depreciation and impairment	-	(906,313)	(906,313)	-	(843)	(843)
Net carrying amount	1,650,000	1,897,231	3,547,231	1,650,000	2,889	1,652,889
At 30 June 2008						
Cost or fair value	-	2,863,922	2,863,922	-	-	-
Accumulated depreciation and impairment	-	(866,812)	(866,812)	-	-	-
Net carrying amount	-	1,997,110	1,997,110	-	-	-
Movements in Carrying Amounts						
At 1 July 2007	1,650,000	1,897,231	3,547,231	1,650,000	2,889	1,652,889
Additions	-	340,817	340,817	-	-	-
Disposals	(1,645,728)	(24,229)	(1,669,957)	(1,645,728)	(2,608)	(1,648,336)
Depreciation charge for the year	(4,272)	(216,709)	(220,981)	(4,272)	(281)	(4,553)
At 30 June 2008	-	1,997,110	1,997,110	-	-	-

Revaluations

An independent valuation for the land and buildings was obtained to determine fair value which was determined by reference to an open market basis, being the amount for which the assets could be exchanged between a knowledge willing buyer and a knowledgeable willing seller in an arm's length transaction at the valuation date.

The Group engaged Christie Whyte Moore, a licensed property valuer, to fair value its land and buildings. The land and buildings were assessed to have a fair value of \$1,650,000 as a result of a valuation undertaken on 26 April 2007.

Any revaluation surplus is credited to the asset revaluation reserve included in the equity section of the balance sheet. Any revaluation deficit directly offsetting a previous surplus in the same asset is directly offset against the surplus in the asset revaluation reserve, otherwise it is charged to the net profit or loss. The effective date of the revaluation was 30 June 2007. The building was sold during this financial year.

The carrying value of plant and equipment held under finance leases and hire purchase contracts at 30 June 2008 is \$217,046 (2007: \$434,949). Leased assets and assets under hire purchase contracts are pledged as security for the related finance lease and hire purchase liabilities.

Notes to the Financial Statements

For the financial year ended 30 June 2008

14. PROPERTY, PLANT AND EQUIPMENT (continued)

Year ended 30 June 2007	CONSOLIDATED			PARENT		
	Land and buildings	Plant and equipment	Total	Land and buildings	Plant and equipment	Total
	\$	\$	\$	\$	\$	\$
At 1 July 2006						
Cost or fair value	1,400,000	2,291,422	3,691,422	1,400,000	-	1,400,000
Accumulated depreciation and impairment	-	(748,533)	(748,533)	-	-	-
Net carrying amount	1,400,000	1,542,889	2,942,889	1,400,000	-	1,400,000
At 30 June 2007						
Cost or fair value	1,650,000	2,803,544	4,453,544	1,650,000	3,732	1,653,732
Accumulated depreciation and impairment	-	(906,313)	(906,313)	-	(843)	(843)
Net carrying amount	1,650,000	1,897,231	3,547,231	1,650,000	2,889	1,652,889
Movements in Carrying Amounts						
At 1 July 2006						
Net of accumulated depreciation	1,400,000	1,542,889	2,942,889	1,400,000	-	1,400,000
Additions	-	560,618	560,618	-	3,732	3,732
Disposals	-	(48,496)	(48,496)	-	-	-
Revaluations	250,000	-	250,000	250,000	-	250,000
Depreciation charge for the year	-	(157,780)	(157,780)	-	(843)	(843)
At 30 June 2007						
Net of accumulated depreciation	1,650,000	1,897,231	3,547,231	1,650,000	2,889	1,652,889

15. INTANGIBLE ASSETS

	CONSOLIDATED		
	Goodwill	Trademarks	Total
	\$	\$	\$
At 1 July 2007	540,774	3,000	543,774
Additions (refer note 23)	426,000	-	426,000
At 30 June 2008	966,774	3,000	969,774

Trademarks relate to registered trademarks which have been purchased during business combinations.

The useful lives of these intangible assets were estimated as indefinite and the cost method was utilised for their measurement.

As at 30 June 2008, these assets were tested for impairment (see note 16).

No impairment loss was charged recognised in the 2008 financial year.

Notes to the Financial Statements

For the financial year ended 30 June 2008

16. IMPAIRMENT OF INTANGIBLE ASSETS

Goodwill acquired through business combinations has been allocated to individual cash generating units for impairment testing as follows:

Refresh Waters Queensland cash generating unit

The recoverable amount of the Toowoomba unit has been determined based on a value-in-use calculation.

The cash flow projections are based on financial budgets approved by senior management covering a five-year period. The discount rate applied to cash flow projections is 10%.

The Board anticipates growth in revenue of around 14% for each of the next 5 years, with a net profit margin of 14% for Toowoomba. Despite an average revenue growth of 19% over the last 5 years, the Board has chosen a conservative estimated growth ahead. With the mining boom in areas west of Toowoomba, our distributors have seen a significant increase in revenue. Our upgrade of equipment and achievement of operational efficiencies would help us achieve the targeted margin.

Management has based the value-in-use calculations on budgets for each reporting segment. These budgets use historical weighted average growth rates to project revenue. Costs are calculated taking into account historical gross margins as well as estimated weighted average inflation rates over the period, which are consistent with inflation rates applicable to the locations in which the segments operate. Discount rates are pre-tax and are adjusted to incorporate risks associated with a particular segment.

Hydr8 Water cash generating unit

The recoverable amount of Hydr8 has also been determined based on a value-in-use calculation.

The cash flow projections are based on financial budgets approved by senior management covering a five-year period. The discount rate applied to cash flow projections is 10%.

The Board anticipates growth in revenues of around 20% for each of the next 5 years, with a net profit margin of 25% for Hydr8. Last year, Hydr8 achieved a revenue growth of 29%. Because of our multiple factories throughout Australia, Hydr8 is the only supplier who could offer nationwide deliveries for custom labelled bottled water. The strategic advantage has helped us to achieve market leader status in this industry. With increased marketing efforts through advertising and participation in trade fairs, we are well positioned to grow Hydr8 further.

Management has based the value-in-use calculations on budgets for each reporting segment. These budgets use historical weighted average growth rates to project revenue. Costs are calculated taking into account historical gross margins as well as estimated weighted average inflation rates over the period, which are consistent with inflation rates applicable to the locations in which the segments operate. Discount rates are pre-tax and are adjusted to incorporate risks associated with a particular segment.

Notes to the Financial Statements

For the financial year ended 30 June 2008

17. TRADE AND OTHER PAYABLES

	CONSOLIDATED		PARENT	
	2008	2007	2008	2007
	\$	\$	\$	\$
Current				
Trade payables	249,066	212,118	3,820	16,544
Other payables	150,405	116,216	5,030	13,119
	399,471	328,334	8,850	29,663
Related party payables:				
Loan from Refresh Property Trust	198,700	-	198,700	-
	598,171	328,334	207,550	29,663

Trade payables are non-interest bearing and are normally settled on 60-day terms. Other payables are non-interest bearing and have an average term of 3 months.

18. FINANCIAL LIABILITIES

	Effective interest rate	Maturity	CONSOLIDATED		PARENT	
			2008	2007	2008	2007
			\$	\$	\$	\$
Current						
Obligations under finance leases and hire purchase contracts (note 24)	7.2 – 8.7%	< 1 year	65,236	106,296	-	-
Bank Loan		< 1 year	-	84,700	-	84,700
			65,236	190,996	-	84,700
Non-current						
Obligations under finance leases and hire purchase contracts (note 24)	7.2 - 8.7%	1 – 5 years	151,810	98,901	-	-
Bank loan		10 years	-	762,300	-	762,300
			151,810	861,201	-	762,300

Bank loan

The bank loan has been paid off as at 30 June 2008.

	CONSOLIDATED		PARENT	
	2008	2007	2008	2007
	\$	\$	\$	\$
Finance facilities available				
At reporting date, the following financing facilities had been negotiated and were available:				
Total facilities:				
- Bank overdraft	-	289,000	-	289,000
- Bank loans	-	847,000	-	847,000
Facilities used at reporting date				
- Bank loans	-	762,300	-	762,300
Facilities unused at reporting date				
- Bank overdraft	-	289,000	-	289,000

Notes to the Financial Statements

For the financial year ended 30 June 2008

19. PROVISIONS AND ACCRUALS

	CONSOLIDATED		PARENT	
	2008	2007	2008	2007
	\$	\$	\$	\$
Short term provisions				
Annual Leave	60,593	62,244	16,209	374
Accruals	41,000	29,500	41,000	29,500
	101,593			
	3	91,744	57,209	29,874
Long term provisions				
Long Service Leave	17,517	32,040	17,517	15,896
Long Service Leave				
At 1 July 2007	32,040		15,896	
Movement during the year	(14,523)		1,621	
At 30 June 2008	17,517		17,517	
Annual Leave				
At 1 July 2007	62,244		374	
Movement during the year	(1,651)		15,835	
At 30 June 2008	60,593		16,209	

20. ISSUED CAPITAL AND RESERVES

	CONSOLIDATED		PARENT	
	2008	2007	2008	2007
Ordinary Shares				
Issued and fully paid	5,105,070	5,055,070	5,105,070	5,055,070
Fund raising costs	(326,079)	(326,079)	(326,079)	(326,079)
	4,778,991	4,728,991	4,778,991	4,728,991
Movement in ordinary shares	No.	\$		
At 1 July 2006	43,365,000	4,606,991		
Issue shares to acquire Hydr8 Water on 15/12/06	400,000	72,000		
Issue shares to acquire fixture & fittings	294,118	50,000		
At 1 July 2007	44,059,118	4,728,991		
Issue shares to acquire Sun Shower Springs on 2/07/07	302,115	50,000		
At 30 June 2008	44,361,233	4,778,991		

The company has authorised share capital amounting to 44,361,233 ordinary shares of no par value.

The Company has a share option scheme under which options to subscribe for the Company's shares have been granted to certain executives (refer note 27).

As at 30 June 2008, \$125,002 had been repaid by staff in relation to the Employee Share Scheme.

Details of the balance of and movements in reserves can be found in the statements of changes in equity.

Capital management

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

The Group's capital includes ordinary share capital and financial liabilities.

There are no externally imposed capital requirements.

Capital is managed by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and the market. These responses include the management of debt levels, and share issues.

Notes to the Financial Statements

For the financial year ended 30 June 2008

20. ISSUED CAPITAL AND RESERVES (continued)

There has been no change in the strategy adopted by management to control the capital of the group since the prior year.

Nature and purpose of reserves

Asset revaluation reserve

The asset revaluation reserve is used to record increments and decrements in the fair value of land and buildings to the extent that they offset one another. The reserve can only be used to pay dividends in limited circumstances.

Employee equity benefits reserve

The employee share option and share plan reserve is used to record the value of equity benefits provided to employees and directors as part of their remuneration. Refer to note 27 for further details of these plans.

21. FINANCIAL RISK MANAGEMENT

The Board reviews and agrees on policies for managing risks and they are summarised below.

Interest rate risk

The main risk the Group is exposed to through its financial instruments is interest rate risk. The Group's policy is to manage its risk using a mix of fixed and variable rate debt.

Note 22 Financial Instruments sets out the carrying amount, by maturity, of the financial instruments that are exposed to interest rate risk:

Foreign Currency and Price Risk

Foreign currency fluctuation does not affect the Group's income as almost all our sales are within Australia. However, it does affect the price of raw materials and in turn, the final price of our purchases.

Credit risk

The Group trades only with recognised, creditworthy third parties. It is the Group policy that customers who wish to trade on credit terms are subject to credit verification procedures.

In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

Liquidity Risk

The Group manages liquidity risk by monitoring forecast cash flows and ensuring that adequate cash reserves are maintained. A cash and commitment report forms part of the monthly management reports forwarded to the Board.

22. FINANCIAL INSTRUMENTS

The Group's principal financial instruments comprise finance leases and hire purchase contracts, cash and short-term deposits. The main purpose of these financial instruments is to raise finance for Group operations.

The Group has various other financial instruments such as trade debtors and trade creditors, which arise directly from its operations.

Fair values

The carrying amount of financial assets and financial liabilities recorded in the financial statements approximates their net fair values. The net fair values of financial assets and liabilities are determined as follows:

- The net fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices; and

Notes to the Financial Statements

For the financial year ended 30 June 2008

22. FINANCIAL INSTRUMENTS (continued)

- The net fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow theory.

Investments

Investments are included at the lower of cost or recoverable amount. The carrying amount of investments is reviewed at each reporting date by the directors to ensure it is not in excess of the recoverable amount of these investments.

Year ended 30 June 2008	Floating Interest Rate	Fixed Interest Rate	Maturity		Non- Interest Bearing	Total
			< 1 year \$	2 to 5 years \$	\$	\$
CONSOLIDATED						
Financial Assets						
Cash assets	3 - 7%	-	738,446	-	-	738,446
Receivables	-	-	-	-	610,811	610,811
Other financial assets	-	-	-	-	1,050	1,050
			738,446	-	611,861	1,350,307
Financial Liabilities						
Trade payables *	-	-	-	-	598,171	598,171
Hire purchase liability	-	7.2 – 8.7%	65,236	151,810	-	217,046
			65,236	151,810	598,171	815,217
PARENT						
Financial Assets						
Cash assets	3 - 7%	-	578,985	-	-	578,985
Receivables	7.9%	-	3,710,729	-	14,470	3,725,199
Other financial assets	-	-	-	-	1,052	1,052
			4,289,714	-	15,522	4,304,184
Financial Liabilities						
Trade payables	-	-	-	-	207,550	207,550
			-	-	207,550	207,550

* Payable within 6 months

Notes to the Financial Statements

For the financial year ended 30 June 2008

22. FINANCIAL INSTRUMENTS (continued)

Year ended 30 June 2007	Floating Interest Rate	Fixed Interest Rate	Maturity		Non- Interest Bearing	Total
			< 1 year	2 to 5 years		
			\$	\$	\$	\$
CONSOLIDATED						
Financial Assets						
Cash assets	2.5 - 6%	-	435,507	-	-	435,507
Receivables	-	-	-	-	471,859	471,859
Other financial assets	-	-	-	-	26,000	26,000
			435,507	-	497,859	933,366
Financial Liabilities						
Trade payables	-	-	-	-	328,334	328,334
Hire purchase liability		5 - 7.8%	106,296	98,901	-	205,197
Bank loans	6.66%	-	84,700	762,300	-	847,000
			190,996	861,201	328,334	1,380,531
PARENT						
Financial Assets						
Cash assets	2.5 - 6%	-	295,836	-	-	295,836
Receivables	7.3%	-	4,097,557	-	50,835	4,148,392
Other financial assets	-	-	-	-	23,002	23,002
			4,393,393	-	73,837	4,467,230
Financial Liabilities						
Trade payables	-	-	-	-	29,663	29,663
Bank loans	6.66%	-	84,700	762,300	-	847,000
			84,700	762,300	29,663	876,663

Net Fair Values

The net fair values of:

- Listed investments have been valued at the quoted market bid price at balance date, adjusted for transaction costs expected to be incurred.
- Other loans and amounts due are determined by discounting the cash flows, at market interest rates of similar borrowings, to their present value.
- Other assets and other liabilities approximate their carrying value.

No financial assets and financial liabilities are readily traded on organised markets in standardised form.

Financial assets where the carrying amount exceeds net fair value have not been written down as the Group intends to hold these assets to maturity.

Sensitivity Analysis

The Group has no borrowing other than 2 fixed-rate hire purchases and as such, changes in interest rate will have insignificant effect on its profit or equity. Interest rate movements on cash balances would not be material.

As almost all revenue is derived from Australia, foreign currency fluctuation has minimal effect on its profit or equity.

23. BUSINESS COMBINATION

(a) Acquisition of Sun Shower Springs

On 2 July 2007, Refresh acquired the bottled water division of Sun Shower Springs Pty Ltd based in Brisbane. This business is incorporated into Refresh Waters Queensland Pty Ltd. The acquisition will increase the company's market share in the bottled water market in Queensland. Consideration for the purchase was \$420,000 in cash, \$30,000 in barter dollars and 302,115 ordinary shares in Refresh Group Limited based on market price at 16.55 cents each.

Notes to the Financial Statements

For the financial year ended 30 June 2008

23. BUSINESS COMBINATION (continued)

	Recognised on acquisition \$
Net Assets	149,000
Goodwill arising on acquisition	351,000
	<u>500,000</u>
Consideration:	
Shares issued, at market price	50,000
Ebanc Trade Credit	30,000
Cash paid	420,000
Total consideration	<u>500,000</u>

The goodwill arising on the Sun Shower Springs transaction pertains to the directors' assessment of the business valuation based on the future maintainable earnings of Sun Shower Springs. Goodwill represents the difference between the business valuation and the net tangible assets.

(b) Acquisition of Blackwood Gully Spring Water

On 3 December 2007, Refresh acquired Blackwood Gully Spring Water based in Melbourne. This business is integrated into the Melbourne operation, allowing customers the choice of natural spring water or pure distilled water. Consideration for the purchase was \$195,000 in cash and a deferred settlement of \$33,534 paid on 23 January 2008.

	Recognised on acquisition \$
Net Assets	153,534
Goodwill arising on acquisition	75,000
	<u>228,534</u>
Consideration:	
Cash paid	195,000
Deferred cash payment made on 23 January 2008	33,534
Total consideration	<u>228,534</u>

The goodwill arising on the Blackwood Gully transaction pertains to the directors' assessment of the business valuation based on the future maintainable earnings of Blackwood Gully. Goodwill represents the difference between the business valuation and the net tangible assets.

24. COMMITMENTS AND CONTINGENCIES

Operating lease commitments - Group as lessee

The Group has entered into commercial leases where it is not in the best interest of the Group to purchase these assets.

Location	Expiry	Lease Terms
Brisbane	31/03/13	5 + 5 years
Kalgoorlie	21/12/08	2 + 2 years
Melbourne	16/02/09	taken up 2-year option
Perth	30/06/13	7 + 3 + 3 years
Sydney	31/08/08	taken up 2-year option
Toowoomba	31/03/09	3 + 3 years

Notes to the Financial Statements

For the financial year ended 30 June 2008

24. COMMITMENTS AND CONTINGENCIES (continued)

Renewal terms are included in the contracts. Renewals are at the option of the specific entity that holds the lease.

There are no restrictions placed upon the lessee by entering into these leases.

Future minimum rentals payable under non-cancellable operating leases as at 30 June are as follows:

	CONSOLIDATED		PARENT	
	2008	2007	2008	2007
	\$	\$	\$	\$
Within one year	284,917	172,680	-	-
After one year but not more than five years	789,542	65,894	-	-
	<u>1,074,459</u>	<u>238,574</u>	<u>-</u>	<u>-</u>

Finance lease and hire purchase commitments

The Group has finance leases and hire purchase contracts for various items of plant and machinery, these leases have no terms of renewal or purchase options and escalation clauses.

Future minimum lease payments under finance leases and hire purchase contracts together with the present value of the net minimum lease payments areas follows:

	2008 Minimum payments \$	2007 Minimum payments \$
CONSOLIDATED		
Within one year	80,630	117,468
After one year but not more than five years	167,181	107,054
Total minimum lease payments	247,811	224,522
Less amounts representing finance charges	(30,765)	(20,806)
Present value of minimum lease payments	<u>217,046</u>	<u>203,716</u>

25. RELATED PARTY DISCLOSURE

The consolidated financial statements include the financial statements of Refresh Group Limited and the subsidiaries listed in the following table.

	Country of incorporation	% Equity interest		Investment	
		2008	2007	2008	2007
				\$	\$
Refresh Waters Pty Ltd	Australia	100%	100%	2	2
Refresh Waters Queensland Pty Ltd	Australia	100%	100%	142,188	142,188

Refresh Group Limited is the ultimate Australian parent entity and ultimate parent of the Group.

The following table provides the total amount of transactions which have been entered into with related parties for the relevant financial year (for information regarding outstanding balances at year-end, refer to note 9 and note 17):

Notes to the Financial Statements

For the financial year ended 30 June 2008

25. RELATED PARTY DISCLOSURE (continued)

Related party		Revenue from related parties \$	Amount owed by related parties \$
CONSOLIDATED			
Associates:			
Relish Australia Pty Ltd	2008	-	-
	2007	638	-
Restock Distributors Pty Ltd	2008	-	-
	2007	43,133	1,227
PARENT			
Controlled entities:			
Refresh Waters Pty Ltd	2008	-	4,621,970
	2007	403,066	4,047,557
Refresh Waters Queensland Pty Ltd	2008	-	33,048
	2007	-	50,000

Controlled entities

A loan balance of \$283,080 (2007: \$234,919) exists at 30 June 2008 between Refresh Waters Pty Ltd and Refresh Waters Qld Pty Ltd.

Contractor

Ms Clay was engaged as Company Secretary / Chief Financial Officer on a contract basis. She was paid a total of \$27,790 for the financial year.

Loan

The company has a loan of \$198,700 from Refresh Property Trust. The Group held 10% of the units in the Trust.

Terms and conditions of transactions with related parties

Sales to and purchases from related parties are made in arms length transactions at both normal market prices and normal commercial terms.

Outstanding balances at year-end are unsecured and settlement occurs in cash.

There have been no guarantees provided or received for any related party receivables.

Notes to the Financial Statements

For the financial year ended 30 June 2008

26. AUDITORS' REMUNERATION

	CONSOLIDATED		PARENT	
	2008	2007	2008	2007
	\$	\$	\$	\$
Amounts received or due and receivable by PKF Perth for:				
• an audit or review of the financial report of the entity and any other entity in the consolidated entity 2007 – underaccrued	4,598	29,500	4,598	29,500
• other services in relation to the entity and any other entity in the consolidated entity				
(a) tax compliance	13,320	33,520	13,320	33,520
(b) assurance related	430	5,404	430	5,404
	18,348	68,424	18,348	68,424

Amounts received or due and receivable by Grant Thornton (WA) Partnership for:

• an audit or review of the financial report of the entity and any other entity in the consolidated entity 2008	47,521	-	47,521	-
• other services in relation to the entity and any other entity in the consolidated entity				
(c) tax compliance	8,000	-	8,000	-
	55,521	-	55,521	-

27. EMPLOYEE BENEFITS

a. Directors and Executives Option Scheme

On 31 October 2005, the shareholders of Refresh Group Limited resolved to approve the creation of the Directors and Executives Option Scheme ("DEOS").

The purpose of the DEOS is to align the interests of the directors and key management of Refresh by providing a cost-effective and efficient long-term incentive to them which is linked to the performance of the company. By rewarding executives with the issue of options, Refresh will be able to reward them without having to commit cash resources to do so.

Under the DEOS, directors and key management personnel of Refresh Group Limited are eligible to be issued with options to acquire unissued ordinary fully paid shares in Refresh Group Limited. The options will be issued for no consideration. They have an exercise period of one year.

The directors and key management personnel who have been granted options on 25 March 2008 are:

Name	Number of Options
Henry Heng (director)	150,000
Edmund Teo (director)	120,000
Murray Smith (director)	120,000
Djuanda Hadi	100,000
Grant Johnson	100,000
John Humphreys	100,000
Stewart Doyle	80,000
Huei Jing Ho	80,000
Ian Theseira	80,000
Robert Jessett	80,000
Total	1,010,000

The exercise price of the options granted is \$0.07 per share.

Notes to the Financial Statements

For the financial year ended 30 June 2008

a. Directors and Executives Option Scheme (continued)

The above is a summary of the DEOS. A copy of the DEOS rules is available for inspection at the Head Office of Refresh Group Limited.

The fair value at grant date is determined using the Black-Scholes pricing model. The following table gives the assumptions made in determining the fair value of the options granted in the year to 30 June 2008.

	2008	2007
Expected volatility (%)	66%	44.3%
Risk-free interest rate (%)	7.25%	5.25%
Expected life of option (time – days)	365	365
Option exercise price (strike price-\$)	\$0.07	\$0.15
Share price at grant date (stock price-\$)	\$0.07	\$0.15

The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may not necessarily be the actual outcome.

During the year ended 30 June 2008, no options were exercised over ordinary shares.

The following table illustrates the number (No.) and weighted average exercise prices (WAEP) of share options issued under the DEOS.

	2008 No.	2008 WAEP	2007 No.	2007 WAEP
Outstanding at the beginning of the year	1,140,000	171,000	970,000	194,000
Granted during the year	1,010,000	13,130	1,140,000	171,000
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	-	-
Expired during the year	(1,140,000)	(171,000)	(970,000)	(194,000)
Outstanding at the end of the year	1,010,000	13,130	1,140,000	171,000

The outstanding balance as at 30 June 2008 is represented by:

- 1,010,000 options over ordinary shares with an exercise price of \$0.07 each, exercisable upon meeting the above conditions and until 27 March 2009;

The weighted average contractual life for the share options outstanding as at 30 June 2008 is 1 year (2007: 1 year).

b. Employee Share Scheme

On 31 October 2005, the shareholders of Refresh Group Limited approved the creation of an Employee Share Scheme ("ESS").

The purpose of the ESS is to reward current and future employees of the Group in a way which gives the employees an opportunity to share in the future growth and profitability of Refresh Group Limited.

Employees were eligible for a loan from the company in order to finance the purchase of shares. The loan is an interest-free loan with a maximum term of two years. Repayments are being made through deductions from the employee's salary.

The Directors of Refresh Group Limited invited employees to participate in the ESS based on factors such as their length of service, grade or position in Refresh Group Limited. New employees will be eligible to join the ESS after one year's continuous service.

Should an employee leave his or her employment without having fully repaid the loan, Refresh may sell that employee's shares and apply the proceeds to the cost of the sale and the repayment of the loan. The balance (if any) will be returned to the employee. There are mechanics in place to ensure that shares acquired pursuant to a loan from Refresh Group Limited are not transferred until the loan has been repaid.

The above is a summary of the terms of the ESS. A copy of the ESS rules is available for inspection at the Head Office of Refresh Group Limited.

Notes to the Financial Statements

For the financial year ended 30 June 2008

28. DIRECTORS AND KEY MANAGEMENT PERSONNEL DISCLOSURE

In accordance with AASB 124 remuneration disclosures related to key management personnel are included in the Remuneration Report in the Director's Report.

(a) Remuneration options: Granted and vested during the year

During the financial year, options were granted as equity compensation benefits under the Directors and Executives Option Scheme (DEOS) to certain directors and key management personnel as disclosed below. The options were issued free of charge. Each option entitles the holder to subscribe for one fully paid ordinary share in the entity at an exercise price of \$0.07.

	Vested	Granted	Terms & Conditions for each Grant			
	No.	No.	Grant Date	Value per option at grant date \$	Exercise price per share \$	Expiry Date
Directors:						
Mr H Heng	150,000	150,000	31/03/08	0.013	0.07	27/03/09
Mr E Teo	120,000	120,000	31/03/08	0.013	0.07	27/03/09
Mr M Smith	120,000	120,000	31/03/08	0.013	0.07	27/03/09
Specified Executives:						
Mr G Johnson	100,000	100,000	31/03/08	0.013	0.07	27/03/09
Mr D Hadi	100,000	100,000	31/03/08	0.013	0.07	27/03/09
Mr J Humphreys	100,000	100,000	31/03/08	0.013	0.07	27/03/09
Mr S Doyle	80,000	80,000	31/03/08	0.013	0.07	27/03/09
Mr H Ho	80,000	80,000	31/03/08	0.013	0.07	27/03/09
	850,000	850,000				

(b) Option holdings of Directors and Key Management Personnel

	Balance at beg of period 01-Jul-07	Granted as Remuneration	Options Exercised	Net Change Other #	Balance at end of period 30-Jun-08	Not Vested & Not Exercisable	Vested & Exercisable
Directors							
Mr H Heng	150,000	150,000	-	(150,000)	150,000	-	150,000
Mr E Teo	120,000	120,000	-	(120,000)	120,000	-	120,000
Mr M Smith	120,000	120,000	-	(120,000)	120,000	-	120,000
Specified Executives							
Mr G Johnson	-	100,000	-	-	100,000	-	100,000
Mr D Hadi	100,000	100,000	-	(100,000)	100,000	-	100,000
Mr J Humphreys	100,000	100,000	-	(100,000)	100,000	-	100,000
Mr S Doyle	-	80,000	-	-	80,000	-	80,000
Mr H Ho	75,000	80,000	-	(75,000)	80,000	-	80,000
Total	665,000	850,000	-	(665,000)	850,000	-	850,000

Options granted in previous year expired without any being exercised.

A full list of option holders can be found at note.

Notes to the Financial Statements

For the financial year ended 30 June 2008

28. DIRECTORS AND KEY MANAGEMENT PERSONNEL DISCLOSURE (continued)

(c) Shareholdings of Directors and Key Management Personnel

Shares held in Refresh Group Limited

	<i>Balance 01-Jul-07 Ord</i>	<i>Granted as Remuneration Ord</i>	<i>Other Net Changes Ord</i>	<i>Balance 30-Jun-08 Ord</i>
Directors				
Mr H Heng	9,574,379	-	54,500 *	9,628,879
Mr E Teo	7,538,900	-	54,500 *	7,593,400
Mr. M Smith	25,000	-	-	25,000
Specified Executives				
Mr G Johnson	-	-	30,000	30,000
Mr D Hadi	3,974,050	-	34,500 *	4,008,550
Mr J Humphreys	2,137,000	-	-	2,137,000
Mr S Doyle	-	-	302,115	302,115
Mr H Ho	35,000	-	-	35,000
Ms M Ang	25,000	-	-	25,000
Total	23,309,329	-	475,615	23,784,944

** Relate to general sales and purchases made on the open market.*

All equity transactions with directors other than those arising from the exercise of remuneration options have been entered into under terms and conditions no more favourable than those the entity would have adopted if dealing at arm's length.

(d) Loans to Directors and Key Management Personnel

Except for the approved instalment plan under its ESS, no director or specified executive has any loan with Refresh Group Limited or any of its controlled entities.

29. EVENTS AFTER THE BALANCE SHEET DATE

Nothing material to disclose.

Notes to the Financial Statements

For the financial year ended 30 June 2008

30. CHANGE IN ACCOUNTING POLICY

The following Australian Accounting Standards have been issued or amended and are applicable to the parent and consolidated group but are not yet effective. They have not been adopted in preparation of the financial statements at reporting date.

Application AASB for Amendment	Standards Affected	Outline of Amendment	Application Date of Date	
			Standard	Group
AASB 2007-3 Amendments to Australian Accounting Standards	AASB 102 Inventories AASB 107 Cash Flow Statements AASB 119 Employee Benefits AASB 127 Consolidated and Separate Financial Statements AASB 134 Interim Financial Reporting AASB 136 Impairment of Assets	The disclosure requirements of AASB 114: Segment Reporting have been replaced due to the issuing of AASB 8: Segment Reporting in February 2007 These amendments will involve changes to segment reporting disclosures within the financial report. However, it is anticipated there will be no direct impact on recognition and measurement criteria amounts included in the financial report.	01.01.09	01.07.09
AASB 8 Operating Segments	AASB 114 Segment Reporting	As above	01.01.09	01.07.09
AASB 2007-6 Amendments to Australian Accounting Standards	AASB 1 First time adoption of AIFRS AASB 101 Presentation of Financial Statements AASB 107 Cash Flow Statements AASB 116 Property, Plant and Equipment AASB 138 Intangible Assets	The revised AASB 123: Borrowing Costs issued in June 2007 has removed the option to expense all borrowing costs. This amendment will require the capitalisation of all borrowing costs directly attributable to the acquisition, construction of production of a qualifying asset. However, there will be no direct impact to the amounts included in Refresh's financials as borrowing costs related to qualifying assets are already capitalised.	01.01.09	01.07.09
AASB 123 Borrowing Costs	AASB 123 Borrowing Costs	As above	01.01.09	01.07.09
AASB 2007-8 Amendments to Australian Accounting Standards	AASB 101 Presentation of Financial Statements	The revised AASB 101: Presentation of Financial Statements issued in September 2007 requires the presentation of a statement of comprehensive income and makes changes to the statement of changes in equity.	01.01.09	01.07.09
AASB 101	AASB 101 Presentation of Financial Statements	As above	01.01.09	01.07.09

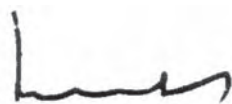
Directors' Declaration

In accordance with a resolution of the directors of Refresh Group Limited, I state that:

In the opinion of the directors:

- (a) the financial statements and notes of the company and of the consolidated entity are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2008 and of their performance for the year ended on that date; and
 - (ii) complying with Accounting Standards and Corporations Regulations 2001; and
- (b) the Chief Executive Officer have declared that
 - (i) the financial records of the company for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001;
 - (ii) the financial statement and notes for the financial year comply with the Accounting Standards; and
 - (iii) the financial statements and notes for the financial year give a true and fair view.
- (c) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

On behalf of the Board



Henry Heng
Executive Chairman
Perth, 2 October 2008

Independent Audit Report



Grant Thornton

Grant Thornton (WA) Partnership
ABN: 17 735 344 518
Level 1
10 Kings Park Road
West Perth WA 6005
PO BOX 570
West Perth WA 6872
T +61 8 9480 2000
F +61 8 9322 7787
E admin@gtwa.com.au
W www.granthornton.com.au

INDEPENDENT AUDITOR'S REPORT **To the members of Refresh Group Limited**

Report on the Financial Report

We have audited the accompanying financial report of Refresh Group Limited (the company) which comprises the balance sheet as at 30 June 2008, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the

Liability limited by a scheme approved under Professional Standards Legislation.

Grant Thornton (WA) Partnership is an independent business entitled to trade under the international name Grant Thornton.
Grant Thornton is a trademark owned by Grant Thornton International and used under licence by independent firms and entities throughout the world.

Independent Audit Report



circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Electronic Presentation of Audited Financial Report

This auditor's report relates to the financial report of Refresh Group Limited for the year ended 30 June 2008 included on the company's web site. The company's directors are responsible for the integrity of its web site. We have not been engaged to report on the integrity of the company's web site. The auditor's report refers only to the statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on this web site.

Independence

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

Auditor's Opinion

In our opinion:

- (a) the financial report of Refresh Group Limited is in accordance with the *Corporations Act 2001*, including:
 - i. giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2008 and of their performance for the year ended on that date; and
 - ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 2.

Significant uncertainty regarding continuation as a going concern

Without qualifying our audit opinion expressed above, attention is drawn to the following matter. As a result of the matters described in Note 2(u) in the financial report which indicates that the company's and consolidated entity's ability to continue as a going concern is dependent upon the company raising additional funds from debt or equity sources, or operations improving profitability in the future, there exists significant uncertainty which may cast significant doubt about the company's and consolidated entity's ability to continue as a going concern and whether they will realise their assets and extinguish their liabilities in the normal course of business and at the amounts stated in the financial report.

Liability limited by a scheme approved under Professional Standards Legislation.

Grant Thornton (WA) Partnership is an independent business entitled to trade under the international name Grant Thornton. Grant Thornton is a trademark owned by Grant Thornton International and used under licence by independent firms and entities throughout the world.

Independent Audit Report



Report on the Remuneration Report

We have audited the Remuneration Report included in pages 5 to 7 of the directors' report for the year ended 30 June 2008. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the Remuneration Report of Refresh Group Ltd for the year ended 30 June 2008, complies with section 300A of the *Corporations Act 2001*.

Grant Thornton (WA) Partnership

GRANT THORNTON (WA) PARTNERSHIP
Chartered Accountants

P. Warr.

P W WARR
Partner
Perth, 2 October 2008

Liability limited by a scheme approved under Professional Standards Legislation.

Grant Thornton (WA) Partnership is an independent business entitled to trade under the international name Grant Thornton.
Grant Thornton is a trademark owned by Grant Thornton International and used under licence by independent firms and entities throughout the world.

Corporate Governance Statement

Refresh will follow the guidelines of the ASX Corporate Governance Council as much as it could. However, as Refresh is a small company, this is not always possible. Below are reasons for recommendations that have not been followed.

- 1.1 Formalise and disclose functions reserved to the board and those delegated to management.
Satisfied.
- 2.1 A majority of the board should be independent directors.
Not satisfied but the board currently has 3 directors, only 1 of whom is executive.
- 2.2 The chairperson should be an independent director.
Not satisfied as the board agreed that its current managing director is best suited for the role of chairperson.
- 2.3 The roles of chairperson and chief executive officer should not be exercised by same individual.
Not satisfied because of the small composition of the board.
- 2.4 The board should establish a nomination committee.
The board has only 3 members so the role of the nomination committee is served by the full board.
- 2.5 The following information is disclosed in the annual report:
 - the skills, experience and expertise relevant to the position of director held by each director in office at the date of the annual report;
 - the names of the directors considered by the board to constitute independent directors and the company's materiality thresholds used in determining a director's independence;
 - a statement as to whether there is a procedure agreed by the board for directors to take independent professional advice at the expense of the company;
 - the term of office held by each director in office at the date of the annual report; and
 - the names of members of the nomination committee and their attendance at meetings of the committee.*Satisfied except last point as the board does not have a nomination committee.*
- 3.1 Establish a code of conduct to guide the directors, the chief executive officer, the chief financial officer and any other key executives as to:
 - the practices necessary to maintain confidence in the company integrity; and
 - the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.*Satisfied – details posted on its website www.refreshgroup.com.au.*
- 3.2 Disclose the policy concerning trading in company securities by directors, officers and employees.
Satisfied – details posted on its website www.refreshgroup.com.au.
- 3.3 Provide ethical and responsible decision-making.
Satisfied – details posted on its website www.refreshgroup.com.au.
- 4.1 Require the chief executive officer and chief financial officer to state in writing to the board that the company's financial reports present a true and fair view, in all material respects, of the company's financial condition and operational results, and are in accordance with relevant accounting standards.
Satisfied.
- 4.2 The board should establish an audit committee.
The board has only 3 members so the role of the audit committee is served by the full board.
- 4.3 Structure of the audit committee so that it consists of only non-executive directors, a majority of independent directors, an independent chairperson who is not the chairperson of the board and has at least three members.
The board has only 3 members so the role of the audit committee is served by the full board.
- 4.4 The audit committee should have a formal charter.
Satisfied – details posted on its website www.refreshgroup.com.au.
- 4.5 The following information should be disclosed in the annual report:
 - details of the names and qualifications of those appointed to the audit committee; and
 - the number of meetings of the audit committee and the names of the attendees.*The board has only 3 members so the role of the audit committee is served by the full board.*

Corporate Governance Statement

- 5.1 Establish written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior management level for that compliance.
Satisfied – details posted on its website www.refreshgroup.com.au.
- 6.1 Design and disclose a communications strategy to promote effective communication with shareholders and encourage effective participation at general meetings.
Satisfied – details posted on its website www.refreshgroup.com.au.
- 6.2 Request the external auditor to attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and the content and preparation of the auditor's report.
Satisfied.
- 7.1 The board should establish policies on risk oversight and management.
Satisfied – details posted on its website www.refreshgroup.com.au.
- 7.2 The chief executive officer and the chief financial officer should state to the board in writing that:
- the statement given regarding the integrity of financial statements is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the board; and
 - the company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.
- Partly satisfied – only the chief executive officer signed the statement as the chief financial officer left for an overseas trip before the annual report was completed..*
- 7.3 A description of the company's risk management policy and internal compliance and control system.
Satisfied – details posted on its website www.refreshgroup.com.au.
- 8.1 Disclose the process for performance evaluation of the board, its committees and individual directors, and key executives.
Not satisfied; pending the adoption of an evaluation process.
- 9.1 Provide disclosure in relation to the company's remuneration policies to enable investors to understand:
- the costs and benefits of those policies; and
 - the link between remuneration paid to directors and key executives and corporate performance.
- Not satisfied; pending the adoption of an evaluation process.*
- 9.2 The board should establish a remuneration committee.
The board has only 3 members so the role of the remuneration committee is served by the full board.
- 9.3 Clearly distinguish the structure of non-executive directors' remuneration from that of executives'.
Satisfied.
- 9.4 Ensure that payment of equity-based executive remuneration is made in accordance with thresholds set in plans approved by shareholders.
Satisfied.
- 9.5 The following information should be disclosed in the annual report:
- the company's remuneration policies;
see 9.1.
 - the names of the members of the remuneration committee and their attendance at meetings of the committee; and
The board has only 3 members so the role of the remuneration committee is served by the full board.
 - The existence of any schemes for retirement benefits, other than statutory superannuation, for non-executive directors.
Satisfied.
- 10.1 Establish and disclose a code of conduct to guide compliance with legal and other obligations to legitimate shareholders.
Satisfied – details posted on its website www.refreshgroup.com.au.
- 11.1 Relevant information to be made publicly available on the company's website in a clearly marked corporate governance section.
Satisfied – details posted on its website www.refreshgroup.com.au.

Shareholder Information

Shareholder information set out below was as at 26 September 2008

Distribution of Ordinary Shares

Range of Shares	Total Holders
1 - 1,000	0
1,001 - 5,000	15
5,001 - 10,000	216
10,001 - 100,000	141
100,001 and over	38
Total	410

Holders of less than a marketable parcel of ordinary shares **20**

Voting Rights Attaching to Ordinary Shares

On a show of hands, every member present in person or by proxy shall have one vote.
Upon a poll, each share shall have one vote.

On-Market Buy-Back

There is no on-market buy-back of its shares.

20 Largest Shareholders - Ordinary Shares

	Shares	%
Mr Henry Eng Chye Heng & Ms Sok Hwa Ngoh <The Heng Family a/c>	8,818,200	19.9
Mr Edmund Soon Kin Teo & Mrs Janice Teo <The Teo Family a/c>	6,793,900	15.3
Ms Inn Hoon Judy Ong	3,607,700	8.1
Mr Djuanda Hadi <Oyez Investment a/c>	3,404,550	7.7
Ms Ing Cheng Diana Ong	3,234,600	7.3
Mr John William Dick Humphreys & Mrs Julie Humphreys <Humphreys S/F a/c>	2,102,000	4.7
Mr Samuel Jacob	1,038,400	2.3
Mr Juan Hui Goh	1,000,000	2.3
Mr Meng Leong Lye	1,000,000	2.3
Dr Chee Seng Seah	940,000	2.1
ANZ Nominees Limited <Cash Income a/c>	541,432	1.2
Mr William Ross McCorquodale	500,000	1.1
Mr Henry Eng Chye Heng & Mr Edmund Soon Kin Teo <Refresh Superannuation a/c>	458,500	1.0
Mr Stewart Gordon Doyle	302,115	0.7
Mr Clark Andrew Beebe & Mrs Donna Lasala Beebe	270,000	0.6
Ms Soon Jong Lee	270,000	0.6
Miss Sherlene Heng	260,000	0.6
Mr Vijaya Kumar Kandappan	259,700	0.6
Mr Paul Gaynor Adams	250,000	0.6
Dr Gerry Gaviola & Dr Durga Gaviola	250,000	0.6
	35,301,097	79.6
Total Shares issued	44,361,233	

Shareholder Information

Substantial Shareholders - Ordinary Shares

	Shares	%
Mr Henry Eng Chye Heng & Ms Sok Hwa Ngoh <The Heng Family a/c>	8,818,200	19.9
Mr Edmund Soon Kin Teo & Mrs Janice Teo <The Teo Family a/c>	6,793,900	15.3
Ms Inn Hoon Judy Ong	3,607,700	8.1
Mr Djuanda Hadi <Oyez Investment a/c>	3,404,550	7.7
Ms Ing Cheng Diana Ong	3,234,600	7.3

Corporate Directory

BOARD OF DIRECTORS

Henry Heng	Executive Chairman
Edmund Teo	Non-Executive Director
Murray Smith	Independent, Non-Executive Director

COMPANY SECRETARY / CHIEF FINANCIAL OFFICER

Catherine Clay

REGISTERED OFFICE AND HEAD OFFICE

17 Denninup Way
MALAGA WA 6090
Telephone: (08) 9248 3006
Facsimile: (08) 9248 7233
Email: info@refreshgroup.com.au
Web Address: www.refreshgroup.com.au

OTHER OPERATING LOCATIONS

New South Wales – Sydney

3 Salisbury Street
SILVERWATER NSW 2128
Telephone: (02) 9748 4200
Facsimile: (02) 9748 4366
Email: sydney@refreshwater.com.au

Queensland – Brisbane

120 Mica Street
CAROLE PARK QLD 4300
Telephone: (07) 3271 1251
Facsimile: (07) 3879 3019
Email: brisbane@refreshwater.com.au

Western Australia - Kalgoorlie

33/46 Great Eastern Highway
KALGOORLIE WA 6430
Telephone: (08) 9022 2266
Facsimile: (08) 9022 4468
Email: kalgoorlie@refreshwater.com.au

Victoria - Melbourne

14 Bando Road
SPRINGVALE VIC 3171
Telephone: (03) 9562 3877
Facsimile: (03) 9562 3177
Email: melbourne@refreshwater.com.au

Queensland – Toowoomba

600 Boundary Street
TOOWOOMBA QLD 4350
Telephone: (07) 4659 0400
Facsimile: (07) 4659 0411
Email: toowoomba@refreshwater.com.au

SOLICITORS

Wojtowicz Kelly Legal
Level 2
11 Mounts Bay Road
Perth WA 6000

AUDITORS

Grant Thornton WA Partnership
Level 1
10 Kings Park Road
West Perth WA 6005

SHARE REGISTRY

Computershare Investor Services
Level 2
45 St Georges Terrace
Perth WA 6000
Tel 1300 557 010



REFRESH GROUP LIMITED
ABN 28 079 681 244

17 Denninup Way Malaga
Western Australia 6090
Telephone (08) 9248 3006
Facsimile (08) 9248 7233
www.refreshgroup.com.au