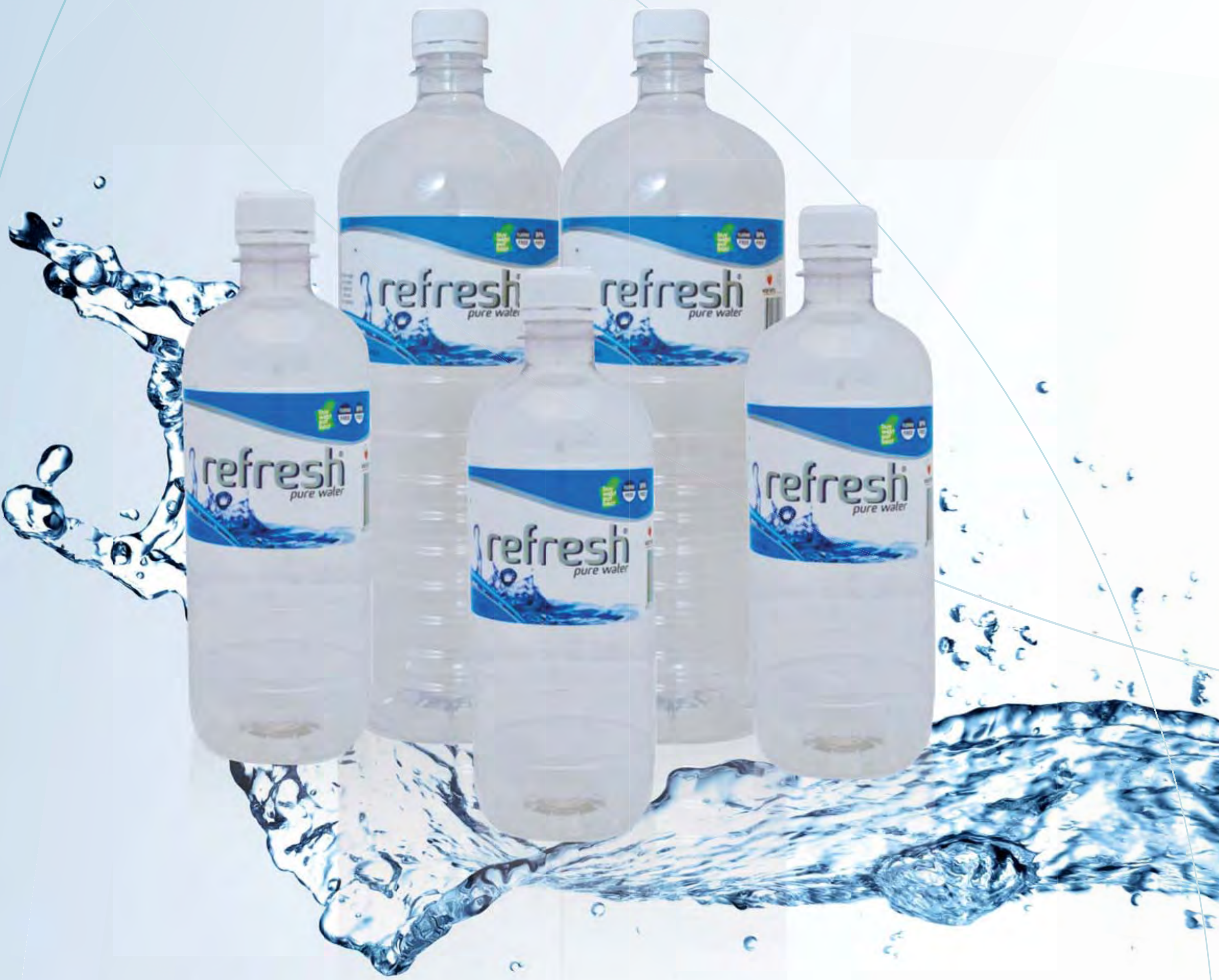
2012 ANNUAL REPORT



refresh group

Contents

CHAIRMAN'S REVIEW

Dear Shareholders

On behalf of the Refresh Board, I thank all stakeholders for your continuing support of Refresh. I also thank the management and staff, many of whom are also shareholders, for their dedication and contributions to the Company.

Refresh reported a net loss of (A$75k), this is attributable to the cost of financing at A$92k arising from borrowings in the working capital. Excluding the financing cost, the Company's operating profit shows a positive of A$17k. The Company's effort to restructure the business last year with the demerger of Aridtec and discontinuation of the Fusion division has paid off. All the 4 operating divisions in Western Australian, Victoria, New South Wales and Queensland, actually turned in operating profits.

It is worthwhile to note that despite the challenging market conditions, Refresh achieved the following goals in Year 2012:

1. Successfully restructured the business of Refresh via demerger with Aridtec
2. Discontinued the Fusion division and folding the business into the other operating divisions. Refocused on its core business of manufacturing and distribution of bottled water
3. Effective cost control resulting in a higher gross profit at 62% vs. last year's gross profit at 52%
4. All operating divisions are operating at positive profit
5. Obtained new funding to support the growth of the business

Refresh's market spans across both the manufacturing and retail sectors, which are the worst affected in Australia's 2-speed economy. The Company intends to further strengthen its management team and with appropriate marketing and business strategy, it will grow its market as the opportunity presents and expand its marketing reach. As such, the management believes Refresh will continue to grow and improve its revenue and operating profit. With the new funding as announced on 12 July 12, the Company will be able to better manage its cash flow, working capital and the debt/equity structure.

In Year 2013, the Board and its management will continue to manage its cost structure and expand the market and hence revenue, in order for the Group to be positioned to operate in any market conditions.

I look forward to meeting shareholders in the coming Annual General Meeting.

Henry Heng
Chairman

DIRECTORS' REPORT

The directors of Refresh Group Limited (Refresh) present the annual financial report of the company for the financial year ended 30 June 2012. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows.

Directors

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 multinational corporations. Henry's experience extends to small and medium enterprises, being founding partner of a chain of child care centres and a distribution business in Singapore. He was a licensed securities dealer with the Singapore Stock Exchange.

Henry is active in social and community services and was a volunteer migration agent. He was on the Board of Grace City Church for 11 consecutive years. Henry subsequently sat on the Governing Council of Edith Cowan University for 3 years and was also a member of their Resources Committee. Henry has been Honorary Secretary of the Full Gospel Business Men's Fellowship International, Perth Chapter since July 2010. He is also Party Secretary of WA Family First Party since August 2012.

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 ***Independent, 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.

He 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.

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

Appointed on 11 August 1997.

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

Mun Yew is Chairman of the Audit Committee and a member of the Remuneration 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. He 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.

Mun Yew Chan (cont)

He was an independent, non-executive 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 was 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.

Jamie Gee Choo Khoo *MBA, B Acc* ***Independent, Non-Executive Director***

Jamie is Chairman of Remuneration Committee and a member of the Audit Committee.

From September 2008 to September 2010, Jamie was the Executive Director of Adventus Holdings Ltd, a company listed on the Catalist Board of Singapore Exchange Ltd. She has much experience in mergers and acquisitions and capital raising. Under her leadership, Adventus was transformed from a fledging electronics company to a telecommunications distribution and resources trading company. Jamie has also held senior positions in various companies including STT Communications Ltd and Hughes Tool Singapore Pte Ltd of Singapore and ABB Holding Ltd of Hong Kong.

Jamie is also an independent, non-executive director of ASX-listed MDS Financial Group Ltd.

She graduated from the National University of Singapore with a Bachelor of Accountancy and the University of Hull, United Kingdom, with a Master of Business Administration.

Appointed on 1 November 2010.

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

Secretary

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

Jamie Gee Choo Khoo *MBA, B Acc* ***Company Secretary***

From September 2008 to September 2010, Jamie was the Executive Director of Adventus Holdings Ltd, a company listed on the Catalist Board of Singapore Exchange Ltd. She has much experience in mergers and acquisitions and capital raising. Under her leadership, Adventus was transformed from a fledging electronics company to a telecommunications distribution and resources trading company. Jamie has also held senior positions in various companies including STT Communications Ltd and Hughes Tool Singapore Pte Ltd of Singapore and ABB Holding Ltd of Hong Kong.

Jamie is also an independent, non-executive director of ASX-listed MDS Financial Group Ltd.

She graduated from the National University of Singapore with a Bachelor of Accountancy and the University of Hull, United Kingdom, with a Master of Business Administration.

Appointed on 1 March 2011

DIRECTORS' REPORT

(a) Review of operations and financial results

For the first time, all 4 operating divisions of the Company are profitable. This is a drastic improvement from previous years.

Revenue declined because the previous management of Fusion H2O was supplying to Metcash at a substantial loss. We have since discontinued the business. Removing that from comparison, revenue actually grew by 10%. This is in spite of a very cool summer in the eastern states in 2012.

The demerger of Aridtec Pte Ltd has also enabled the company to more accurately reflect the true performance of its business. The restructuring had yield positive results, Results from Operating Activities turned positive compared to last year and net cash flow improved from ($1,494,900) to $133,355. This shows the strength of its underlying core business. The cost control effected at operating level also gave rise to better gross margin. The gross margin improves from 52% to 62%. The net loss of ($75k) this year is because of interest expense of $92k relating to the borrowings for working capital of the Company.

The Group is better placed as we enter Year 2013 with a well managed cost base. The Group's return to profitability is underpinned on its ability to manage its debt and funding structure and expanding its market and hence revenue. The Company will be looking at recruiting new talents to strategically grow our market. We remain cautiously optimistic of the outlook of the Company's near term return to profitability.

(b) Significant Changes in State of Affairs

The Company focussed on its core business throughout the year and there was no significant change in its state of affairs.

(c) 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.

(d) Significant after Balance Date Events

The company successfully placed out 10 million shares at 3 cents each on 11 July 2012. On 12 July 2012, it issued 2,282,859 shares at market price of 3.5 cents in lieu of directors' fees. This helps to conserve cash and is subject to shareholders' approval at the coming Annual General Meeting.

(e) Likely Future Developments

The Group will be focusing on its core business for the next financial year and no major change in activity is expected.

(f) 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.

To reduce our carbon footprint, the Perth factory has solar panels installed providing 2.2 kw of power.

(g) Dividends

No dividend has been paid or declared for the year ended 30 June 2012. No dividend was paid in the previous year.

(h) Meetings of Directors

The number of meetings of directors (including meetings of committees of directors) held during the year and the numbers of meetings attended by each director 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	2	2	-	-	-	-
Edmund Teo	2	2	2	2	-	-
Mun Yew Chan	2	2	2	2	-	-
Jamie Khoo	2	2	2	2	-	-

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

(i) 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 has been effective.

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 $200,000 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 have 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.

(i) Remuneration Report (cont)

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. Over the years, several directors and key management personnel have achieved their targets and received performance incentives.

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

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

(j) Directors and Key Management Personnel Disclosure

(i) Remuneration of Directors

	SHORT TERM EMPLOYEE BENEFITS		**POST EMPLOYMENT**		**EQUITY**	**TOTAL**	**% REMUNERATION**
Directors	Salary & Fees *$*	Non-Monetary benefits # *$*	Superan-nuation *$*	Retirement benefits *$*	Options *$*	*$*	Shares/Options Related
30 June 12							
Mr H Heng	138,702	4,404	17,483	-		160,589	-
Mr E Teo	15,000	-	1,350	-	-	16,350	-
Mr M Y Chan	17,000	-	1,530	-	-	18,530	-
Ms J Khoo	17,000	-	1,530	-	-	18,530	-
Total	187,702	4,404	21,893	-	-	213,999	
30 June 11							
Mr H Heng	159,563	3,462	14,361	-	920	178,306	1%
Mr E Teo	15,000	-	1,350	-	-	16,350	-
Mr A Ong	10,827	-	974	-	-	11,801	-
Mr M Y Chan	16,452	-	1,481	-	-	17,933	-
Mr C K Oh	14,516	-	-	-	-	14,516	-
Ms J Khoo	9,726	-	875	-	-	10,601	-
Total	226,084	3,462	19,041	-	920	249,507	

Insurance in-lieu Workers Compensation and use of company car

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

(ii) Remuneration of Key Management Personnel

The key management of Refresh includes:

Ms M Ang	Chief Financial Officer (left 19 December 2011)
Ms M Tan	Chief Financial Officer (joined 4 January 2012)
Mr S Lin	Western Australia Director
Mr R Bolton	Queensland Director
Mr H Ho	Victoria Manager
Mr P Sun	New South Wales Manager

	SHORT TERM EMPLOYEE BENEFITS		POST EMPLOYMENT		EQUITY	SHARE-BASED PAYMENT	TOTAL	% REMUNERATION
	Salary & Fees $	Non Monetary benefits $	Superan-nuation $	Retirement benefits/ termination $	Options $	Remuneration $	$	Shares/Options Related
30 June 12								
Ms M Ang [1]	31,646	-	2,848	-	-	-	34,494	-
Mr R Bolton	75,000	-	6,468	-	-	-	81,468	-
Mr. S Lin	65,905	-	5,218	-	-	-	71,123	-
Mr H Ho	56,999	-	5,130	-	-	-	62,129	-
Ms M Tan [2]	47,933	-	1,566	-	-	-	49,499	-
Mr P Sun [3]	15,865		1,428	-	-	-	17,293	-
Total	293,348	-	22,658	-	-	-	316,006	
							,	
30 June 11								
Ms M Ang	80,045	-	7,204	-	-	-	87,249	-
Mr S Lin	77,001	-	6,746	-	644	-	84,391	1%
Mr R Bolton	72,692	-	6,542	-	644	-	79,878	1%
Mr H Ho	62,156	-	5,327	-	552	-	68,035	1%
Mr Y Ruan [4]	62,822	-	5,545	-	552	-	68,919	1%
Total	354,716	-	31,364	-	2,392	-	388,472	

[1] Ms M Ang left the company on 19 December 2011
[2] Ms M Tan joined the company on 4 January 2012
[3] Mr P Sun joined the company on 19 March 2012
[4] Mr Y Ruan left the company on 31 March 2012

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

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

During the financial year, no options were granted as equity compensation benefits under the Directors and Executives Option Scheme (DEOS). There is also no outstanding option as at 30 June 2012;

	Balance at beg of period 01 Jul 11	*Granted as Remuneration*	*Options Exercised*	*Net Change Other #*	*Balance at end of period 30 Jun 12*	*Not Vested & Not Exercisable*	*Vested & Exercisable*
Directors							
Mr H Heng	100,000	-	-	(100,000)	-	-	-
Other Key Management Personnel							
Mr S Lin	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 M Pearce	50,000	-	-	(50,000)	-	-	-
Mr R Jessett	50,000	-	-	(50,000)	-	-	-
Ms S Chan	50,000	-	-	(50,000)	-	-	-
Total	510,000	-	-	(510,000)	-	-	-

Options granted in previous year expired without any being exercised

(k) 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 $11,068. 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.

(l) Non-audit Services

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

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

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

- The nature of the services provided does not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

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

(m) 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.

(n) Auditor's Independence Declaration

The auditor's independence declaration under section 370C is included on page 10 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, 27 September 2012

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

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Refresh Group Limited for the year ended 30 June 2012, I declare that, to the best of my knowledge and belief, there have been:

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

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

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

P W Warr
Partner - Audit & Assurance

Perth, 27 September 2012

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2012

	Note	CONSOLIDATED 2012 $	CONSOLIDATED 2011 $
Revenue	6a	6,042,772	6,253,495
Cost of Sales		(2,273,017)	(3,011,884)
Gross Profit		3,769,755	3,241,611
Other income		(23,443)	1,995
Marketing Expenses		(495,394)	(824,788)
Distribution Expenses		(1,222,854)	(1,416,590)
Administrative Expenses		(1,438,322)	(1,584,669)
Occupancy Expenses		(572,884)	(572,506)
Other expenses		-	(441,279)
Finance income	6c	186	3,122
Finance costs	6d	(92,330)	(63,217)
Loss before income tax		(75,286)	(1,656,321)
Income tax expense	7	-	-
Net loss from continuing operations		(75,286)	(1,656,321)
Loss from discontinued operations	23	-	(1,996,928)
Net Loss Attributable to Members of Refresh Group Limited		(75,286)	(3,653,249)
Other comprehensive income			
Foreign currency translation		-	-
Total comprehensive income/(loss) attributable to members of Refresh Group Limited		(75,286)	(3,653,249)
Basic/diluted earnings/(loss) per share (cents per share)			
Basic loss per share	8	(0.087)	(1.09)
Diluted loss per share		(0.087)	(1.30)

The accompanying notes form part of the Statement of Comprehensive Income

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2012

	Notes	CONSOLIDATED 2012 $	2011 $
ASSETS			
Current Assets			
Cash and cash equivalents	10	152,542	130,287
Trade and other receivables	11	633,221	543,323
Inventories	12	868,013	962,873
Total Current Assets		1,653,776	1,636,483
Non-Current Assets			
Other financial assets	13	-	1,050
Property, plant and equipment	14	1,933,773	2,141,025
Intangible assets	15	756,415	756,415
Total Non-current assets		2,690,188	2,898,490
TOTAL ASSETS		4,343,964	4,534,973
LIABILITIES			
Current Liabilities			
Trade and other payables	17	538,528	675,770
Other financial liabilities	18	409,030	379,771
Short-term provisions and accruals	19	120,277	122,185
Total Current Liabilities		1,067,835	1,177,726
Non-current Liabilities			
Other financial liabilities	18	46,550	65,580
Long-term provisions	19	49,468	48,057
Total Non-current Liabilities		96,018	113,637
TOTAL LIABILITIES		1,163,853	1,291,363
NET ASSETS		3,180,111	3,243,610
EQUITY			
Issued capital	20	8,406,595	8,406,595
Reserves	20	191,712	191,712
Accumulated losses		(5,418,196)	(5,354,697)
TOTAL EQUITY		3,180,111	3,243,610

The accompanying notes form part of the Statement of Financial Position

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2012

Consolidated	Issued Capital	Fund Raising Cost	Other Reserves	Accumulated Losses	Total
Balance at 1 July 2010	6,308,101	(464,768)	187,020	(1,767,953)	4,262,400
Equity fund raising costs	-	(74,787)	-	-	(74,787)
Issue of share capital	5,794,049	-	-	-	5,794,049
Cancellation of shares	(3,156,000)	-	-	-	(3,156,000)
Cost of share-based payments	-	-	4,692	-	4,692
Reclassification of prior year depreciation adjustments [1]	-	-	-	66,505	66,505
Transactions with owners	8,946,150	(539,555)	191,712	(1,701,448)	6,896,859
Total comprehensive loss for the period		-		(3,653,249)	(3,653,249)
Balance at 30 June 2011	8,946,150	(539,555)	191,712	(5,354,697)	3,243,610
Balance at 1 July 2011	8,946,150	(539,555)	191,712	-5,354,697	3,243,610
Prior year adjustment [1]	-	-	-	11,787	11,787
Total comprehensive loss for the period	-	-	-	(75,286)	(75,286)
Balance at 30 June 2012	8,946,150	(539,555)	191,712	(5,418,196)	3,180,111

[1] Adjustments have been made to prior periods arising from cumulative errors in the calculation of depreciation in previous years.

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

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2012

	Notes	CONSOLIDATED 2012 $	2011 $
Cash flows from operating activities			
Receipts from customers		6,061,000	6,357,087
Payments to suppliers and employees		(5,853,772)	(7,791,892)
Borrowing costs		(74,059)	(63,217)
Interest received		186	3,122
Net cash flows provided by/(used in) operating activities	10	133,355	(1,494,900)
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment, and investment		10,877	12,879
Purchase of property, plant and equipment		(132,206)	(365,897)
Net cash flows provided by /(used in) investing activities		(121,329)	(353,018)
Cash flows from financing activities			
Proceeds from issue of shares		-	1,102,050
Proceeds from borrowings		62,000	450,011
Loans from related parties			
Share Issue expenses		-	(49,788)
Repayments of borrowings		(51,771)	(60,959)
Net cash flows provided by financing activities		10,229	1,441,314
Net increase in cash and cash equivalents		22,255	(406,604)
Cash and cash equivalents at beginning of period		130,287	536,891
Cash and cash equivalents at end of period	10	152,542	130,287

The accompanying notes form part of the Statement of Cash Flows

1. CORPORATE INFORMATION

The financial report of Refresh Group Limited for the year ended 30 June 2012 was authorised for issue in accordance with a resolution of the directors on 27 September 2012.

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. The company is a for-profit entity.

2. CHANGES IN ACCOUNTING POLICIES AND NEW ACCOUNTING STANDARDS NOT YET ADOPTED

Management anticipates that all of the relevant pronouncements will be adopted in the Group's accounting policies for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the Group's financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Group's financial statements.

New/revised pronouncement	Superseded pronouncement	Explanation of amendments	Effective date (i.e. annual reporting periods ending on or after)	Impact on Financial Statements
AASB 9 Financial Instruments (Dec 2010)	AASB 139 Financial Instruments: Recognition and Measurement (in part)	AASB 9 introduces new requirements for the classification and measurement of financial assets and liabilities. These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes are: Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; and (2) the characteristics of the contractual cash flows. Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income (instead of in profit or loss). Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument. Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases. Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows: The change attributable to changes in credit risk are presented in other comprehensive income	31 Dec 2015 Note that the IASB deferred the mandatory effective date from annual periods beginning on or after 1 Jan 2013 to annual periods beginning on or after 1 Jan 2015.	AASB 9 amends the classification and measurement of financial assets. The effect on the entity will be that more assets may be held at fair value and the need for impairment testing has been limited to financial assets held at amortised cost only. Minimal changes have been made in relation to the classification and measurement of financial liabilities, except that the effects of 'own credit risk' are recognised in other comprehensive income.

New/revised pronouncement	Superseded pronouncement	Explanation of amendments	Effective date (i.e. annual reporting periods ending on or after)	Impact on Financial Statements
		(OCI); and The remaining change is presented in profit or loss. If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss. Otherwise, the following requirements have generally been carried forward unchanged from AASB 139 into AASB 9: Classification and measurement of financial liabilities; and Derecognition requirements for financial assets and liabilities. Consequential amendments were also made to other standards as a result of AASB 9, introduced by AASB 2009-11 and superseded by AASB 2010-7 and AASB 2010-10.		
AASB 10 Consolidated Financial Statements	AASB 127 AASB Int 112	AASB 10 establishes a revised control model that applies to all entities. It replaces the consolidation requirements in AASB 127 *Consolidated and Separate Financial Statements* and AASB Interpretation 112 *Consolidation – Special Purpose Entities.* The revised control model broadens the situations when an entity is considered to be controlled by another entity and includes additional guidance for applying the model to specific situations, including when acting as an agent may give control, the impact of potential voting rights and when holding less than a majority voting rights may give 'de facto' control. This is likely to lead to more entities being consolidated into the group.	31 Dec 2013	It introduces a revised definition of control which will apply to all investees to determine the scope of consolidation. Traditional control assessments based on majority ownership of voting rights will rarely be affected. However, 'borderline' consolidation decisions will need to be reviewed and some will need to be changed taking into consideration potential voting rights and substantive rights.
AASB 11 Joint Arrangements	AASB 131 AASB Int 113	AASB 11 replaces AASB 131 Interests in Joint Ventures and AASB Interpretation 113 Jointly- controlled Entities – Non-monetary Contributions by Ventures. AASB 11 uses the principle of control in AASB 10 to define joint control, and therefore the determination of whether joint control exists may change. In addition, AASB 11 removes the option to account for jointly-controlled entities (JCEs) using proportionate consolidation. Instead, accounting for a joint arrangement is dependent on the nature of the rights and obligations arising from the arrangement. Joint operations that give the venturers a right to the underlying assets and obligations themselves are accounted for by recognising the share of those assets and liabilities. Joint ventures that give the venturers a right to the net assets are accounted for using the equity method. This may result in a change in the accounting for the joint arrangements held by the group.	31 Dec 2013	Entities with existing joint arrangements or that plan to enter into new joint arrangements will be affected by the new standard. These entities will need to assess their arrangements to determine whether they have interests in a joint operation or a joint venture upon adoption of the new standard or upon entering into the arrangement. Entities that have been accounting for their interest in a joint venture using proportionate consolidation will no longer be allowed to use this method; instead they will account for the joint venture using the equity method. In addition, there may be some entities that previously equity-accounted for investments that may need to account for their share of assets and liabilities now that there is less focus on the structure of the arrangement.

New/revised pronouncement	Superseded pronouncement	Explanation of amendments	Effective date (i.e. annual reporting periods ending on or after)	Impact on Financial Statements
AASB 12 Disclosure of Interests in Other Entities	AASB 127 AASB 128 AASB 131	AASB 12 includes all disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structures entities. New disclosures introduced by AASB 12 include disclosures about the judgements made by management to determine whether control exists, and to require summarised information about joint arrangements, associates and structured entities and subsidiaries with non-controlling interests.	31 Dec 2013	AASB 12 combines the disclosure requirements for subsidiaries, joint arrangements, associates and structured entities within a comprehensive disclosure standard. It aims to provide more transparency on 'borderline' consolidation decisions and enhance disclosures about unconsolidated structured entities in which an investor or sponsor has involvement.
AASB 13 Fair Value Measurement	None	AASB 13 establishes a single source of guidance for determining the fair value of assets and liabilities. AASB 13 does not change when an entity is required to use fair value, but rather, provides guidance on how to determine fair value when fair value is required or permitted by other Standards. Application of this definition may result in different fair values being determined for the relevant assets. AASB 13 also expands the disclosure requirements for all assets or liabilities carried at fair value. This includes information about the assumptions made and the qualitative impact of those assumptions on the fair value determined.	31 Dec 2013	AASB 13 has been issued to: • establish a single source of guidance for all fair value measurements; • clarify the definition of fair value and related guidance; and • enhance disclosures about fair value measurements (new disclosures increase transparency about fair value measurements, including the valuation techniques and inputs used to measure fair value).
AASB 127 Separate Financial Statements	AASB 127 (Consolidated and Separate Financial Statements)	As a result of the issuance of AASB 10, AASB 127 has been restructured and reissued to only deal with separate financial statements.	31 Dec 2013	AASB 127 (August 2011) will now solely address separate financial statements, the requirements for which are substantially unchanged from the previous version of the Standard.
AASB 2010-8 Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets [AASB 112]	AASB Int 121	These amendments address the determination of deferred tax on investment property measured at fair value and introduce a rebuttable presumption that deferred tax on investment property measured at fair value should be determined on the basis that the carrying amount will be recoverable through sale. The amendments also incorporate AASB Interpretation 121 *Income Taxes – Recovery of Revalued Non-Depreciable Assets* into AASB 112. .	31 Dec 2012	The amendments brought in by this Standard introduce a more practical approach for measuring deferred tax liabilities and deferred tax assets when investment property is measured using the fair value model under AASB 140 *Investment Property*. Under the current AASB 112, the measurement of deferred tax liabilities and deferred tax assets depends on whether an entity expects to recover an asset by using it or by selling it. The amendments introduce a presumption that an investment property is recovered entirely through sale. This presumption is rebutted if the investment property is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

New/revised pronouncement	Superseded pronouncement	Explanation of amendments	Effective date (i.e. annual reporting periods ending on or after)	Impact on Financial Statements
AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements [AASB 124]	None	The Standard deletes from AASB 124 individual key management personnel disclosure requirements for disclosing entities that are not companies.	30 June 2014	The Standard makes amendments to remove the individual key management personnel disclosure requirements, as these are considered to be more in the nature of corporate governance and are generally covered in the Corporations Act and disclosed within the Directors and/or Remuneration Report.
AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards	None	This Standard makes consequential amendments to various Australian Accounting Standards arising from the issuance of AASB 10, AASB 11, AASB 12, AASB 127 (August 2011) and AASB 128 (August 2011).	31 Dec 2013	This Standard gives effect to many consequential changes arising from the issuance of the new Standards. For example, references to AASB 127 *Consolidated and Separate Financial Statements* are amended to AASB 10 *Consolidated Financial Statements* or AASB 127 *Separate Financial Statements*, and references to AASB 131 *Interests in Joint Ventures* are deleted as that Standard has been superseded by AASB 11 and AASB 128 (August 2011).
AASB 2011-9 Amendments to Australian Accounting Standards – Presentation of Other Comprehensive Income [AASB 101]	None	Amendments to group items presented in other comprehensive income on the basis of whether they are potentially reclassifiable to profit or loss in subsequent periods (reclassification adjustments, e.g. foreign currency translation reserves) and those that cannot subsequently be reclassified (e.g. fixed asset revaluation surpluses). Name changes of statements in AASB 101 as follows: One statement of comprehensive income – to be referred to as 'statement of profit or loss and other comprehensive income' Two statements – to be referred to as 'statement of profit or loss' and 'statement of comprehensive income'.	30 June 2013	The main change will be the separation and classification of components within other comprehensive income between reclassification adjustments to profit or loss and those that will not be reclassified.
AASB 2012-2 Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities	None	This Standard amends the required disclosures in AASB 7 to include information that will enable users of an entity's financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position. This Standard also amends AASB 132 to refer to the additional disclosures added to AASB 7 by this Standard.	31 Dec 2013	AASB 2012-2 principally amends AASB 7 to require disclosure of information that will enable users of an entity's financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position.

New/revised pronouncement	Superseded pronouncement	Explanation of amendments	Effective date (i.e. annual reporting periods ending on or after)	Impact on Financial Statements
AASB 2012-3 Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities	None	This Standard adds application guidance to AASB 132 to address inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement.	31 Dec 2014	AASB 2012-3 adds application guidance to AASB 132 to address inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement.
AASB 2012-5 Amendments to Australian Accounting Standards arising from Annual Improvements 2009–2011 Cycle	None	These amendments are a consequence of the annual improvements process, which provides a vehicle for making non-urgent but necessary amendments to Standards. These amendments follow the issuance of Annual Improvements to IFRSs 2009–2011 Cycle issued by the International Accounting Standards Board in May 2012.	31 Dec 2013	AASB 2012-5 makes amendments resulting from the 2009-2011 Annual Improvements Cycle. The Standard addresses a range of improvements, including the following: repeat application of AASB 1 is permitted (AASB 1); and clarification of the comparative information requirements when an entity provides a third balance sheet (AASB 101 Presentation of Financial Statements).

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. Accounting Standards include Australian equivalents to International Financial Reporting Standards ('IFRS'). Compliance with 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 2012 ('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 all fixed assets except for motor vehicles which are depreciated on a reducing balance basis over 10 years. 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.

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 10 years
Plant and equipment	5 to 10 years

3. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont)

3.5 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.

3.6 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.

3.7 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 are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

3.8 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.

3.9 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.

3.10 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. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont)

3.11 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.

3.12 Share-based payment transactions

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

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

i. The Directors and Executives Option Scheme (DEOS), which provides benefits to directors and senior executives, and

ii. The Employee Share Scheme (ESS), which provides benefits to all employees, excluding directors and senior executives.

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

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

3.13 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.

3.14 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. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont)

3.15 Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred and reported in 'finance costs'.

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.

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

3.17 Profit or loss from discontinued operations

A discontinued operation is a component of the entity that either has been disposed of, or is classified as held for sale, and:

- represents a separate major line of business or geographical area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

3. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont)

3.17 Profit or loss from discontinued operations (Cont)

Profit or loss from discontinued operations, including prior year components of profit or loss, are presented in a single amount in the statement of comprehensive income. This amount, which comprises the post-tax profit or loss of discontinued operations and the post-tax gain or loss resulting from the measurement and disposal of assets classified as held for sale.

3.18 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.

3.19 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.

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.

3. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont)

3.19 Financial Instruments (Cont)

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 significant or prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the statement of comprehensive income .

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 2012. Further particulars of impairment testing can be found in Note 16.

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 27. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact expenses and equity.

Inter-company loan

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

Key judgements

Carbon tax impact

On July 2011, the Commonwealth Government announced the “Securing a Clean Energy Future – the Australian Government ‘s Climate Change Plan”. Whilst the announcement provides further details of the framework for a carbon pricing mechanism, uncertainties continue to exist on the impact of any carbon pricing mechanism on the Group as legislation must be voted on and passed by both houses of Parliament. In addition, as the Group will not fall within the “Top 500 Australian Polluters”, the impact of the Carbon Scheme will be through indirect effects of increased prices on many production inputs and general business expenses as suppliers subject to the carbon pricing mechanism are likely to pass on their carbon price burden to their customers in the form of increased prices. Directors expect that this will not have an significant impact upon the operation costs within the business, and therefore will not have an impact upon the valuation of assets and/or going concern of the business.

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 $75,286 and had cash inflows from operations of $133,355 during the year ended 30 June 2012. As at 30 June 2012, the consolidated entity had $50,000 available under a related party revolving line of credit.

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

Moving forward, the Group is showing improvement in its cash outflows with the closure of the Fusion division and demerger of AridTec. The Group continues to focus on its core business, expecting growth in revenue and 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.

(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) Segment performance

	WA	NSW	VIC	QLD	FUSION [1] (National)	OTHER (Corporate)	TOTAL
30 June 2012							
Revenue from external customers	2,959,337	1,180,124	542,624	1,360,687	-	-	6,042,772
Segment operating profit/(loss)	268,720	23,912	15,845	82,850	-	(466,613)	(75,286)
Total assets	1,717,825	929,829	385,431	1,284,496	-	26,383	4,343,964
Total liabilities	700,460	4,849	1,319	77,687	-	379,538	1,163,853
30 June 2011	,						
Revenue from external customers	2,699,438	1,107,960	453,384	1,232,773	759,940	-	6,253,495
Segment operating profit/(loss)	136,439	62,516	(147,101)	(226,113)	(944,901)	(2,534,089)	(3,653,249)
Impairment loss	-	-	(108,091)	(234,723)	(98,465)	-	(441,279)
Loss from discontinued operations	-	-	-	-	-	(1,996,928)	(1,996,928)
Segment operating profit/(loss) excluding impairment/loss from discontinued operations	136,439	62,516	(39,010)	8,610	(846,436)	(537,161)	(1,215,042)
Total assets	2,093,170	762,795	324,781	1,339,238	-	14,989	4,534,973
Total liabilities	887,114	4,612	1,327	67,371	-	330,939	1,291,363

[1] Fusion division was closed down with effect from 1 February 2011 and all Fusion sales are now handled by Refresh branches in each State.

5. ACQUISITIONS AND DISPOSALS

5.1 Acquisition of AridTec

This relates to prior year :

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)	4,136,781
Goodwill	530,219
	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	(215,028)
Net Assets acquired	4,136,781

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

Key factor contributing to the $530,219 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.

AridTec incurred a loss of $298,541 for the 11 months from 13 July 2010 to the date of disposal.

5. ACQUISITIONS AND DISPOSALS (Cont)

5.2 Disposal of AridTec

On 29 June 2011, the Group disposed of its newly acquired subsidiary, AridTec Pte Ltd by way of selling back the entity to its original owners. This demerger resulted in the cancellation of all shares issued for the acquisition. There is no cash consideration on this transaction.

The loss on disposal recognised at the date of disposal was as follows:

	$
Net liabilities	(161,760)
Goodwill on consolidation	530,219
Patent cost net of amortisation[1]	2,900,000
Total Net Assets	3,268,459
Fair value of AridTec shares cancelled[2]	(3,156,000)
Loss on disposal of subisidiary	112,459

[1] On 20 April 2011, the Directors resolved to write down the value of intellectual property $1,100,000.

[2] The fair value of the cancelled shares was based on the Independent Expert's Report prepared by Moore Stephens.

6. REVENUE AND EXPENSES

	CONSOLIDATED 2012 $	2011 $
(a) Revenue		
Sale of bottled water and accessories	6,042,772	6,253,495
	6,042,772	6,253,495
(b) Employee benefits expense		
Wages and Salaries	1,989,464	2,101,064
Workers' compensation costs	45,528	53,231
Defined contribution superannuation costs	198,559	201,328
Provisions for Annual and Long Service Leave	12,081	14,205
Expense of share-based payments	-	4,692
Other employee benefits expense	57,764	161,262
	2,303,396	2,535,782
(c) Finance income		
Interest received	186	3,122
	186	3,122
(d) Finance Costs		
Bank loans and other borrowings	84,414	51,372
Finance charges payable under finance leases and hire purchase contracts	7,916	11,845
	92,330	63,217

7. INCOME TAX

	CONSOLIDATED 2012 $	CONSOLIDATED 2011 $
The components of the tax expense(benefit)comprise:		
Current tax	-	-
Deferred tax	-	-
Prima facie tax payable on profit from ordinary activities before income tax at 30% (2011: 30%)		
- Consolidated Group	(22,556)	(1,095,975)
Add:		
Tax effect of:		
- Non-deductible expenses	3,436	738,221
- Other assessable items	-	-
- Deferred tax assets not brought to account	19,120	357,754
Income tax expense (benefit) 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	1,219,904	1,068,915
Unrecognised deferred tax assets other	99,532	88,236
Unrecognised deferred tax liabilities	(212,543)	(220,361)
	1,106,893	936,790

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.

8. 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	
	2012	2011
	$	$
Loss attributable to equity holders of the parent	(75,286)	(3,653,249)
Weighted average number of ordinary shares for basic earnings per share	86,046,065	152,619,326
Basic/diluted loss per share (cents per share)		
Basic loss per shares	(0.087)	(1.09)
Diluted loss per shares	(0.087)	(1.30)

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.

9. DIVIDENDS PAID AND PROPOSED

No dividend has been paid or declared for the year ended 30 June 2012. No dividend was paid in the previous year.

10. CASH AND CASH EQUIVALENTS

	CONSOLIDATED	
	2012	2011
	$	$
Cash at bank and in hand	152,542	130,287

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

	CONSOLIDATED	
	2012	2011
	$	$
Reconciliation from the net profit / (loss) after tax to the net cash flows from operations		
Net Profit/(Loss) after income tax	(75,286)	(3,653,249)
Adjustments for:		
Depreciation expense	316,824	262,856
Impairment of goodwill	-	441,279
Net (profit)/loss on disposal of property, plant and equipment	23,443	1,039
Net loss on disposal of subsidiary	-	1,511,000
Employee shares / options expensed	12,837	4,692
Changes in assets and liabilities		
(increase)/decrease in inventories	94,861	118,006
(increase)/decrease in trade and other receivables	(89,898)	106,712
(decrease)/increase in trade and other payables	(148,929)	(305,852)
(decrease)/increase in short-term provisions	(497)	18,617
Net cash provided by /used in operating activities	133,355	(1,494,900)

11. TRADE AND OTHER RECEIVABLES

	CONSOLIDATED 2012	2011
Current	$	$
Trade receivables	533,528	475,945
Allowance for Credit losses	(18,000)	(21,054)
	515,528	454,891
Other receivables	58,329	69,994
Prepayments	59,364	18,438
	633,221	543,323

	Gross Amount	Past due and impaired	Past due but not impaired (days overdue) 31-60	61-90	>90	Within initial trade terms
Consolidated						
2012						
Trade receivables	533,528	18,000	195,025	35,181	5,068	280,254
Other receivables	58,329		1,066		44,027	13,236
	591,857	18,000	196,091	35,181	49,095	293,490
2011						
Trade receivables	475,945	21,054	126,827	40,248	48,476	239,340
Other receivables	69,994		177		41,949	27,868
	545,939	21,054	127,004	40,248	90,425	267,208

12. INVENTORIES

	CONSOLIDATED 2012	2011
	$	$
Raw materials (at cost)	425,819	409,238
Finished goods (at cost)	512,229	623,670
Total inventories at lower of cost or net realisable value	938,048	1,032,908
Impairment of Inverntory	(70,035)	(70,035)
	868,013	962,873

13. OTHER FINANCIAL ASSETS

	CONSOLIDATED 2012	2011
	$	$
Non-Current		
Other listed securities held for trading	-	1,050
	-	1,050

14. PROPERTY, PLANT AND EQUIPMENT

	CONSOLIDATED Plant and equipment
	$
At 30 June 2012	
Cost	3,630,628
Accumulated depreciation	(1,696,855)
Net carrying amount	1,933,773

Movements in Carrying Amounts

At 1 July 2011	2,141,025
Additions	131,858
Disposals	(22,634)
Depreciation charge for the year	(316,476)
At 30 June 2012	1,933,773

The carrying value of plant and equipment held under finance leases and hire purchase contracts at 30 June 2012 is $65,580 (2011: $117,350). 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 2011	CONSOLIDATED Plant and equipment
	$
At 30 June 2011	
Cost	3,575,116
Accumulated depreciation	(1,434,091)
Net carrying amount	2,141,025

Movements in Carrying Amounts

At 1 July 2010		1,985,396
Additions		298,481
Assets acquired in Business Combination	Note 5.1	67,416
Disposals		(13,918)
Reclassification of prior year’s depreciation adjustment		66,505
Depreciation charge for the year		(262,855)
At 30 June 2011		2,141,025

15. INTANGIBLE ASSETS

	CONSOLIDATED		
	Goodwill	Trademarks	Total
	$	$	$
At 1 July 2011	752,052	4,363	756,415
Impairment of goodwill	-	-	-
At 30 June 2012	752,052	4,363	756,415

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 2012, these assets were tested for impairment (see Note 16).

No impairment loss was charged for continuing operations in the 2012 financial year

16. 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 13%.

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.

Refresh Waters Sydney cash generating unit

The carrying amount of goodwill for this generating unit is $113,182, including goodwill of Moores. The recoverable amount of Sydney 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 17%.

The Board anticipates growth in revenue of around 3.6% for each of the next 5 years, with a net profit margin of 9% for Sydney.

16. IMPAIRMENT OF ASSETS (cont)

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 has been fully impaired as at 30 June 2012. The recoverable amount of Melbourne 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 14%.

Melbourne cash generating unit's financial performance has been improving. The Board anticipates its growth in revenue of 10% for each of the next 5 years, with a net profit margin of 5%.

Cash flows beyond that 5-year period have been extrapolated based on the growth rate of 3.6%. This growth rate does not exceed the long-term average growth rate for the market in which Melbourne operates.

The estimate of recoverable amount for Melbourne is sensitive to the discount rate and achievement of forecasts.

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 Brisbane cash generating unit

The carrying amount of goodwill for this generating unit is $292,528, 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 14%.

The Board anticipates lower growth in revenue of only 5% for each of the next 5 years, with a net profit margin of 8% for Brisbane.

Cash flows beyond that 5-year period have been extrapolated assuming the growth rate to be 5%. 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 cause 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 $164,308.The recoverable amount of the Toowoomba cash generating unit has been determined based on a value-in-use calculation.

16. IMPAIRMENT OF ASSETS (cont)

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 13%.

The Board anticipates growth in revenue of approximately 5% for the next 5 years, with a net profit margin of 10% for Toowoomba.

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 cause 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.

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 13%.

The Board anticipates growth in revenue of approximately 5% for the next 5 years, with a net profit margin of 10% for Hydr8.

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.

17. TRADE AND OTHER PAYABLES

	CONSOLIDATED	
	2012	**2011**
	$	**$**
Current		
Trade payables	232,133	268,211
Other payables	306,395	407,559
	538,528	675,770

Trade payables are non-interest bearing and are normally settled on 60-day terms.

18. FINANCIAL LIABILITIES

	Effective interest rate	*Maturity*	CONSOLIDATED 2012	2011 $
Current				
Obligations under finance leases and hire purchase contracts (Note 24)	9.9-10.7%	< 1 year	19,030	51,771
Short term related party loans	12-20%	< 1 year	390,000	328,000
			409,030	379,771
Non-current				
Obligations under finance leases and hire purchase contracts (Note 24)	9.9-10.7%	1 – 5 years	46,550	65,580
			46,550	65,580

19. PROVISIONS AND ACCRUALS

	CONSOLIDATED 2012 $	2011 $
Short term provisions		
Annual Leave	87,527	76,856
Accruals	32,750	45,329
	120,277	**122,185**
Long term provisions		
Long Service Leave	**49,468**	**48,057**
Long Service Leave		
Opening Amount	48,057	49,106
movement	1,411	(1,049)
Closing Amount	**49,468**	**48,057**

Provision for Long-term Employee Benefits

A provision has been recognised for employee entitlements relating to long service leave. In calculating the value 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 3.7 in this report.

20. ISSUED CAPITAL AND RESERVES

	CONSOLIDATED	
	2012	2011
	$	$
Ordinary Shares		
Issued and fully paid	8,946,150	8,946,150
Fund raising costs	(539,555)	(539,555)
	8,406,595	8,406,595

	No.	$
Movement in ordinary shares		
At 30 June 2010	68,206,849	5,843,333
Issue shares to Yong Wei Por on 13/7/10	7,692,308	500,000
Issue shares to acquire AridTec on 13/7/10	71,800,000	4,667,000
Issue shares to Employee account	500,000	-
Other share issue on 13/7/10	384,600	24,999
Issue shares to Catherine Chan & Hon Leong Chong on 27/8/10	1,570,000	102,050
Issue shares to Pacific Alliance Group on 29/9/10	7,692,308	500,000
Cancellation of AridTec shares on 29/06/11	(71,800,000)	(3,156,000)
Fund raising costs	-	(74,787)
At 30 June 2011	86,046,065	8,406,595
At 30 June 2012	86,046,065	8,406,595

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.

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

Capital management

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

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

There are no externally imposed capital requirements.

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

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 27 for further details of these plans.

21. FINANCIAL RISK MANAGEMENT

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

Interest Rate Risk

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

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

Foreign Currency and Price Risk

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

Credit Risk

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

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

Liquidity Risk

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

22. FINANCIAL INSTRUMENTS

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

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

Fair values

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

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

- 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.

Liquidity risk analysis

Liquidity risk is the risk that the Group might be unable to meet its obligations. The Group manages its liquidity needs by monitoring scheduled debt servicing payments for long–term financial liabilities as well as forecast inflows and outflows due in day-to-day business.

22. FINANCIAL INSTRUMENTS (cont)

Year ended 30 June 2012	Floating Interest Rate	Fixed Interest Rate	Maturity < 1 year $	Maturity 2 to 5 years $	Non-Interest Bearing $	Total $
CONSOLIDATED						
Financial Assets						
Cash assets	2 – 5.2%	-	152,542	-	-	152,542
Loans and Receivables	-	-	-	-	573,857	573,857
			152,542	-	573,857	726,399
Financial Liabilities						
At amortised cost						
Loans and Payables	-	12-20%	390,000	-	538,528	928,528
Hire purchase liability	-	9.9-10.7%	19,030	46,550	-	65,580
			409,030	46,550	538,528	994,108

Year ended 30 June 2011	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%	-	130,287	-	-	130,287
Loans and Receivables	-	-	-	-	524,885	524,885
Other financial assets	-	-	-	-	1,050	1,050
			130,287	-	525,935	656,222
Financial Liabilities						
At amortised cost						
Loans and Payables	-	12-20%	328,000	-	675,770	1,003,770
Hire purchase liability	-	8.7-10.7%	51,771	65,580	-	117,351
			379,771	65,580	675,770	1,121,121

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.

22. FINANCIAL INSTRUMENTS (cont)

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

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

Sensitivity Analysis

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

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

23. ASSETS AND DISPOSAL GROUPS CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS

This relates to prior year:

On 29 June 2011, AridTec Pte Ltd, was disposed of. The consideration for the sale of AridTec shares was the cancellation by way of selective capital reduction of 71,800,000 Refresh shares. Operating losses of AridTec until the date of disposal and the profit or loss from remeasurement and disposal of assets and liabilities classified as held for sale is summarised as follows:

	$
Revenue	385,153
Cost of Sales	(194,625)
Gross Profit	190,528
Other income	53,498
Marketing Expenses	(119,881)
Distribution Expenses	(33,920)
Production, Research and Development Expenses	(200,752)
Administrative Expenses	(115,265)
Occupancy Expenses	(73,213)
Other expenses	809
Results from operating activities	(298,196)
Finance income	73
Finance costs	(418)
Loss before income tax	(298,541)
Income tax expense (credit)	-
Loss for the period	(298,541)
Loss on re-measurement and disposal	
Change in fair value of assets	(1,100,000)
Intercompany loan written off	(485,928)
Loss on disposal	(112,459)
Total loss on disposal	(1,698,387)
Loss for the year from discontinued operations	(1,996,928)

24. COMMITMENTS AND CONTINGENCIES

Operating lease commitments - Group as lessee

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

Location	Expiry	Lease Terms
Brisbane	31/03/13	5 + 5 years
Kalgoorlie	30/06/14	2 +2 years
Melbourne	16/02/13	2 years
Perth	30/06/13	7 + 3 + 3 years
Sydney	1/05/15	3+3 years
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	
	2012	**2011**
	$	$
Within one year	325,856	420,216
After one year but not more than five years	191,630	230,009
	517,486	650,225

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:

	2012 Minimum payments	**2011 Minimum payments**
	$	$
CONSOLIDATED		
Within one year	24,938	61,258
After one year but not more than five years	51,955	76,893
Total minimum lease payments	76,893	138,151
Less amounts representing finance charges	(11,313)	(20,801)
Present value of minimum lease payments	65,580	117,350

25. 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 2012	% Equity interest 2011	Investment 2012 $	Investment 2011 $
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.

During the period the Group borrowed a total of $82,000 (2011:$ 504,806) from related parties through loan facilities payable within one year at a fixed interest rate of 20% and a unsecured revolving line of credit amounting to $300,000 with a 12% fixed interest rate. A total of $20,000 was repaid during the period. At 30 June 2012 amounts payable under the loan facility total $140,000 (2011: $110,000), the amount outstanding on the line of credit totals $250,000 (2011:$218,000) and $50,000 of the revolving line of credit was unused (2011:$82,000)

26. AUDITORS' REMUNERATION

	CONSOLIDATED 2012 $	CONSOLIDATED 2011 $
Remuneration of the auditor of the parent entity for:		
• an audit or review of the financial report	61,000	70,370
• other services		
(a) tax compliance	11,000	11,300
(b) advisory	-	1,550
	72,000	83,220
Remuneration of related practices of the parent entity auditor for :		
• auditing or reviewing the financial statements of subsidiary	-	5,048
Audit Protection Service	1,136	
Total	73,136	88,268

27. EMPLOYEE BENEFITS

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.

During the financial year, no options were granted as equity compensation benefits under the Directors and Executives Option Scheme (DEOS).

28. DIRECTORS' AND KEY MANAGEMENT PERSONNEL DISCLOSURE

In accordance with S300A OF THE Corporation Act, remuneration disclosures related to key management personnel are included in the Remuneration Report (i) in the Director's Report.

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

During the financial year, no options were granted as equity compensation benefits under the Directors and Executives Option Scheme (DEOS). There is also no outstanding option as at 30 June 2012

(b) Option holdings of Directors and Key Management Personnel

	Balance at beg of period 30 Jun 11	*Granted as Remuneration*	*Options Exercised*	*Net Change Other #*	*Balance at end of period 30 Jun 12*	*Not Vested & Not Exercisable*	*Vested & Exercisable*
Director							
Mr H Heng	100,000	-	-	(100,000)	-	-	-
Other Key Management Personnel							
Mr S Lin	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 M Pearce	50,000	-	-	(50,000)	-	-	-
Mr R Jessett	50,000	-	-	(50,000)	-	-	-
Ms S Chan	50,000	-	-	(50,000)	-	-	-
Total	510,000	-	-	(510,000)	-	-	-

Options granted in previous year expired without any being exercised.

28. DIRECTORS' AND KEY MANAGEMENT PERSONNEL DISCLOSURE (cont)

	Balance at beg of period 01 Jul 10	*Granted as Remuneration*	*Options Exercised*	*Net Change Other #*	*Balance at end of period 30 Jun 11*	*Not Vested & Not Exercisable*	*Vested & Exercisable*
Director							
Mr H Heng	200,000	100,000	-	(200,000)	100,000	-	100,000
Other Key Management Personnel							
Ms M Ang	140,000	-	-	(140,000)	-	-	-
Mr D Hadi	140,000	-	-	(140,000)	-	-	-
Mr S Lin	70,000	70,000	-	(70,000)	70,000	-	70,000
Mr B Bolton	140,000	70,000	-	(140,000)	70,000	-	70,000
Mr Y Ruan	120,000	60,000	-	(120,000)	60,000	-	60,000
Mr H Ho	120,000	60,000	-	(120,000)	60,000	-	60,000
Mr M Pearce	50,000	50,000	-	(50,000)	50,000	-	50,000
Mr R Jessett	110,000	50,000	-	(110,000)	50,000	-	50,000
Ms S Chan	100,000	50,000	-	(100,000)	50,000		50,000
Total	1,190,000	510,000	-	(1,190,000)	510,000	-	510,000

Options granted in previous year expired without any being exercised.

(c) Shareholdings of Directors and Key Management Personnel

Shares held in Refresh Group Limited as at 30 June 2012

	Balance 01 Jul 11 Ord	*Granted as Remuneration Ord*	*Other Net Changes * Ord*	*Balance 30 Jun 12 Ord*
Directors				
Mr H Heng	10,512,909	-	341,800	10,854,709
Mr E Teo	7,994,900	-	201,800	8,196,700
Other Key Management Personnel				
Ms M Tan	-	-	200,000	200,000
Mr B Bolton	142,500	-	-	142,500
Mr H Ho	99,000	-	-	99,000
Total	18,749,309		743,600	19,492,909

** 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.

28. DIRECTORS' AND KEY MANAGEMENT PERSONNEL DISCLOSURE (cont)

Shares held in Refresh Group Limited as at 30 June 2011

	Balance 01 Jul 10 Ord	*Granted as Remuneration Ord*	*Other Net Changes * Ord*	*Balance 30 Jun 11 Ord*
Directors				
Mr H Heng	10,422,909	-	90,000	10,512,909
Mr E Teo	7,894,900	-	100,000	7,994,900
Other Key Management Personnel				
Ms M Ang	50,000	-	-	50,000
Mr B Bolton	142,500	-	-	142,500
Mr H Ho	99,000	-	-	99,000
Mr Y Ruan	54,000	-	-	54,000
Total	18,663,309		190,000	18,853,309

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

(d) Loans to Directors and Key Management Personnel

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

29. EVENTS AFTER THE BALANCE SHEET DATE

The company successfully placed out 10 million shares at 3 cents each on 11 July 2012. On 12 July 2012, it issued 2,282,859 shares at market price of 3.5 cents in lieu of directors' fees. This helps to conserve cash and is subject to shareholders' approval at the coming Annual General Meeting

30. PARENT ENTITY

(a) Statement of Financial Position

	Parent	
	2012	2011
	$	$
ASSETS		
Current Assets		
Cash and cash equivalents	7,100	259
Trade and other receivables	19,284	13,680
Total Current Assets	26,384	13,939
Non-Current Assets		
Other financial assets	2,421,450	2,840,123
Total Non-current assets	2,421,450	2,840,123
TOTAL ASSETS	2,447,834	2,854,062
LIABILITIES		
Current Liabilities		
Trade and other payables	150,761	122,622
Financial liabilities	140,000	110,000
Short-term provisions and accruals	49,239	61,451
Total Current Liabilities	340,000	294,073
Non-current Liabilities		
Long-term provisions	39,538	36,866
Total Non-current Liabilities	39,538	36,866
TOTAL LIABILITIES	379,538	330,939
NET ASSETS	2,068,296	2,523,123
EQUITY		
Issued capital	8,406,595	8,406,595
Reserves	191,712	191,712
Accumulated losses	(6,530,011)	(6,075,184)
TOTAL EQUITY	2,068,296	2,523,123

The parent entity has lease commitments during the period. Refer Note 24 for further details.
The parent entity has not entered into a deed of cross guarantee nor are there any contingent liabilities at the year end.

(b) Financial performance

	Parent	
	2012	2011
	$	$
Loss for the year	(466,614)	(3,763,814)
Other comprehensive income	-	-
Total comprehensive income	(466,614)	(3,763,814)

DIRECTORS' DECLARATION

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

In the opinion of the directors:

(a) the financial statements and notes of the 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 2012
(ii) and of its 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, 27 September 2012

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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 consolidated statement of financial position as at 30 June 2012, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration 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 of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the Directors determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. The Directors also state, in the notes to the financial report, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

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

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

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

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

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

Auditor's opinion
In our opinion:

a the financial report of Refresh Group Limited is in accordance with the Corporations Act 2001, including:

  i giving a true and fair view of the consolidated entity's financial position as at 30 June 2012 and of its performance for the year ended on that date; and

  ii complying with Australian Accounting Standards and the Corporations Regulations 2001; and

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

Material uncertainty regarding continuation as a going concern
Without qualifying our opinion, we draw attention to Note 3.21 in the financial report which indicates that the Company incurred a net loss of $75,286 during the year ended 30 June 2012 and, as of that date, the Company's cash inflows from operations was $133,355. These conditions, along with other matters as set forth in Note 3.21, indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern and therefore, the Company 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 5 to 8 of the directors' report for the year ended 30 June 2012. The Directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion on the remuneration report

In our opinion, the remuneration report of Refresh Group Limited for the year ended 30 June 2012, complies with section 300A of the Corporations Act 2001.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

P. Warr.

P W Warr
Partner - Audit & Assurance

Perth, 27 September 2012

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 2012.

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 names of independent directors of the company are Edmund Teo and Jamie Khoo.

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 Group has established a share trading policy which governs the trading in the Group's shares and applies to all Directors and employees of the Group. Details of the company's Trading Policy are posted on its website: *www.refreshgroup.com.au.*

Anyone who has material non-public information cannot buy or sell Company shares, even during a period when trading is otherwise permitted.

A restricted person is not permitted to trade in Company shares during the following periods:

a. Two weeks prior to the release of the following reports:
   i. Half Year Report
   ii. Annual Financial Report

b. Any time the restricted person is in possession of material information until after release of the information to ASX or termination of negotiation or event.

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.

CORPORATE GOVERNANCE STATEMENT

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.

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 27 September 2012

Distribution of Ordinary Shares

Range of Shares	Total Holders
1 - 1,000	2
1,001 - 5,000	9
5,001 - 10,000	179
10,001 - 100,000	160
100,001 and over	67
Total	**405**

Holders of less than a marketable parcel of ordinary shares **241**

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

Name	Shares	%
AUSTRALIAN GLAMOUR PTY LTD <RF TAN FAMILY A/C>	10,000,000	10.2
MR HENRY ENG CHYE HENG + MS SOK HWA NGOH <THE HENG FAMILY A/C>	8,860,700	9.0
MR ANTHONY GUAN CHEOW SOH	8,025,028	8.2
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED-GSCO ECA	7,692,308	7.8
MR EDMUND SOON KIN TEO + MRS JANICE TEO <THE TEO FAMILY A/C>	6,793,900	6.9
MR BOON KHENG ONG	6,040,529	6.1
MS INN HOON JUDY ONG	5,411,550	5.5
MS ING CHENG DIANA ONG	4,851,900	4.9
MS MAY PHENG LEONG	3,846,154	3.9
MR DJUANDA HADI <OYEZ INVESTMENT A/C>	3,604,550	3.7
MR ENG HUAT ONG	2,010,000	2.0
MR YONG WEI POR	1,923,077	2.0
MS WENYUN VENETIA SU	1,923,077	2.0
MR MENG LEONG LYE	1,685,000	1.7
DR CHEE SENG SEAH	1,410,000	1.4
MR JUAN HUI GOH	1,300,000	1.3
CITICORP NOMINEES PTY LIMITED	1,112,148	1.1
MR HENRY ENG CHYE HENG + MR EDMUND SOON KIN TEO <REFRESH SUPERANNUATION A/C>	1,071,800	1.1
MR MUN YEW CHAN	1,041,779	1.1
MR SAMUEL JACOB	1,038,400	1.1
Total Top 20	**79,641,900**	**81.0**
Total Shares on Issue	**98,328,924**	

SHAREHOLDER INFORMATION

Substantial Shareholders - Ordinary Shares

	Shares	%
Mr Anthony Guan Cheow Soh	11,981,182	12.1%
Mr Henry Eng Chye Heng & Ms Sok Hwa Ngoh <The Heng Family a/c>	10,119,439	10.3%
Australian Glamour Pty Ltd <RF Tan Family a/c>	10,000,000	10.2%
Mr Edmund Soon Kin Teo & Mrs Janice Teo <The Teo Family a/c>	8,416,450	8.6%
HSBC Custody Nominees (Australia) Limited - GSCO ECA	7,692,308	7.8%
Ms Inn Hoon Judy Ong	6,711,550	6.8%
Ms Ing Cheng Diana Ong	6,261,900	6.4%
Mr Boon Kheng Ong	6,040,529	6.1%

CORPORATE DIRECTORY

BOARD OF DIRECTORS

Henry Heng	Chairman and Managing Director
Edmund Teo	Independent, Non-Executive Director
Mun Yew Chan	Non-Executive Director
Jamie Khoo	Independent, Non-Executive Director

AUDIT COMMITTEE
Mun Yew Chan – Chairman
Edmund Teo
Jamie Khoo

REMUNERATION COMMITTEE
Jamie Khoo - Chairman
Henry Heng
Mun Yew Chan

COMPANY SECRETARY
Jamie Khoo

REGISTERED OFFICE AND HEAD OFFICE

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