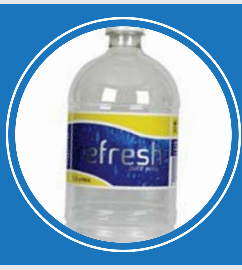
2010
ANNUAL REPORT



refresh group

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CHAIRMAN'S REVIEW

Dear Shareholders

On behalf of the Refresh Board, I thank you for your continuing support of your company. I also thank the management and staff, many of whom are also shareholders, for their dedication and contribution to the company.

We are pleased that the business strategy of establishing multiple plants in Australia is progressing well. Besides Neverfail, Refresh is currently the only other national supplier in the home and office delivery sector of the bottled water market in Australia. The aggressive expansion and acquisitions resulted in losses in the last few years. However, Refresh has gotten over the consolidation phase and will continue to grow strongly from here on. Except for the West Australian operations which lost some major customers, all other operations have improved their performance and will continue to improve this year.

The recent acquisition of Fusion H2O has increased our penetration into the convenience sector which includes supermarkets, restaurants and delicatessens as well as events. This will add significantly to revenue this year. We are pleased to continue to support Variety Children Charity who receives 10% of the profit from this division.

Bottled water is a sizeable market in Australia but it is dominated by significantly larger competitors such as Coca Cola Amatil and Schweppes - the largest and second largest supplier of bottled water in Australia respectively. Given the competitive market in which we operate, expanding our business by acquisition and organic growth will be a slow and lengthy process. We need a significant acquisition to give the company a quantum leap forward.

Your Board has been looking for a good corporate deal since our listing but despite many negotiations, we felt none would benefit shareholders until the Aridtec proposal. We thank shareholders for their support and approval that secured the acquisition of Aridtec.

Aridtec is engaged in the provision of atmospheric water harvesting equipment through its own patented technology. Our market is now expanded to a global reach rather than just the Australian market.

With 2 revenue streams to propel the company forward, I believe Refresh is now poised to realise long term profitability ahead.

Henry Heng
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 2010. 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* ***Chairman and Managing Director***

Henry Heng is a member of the Remuneration Committee. He 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. He currently leads their Business Connect group. Henry is also Honorary Secretary of the Full Gospel Business Men's Fellowship International, Perth Chapter. Henry sits on the governing council of Edith Cowan University and is also a member of their Resources Committee.

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

Appointed on 11 August 1997.

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

Edmund Teo is member of the Audit Committee. He is a founding director of Refresh.

Edmund had a successful career in journalism between 1974 and 1995. During this period he 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.

Edmund was appointed an Executive Director in August 1997 and served in the position until December 2007. He is currently a Sub-Editor at Community Newspapers Group.

He holds Reporting Certificates with the British Institute of Careers (Australia) and the Graduate London School of Journalism.

Appointed on 11 August 1997.

Alan Ong *MBA, B Eng (Hons)* ***Independent, Non-Executive Director***

Alan Ong is Chairman of the Remuneration Committee and member of the Audit Committee.

Alan graduated from the Nanyang Technological University, Singapore, with an honours degree in engineering. He started his career as a Quality Assurance Engineer and progressed to Principal Engineer with a large Singapore government-linked company. He was subsequently involved in business development work with the Singapore Technologies group dealing with water treatment systems. Alan has over 20 years of industry experience.

After securing a Master of Business Administration in Banking & Finance from the same university, Alan moved into a career in banking and spent a total of 11 years in the consumer banking sector. His last appointment was as Group Sales Head, First Vice President with the United Overseas Banking Group, Singapore.

Alan currently runs his own mortgage broking business.

Appointed on 27 November 2008.

DIRECTORS' REPORT

Mun Yew Chan *B Arts (Hons), CA* ***Non-Executive Director***

Mun Yew is Chairman of the Audit Committee

Mun Yew has almost 30 years of financial management experience at senior management levels in fast moving consumer goods, electronics, telecommunications, oilfield service and public accounting. Mr Chan began his career at Ernst & Young and went on to hold financial controller/director positions with major multinational corporations listed on NYSE and NASDAQ namely National Semiconductor, Quantum Corp, Schlumberger Inc. and Glenayre Inc.

He is also a non-executive and independent director of Jade Technologies Holdings Ltd, a company listed on the Catalist Board of Singapore Exchange Ltd. Besides being Chairman of the Audit Committee, he is also a member of the Nominating & Corporate Governance Committee and Remuneration Committee.

Mun Yew holds a Bachelor of Arts (Honours) in Economics and Accounting from the University of Newcastle, United Kingdom and is a Chartered Accountant (ICAEW).

Appointed on 13 July 2010.

Chee Keong Oh *M Sc.* ***Executive Director***

Chee Keong is member of the Remuneration Committee

Chee Keong is the inventor of the patented Airqua technology. He started his career in an information technology firm and has held various positions in multinational corporations including AT&T,GIS, Citibank and Goldman Sachs. It was in Singapore government-linked AgilisCommunication Technology that he honed his blend of skills. Apart from inventing the Airqua technology, he had created other technologies such as a financial system that can provide 9-period look-forward scenarios.

Chee Keong graduated from the University of Wisconsin, United States, with a Master in Computer Sciences.

Appointed on 13 July 2010

Dr Anthony Soh *MBBS, Grad Dip Audiology*

Anthony was a Director of ASX-listed Cordlife Ltd for two years from 2004 to 2006. He was also a Director of United Kingdom AIM-listed China Medstar Ltd for a short while before it was acquired and privatised. While Anthony was a Director of UOB Ventures, he sat on the board of various investee companies, including those in Hong Kong, China and the United States. In 2008, Anthony was a Director of Singapore Exchange Securities Trading Ltd (SGX) listed Jade Technologies Holdings Ltd, E3 Holdings Ltd and Netelusion Ltd. He is currently the Chairman of investment holding company, Asia Pacific Links Ltd and is also a director of Asia Pacific Links (BVI) Pty Ltd.

Anthony graduated from the National University of Singapore with a Bachelor of Medicine and Bachelor of Surgery and obtained a Post Graduate Diploma in Audiology from University of Queensland

Anthony Soh served as non-executive director from 9 July 2009 to 11 June 2010.

Besides Anthony Soh and Mun Yew Chan, no director held directorship in any other listed company in the last three years.

DIRECTORS' REPORT

Secretary

The name and particulars of the secretary of the company during or since the end of the financial year is:

Mary Ang *B Acc, CPA* ***Company Secretary & Chief Financial Officer***

Mary Ang 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 Young.

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

Appointed on 18 June 2009.

(a) Review of Operations

We are pleased to report that our performance has improved. Despite Western Australia losing significant sales because of the loss of some major customers, our operating subsidiaries are profitable. This is because of cost cutting in previous years taking effect as well as increase in revenue in all other segments. We expect most divisions to continue to be profitable this year.

Refresh has been growing very well in the home and office delivery segment of the bottled water market but found it very difficult to penetrate the supermarket and route trades. The acquisition of Fusion H2O will add significantly to revenue this year. However, as this is a national operation, a fair amount will be spent during the initial setup phase. The acquisition has also turned Refresh into a truly national company with operations in every state and territory now.

The increase in corporate expenses was mainly because of 2 major corporate exercises – the rights issue completed in July 2009 and the acquisition of Aridtec Pte Ltd completed in July 2010. The recent acquisition of Aridtec would mean a bigger revenue base to support the corporate expenses.

(b) Results of Operations

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

	Consolidated 30 June 2010 $
Revenue	5,545,486
Net Loss after tax	(420,323)
Total Assets	5,451,947
Total Equity	4,262,400

Financial Position

The net assets of the consolidated group have increased from 30 June 2009 to $4,262,400 in 2010.This increase is largely due to proceeds from right issues of $1,124,281 in July 2009.

The consolidated group's improved financial position has enabled the Group to reduce its borrowings and improve its working capital. The Group's working capital, being current assets less current liabilities, has improved from $702,385 in 2009 to $1,161,972 in 2010.

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.

(c) Significant Changes in State of Affairs

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

i. On 1 September 2009, the Group acquired Minnamurra Natural Spring water with the issue of 750,000 ordinary shares at the price of $0.07 each and $150,000 in cash.
ii. On 27 May 2010, the Group acquired Fusion H^2O for $120,000 in cash.

(d) Principal Activities

The principal activity of Refresh during the year was the production and/or distribution of lifestyle products like bottled water, coolers and filtration systems. There was no significant change in the nature of the activity of the entity during the year.

(e) Significant after Balance Date Events

On 13 July 2010 Refresh Group Ltd acquired AridTec Pte Ltd, a Singapore-based company, with the issue of 71,800,000 ordinary shares at an issue price of $0.065 each. AridTec is a manufacturer of water harvesting and purification equipment. It is the parent company of AirQua International Pte Ltd, providing atmospheric water solutions.

Except for the above, no other matter or circumstance has arisen since the end of the financial year which has significantly affected or may significantly affect the operations of the consolidated group, the results of those operations or the state of affairs of the consolidated group, in future financial years.

(f) Likely Future Developments

The recent acquisitions of Fusion H2O and Aridtec Pte Ltd would require a fair amount of time to be spent integrating the 2 businesses into Refresh. As such, no major activity is expected for the rest of this financial year.

Aridtec is the first significant corporate exercise Refresh has undertaken since our listing.

(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 it.

(h) Dividends

No dividend has been paid or declared for the year ended 30 June 2010. No dividend was paid in the prior year.

(i) Meetings of Directors

During the financial year, 6 meetings of directors (including committees of directors) were held. Attendances by each director during the year were as follows:

	Board Meetings		Audit Committee		Remuneration Committee	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Henry Heng	3	3	-	-	2	1
Edmund Teo	3	3	1	1	-	-
Alan Ong	3	3	1	1	2	2
Anthony Soh	3	3	1	1	2	2
B K Ong	1	1	-	-	-	-

There was no nominations committee during the financial year and all decisions were made by the full Board

DIRECTORS' REPORT

(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 has 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 are 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.

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 26 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.

DIRECTORS' REPORT

(k) Directors and Key Management Personnel Disclosure

(i) Remuneration of Directors

	PRIMARY		POST EMPLOYMENT		EQUITY	OTHER	TOTAL	% RENUMERATION
Directors	Salary & Fees $	Non Monetary benefits $	Superan-nuation $	Retirement benefits $	Options $	$	$	Performance Related
30June 10								
Mr H Heng	95,000	939	8,550	-	7,440	1,904	113,833	7%
Mr E Teo	15,000	-	1,350	-	-	-	16,350	-
Mr A Ong	15,059	-	1,355	-	-	-	16,414	-
Mr A Soh	14,821	-	1,334	-	-	-	16,155	-
Total	139,880	939	12,589	-	7,440	1,904	162,752	
30June 09								
Mr H Heng	82,141	2,786	7,356	-	3,100	2,056	97,439	3%
Mr E Teo	15,000	-	1,350	-	-	-	16,350	-
Mr A Ong	8,000	-	720	-	-	-	8,720	-
Mr M Smith	-	-	8,175	-	-	-	8,175	-
Total	105,141	2,786	17,601	-	3,100	2,056	130,684	

DIRECTORS' REPORT

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

(ii) Remuneration of Key Management Personnel

The key management of Refresh includes:

Ms M Ang	Company Secretary/Chief Financial Officer
Mr H Jones	Business Development Manager
Mr D Hadi	Western Australia Director
Mr R Bolton	Queensland Director
Mr H Ho	Melbourne Manager
Mr Y Ruan	Sydney Manager

	PRIMARY		POST EMPLOYMENT		EQUITY	SHARE-BASED PAYMENT	Other	Total	% Remuneration
	Salary & Fees $	Non Monetary benefits $	Superan-nuation $	Retirement benefits/ termination $	Options $	Remun-eration **$**		$	Performance Related
30 June 10									
Ms M Ang	70,332	-	7,830	-	5,208	-	-	83,370	6%
Mr H Jones [1]	4,577	-	412	-	-	-	-	4,989	-
Mr D Hadi	72,359	2,933	6,310	-	5,208	-	1,750	88,560	6%
Mr R Bolton	75,000	-	6,750	-	5,208	-	-	86,958	6%
Mr H Ho	59,949	-	5,057	-	4,464	-	-	69,470	6%
Mr Y Ruan	54,718	-	4,763	-	4,464	-	-	63,945	7%
Total	336,935	2.933	31,122	-	24,552	-	1,750	397,292	
30 June 09									
Mr G Johnson	54,116	-	10,958	16,154	-	1,975	-	83,203	-
Mr D Hadi	67,788	2,967	6,101	-	2,170	-	1,750	80,776	3%
Mr H Ho	59,274	-	8,181	-	1,860	-	-	69,315	3%
Mr R Bolton	47,404	-	6,766	-	1,860	-	-	56,030	3%
Mr Y Ruan	50,468	-	4,374	-	1,860	530	-	57,232	3%
Mr A Chong	1,091	-	-	-	-	-	-	1,091	-
Mr M Tan	5,360	-	-	-	-	-	-	5,360	-
Ms C Clay	14,737	-	-	-	-	-	-	14,737	-
Total	300,238	2,967	36,380	16,154	7,750	2,505	1,750	367,744	

[1] Mr Jones joined the company on 27 May 10.

DIRECTORS' REPORT

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

(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 granted on 5 October 2009 and $0.065 granted on 29 March 2010.

	Vested	**Granted**		**Terms & Conditions for each Grant**		
				Value per option at grant date	*Exercise price per share*	
	No.	*No.*	*Grant Date*	*$*	*$*	*Expiry Date*
Directors:						
Mr H Heng	100,000	100,000	05/10/09	0.029	0.07	04/10/10
Key Management Personnel:						
Ms M Ang	70,000	70,000	05/10/09	0.029	0.07	04/10/10
Mr D Hadi	70,000	70,000	05/10/09	0.029	0.07	04/10/10
Mr B Bolton	70,000	70,000	05/10/09	0.029	0.07	04/10/10
Mr Y Ruan	60,000	60,000	05/10/09	0.029	0.07	04/10/10
Mr H Ho	60,000	60,000	05/10/09	0.029	0.07	04/10/10
	430,000	**430,000**				

	Vested	**Granted**		**Terms & Conditions for each Grant**		
				Value per option at grant date	*Exercise price per share*	
	No.	*No.*	*Grant Date*	*$*	*$*	*Expiry Date*
Directors:						
Mr H Heng	100,000	100,000	29/03/10	0.045	0.065	28/03/11
Key Management Personnel:						
Ms M Ang	70,000	70,000	29/03/10	0.045	0.065	28/03/11
Mr D Hadi	70,000	70,000	29/03/10	0.045	0.065	28/03/11
Mr B Bolton	70,000	70,000	29/03/10	0.045	0.065	28/03/11
Mr Y Ruan	60,000	60,000	29/03/10	0.045	0.065	28/03/11
Mr H Ho	60,000	60,000	29/03/10	0.045	0.065	28/03/11
	430,000	**430,000**				

Option holders do not have any rights to participate in any issues of shares or other interests in the Company or any other entity.

DIRECTORS' REPORT

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

(iv) Shareholdings of Directors

Shares held in Refresh Group Limited as at 24 September 2010:

Mr H Heng	10,422,909
Mr E Teo	7,894,900
Mr A Ong	515,000
Mr M Y Chan	29,492,590
Mr C K Oh	19,551,854

(l) Indemnifying Directors and Officers

The Company has taken out a Directors and Officers Liability Insurance protecting directors and officers against claims resulting from management decisions for a premium of $12,403. 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 25.

(o) Proceedings on Behalf of Company

No person has applied for leave of court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of 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 11 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
Managing Director
PERTH, 24 September 2010

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Auditor's Independence Declaration
To the Directors of Refresh Gorup Limited

In accordance with the requirements of section C of the Corporations Act as lead auditor for the audit of Refresh Gorup Limited for the year ended June 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 in relation to the audit and

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

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

P W Warr
Director Audit Assurance

Perth September

STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2010

	Note	CONSOLIDATED	
		2010 $	2009 $
Revenues from ordinary activities	5a	5,545,486	5,936,991
Change in inventories of finished goods and work in progress		303,173	172,389
Raw materials and consumables used		(2,007,654)	(2,224,282)
Employee benefits expense	5b	(2,573,976)	(2,509,640)
Depreciation and amortisation expense		(231,428)	(204,812)
Professional fees		(91,896)	(113,096)
Advertising expenses		(131,698)	(139,885)
Motor vehicle expenses		(166,956)	(197,077)
Occupancy expenses		(457,931)	(435,259)
Other expenses/income		(592,392)	(730,223)
Operating Loss from continuing operations		(405,272)	(444,894)
Finance income	5c	13,335	13,814
Finance costs	5d	(28,386)	(57,093)
Net Loss before Income Tax		(420,323)	(488,173)
Income tax benefit/ (expense)	6	-	-
Net Loss Attributable to Members of Refresh Group Limited		(420,323)	(488,173)
Other comprehensive income		-	-
Total Comprehensive Income/(loss) Attributable to Members of Refresh Group Limited		(420,323)	(488,173)
Basic loss per share (cents per share)	7	(0.62)	(1.10)

The accompanying notes form part of the Statement of Comprehensive Income

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2010

	Notes	CONSOLIDATED	
		2010	2009
		$	$
ASSETS			
Current Assets			
Cash and cash equivalents	9	536,891	1,256,854
Trade and other receivables	10	650,036	614,184
Inventories	11	1,080,880	777,707
Total Current Assets		2,267,807	2,648,745
Non-Current Assets			
Other financial assets	12	1,050	1,050
Property, plant and equipment	13	2,018,488	2,005,858
Intangible assets	14	1,164,602	971,137
Total Non-Current Assets		3,184,140	2,978,045
TOTAL ASSETS		5,451,947	5,626,790
LIABILITIES			
Current Liabilities			
Trade and other payables	16	956,609	1,700,923
Financial liabilities	17	46,706	159,227
Short-term provisions and accruals	18	102,520	86,211
Total Current Liabilities		1,105,835	1,946,361
Non-Current Liabilities			
Financial liabilities	17	34,606	81,312
Long-term provisions	18	49,106	25,871
Total Non-Current Liabilities		83,712	107,183
TOTAL LIABILITIES		1,189,547	2,053,544
NET ASSETS		4,262,400	3,573,246
EQUITY			
Issued capital	19	5,843,333	4,778,993
Reserves	19	187,020	141,883
Accumulated losses		(1,767,953)	(1,347,630)
TOTAL EQUITY		4,262,400	3,573,246

The accompanying notes form part of the Statement of Financial Position

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2010

	Issued Capital	Fund Raising Cost	Other Reserves	Accumulated Losses	Total
CONSOLIDATED					
Balance at 1 July 2008	5,105,070	(326,079)	127,888	(859,457)	4,047,422
Equity fund raising costs	-	(7,998)	-	-	(7,998)
Issue of share capital	3,024	-	-	-	3,024
Cost of share-based payments	4,976	-	13,995	-	18,971
Transactions with owners	5,113,070	(334,077)	141,883	(859,457)	4,061,419
Total comprehensive loss for the period	-	-	-	(488,173)	(488,173)
Balance at 30 June 2009	5,113,070	(334,077)	141,883	(1,347,630)	3,573,246
Balance at 1 July 2009	5,113,070	(334,077)	141,883	(1,347,630)	3,573,246
Equity fund raising costs	-	(130,691)	-	-	(130,691)
Issue of share capital	1,195,031	-	-	-	1,195,031
Cost of share-based payments	-	-	45,137	-	45,137
Transactions with owners	6,308,101	(464,768)	187,020	(1,347,630)	4,682,723
Total comprehensive loss for the period	-	-	-	(420,323)	(420,323)
Balance at 30 June 2010	6,308,101	(464,768)	187,020	(1,767,953)	4,262,400

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

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2010

	Notes	CONSOLIDATED 2010 $	2009 $
Cash flows from operating activities			
Receipts from customers		5,719,934	5,854,778
Payments to suppliers and employees		(6,006,161)	(6,180,209)
Borrowing costs		(28,386)	(57,093)
Interest received		13,335	13,814
Net cash flows (used in) operating activities	9	(301,278)	(368,710)
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment, and investment		7,455	9,296
Purchase of property, plant and equipment		(209,923)	(244,441)
Repayment to director related entity		(174,549)	(24,151)
Purchase of other non-current assets		-	(1,363)
Acquisition of subsidiaries, net of cash acquired	22	(270,000)	-
Net cash flows used in investing activities		(647,017)	(260,659)
Cash flows from financing activities			
Proceeds from issue of shares		518,250	8,000
Proceeds from application of right issues		-	1,124,281
Proceeds from borrowings		75,246	1,589,600
Share Issue expenses		(130,691)	(7,998)
Repayments of borrowings		(234,473)	(1,566,106)
Net cash flows provided by financing activities		228,332	1,147,777
Net (decrease)/ increase in cash and cash equivalents		(719,963)	518,408
Cash and cash equivalents at beginning of period		1,256,854	738,446
Cash and cash equivalents at end of period	9	536,891	1,256,854

The accompanying notes form part of the Statement of Cash Flows

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

1. CORPORATE INFORMATION

The financial report of Refresh Group Limited for the year ended 30 June 2010 was authorised for issue in accordance with a resolution of the directors on 24 September 2010

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 production and/or distribution of lifestyle products like bottled water, coolers and filtration systems.

2. ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS

The consolidated financial statements have been prepared in accordance with the accounting policies adopted in the last annual financial statements for the year to 30 June 2010 except for the adoption of:

AASB 101 Presentation of Financial Statements (Revised 2007)
AASB 8 Operating Segments
AASB 123 Borrowing Costs (Revised 2007)
AASB 3 Business Combinations

The adoption of AASB101 (Revised 2007) makes certain changes to the format and titles of the primary financial statements and to the presentation of some items within these statements. It also gives rise to additional disclosures. The measurement and recognition of the Group's assets, liabilities, income and expenses is unchanged. However, some items that were recognised directly in equity are now recognised in other comprehensive income, for example revaluation of property, plant and equipment. AASB 101 affects the presentation of owner changes in equity and introduces a 'Statement of comprehensive income.'

The adoption of AASB 8 has not affected the identified operating segments for the Group. However, reported segment results are now based on internal management reporting information that is regularly reviewed by the chief operating decision maker. In the previous annual and interim financial statements, segments were identified by reference to the dominant source and one geographical segment being Australia.

AASB 123 (Revised 2007) requires the capitalisation of borrowing costs to the extent they are directly attributable to the acquisition, production or construction of qualifying assets that need a substantial period of time to get ready for their intended use or sale. There will be no effect of the application of the new standard given that the Group already capitalise borrowing costs related to qualifying assets.

In March 2008 the Australian Accounting Standards Board revised AASB 3 and as a result, some aspects of business combination accounting have changed. The changes apply only to business combinations which occur from 1 July 2009. The following is an overview of the key changes and the impact on the Group's financial statements in relation to the acquisition of Minnamurra Natural Spring Water and Fusion.

Recognition and measurement impact
Recognition of acquisition costs — The revised version of AASB 3 requires that all costs associated with a business combination be expensed in the period in which they were incurred. Previously such costs were capitalised as part of the cost of the business combination. As such $2,125 of costs associated with the acquisition of Minnamurra Natural Spring Water were expensed during the current financial year.

Measurement of contingent considerations — The revised AASB 3 requires that contingent considerations associated with a business combination be included as part of the cost of the business combination. They are recognised at the fair value of the payment calculated having regard to probability of settlement. Any subsequent changes in the fair value or probability of payment are recognised in the statement of comprehensive income except to the extent where they relate to conditions or events existing at acquisition date, in which case the consideration paid is adjusted. The previous version of AASB 3 allowed such changes to be recognised as a cost of the combination impacting goodwill.

In accounting for the acquisition of Minnamurra Natural Spring Water and Fusion, there is no contingent consideration to be recognised. Therefore, there has been no current year impact on the statement of comprehensive income.

2. ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS (Cont)

Measurement of non-controlling interest — For each business combination, the acquirer must measure any non-controlling interest in the acquiree either at the fair value of the non-controlling interest (the *full goodwill method*) or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets. Under the previous version of AASB 3 only the latter option was permitted.
In accounting for the acquisition of Minnamurra Natural Spring Water and Fusion, the Group has elected to apply the full goodwill method.

Recognition of contingencies — The revised AASB 3 prohibits entities from recognising contingencies associated with a business combination, unless they meet the definition of a liability.

There were no contingencies associated with the acquisition of Minnamurra Natural Spring Water and Fusion.

Business combinations achieved in stages — The revised AASB 3 requires that where a business combination is achieved in stages, any previously held equity interest is to be remeasured to fair value and the resulting gain or loss, being the difference between fair value and historical cost, is to be recognised in the statement of comprehensive income. The previous version of AASB 3 accounted for each exchange transaction separately, using cost and fair value information at the date of each exchange to determine the amount of any goodwill associated with the acquisition. It was therefore possible to compare the cost of each individual investment with the fair value of identifiable net assets acquired at each step.

Disclosure impact

The revised AASB 3 contains a number of additional disclosure requirements not required by the previous version of AASB 3. The revised disclosures are designed to ensure that users of the Group's financial statements are able to understand the nature and financial impact of any business combinations on the financial statements.

New Accounting Standards for Application in Future Periods
The AASB has issued new and amended accounting standards and interpretations that have mandatory application dates for future reporting periods. The Group has decided against early adoption of these standards. A discussion of those future requirements and their impact on the Group follows:

AASB 9: Financial Instruments and AASB 2009–11: Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12] (applicable for annual reporting periods commencing on or after 1 January 2013).
These standards are applicable retrospectively and amend the classification and measurement of financial assets. The Group has not yet determined the potential impact on the financial statements.
The changes made to accounting requirements include:

- simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;
- simplifying the requirements for embedded derivatives;
- removing the tainting rules associated with held-to-maturity assets;
- removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;

This standard removes the requirement for government related entities to disclose details of all transactions with the government and other government related entities and clarifies the definition of a related party to remove inconsistencies and simplify the structure of the standard. No changes are expected to materially affect the Group.

2. ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS (Cont)

New Accounting Standards for Application in Future Periods

AASB 2009–4: Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 2 and AASB 138 and AASB Interpretations 9 & 16] (applicable for annual reporting periods commencing from 1 July 2009) and AASB 2009-5: Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 8, 101, 107, 117, 118, 136 & 139] (applicable for annual reporting periods commencing from 1 January 2010).
These standards detail numerous non-urgent but necessary changes to accounting standards arising from the IASB's annual improvements project. No changes are expected to materially affect the Group.

AASB 2009–8: Amendments to Australian Accounting Standards — Group Cash-settled Share-based Payment Transactions [AASB 2] (applicable for annual reporting periods commencing on or after 1 January 2010).
These amendments clarify the accounting for group cash-settled share-based payment transactions in the separate or individual financial statements of the entity receiving the goods or services when the entity has no obligation to settle the share-based payment transaction. The amendments incorporate the requirements previously included in Interpretation 8 and Interpretation 11 and as a consequence, these two Interpretations are superseded by the amendments. These amendments are not expected to impact the Group.

AASB 2009–9: Amendments to Australian Accounting Standards — Additional Exemptions for First-time Adopters [AASB 1] (applicable for annual reporting periods commencing on or after 1 January 2010).
These amendments specify requirements for entities using the full cost method in place of the retrospective application of Australian Accounting Standards for oil and gas assets, and exempt entities with existing leasing contracts from reassessing the classification of those contracts in accordance with Interpretation 4 when the application of their previous accounting policies would have given the same outcome. These amendments are not expected to impact the Group.
These amendments specify requirements for entities using the full cost method in place of the retrospective application of Australian Accounting Standards for oil and gas assets, and exempt entities with existing leasing contracts from reassessing the classification of those contracts in accordance with Interpretation 4 when the application of their previous accounting policies would have given the same outcome. These amendments are not expected to impact the Group.

AASB 2009–10: Amendments to Australian Accounting Standards — Classification of Rights Issues [AASB 132] (applicable for annual reporting periods commencing on or after 1 February 2010).
These amendments clarify that rights, options or warrants to acquire a fixed number of an entity's own equity instruments for a fixed amount in any currency are equity instruments if the entity offers the rights, options or warrants pro-rata to all existing owners of the same class of its own non-derivative equity instruments. These amendments are not expected to impact the Group.

AASB 2009–12: Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052] (applicable for annual reporting periods commencing on or after 1 January 2011).
This standard makes a number of editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of International Financial Reporting Standards by the IASB. The standard also amends

AASB 8 to require entities to exercise judgment in assessing whether a government and entities known to be under the control of that government are considered a single customer for the purposes of certain operating segment disclosures. These amendments are not expected to impact the Group.

AASB 2009–13: Amendments to Australian Accounting Standards arising from Interpretation 19 [AASB 1] (applicable for annual reporting periods commencing on or after 1 July 2010).
This standard makes amendments to AASB 1 arising from the issue of Interpretation 19. The amendments allow a first-time adopter to apply the transitional provisions in Interpretation 19. This standard is not expected to impact the Group.

AASB 2009–14: Amendments to Australian Interpretation — Prepayments of a Minimum Funding Requirement [AASB Interpretation 14] (applicable for annual reporting periods commencing on or after 1 January 2011).

This standard amends Interpretation 14 to address unintended consequences that can arise from the previous accounting requirements when an entity prepays future contributions into a defined benefit pension plan.

2. ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS (Cont)

New Accounting Standards for Application in Future Periods

AASB Interpretation 19: Extinguishing Financial Liabilities with Equity Instruments (applicable for annual reporting periods commencing on or after 1 July 2010).
This Interpretation deals with how a debtor would account for the extinguishment of a liability through the issue of equity instruments. The Interpretation states that the issue of equity should be treated as the consideration paid to extinguish the liability, and the equity instruments issued should be recognised at their fair value unless fair value cannot be measured reliably in which case they shall be measured at the fair value of the liability extinguished. The Interpretation deals with situations where either partial or full settlement of the liability has occurred. This Interpretation is not expected to impact the Group.

The Group does not anticipate the early adoption of any of the above Australian Accounting Standards.

3. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Statement of compliance

These financial statements are general purpose financial statements which have been prepared in accordance with the Corporations Act 2001, Accounting Standards and Interpretations, and comply with other requirements of the law. The financial statements comprise the consolidated financial statements of the Group. Accounting Standards include Australian equivalents to International Financial Reporting Standards ('A-IFRS'). Compliance with A-IFRS ensures that the financial statements and notes of the company and the Group comply with International Financial Reporting Standards ('IFRS').

3.2 Basis of preparation

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

3.3 Basis of consolidation

The consolidated financial statements incorporate the financial statements of Refresh Group Limited and its controlled entities as at 30 June 2010 ('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.

Inter-company loans which have no interest or repayment terms are effectively investments in controlled entities and are reflected at cost. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Accounting policies of subsidiaries have been changed where necessary to ensure consistencies with those policies applied by the Parent entity

3.4 Property, plant and equipment

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

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.

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

3. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont)

3.4 Property, plant and equipment (Cont)

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 the income statement.

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

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

3.5 Borrowing costs

All borrowing costs are recognised in income in the period in which they are incurred.

3.6 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 tested annually for impairment and carried at cost less accumulated impairment losses.

3.7 Impairment of non-financial assets

At each reporting date, the Group reviews the carrying values of its non-financial tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If any such indication exists, the recoverable amount of the asset, being higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

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.

3.8 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.

3.9 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

3. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont)

3.10 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.

3.11 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. Bank overdrafts are shown within Financial liabilities in current liabilities on the balance sheet.

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.

3.12 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.

3.13 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 26 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.

3.14 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.

3. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont)

3.15 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.

3.16 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
- 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.

3. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont)

3.17 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.

3.18 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.

3.19 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.

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.

3. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont)

3.19 Financial Instruments (Cont)

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.

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

3.20 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 2010. Further particulars of impairment testing can be found in Note 15.

Share-based payment transactions

The Company 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 26. 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 loan receivable in controlled entities. The value was determined based upon financial modelling which was undertaken to determine the recoverable amount.

3. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont)

3.21 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 Consolidated entity incurred a net loss of $420,323 and had cash outflows from operations of $301,278 during the year ended 30 June 2010.

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

With the continuity of increasing revenue, introduction of new contracts, through the integration of Minnamurra into Sydney and acquisition of Fusion and Arid Tec Pte Ltd, the consolidated entity is expecting to achieve profitability in the near future.

In the event that the consolidated entity is unable to continue as a going concern, it may be required to realise all assets at amounts different from that recorded in the statement of financial position, 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.

4. OPERATING SEGMENTS

Segment Information

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

In identifying its operating segment, management follows the geographical location of the Group's operations. Corporate costs are included under "Other".

Types of products and services by segment

All segments provide the same type of products and services being the manufacture and sale of bottled water and filtration systems.

Basis of accounting for purposes of reporting by operating segments

(a) Accounting policies adopted

Unless stated otherwise, all amounts reported to the Board of Directors, being the chief decision maker with respect to operating segments, are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

(b) Intersegment transactions

There is no intersegment sales and corporate costs are not allocated. Corporate costs are classified under "Other" in the segment performance analysis.

(c) Segment assets

Segment assets are clearly identifiable on the basis of their nature and physical location.

(d) Segment liabilities

Liabilities are allocated to segments where there is a direct nexus between the incurrence of the liability and the operations of the segment. Borrowings and tax liabilities are generally considered to relate to the Group as a whole and are not allocated. Segment liabilities include trade and other payables and certain direct borrowings.

4. OPERATING SEGMENTS (Cont)

Basis of accounting for purposes of reporting by operating segments (Cont)

(e) Unallocated items

The following items of revenue, expenses, assets and liabilities are not allocated to operating segments as they not considered part of the core operations of any segment:

- impairment of assets and other non-recurring items of revenue or expense
- income tax expense
- corporate costs
- deferred tax assets and liabilities
- current tax liabilities

(f) Comparative information

This is the first reporting period in which AASB 8 has been adopted. Comparative information has been restated to conform to the requirements of the standard.

(g) Segment performance

	WA	NSW *	VIC	QLD	NATIONAL	OTHER	TOTAL
30 June 2010							
Revenue from external customers	2,571,794	1,102,749	444,917	1,386,305	39,721	-	5,545,486
Segment operating profit/(loss)	85,494	(6,492)	(7,319)	40,142	(24,435)	(507,713)	(420,323)
Total assets	2,475,077	799,046	403,371	1,233,210	123,363	417,880	5,451,947
Total liabilities	451,937	27,159	1,534	72,270	-	636,647	1,189,547
30 June 2009							
Revenue from external customers	3,082,810	1,191,072	370,254	1,292,855	-	-	5,936,991
Segment operating profit/(loss)	173,468	(27,300)	(98,272)	(182,859)	-	(353,210)	(488,173)
Total assets	2,202,476	664,277	395,541	1,197,871	-	1,166,625	5,626,790
Total liabilities	550,423	68,186	1,846	44,841	-	1,388,248	2,053,544

** The acquisition of Minnamurra Natural Springwater resulted in non-recurring expenses like moving and setup costs. On top of that, disposal of fixed assets incurred a loss of $29k.*

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

5. REVENUE AND EXPENSES

	CONSOLIDATED 2010 $	CONSOLIDATED 2009 $
a. Revenue		
Sale of bottled water and accessories	5,545,486	5,936,991
	5,545,486	5,936,991
b. Employee benefits expense		
Wages, salaries and payroll taxes	2,153,823	2,131,425
Workers' compensation costs	61,514	70,050
Superannuation costs	190,727	170,255
Provisions for Annual and Long Service Leave	30,715	14,200
Expense of share-based payments	49,137	26,410
Other employee benefits expense	88,060	97,300
	2,573,976	2,509,640
c. Finance income		
Interest received	13,335	13,814
	13,335	13,814
d. Finance Costs		
Bank loans and receivable factoring	18,550	41,995
Finance charges payable under finance leases and hire purchase contracts	9,836	15,098
	28,386	57,093

6. INCOME TAX

	CONSOLIDATED 2010 $	2009 $
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% (2009: 30%)		
- Consolidated Group	(126,097)	(146,452)
Add:		
Tax effect of:		
- Non-deductible expenses	15,568	5,696
- Other assessable items	-	-
- Tax losses not brought to account as a deferred tax asset	110,529	140,756
	126,097	146,452
Less:		
Tax effect of:		
Under provision in respect of prior years	-	-
Reversal of deferred tax	-	-
Recoupment of prior year tax losses not previously brought to account	-	-
	-	-
Income tax benefit/ (expense) attributable to entity	-	-
Unrecognised deferred tax balances		
The following deferred tax assets and liabilities have not been brought to account:		
Unrecognised deferred tax asset losses	677,238	630,860
Unrecognised deferred tax assets other	100,297	120,823
Unrecognised deferred tax liabilities	(180,019)	(248,548)
	597,516	503,135

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.

7. 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	
	2010	**2009**
	$	$
Loss attributable to equity holders of the parent	(420,323)	(488,173)
Weighted average number of ordinary shares for basic earnings per share	67,278,594	44,392,986
Basic loss per share (cents per share)	(0.62)	(1.10)

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.

8. DIVIDENDS PAID AND PROPOSED

No dividend has been paid or declared for the year ended 30 June 2010. No dividend was paid in the previous year.

9. CASH AND CASH EQUIVALENTS

	CONSOLIDATED	
	2010	**2009**
	$	$
Cash at bank and in hand	536,891	1,256,854

Cash at bank and in hand earns interest at floating rates based on daily bank rates.

	CONSOLIDATED	
	2010	**2009**
	$	$
Reconciliation from the net profit / (loss) after tax to the net cash flows from operations		
Net Profit/(Loss) after income tax	(420,323)	(488,173)
Adjustments for:		
Depreciation expense	231,428	204,812
Net (profit)/loss on disposal of property, plant and equipment	29,945	23,498
Employee shares / options expensed	45,137	13,995
Changes in assets and liabilities		
(increase)/decrease in inventories	(245,674)	(172,389)
(increase)/decrease in trade and other receivables	(35,852)	53,955
(decrease)/increase in trade and other payables	54,517	2,621
(decrease)/increase in short-term provisions	39,544	(7,029)
Net cash used in operating activities	(301,278)	(368,710)

10. TRADE AND OTHER RECEIVABLES

	CONSOLIDATED 2010	CONSOLIDATED 2009
Current	$	$
Trade receivables	466,596	606,296
Provision for impairment of receivables	(21,054)	(126,302)
	445,542	479,994
Other receivables	88,195	72,138
Prepayments	116,299	62,052
	650,036	614,184

	Gross Amount	Past due and impaired	Past due but not impaired (days overdue) 31-60	61-90	>90	Within initial trade terms
Consolidated						
2010						
Trade receivables	466,596	21,054	109,605	47,173	1,824	286,940
Other receivables	88,195	-	1,158	-	63,727	23,310
	554,791	21,054	110,763	47,173	65,551	310,250
2009						
Trade receivables	606,296	126,302	138,607	38,601	14,782	288,004
Other receivables	72,138	-	2,658	-	52,338	17,142
	678,434	126,302	141,265	38,601	67,120	305,146

11. INVENTORIES

	CONSOLIDATED 2010	CONSOLIDATED 2009
	$	$
Raw materials (at cost)	443,747	393,637
Finished goods (at cost)	637,133	384,070
Total inventories at lower of cost or net realisable value	1,080,880	777,707

12. OTHER FINANCIAL ASSETS

	CONSOLIDATED 2010	CONSOLIDATED 2009
	$	$
Non-Current		
Other listed securities held for trading	1,050	1,050
	1,050	1,050

13. PROPERTY, PLANT AND EQUIPMENT

Year ended 30 June 2010	CONSOLIDATED Plant and equipment
	$
At 30 June 2010	
Cost	3,285,294
Accumulated depreciation and impairment	(1,266,806)
Net carrying amount	2,018,488

Movements in Carrying Amounts

At 1 July 2009	2,005,858
Additions	209,923
Additions through acquisition of entities (Note 22)	71,535
Disposals	(37,400)
Depreciation charge for the year	(231,428)
At 30 June 2010	2,018,488

The carrying value of plant and equipment held under finance leases and hire purchase contracts at 30 June 2010 is $78,361 (2009: $149,155). Leased assets and assets under hire purchase contracts are pledged as security for the related finance lease and hire purchase liabilities.

Year ended 30 June 2009	CONSOLIDATED Plant and equipment
	$
At 30 June 2009	
Cost	3,068,714
Accumulated depreciation and impairment	(1,062,856)
Net carrying amount	2,005,858

Movements in Carrying Amounts

At 1 July 2008	1,997,110
Additions	244,441
Disposals	(30,881)
Depreciation charge for the year	(204,812)
At 30 June 2009	2,005,858

14. INTANGIBLE ASSETS

	CONSOLIDATED		
	Goodwill $	Trademarks $	Total $
At 1 July 2009	966,774	4,363	971,137
Additions through business combinations (Note 22)	193,465	-	193,465
At 30 June 2010	1,160,239	4,363	1,164,602

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 2010, these assets were tested for impairment (see Note 15).

No impairment loss was recognised in the 2010 financial year.

15. IMPAIRMENT OF ASSETS

Goodwill is allocated to the Company's cash generating units "CGUs". The Company tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired.

In accordance with AASB 136, "Impairment of Assets", the Company performed its goodwill impairment test by comparing the recoverable amount of each CGU with its carrying amount, including goodwill

Refresh Waters Perth cash generating unit

The carrying amount of goodwill for this generating unit is $41,461. The recoverable amount of the Perth cash generating 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 8.9% - 11.3%.

The Board anticipates growth in revenue of around 5% for each of the next 5 years, with a net profit margin before tax of 10% for Perth.

Cash flows beyond that 5-year period have not been extrapolated as it has been assumed that there is no growth rate. This growth rate does not exceed the long-term average growth rate for the market in which Perth operates. Management believes that any reasonably possible change in the key assumptions on which Perth's recoverable amount is based would not cause Perth's carrying amount to exceed its recoverable amount

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.

15. IMPAIRMENT OF ASSETS (Cont)

Refresh Waters Sydney cash generating unit

The carrying amount of goodwill for this generating unit is $95,000.The recoverable amount of Sydney cash generating unit has been determined based on a value-in-use calculation

On 1 September 2009, Refresh acquired Minnamurra Natural Spring water based in Sydney. This business was immediately integrated into the existing Sydney operation. Therefore, it is not possible to separate the financials for Minnamurra. The company estimated the recoverable amount of the cash generating unit to which Minnamurra relates as a merged entity into Refresh.

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 8.9% - 11.3%.

The Board anticipates growth in revenue of around 8% for each of the next 5 years, with a net profit margin of 8% for Sydney. The average historical revenue growth is 9% over the last 4 years.

Cash flows beyond that 5-year period have not been extrapolated as it has been assumed that there is no growth rate. This growth rate does not exceed the long-term average growth rate for the market in which Sydney operates. Management believes that any reasonably possible change in the key assumptions on which Sydney's recoverable amount is based would not cause Sydney's carrying amount to exceed its recoverable amount

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.

Refresh Waters Melbourne cash generating unit

The carrying amount of goodwill for this generating unit is $75,000.The recoverable amount of Melbourne cash generating unit has been determined based on a value-in-use calculation

In March 2009, all Blackwood Gully customers were converted to Refresh and therefore it is not possible to estimate the recoverable amount of Blackwood Gully. Instead the company estimated the recoverable amount of the cash generating unit to which Blackwood Gully relates as a merged entity into Refresh.

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 8.9% - 11.3%.

The Board anticipates growth in revenue of approximately 55% for the initial next 1 year with the contribution from Moores business and 10% for the remaining 4 years, with a net profit margin of 5% for Melbourne. The average historical revenue growth is 27% over the last 5 years.

Cash flows beyond that 5-year period have not been extrapolated as it has been assumed that there is no growth rate. This growth rate does not exceed the long-term average growth rate for the market in which Melbourne operates. Management believes that any reasonably possible change in the key assumptions on which Melbourne's recoverable amount is based would not cause Melbourne's carrying amount to exceed its recoverable amount

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.

15. IMPAIRMENT OF ASSETS (Cont)

Refresh Waters Brisbane cash generating unit

The carrying amount of goodwill for this generating unit is $387,364, including goodwill of Moores. The recoverable amount of the Brisbane cash generating 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 8.9% - 11.3%.

The Board anticipates growth in revenue of around15% for each of the next 5 years, with a net profit margin of 5% for Brisbane. The average historical revenue growth is 19% over the last 5 years.

Cash flows beyond that 5-year period have not been extrapolated as it has been assumed that there is no growth rate. This growth rate does not exceed the long-term average growth rate for the market in which Brisbane operates. Management believes that any reasonably possible change in the key assumptions on which Brisbane's recoverable amount is based would not causes Brisbane's carrying amount to exceed its recoverable amount.

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.

Refresh Waters Toowoomba cash generating unit

The carrying amount of goodwill for this generating unit is $322,377. The recoverable amount of the Toowoomba cash generating 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 8.9% - 11.3%.

The Board anticipates growth in revenue of approximately 15% for the initial next 1 year and 10% for the remaining 4 years, with a net profit margin of 10% for Toowoomba. The average historical revenue growth is 9% over the last 5 years.

Cash flows beyond that 5-year period have not been extrapolated as it has been assumed that there is no growth rate. This growth rate does not exceed the long-term average growth rate for the market in which Toowoomba operates. Management believes that any reasonably possible change in the key assumptions on which Toowoomba's recoverable amount is based would not causes Toowoomba's carrying amount to exceed its recoverable amount.

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.

15. IMPAIRMENT OF ASSETS (Cont)

Hydr8 Water cash generating unit

The carrying amount of goodwill for this generating unit is $140,572. 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 8.9% - 11.3%.

The Board anticipates growth in revenue of approximately 6% for the initial next 1 year and 8% for the remaining 4 years, with a net profit margin of 8% for Hydr8. The average historical revenue growth is 5% over the last 4 years.

Cash flows beyond that 5-year period have not been extrapolated as it has been assumed that there is no growth rate. This growth rate does not exceed the long-term average growth rate for the market in which Hydr8 operates. Management believes that any reasonably possible change in the key assumptions on which Hydr8's recoverable amount is based would not causes Hydr8's carrying amount to exceed its recoverable amount

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.

16. TRADE AND OTHER PAYABLES

	CONSOLIDATED 2010 $	2009 $
Current		
Trade payables	286,311	230,363
Subscriptions in advance	500,000	1,124,759
Other payables	170,298	171,252
	956,609	1,526,374
Related party payables:		
Loan from Refresh Property Trust	-	174,549
	956,609	1,700,923

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.

17. FINANCIAL LIABILITIES

	Effective interest rate	*Maturity*	CONSOLIDATED 2010 $	2009 $
Current				
Obligations under finance leases and hire purchase contracts (note 23)	7.2 – 8.7%	< 1 year	46,706	70,498
Factored accounts receivable		< 1 year	-	88,729
			46,706	159,227
Non-current				
Obligations under finance leases and hire purchase contracts (note 23)	7.2 – 8.7%	1 – 5 years	34,606	81,312
			34,606	81,312

18. PROVISIONS AND ACCRUALS

	CONSOLIDATED 2010 $	2009 $
Short term provisions		
Annual Leave	65,690	58,211
Accruals	36,830	28,000
	102,520	**86,211**
Long term provisions		
Long Service Leave	**49,106**	**25,871**

Long Service Leave	
At 1 July 2009	25,871
Additional provisions	23,235
At 30 June 2010	**49,106**

Provision for Long-term Employee Benefits

A provision has been recognised for employee entitlements relating to long service leave. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data. The measurement and recognition criteria relating to employee benefits has been included in Note 3.8 in this report.

19. ISSUED CAPITAL AND RESERVES

	CONSOLIDATED 2010 $	2009 $
Ordinary Shares		
Issued and fully paid	6,308,101	5,113,070
Fund raising costs	(464,768)	(334,077)
	5,843,333	4,778,993

	No.	$
Movement in ordinary shares		
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 1 July 2008	44,361,233	4,778,991
Issue shares to employees	610,000	8,000
Fund raising costs	-	(7,998)
At 1July 2009	44,971,233	4,778,993
Rights Issue on 13/7/09	22,485,616	1,124,281
Issue shares to acquire Minnamurra Natural Spring Water on 1/09/09	750,000	52,500
Paid up shares issued to employees	-	18,250
Fund raising costs	-	(130,691)
At 30 June 2010	68,206,849	5,843,333

Effective 1 July 1998, the Company Law Review Act abolished the concept of authorised capital. Accordingly, the Company does not have authorised capital or par value in respect of its issued shares.

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 26).

As at 30 June 2010, $134,216 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.

19. ISSUED CAPITAL AND RESERVES (Cont)

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.

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

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 26 for further details of these plans.

20. 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 21 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

21. 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
- 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 cost less accumulated impairment losses. 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 2010	Floating Interest Rate	Fixed Interest Rate	Maturity < 1 year $	Maturity 2 to 5 years $	Non-Interest Bearing $	Total $
CONSOLIDATED						
Financial Assets						
Cash assets	2.5 – 5%	-	536,891	-	-	536,891
Loans and Receivables	-	-	-	-	533,737	533,737
Other financial assets	-	-	-	-	1,050	1,050
			536,891	-	534,787	1,071,678
Financial Liabilities						
At amortised cost						
Loans and Payables *	-	5%	500,000	-	456,609	956,609
Hire purchase liability	-	7.2 – 8.7%	46,706	34,606	-	81,312
			546,706	34,606	456,609	1,037,921

* Payable within 6 months

21. FINANCIAL INSTRUMENTS (Cont)

Year ended 30 June 2009	Floating Interest Rate	Fixed Interest Rate	Maturity < 1 year $	Maturity 2 to 5 years $	Non-Interest Bearing $	Total $
CONSOLIDATED						
Financial Assets						
Cash assets	1.25 – 3%	-	1,256,854	-	-	1,256,854
Loans and Receivables	-	-	-	-	552,131	552,131
Other financial assets	-	-	-	-	1,050	1,050
			1,256,854	-	553,181	1,810,035
Financial Liabilities						
At amortised cost						
Trade payables *	-	-	-	-	1,700,923	1,700,923
Hire purchase liability	-	7.2 – 8.7%	70,498	81,312	-	151,810
			70,498	81,312	1,700,923	1,852,733

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.

22. BUSINESS COMBINATIONS

(a) Acquisition of Minnamurra Natural Spring Water

On 1 September 2009, the Group acquired Minnamurra Natural Springwater based in Sydney. This business is integrated into the Sydney operation, allowing customers the choice of natural spring water or pure distilled water. The purchase consideration was $150,000 in cash and 750,000 ordinary shares in Refresh Group Limited based on 7 cents each.

Purchase consideration	$
Cash paid	150,000
Equity issued as consideration	52,500
Total Consideration	202,500
Fair value of assets and stocks acquired	107,500
Goodwill	95,000
	202,500
Assets and liabilities held at acquisition date:	
Inventories	57,500
Plant and equipment	50,000
Net Assets acquired	107,500

The goodwill arising on acquisition of Minnamurra Natural Spring Water pertains to the Directors' assessment of the business valuation based on the future maintainable earnings of Minnamurra Natural Spring Water.

(b) Acquisition of Fusion H^2O

On 27 May 2010, the Group acquired Fusion H^2O for $120,000 in cash. This business was integrated into the Perth operation, operating as a separate division selling bottled water in every state and territory.

Purchase consideration	$
Cash paid	120,000
Total Consideration	120,000
Fair value of assets and stocks acquired	21,535
Goodwill	98,465
	120,000
Assets and liabilities held at acquisition date:	
Plant and equipment	21,535
Net Assets acquired	21,535

The goodwill arising on acquisition of Minnamurra Natural Spring Water pertains to the Directors' assessment of the business valuation based on the future maintainable earnings of Minnamurra Natural Spring Water

23. 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	21/12/10	taken up 2-year option
Melbourne	16/02/11	taken up 2-year option
Perth	30/06/13	7 + 3 + 3 years
Sydney	31/08/10	taken up 2-year option
Toowoomba	31/03/12	taken up 3-year option

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	
	2010 $	2009 $
Within one year	405,152	397,448
After one year but not more than five years	453,682	768,593
	858,834	1,166,041

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:

	2010 Minimum payments $	2009 Minimum payments $
CONSOLIDATED		
Within one year	50,043	80,630
After one year but not more than five years	34,749	84,792
Total minimum lease payments	84,792	165,422
Less amounts representing finance charges	(6,431)	(16,267)
Present value of minimum lease payments	78,361	149,155

24. RELATED PARTY DISCLOSURES

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 2010	% Equity interest 2009	Investment 2010 $	Investment 2009 $
Refresh Waters Pty Ltd	Australia	100%	100%	5,000,000	5,000,000
Refresh Waters Queensland Pty Ltd	Australia	100%	100%	1,000,000	1,000,000

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

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note.

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.

25. AUDITORS' REMUNERATION

	CONSOLIDATED 2010 $	CONSOLIDATED 2009 $
Amounts received or due and receivable by Grant Thornton (WA) Pty Ltd for:		
• an audit or review of the financial report of the entity and any other entity in the consolidated entity	65,594	48,307
• other services in relation to the entity and any other entity in the consolidated entity		
(a) tax compliance	11,500	17,746
(b) advisory	27,667	-
	104,761	66,053

26. 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 as follows:

Grant Date	05/10/09	29/03/10
Exercise price per share	$0.07	$0.065
Directors:		
Mr H Heng	100,000	100,000
Key Management Personnel:		
Ms M Ang	70,000	70,000
Mr D Hadi	70,000	70,000
Mr B Bolton	70,000	70,000
Mr Y Ruan	60,000	60,000
Mr H Ho	60,000	60,000
Mr S Lin	-	70,000
Mr M Pearce	-	50,000
Mr R Jessett	60,000	50,000
Ms S Chan	50,000	50,000
	540,000	**650,000**

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 2010. The weighted average fair value of options granted during the year was $0.038 (2009:$0.031).

Options granted on 05/10/09	**2010**
Expected volatility (%)	157.8%
Risk-free interest rate (%)	5.25%
Expected life of option (time – days)	96
Option exercise price (strike price-$)	$0.07
Share price at grant date (stock price-$)	$0.08

Options granted on 29/03/10	**2010**
Expected volatility (%)	157.8%
Risk-free interest rate (%)	5.25%
Expected life of option (time – days)	271
Option exercise price (strike price-$)	$0.065
Share price at grant date (stock price-$)	$0.008

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

26. EMPLOYEE BENEFITS (Cont)

During the year ended 30 June 2010, 340,000 options were exercised over ordinary shares. At the date of exercise, the weighted average share price of 340,000 options exercised during the year was $0.05.

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

	2010 No.	2010 WAEP	2009 No.	2009 WAEP
Outstanding at the beginning of the year	450,000	0.05	1,010,000	0.07
Granted during the year	1,190,000	0.067	610,000	0.05
Forfeited during the year	-	-	-	-
Exercised during the year	(340,000)	0.05	(160,000)	0.05
Expired during the year	(110,000)	0.05	(1,010,000)	0.07
Outstanding at the end of the year	1,190,000	0.067	450,000	0.05

The outstanding balance as at 30 June 2010 is represented by:
- 540,000 options over ordinary shares with an exercise price of $0.07 each, exercisable upon meeting the above conditions and until 4 October 2010.
- 650,000 options over ordinary shares with an exercise price of $0.065 each, exercisable upon meeting the above conditions and until 28 March 2011.

The weighted average remaining contractual life for the share options outstanding as at 30 June 2010 is 192 days (2009: 273 days).

Included under employee benefits expense in the income statement is $45,137 (2009: $13,995) relates, in full, to equity-settled share-based payment transactions.

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 YEAR ENDED 30 JUNE 2010

27. 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 $0.05.

	Vested	Granted	Terms & Conditions for each Grant			
				Value per option at grant date	*Exercise price per share*	
	No.	*No.*	*Grant Date*	*$*	*$*	*Expiry Date*
Directors:						
Mr H Heng	100,000	100,000	05/10/09	0.029	0.07	04/10/10
Key Management Personnel:						
Ms M Ang	70,000	70,000	05/10/09	0.029	0.07	04/10/10
Mr D Hadi	70,000	70,000	05/10/09	0.029	0.07	04/10/10
Mr B Bolton	70,000	70,000	05/10/09	0.029	0.07	04/10/10
Mr Y Ruan	60,000	60,000	05/10/09	0.029	0.07	04/10/10
Mr H Ho	60,000	60,000	05/10/09	0.029	0.07	04/10/10
Mr R Jessett	60,000	60,000	05/10/09	0.029	0.07	04/10/10
Ms S Chan	50,000	50,000	05/10/09	0.029	0.07	04/10/10
	540,000	**540,000**				

	Vested	Granted	Terms & Conditions for each Grant			
				Value per option at grant date	*Exercise price per share*	
	No.	*No.*	*Grant Date*	*$*	*$*	*Expiry Date*
Directors:						
Mr H Heng	100,000	100,000	29/03/10	0.045	0.065	28/03/11
Key Management Personnel:						
Ms M Ang	70,000	70,000	29/03/10	0.045	0.065	28/03/11
Mr D Hadi	70,000	70,000	29/03/10	0.045	0.065	28/03/11
Mr B Bolton	70,000	70,000	29/03/10	0.045	0.065	28/03/11
Mr Y Ruan	60,000	60,000	29/03/10	0.045	0.065	28/03/11
Mr H Ho	60,000	60,000	29/03/10	0.045	0.065	28/03/11
Mr S Lin	70,000	70,000	29/03/10	0.045	0.065	28/03/11
Mr M Pearce	50,000	50,000	29/03/10	0.045	0.065	28/03/11
Mr R Jessett	50,000	50,000	29/03/10	0.045	0.065	28/03/11
Ms S Chan	50,000	50,000	29/03/10	0.045	0.065	28/03/11
	650,000	**650,000**				

27. DIRECTORS AND KEY MANAGEMENT PERSONNEL DISCLOSURE (Cont)

(b) Option holdings of Directors and Key Management Personnel

	Balance at beg of period 01-Jul-09	*Granted as Remuneration*	*Options Exercised*	*Net Change Other #*	*Balance at end of period 30-Jun-10*	*Not Vested & Not Exercisable*	*Vested & Exercisable*
Directors							
Mr H Heng	-	200,000	-	-	200,000	-	200,000
Specified Executives							
Ms M Ang	-	140,000	-	-	140,000	-	140,000
Mr D Hadi	70,000	140,000	(70,000)	-	140,000	-	140,000
Mr B Bolton	60,000	140,000	(60,000)	-	140,000	-	140,000
Mr Y Ruan	60,000	120,000	(60,000)	-	120,000	-	120,000
Mr H Ho	-	120,000	-	-	120,000	-	120,000
Mr S Lin	-	70,000	-	-	70,000	-	70,000
Mr M Pearce	-	50,000	-	-	50,000	-	50,000
Mr R Jessett	-	110,000	-	-	110,000	-	110,000
Ms S Chan	50,000	100,000	(50,000)	-	100,000		100,000
Total	240,000	1,190,000	(240,000)	-	1,190,000	-	1,190,000

Options granted in previous year expired without any being exercised.

A full list of option holders can be found at Note 26.

(c) Shareholdings of Directors and Key Management Personnel

Shares held in Refresh Group Limited

	Balance 01-Jul-09 Ord	*Granted as Remuneration Ord*	*Other Net Changes * Ord*	*Balance 30-Jun-10 Ord*
Directors				
Mr H Heng	9,887,152	-	535,757	10,422,909
Mr E Teo	7,645,400	-	249,500	7,894,900
Mr A Ong	10,000	-	505,000	515,000
Mr A Soh	-	-	8,135,028	8,135,028
Specified Executives				
Ms M Ang	25,000	-	25,000	50,000
Mr D Hadi	4,070,550	70,000	369,500	4,510,050
Mr B Bolton	55,000	60,000	27,500	142,500
Mr H Ho	99,000	-	-	99,000
Mr Y Ruan	29,000	60,000	(35,000)	54,000
Total	21,821,102	190,000	9,812,285	31,823,387

** Relate to general sales and purchases made on the open market, including subscription for the rights issue*

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.

28. EVENTS AFTER THE BALANCE SHEET DATE

On 13 July 2010, the Group acquired 100% of the issued capital of AridTec Pte Ltd, a Singapore-based company. AridTec is a manufacturer of water harvesting and purification of equipment. It is the parent company of AirQua International Pte Ltd, providing atmospheric water solutions. The purchase consideration was 71,800,000 ordinary shares in Refresh Group Limited based on 6.5 cents each and issue of up to 48,200,000 deferred shares based on 6.5 cents each no later than 1 November 2011 dependent on the profitability of AridTec.

Purchase consideration	$
Equity issued as consideration	4,667,000
Total consideration	4,667,000
Fair value of assets acquired (see below)	4,135,864
Goodwill	531,136
	4,667,000

Assets and liabilities held at acquisition date:	
Cash on hand	37
Receivables	42,141
Inventories	242,215
Plant & equipment	67,416
Patent	4,000,000
Payables	(215,945)
Net Assets acquired	4,135,864

The above figures are computed based on exchange rate of A$1 against S$1.20.

Key factor contributing to the $531,136 of goodwill is the future profitability, revenue growth, international market penetration and economies of scale.

None of the goodwill arising on this acquisition is expected to be deductible for tax purposes.

On 13 July 2010, 7,692,308 shares at an issue price of $0.065 each was issued to Mr Yong Wei Por. $500,000 raised from the issue of shares to Mr Por were used for working capital purposes.

29. PARENT ENTITY

a. Statement of Financial Position

	Parent	
	2010	**2009**
	$	**$**
ASSETS		
Current Assets		
Cash and cash equivalents	401,611	1,147,066
Trade and other receivables	15,220	18,509
Total Current Assets	416,831	1,165,575
Non-Current Assets		
Other financial assets	3,430,997	3,339,891
Total Non-current assets	3,430,997	3,339,891
TOTAL ASSETS	3,847,828	4,505,466
LIABILITIES		
Current Liabilities		
Trade and other payables	553,291	1,334,745
Short-term provisions and accruals	49,161	34,364
Total Current Liabilities	602,452	1,369,109
Non-current Liabilities		
Long-term provisions	34,195	19,139
Total Non-current Liabilities	34,195	19,139
TOTAL LIABILITIES	636,647	1,388,248
NET ASSETS	3,211,181	3,117,218
EQUITY		
Issued capital	5,843,333	4,778,993
Reserves	187,020	141,883
Accumulated losses	(2,819,172)	(1,803,658)
TOTAL EQUITY	3,211,181	3,117,218

b. Financial performance

	Parent	
	2010	**2009**
	$	**$**
Loss for the year	(1,015,515)	(923,789)
Other comprehensive income	-	-
Total comprehensive income	(1,015,515)	(923,789)

Provision for impairment of loan receivable from controlled entities amounting to $507,802 was made in 2010.

DIRECTOR'S 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 consolidated entity are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2010
(ii) and of their performance for the year ended on that date; and

(iii) complying with Accounting Standards and Corporations Regulations 2001; and

(b) the Chief Executive Officer and Chief Financial 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) the financial report also complies with International Financial Reporting Standards as disclosed in note (3.1).

(d) 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
Managing Director
Perth, 24 September 2010

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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 statement of financial position as at June and the statement of comprehensive income statement of changes in equity and statement of cash flows for the year ended on that date a summary of significant accounting policies other explanatory notes to the financial report and the directors' declaration of the consolidated entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year

Directors' responsibility for the financial report

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

Auditor's responsibility

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

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

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

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

Independence

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

Auditor's opinion

In our opinion

a the financial report of Refresh Group Limited is in accordance with the Corporations Act including

 i giving a true and fair view of the consolidated entity's financial position as at June and of its performance for the year ended on that date and

 ii complying with Australian Accounting Standards including the Australian Accounting Interpretations and the Corporations Regulations and

b the financial report also complies with International Financial Reporting Standards as disclosed in the notes to the financial statements

Material uncertainty regarding continuation as a going concern

Without qualifying our opinion we draw attention to Note in the financial report which indicates that the consolidated entity incurred a net loss of during the year ended June and as of that date the consolidated entity had cash outflows from operations of These conditions along with other matters as set forth in Note indicate the existence of a material uncertainty which may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business and at the amounts stated in the financial report

Grant Thornton

Report on the remuneration report

We have audited the Remuneration Report included in pages [illegible] to [illegible] of the directors' report for the year ended [illegible] June [illegible]. The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section [illegible]A of the Corporations Act [illegible]. 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 on the remuneration report

In our opinion, the Remuneration Report of Refresh Group Limited for the year ended [illegible] June [illegible], complies with section [illegible]A of the Corporations Act [illegible].

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

P. Warr

P W Warr
Director – Audit & Assurance

Perth, [illegible] September [illegible]

CORPORATE GOVERNANCE STATEMENT

Unless disclosed below, all the best practice recommendations of the ASX Corporate Governance Council has been applied for the entire financial year ended 30 June 2009.

Board Composition
The skills, experience and expertise relevant to the position of each director who is in office at the date of the annual report and their term of office are detailed in the directors' report.

The name of independent director of the company is Alan Ong.

When determining whether a non-executive director is independent the director must not fail any of the following materiality thresholds:

- less than 10% company shares are held by the director and any entity or individual directly or indirectly associated with the director.
- no sales are made to or purchases made from any entity or individual directly or indirectly associated with the director; and
- none of the directors' income or the income of an individual or entity directly or indirectly associated with the director is derived from a contract with any member of the economic entity other than income derived as a director of the entity.

Independent directors have the right to seek independent professional advice in the furtherance of their duties as directors at the company's expense. Written approval must be obtained from the chair prior to incurring any expense on behalf of the company.

The Board has considered the need for a Nominations Committee and believes that it is more appropriate for such responsibilities to be met by the full Board rather than a separate committee.

Ethical Standards
The Board acknowledges and emphasises the importance of all directors and employees maintaining the highest standards of corporate governance practice and ethical conduct.

A code of conduct has been established requiring directors and employees:
- act honestly and in good faith;
- exercise due care and diligence in fulfilling the functions of office;
- avoid conflicts and make full disclosure of any possible conflict of interest;
- comply with the law;
- encourage the reporting and investigating of unlawful and unethical behaviour; and
- comply with the share trading policy outlined in the Code of Conduct.

Directors are obliged to be independent in judgement and ensure all reasonable steps are taken to ensure due care is taken by the Board in making sound decisions.

Trading Policy
The company policy restricts directors and employees from acting on material information until one trading day after the time of public release of that information. Details of the company's Trading Policy are posted on its website: *www.refreshgroup.com.au.*

Audit Committee
The names and qualifications of those appointed to the audit committee and their attendance at meetings of the committee are included in the directors' report.

Performance Evaluation
Regular communication between directors and the Chairman is encouraged and an annual formal review of the requirements and performance of all directors is conducted. The performance of a director is continually monitored by the Chairman and peers.

- Board performance is reviewed by the full Board.
- The performance of the Chair is reviewed by other directors and the results discussed with the Chair by the elected lead director.

The performance of individual directors is reviewed by the Board and the results discussed with the respective Chair.

CORPORATE GOVERNANCE STATEMENT

Board Roles and Responsibilities

The Board is first and foremost accountable to provide value to its shareholders through delivery of timely and balanced disclosures. The document on Board Charter and management delegations has been made public available on the company's website: *www.refreshgroup.com.au.* This document details the adopted practices and processes in relation to matters reserved for the Board's consideration and decision – making. The Board is ultimately responsible for ensuring its actions are in accordance with key corporate governance principles

Shareholder Rights
Shareholders are entitled to vote on significant matters impacting on the business, which include the election and remuneration of directors, changes to the constitution and receipt of the annual and interim financial statements. Shareholders are strongly encouraged to attend and participate in the Annual General Meetings of Refresh Group Limited, to lodge questions to be responded by the Board and /for the CEO, and are able to appoint proxies.

Risk Management
The Company's business strategies and activities involve risk. Risk is minimised to the extent it does not inhibit the Company or its controlled entities from pursuing its goals and objectives with a considered and balanced view of risk. A program has been commenced to identify, assess and manage risk in the context of the Company's strategies, as well as regular assessment of the performance of the risk management system.

The Board is responsible for overseeing the risk management system and is the recipient of risk reporting from management. It is also responsible for approving the risk management policy, framework and risk tolerance of the Company. The responsibility for regular review of the risk management system has been delegated to the Audit Committee, which will conduct these reviews at least half-yearly.

Senior management are responsible for the establishment and implementation of a risk management system which will identify, assess and manage all material risks in the business. Through the executive management committee, a formal process is being developed to further improve the current system of risk management adopted in the operations of the Company. The executive management committee is also responsible for the reinforcement of a risk management culture throughout the Company.

The annual business plan for the Company considers key risks and the risk management strategies. This plan is prepared by management and approved by the Board at the commencement of each financial year. Regular reviews and assessment of performance against the plan is submitted by management to the Board.

The Company has implemented and documented a range of policies and procedures throughout the operations that provide a sound system of internal control. It also purchases insurance, where appropriate, as a means of risk transfer.

Remuneration Policies
Details on remuneration policies for key management personnel are stated in the directors' report.

Remuneration Committee
The names of the members of the remuneration committee and their attendance at meetings of the committee are detailed in the directors' report

Other information
Further information relating to the company's corporate governance practices and policies has been made publicly available on the company's website at *www.refreshgroup.com.au.*

SHAREHOLDER INFORMATION

Shareholder information set out below was as at 24 September 2010

Distribution of Ordinary Shares

Range of Shares	Total Holders
1 - 1,000	1
1,001 - 5,000	9
5,001 - 10,000	183
10,001 - 100,000	164
100,001 and over	63
Total	**420**

Holders of less than a marketable parcel of ordinary shares **12**

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 Mun Yew Chan	29,492,590	19.6%
Mr Chee Keong Oh	13,884,650	9.2%
Mr Henry Eng Chye Heng & Ms Sok Hwa Ngoh <The Heng Family a/c>	8,860,700	5.9%
Mr Keith King Lien Ng	8,784,166	5.9%
Mr Edmund Soon Kin Teo & Mrs Janice Teo <The Teo Family a/c>	6,793,900	4.5%
Asia Pacific Link (BVI) Pty Ltd	6,532,528	4.4%
Mr Boon Kheng Ong	6,040,529	4.0%
Ms Sin Hui Teo	5,667,204	3.8%
Ms Inn Hoon Judy Ong	5,411,550	3.6%
Ms Ing Cheng Diana Ong	4,851,900	3.3%
Ms Brenda Kah Yah Lee	4,718,814	3.2%
Ms May Pheng Leong	3,846,154	2.6%
Mr Djuanda Hadi <Oyez Investment a/c>	3,604,550	2.4%
Ms Xiaofei Sun	3,469,716	2.3%
Mr Yuen Heng Loh	3,469,716	2.3%
Mr Edward Lim	2,313,144	1.5%
Mr Eng Huat Ong	2,010,000	1.3%
Mr Yong Wei Por	1,923,077	1.3%
Ms Venetia Su	1,923,077	1.3%
Mr Meng Leong Lye	1,685,000	1.1%
Total Top 20	**125,282,965**	**83.4%**

Total Shares on Issue	**150,153,757**
Total Options on Issue	1,190,000

SHAREHOLDER INFORMATION

Substantial Shareholders - Ordinary Shares

	Shares	%
Mr Mun Yew Chan	29,492,590	19.6%
Mr Chee Keong Oh	19,551,854	13.0%
Mr Boon Kheng Ong	10,759,343	7.2%
Mr Henry Eng Chye Heng & Ms Sok Hwa Ngoh <The Heng Family a/c>	9,817,639	6.5%
Mr Keith King Lien Ng	8,784,166	5.9%
Asia Pacific Link (BVI) Pty Ltd	8,025,028	5.3%
Mr Edmund Soon Kin Teo & Mrs Janice Teo <The Teo Family a/c>	7,705,900	5.1%

CORPORATE DIRECTORY

BOARD OF DIRECTORS

Henry Heng	Managing Director
Edmund Teo	Non-Executive Director
Alan Ong	Independent, Non-Executive Director
Mun Yew Chan	Non-Executive Director
Chee Keong Oh	Executive Director

AUDIT COMMITTEE
Mun Yew Chan – Chairman
Alan Ong
Edmund Teo

REMUNERATION COMMITTEE
Alan Ong - Chairman
Henry Heng
Chee Keong Oh

COMPANY SECRETARY / CHIEF FINANCIAL OFFICER
Mary Ang

REGISTERED OFFICE AND HEAD OFFICE

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Facsimile: (08) 9248 7233
Email: info@refreshgroup.com.au
Web Address: www.refreshgroup.com.au

OTHER OPERATING LOCATIONS

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