

refresh group



Annual Report 2016

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CHAIRMAN'S REVIEW

I am pleased to present the Annual Report for Refresh Group Ltd for the financial year ended 30 June 2016.

Our operations in New South Wales and Victoria achieved record profits and we project these good results continuing into this financial year. However, the year delivered mixed results. Western Australia delivered a profit but this was lower than what was achieved in recent years in part due to the mining downturn which has affected Western Australia more than the other states. For the same reason, Queensland swung into a loss. Since we now own 49% of the Queensland operations the loss was proportionately shared. The share of loss in Queensland brought the group net profit down from AUD74,000 to AUD37,000.

Management saw the mining downturn coming and made up for the decline by launching new products. Refresh non-returnable 12-litre bottles, which are also suitable for use with water coolers and dispensers, has met with good success. Perth is now blowing its own 350mL to 15-litre PET bottles and is able to extend Refresh 5-litre bottles into Woolworths supermarkets in Western Australia. This has been sold in Queensland, New South Wales, Australian Capital Territory and Victoria for many years. The sale of Refresh coconut water is also progressing well.

Some changes were made to strengthen our management team with branch managers replaced in Perth and Brisbane. These have resulted in additional expenses for the two operations but better results have already been achieved. The blow-moulding machine in Brisbane which produces 5-litre to 15-litre PET bottles is now running smoothly, achieving cost savings that should see Queensland turn around into a profit this financial year.

On 8 August 2016, we placed out new shares to 2 companies increasing our cash holding by AUD1.1 million. Both companies have directors with extensive experience in doing business in Asia. Their expertise and contributions will help Refresh adopt an export focus. Added to the good positive cash flow we currently have, this will put us in a very strong financial position to further grow the company.

We have been negotiating several acquisition and investment opportunities. Although none was completed in the last financial year, discussions are continuing with some of the parties. We hope to effect a successful acquisition in this financial year.

Refresh could not be where we are today without guidance from the Board of Directors, our auditors, tax advisers and lawyers. Thank you for your invaluable advice. I also thank my colleagues for their continued assistance and most of all you, our shareholders, for your continued support.



Henry Heng
Chairman

DIRECTORS' REPORT

The directors of Refresh Group Limited (Refresh) present the annual financial report of the consolidated entity, being Refresh Group Limited and its controlled entities (Group) for the financial year ended 30 June 2016. 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*

Appointed on 11 August 1997, Henry Heng is a founding shareholder and director of Refresh.

He 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 Australia, Perth since July 2010. He is also Branch Secretary of Family First Party WA since August 2012.

He 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.

Henry did not hold directorship in any listed company in the last three years.

Dato' Eddie Soong *BA* *Independent, Non-Executive Director*

Appointed on 9 October 2013. Chairman of Remuneration Committee; member of Audit Committee

Eddie was previously the General Manager of Malaysia Airlines for 8 years based in Perth. He has worked with the airline for more than 25 years and held senior management positions including as Director of Industrial Relations. His qualifications include a Bachelor of Arts from the University of Malaya.

Eddie is currently a director of three private limited companies involved in information technology, financial and hospitality services in Australia and Malaysia. From February 2010 to December 2012, he was a Non-Executive Director of ASX-listed Coziron Resources Limited, a company involved in mining. Eddie does not currently hold directorship in any other listed company.

Roy Ong *B Comp* *Non-Executive Director*

Appointed on 18 June 2014. Member of Audit Committee and Remuneration Committee

Roy graduated from Monash University in 1998 with a Bachelor of Computing. Since then, he has extensive experience in the field of Information Technology. He has worked for multi-national corporations such as The International Business Machines Corporation (IBM) and ExxonMobil in Singapore.

In 2003, Roy founded Basis Systems Services Asia and became their Managing Director. Its clientele ranges from the financial and banking sector to the automobile industry and includes renowned international companies. This spreads across the Asia Pacific region including China, Hong Kong, Japan, South Korea, Vietnam, Philippines, Myanmar, Malaysia, Indonesia and Singapore. Roy continues to maintain very strong business networks in these countries.

Roy is also active in social and community services and is an Honorary Treasurer of a Buddhist temple in Singapore.

Roy did not hold directorship in any listed company in the last three years.

DIRECTORS' REPORT

Thuan Teh *B Arch Non-Executive Director*

Appointed on 24 August 2016.

Thuan has more than 20 years' experience in international project assessment, delivery and commercialisation. He has been delivering unique business and development solutions in the developing economies in Asia, solutions that are culturally sensitive and always respectful of local demands and economic pressures.

He is currently the Chairman of Compass Global Holding Group that moves and manages capital for private wealth and public listed Chinese companies. Compass brings strategic management and partnerships into their investment portfolio. He is also a director of various private companies involved in financial services, health technology, development and clean energy.

Thuan graduated from the University of New South Wales with a Bachelor of Architecture.

Thuan did not hold directorship in any listed company in the last three years.

Michael Pixley *Independent, Non-Executive Director*

Appointed on 24 August 2016.

Michael has worked as a merchant banker specialising in strategic corporate development, joint ventures and acquisitions. He has 30 years' experience in the Asian business sector and has extensive networks and relationships with key personnel in government, corporate and private sectors in the Asia Pacific region.

Michael holds directorships in Story-i Ltd (ASX:SRY), Ephraim Resources Ltd (ASX:EPA), Pan Asia Corporation Ltd (ASX:PZC) and APAC Coal Ltd (ASX:AAL), all listed on the Australian Securities Exchange.

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

Nicholas 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.

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

Nicholas is a director of World Outreach International. 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. Nicholas does not currently hold directorship in any other listed company.

Appointed on 13 July 2010. resigned on 17 August 2016.

DIRECTORS' REPORT

Secretary

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

Dato' Eddie Soong BA

Appointed on 12 September 2014

Eddie was previously the General Manager of Malaysia Airlines for 8 years based in Perth. He has worked with the airline for more than 25 years and held senior management positions including as Director of Industrial Relations. His qualifications include a Bachelor of Arts from the University of Malaya.

He is currently a director of three private limited companies involved in information technology, financial and hospitality services in Australia and Malaysia. From February 2010 to December 2012, Eddie was a Non-Executive Director of ASX-listed Coziron Resources Limited, a company involved in mining.

DIRECTORS' REPORT

(a) Review of Operations and Financial Results

Refresh is a good reflection of Australia's 2-speed economy. Our operations in New South Wales and Victoria achieved record profits. Unfortunately, we have been badly affected in the mining states of Western Australia and Queensland. We are pleased that despite that, a small profit was achieved.

The launch of Refresh 12-litre suitable for use with water coolers and dispensers has met with good success. With Perth now blowing PET bottles from 350mL to 15-litre, it is able to extend the ranging of Refresh 5-litre into Woolworths supermarkets in Western Australia, besides being sold in Queensland, New South Wales, Australian Capital Territory and Victoria. The sale of Refresh coconut water is also progressing well.

As Refresh gears for growth, we have made some changes to strengthen our management team. Senior managers in Perth and Brisbane have been replaced. These have resulted in additional expenses for the two operations but better results are already achieved.

Refresh looked at several acquisition and investment opportunities. None was completed last year but we continue to negotiate with some of the parties and hope to achieve positive results this year.

Placements were made to 2 companies whose directors have extensive experience in doing business in Asia. Their expertise and contributions will help Refresh adopt an export focus. Added to the good positive cash flow we currently have, this will put us in a very strong financial position to take the Company to the next level.

(b) Significant Changes in State of Affairs

Nil

(c) Principal Activities

During the year, the principal activity of Refresh was the production and distribution of bottled water and accessories. It is Australia's largest producer of distilled drinking water with a capacity to produce more than 10,000 litres of distilled water per hour. It also distributes filtration systems and water purifiers. There was no significant change in the nature of these activities.

(d) Our Business Model and Objectives

Refresh's primary business is in the home and office delivery sector of the bottled water market. It is the second biggest company in this sector after Neverfail, which is wholly-owned by Coca-cola Amatil. Empty bottles have to be returned for cleaning and reuse. For this reason, Refresh has to locate our factories nearer to the customer and hence our model of having 6 factories in Australia.

Having multiple locations also help us reduce our transport cost, e.g. our 5-litre sold in Woolworths are delivered out of Brisbane for Queensland, Sydney for New South Wales and Australian Capital Territory, Melbourne for Victoria and Perth for Western Australia. Blowing our own bottles allows us to reduce our costs and Refresh is well position to supply more products to other supermarkets as well.

(e) Financial Position

Refresh has a strong cash and financial position. As at end June 2016, it has \$963k in cash and the only borrowing was a hire purchase amounting to \$257k.

(f) Significant Events after Balance Date

On 8 August 2016, Refresh raised \$1,133,000 through the placement of 21,660,000 new shares to 2 new shareholders at 5.3 and 5.5 cents per share 8 August 2016,

DIRECTORS' REPORT

(g) Future Developments, Prospects and Business Strategies

The Group has been producing its own 15-litre, 12-litre and 5-litre PET bottles in Perth and recently commenced production of the same in Brisbane. Perth has also acquired an integrated blowmoulder and filling line. Bottles from 350ml to 1.5-litre are now produced on site that feeds directly into the filling line. Refresh would progressively increase the use of bottles blown in house. This will significantly reduce our costs.

(h) Business Risks

Perth has obtained accreditation under the Hazard Analysis and Critical Control Points (HACCP). It is our plan to progressively have the other factories accredited. The stringent quality control will ensure there is little risk of contamination.

(i) 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 30 kw of power.

(j) Dividends

No dividend has been declared for the current financial year. A final dividend of 0.1 cent per share was paid on 22 September 2015 for the previous financial year.

(k) 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 & Risk Management Committee		Remuneration Committee	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Henry Heng	4	4	-	-	-	-
Nicholas Chan	4	4	2	2	1	1
Dato' Eddie Soong	4	4	2	2	1	1
Roy Ong	4	4	2	2	1	1

(l) Shares issued during or since the end of the year as a result of exercise

No share was issued as a result of the exercise of options during or since the end of the financial year.

DIRECTORS' REPORT

(m) 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 has adopted 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 executive directors and key management to encourage the alignment of personal and shareholder interests. The company believes this policy has been effective.

Remuneration for non-executive 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.

The Company's remuneration policy was implemented after the listing. Over the years, the managing director and several key management personnel have achieved their KPIs and received performance incentives.

To align the interests of the executive 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 to motivate them to pursue the long term growth and success of the company within an appropriate control framework and demonstrate a clear relationship between key management performance and remuneration. Details of the scheme are found on Note 26 of the Financial Report.

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

The Company has not engaged independent remuneration consultants.

Performance-based Remuneration

KPIs are set annually, with a certain level of consultation with KMP. The measures are specifically tailored to the area each individual is involved in and has a level of control over. The KPIs target areas the Board believes hold greater potential for group expansion and profit, covering financial and non-financial as well as short and long-term goals. The level set for each KPI is based on budgeted figures for the Group and respective industry standards.

Performance in relation to the KPIs is assessed annually, with bonuses being awarded depending on the number and deemed difficulty of the KPIs achieved. Following the assessment, the KPIs are reviewed by the Remuneration Committee in light of the desired and actual outcomes, and their efficiency is assessed in relation to the Group's goals and shareholder wealth, before the KPIs are set for the following year.

In determining whether or not a KPI has been achieved, Refresh base the assessment on audited figures.

DIRECTORS' REPORT

(n) Voting and comments made at the company's last Annual General Meeting

Refresh received 100% of 'yes' votes on its Remuneration Report for the financial year ending 30 June 2015. The Company received no specific feedback on its Remuneration Report at the Annual General Meeting.

(o) Directors and Key Management Personnel Disclosure

(i) Remuneration of Directors

	SHORT TERM EMPLOYEE BENEFITS			POST EMPLOYMENT		LONG TERM BENEFITS	EQUITY	TOTAL	% REMUNERATION
	Salary & Fees	Bonus	Non-Monetary benefits [#]	Superannuation	Retirement benefits	Long Service Leave	Options		Performance Related
Directors	\$	\$	\$	\$	\$	\$	\$	\$	
30 June 16									
Mr H Heng	161,000	39,000	7,578	17,343	-	2,084	-	227,005	24%
Mr M Y Chan	18,000	-	-	1,710	-	-	-	19,710	-
Mr R Ong	16,000	-	-	1,520	-	-	-	17,520	-
Mr E Soong	18,000	-	-	1,710	-	-	-	19,710	-
Total	213,000	39,000	7,578	22,283	-	2,084	-	283,945	
30 June 15									
Mr H Heng	160,000	40,000	5,247	17,461	-	4,943	-	227,651	25%
Mr M Y Chan	17,000	-	-	1,615	-	-	-	18,615	-
Mr R Ong	15,000	-	-	1,425	-	-	-	16,425	-
Ms J Khoo ¹	3,456	-	-	328	-	-	-	3,784	-
Mr E Soong	16,593	-	-	1,576	-	-	-	18,169	-
Total	212,049	40,000	5,247	22,405	-	4,943	-	284,644	

[#] Use of company car and insurance-in-lieu Workers Compensation

¹ Resigned 12 Sept 2014

DIRECTORS' REPORT

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

(ii) Remuneration of Key Management Personnel

The key management of Refresh includes:

Mr O Maerker	Western Australia Director
Mr R Nusantara	New South Wales Manager
Mr H Ho	Victoria Manager
Mr R Jessett	Kalgoorlie Manager
Mr E Pui	Accountant

	SHORT TERM EMPLOYEE BENEFITS			POST EMPLOYMENT		LONG TERM BENEFITS	EQUITY	SHARE-BASED PAYMENT	TOTAL	REMUNE RATION
	Salary & Fees	Bonus	Non-Monetary benefits [#]	Superannuation	Retirement benefits/ termination	Long Service Leave	Options	Remuneration		Performance Related
	\$	\$	\$	\$	\$	\$	\$	\$	\$	%
30 June 16										
Mr O Maerker ²	64,236	-	-	6,102	-	-	-	-	70,339	-
Mr R Nusantara ³	170,272	-	-	-	-	-	-	-	170,272	-
Mr H Ho	59,000	-	-	5,605	-	1,183	-	-	65,788	-
Mr R Jessett	60,289	2,000	-	5,918	-	2,123	-	-	70,330	3%
Mr E Pui	70,816	-	-	6,728	-	1,909	-	-	79,453	-
Total	424,613	2,000	-	24,352	-	5,215	-	-	456,182	
30 June 15										
Mr O Maerker	90,000	18,700	-	10,327	-	-	-	-	119,027	21%
Mr D Forshaw ¹	56,163	-	2,753	5,335	-	-	-	-	64,251	-
Mr H Ho	59,000	9,300	-	6,489	-	1,818	-	-	76,607	16%
Mr R Jessett	60,348	200	-	5,752	-	-	-	-	66,300	0%
Mr E Pui	68,247	-	-	6,483	-	5,765	-	-	80,495	-
Total	333,758	28,200	2,753	34,386	-	7,583	-	-	406,680	

[#] Use of company car

¹ Mr D Forshaw was employed as Business Development Manager from 1 July 2014 to 6 April 2015

² Mr O Maerker left on 19 Feb 2016

³ Mr R Nusantara is Hydr8 Manager and had New South Wales Manager added to his responsibilities on 1 July 2015

(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 2016

DIRECTORS' REPORT

(p) Key Management Personnel Shareholdings

The number of ordinary shares in Refresh held by Directors and KMP of the Group, together with those held by their spouses, during the financial year is as follows:

	<i>Balance 01 Jul 15 Ord</i>	<i>Granted as Remuneration Ord</i>	<i>Other Net Changes * Ord</i>	<i>Balance 30 Jun 16 Ord</i>
Directors				
Mr H Heng	11,036,452	-	(165,838)	10,870,614
Mr M Y Chan	1,041,779	-	-	1,041,779
Mr R Ong	-	-	-	-
Mr E Soong	-	-	-	-
Other KMP				
Mr O Maerker	82,220	-	(79,220)	3,000
Mr R Nusantara	-	-	-	-
Mr H Ho	29,000	-	-	29,000
Mr R Jessett	20,000	-	-	20,000
Mr E Pui	52,000	-	-	52,000
Total	12,261,451	-	(245,058)	12,016,393

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

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

Other Equity-related KMP Transactions

There have been no other transactions involving equity instruments other than those described in the tables above relating to options, rights and shareholdings.

Loans to KMP

No director or key management personnel has received any loan from Refresh or any of its controlled entities.

(q) Service Agreements

None of the Directors or Key Management Personnel is employed on service agreements.

(r) Unissued Shares Under Option

There is no unissued ordinary share under option at the date of this report.

(s) 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. 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, officer or auditor of the Company or of any related body corporate against a liability incurred by such a director, officer or auditor.

DIRECTORS' REPORT

(t) 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 the amount paid to auditors for audit and non-audit services provided during the year are disclosed in Note 24.

(u) Proceedings on Behalf of the 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.

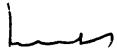
The company was not a party to such proceedings during the year.

(v) Auditor's Independence Declaration

The Auditor's Independence Declaration under section 370C is included on page 12 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 2016

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**AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION
307C OF THE *CORPORATIONS ACT 2001* TO THE DIRECTORS
OF REFRESH GROUP LIMITED**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2016, there have been:

- (a) no contraventions of the auditor independence requirements as set out in 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.



**NEIL PACE
PARTNER**



**MOORE STEPHENS
CHARTERED ACCOUNTANTS**

Signed at Perth this 27th day of September 2016.

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2016**

	Note	CONSOLIDATED	
		2016	2015
		\$	\$
Continuing Operations			
Revenue	6a	6,120,013	5,994,351
Cost of Sales	6b	(2,787,260)	(2,703,596)
Gross Profit		3,332,753	3,290,755
Other income		(10,086)	(38,094)
Marketing Expenses		(514,101)	(504,676)
Distribution Expenses		(975,494)	(1,081,420)
Administrative Expenses		(1,297,727)	(1,295,510)
Occupancy Expenses		(471,783)	(475,620)
Other expenses	14	(6,000)	(6,000)
Share of Net profits of Associates		(36,999)	8,000
Results from operating activities		20,563	(102,565)
Finance income	6c	24,812	43,486
Finance costs	6d	(8,657)	-
Profit/(Loss) before income tax		36,718	(59,079)
Income tax expense	7	-	-
Net Profit/(Loss) from continuing operations		36,718	(59,079)
Other comprehensive income		-	-
Total comprehensive Income/(Loss) attributable to members of Refresh Group Limited		36,718	(59,079)
Earnings per share	8		
From continuing operations:			
Basic earnings/(loss) per share (cents)		0.03	(0.05)
Diluted earnings/(loss) per share (cents)		0.03	(0.05)

The accompanying notes form part of the Consolidated Statement of Profit or Loss and Other Comprehensive Income

CONSOLIDATED STATEMENT OF FINANCIAL POSITION **AS AT 30 JUNE 2016**

	Notes	CONSOLIDATED	
		2016	2015
		\$	\$
ASSETS			
Current Assets			
Cash and cash equivalents	9	963,086	782,448
Trade and other receivables	10	628,958	577,550
Inventories	11	847,489	882,690
Total Current Assets		2,439,533	2,242,688
Non-Current Assets			
Trade and other receivables	10	346,521	246,831
Property, plant and equipment	12	1,866,057	1,960,709
Intangible assets	13	313,042	312,678
Investment in Associates	29	477,676	514,675
Total Non-current assets		3,003,296	3,034,893
TOTAL ASSETS		5,442,829	5,277,581
LIABILITIES			
Current Liabilities			
Trade and other payables	15	400,654	388,497
Financial liabilities	16	55,871	-
Short-term provisions and accruals	18	320,162	361,185
Total Current Liabilities		776,687	749,682
Non-Current Liabilities			
Financial liabilities	16	200,748	-
Long-term provisions	18	64,264	51,691
Total Non-Current Liabilities		265,012	51,691
TOTAL LIABILITIES		1,041,699	801,373
NET ASSETS		4,401,130	4,476,208
EQUITY			
Issued capital	19	9,368,401	9,368,401
Reserves	19	191,712	191,712
2014 Profit Reserve		356,409	468,204
Accumulated losses		(5,515,392)	(5,552,110)
TOTAL EQUITY		4,401,130	4,476,208

The accompanying notes form part of the Consolidated Statement of Financial Position

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY **FOR THE YEAR ENDED 30 JUNE 2016**

	Issued Capital	Other Reserves	2014 Profit Reserve	Accumulated Profit/(Losses)	Total
	\$	\$	\$	\$	\$
Balance at 1 July 2014	9,275,015	191,712	580,000	(5,493,031)	4,553,696
Equity fund raising costs	(6,614)	-	-	-	(6,614)
Issue of share capital	100,000	-	-	-	100,000
Dividend Payment	-	-	(111,795)	-	(111,795)
	9,368,401	191,712	468,205	(5,493,031)	4,535,287
Total Profit/(Loss) for the year	-	-	-	(59,079)	(59,079)
Balance at 30 June 2015	9,368,401	191,712	468,205	(5,552,110)	4,476,208
Balance at 1 July 2015	9,368,401	191,712	468,205	(5,552,110)	4,476,208
Equity fund raising costs	-	-	-	-	-
Issue of share capital	-	-	-	-	-
Dividend Payment	-	-	(111,796)	-	(111,796)
	9,368,401	191,712	356,409	(5,552,110)	4,364,412
Total Profit/(Loss) for the year	-	-	-	36,718	36,718
Balance at 30 June 2016	9,368,401	191,712	356,409	(5,515,392)	4,401,130

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

CONSOLIDATED STATEMENT OF CASH FLOWS **FOR THE YEAR ENDED 30 JUNE 2016**

		CONSOLIDATED	
		2016	2015
	Notes	\$	\$
Cash flows from operating activities			
Receipts from customers		6,271,437	6,043,789
Payments to suppliers and employees		(6,077,679)	(5,790,976)
Borrowing costs		(8,657)	-
Interest received		24,812	43,486
Net cash flows provided by/(used in) operating activities	9	209,913	296,299
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment, and investment		21,712	16,959
Purchase of Intangible		(6,364)	-
Proceeds from disposal of controlling interest in subsidiary		-	-
Purchase of property, plant and equipment		(189,446)	(774,031)
Net cash flows provided by/(used in) investing activities		(174,098)	(757,072)
Cash flows from financing activities			
Proceeds from issue of shares		-	100,000
Proceeds from borrowings		298,000	-
Repayment of loans from related parties		-	-
Share issue expenses		-	(6,614)
Dividend Payment		(111,796)	(111,795)
Repayments of borrowings		(41,381)	-
Net cash flows provided by/ (used in) financing activities		144,823	(18,409)
Net increase/ (decrease) in cash and cash equivalents		180,638	(479,182)
Cash and cash equivalents at beginning of period		782,448	1,261,630
Cash and cash equivalents at end of period	9	963,086	782,448

The accompanying notes form part of the Consolidated Statement of Cash Flows

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

1. CORPORATE INFORMATION

The financial report of Refresh Group Limited for the year ended 30 June 2016 was authorised for issue in accordance with a resolution of the directors on 27 September 2016.

Refresh Group Limited is a company limited by shares incorporated and domiciled in Australia; their 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

2.1 New Accounting Standards and Interpretations not yet mandatory or early adopted

Accounting Standards issued by the AASB that are not yet mandatorily applicable to the Group, together with an assessment of the potential impact of such pronouncements on the Group when adopted in future periods, are discussed below:

AASB 9: Financial Instruments and associated Amending Standards (applicable to annual reporting periods beginning on or after 1 January 2018).

The Standard will be applicable retrospectively (subject to the provisions on hedge accounting outlined below) and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments and simplified requirements for hedge accounting.

The key changes that may affect the Group on initial application include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, upfront accounting for expected credit loss, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. AASB 9 also introduces a new model for hedge accounting that will allow greater flexibility in the ability to hedge risk, particularly with respect to hedges of non-financial items. Should the entity elect to change its hedge policies in line with the new hedge accounting requirements of the Standard, the application of such accounting would be largely prospective.

Although the directors anticipate that the adoption of AASB 9 may have an impact on the Group's financial instruments, including hedging activity, it is impracticable at this stage to provide a reasonable estimate of such impact.

When effective, this Standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Except for a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers.

The core principle of the Standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services. To achieve this objective, AASB 15 provides the following five-step process:

- identify the contract(s) with a customer;
- identify the performance obligations in the contract(s);
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contract(s); and
- recognise revenue when (or as) the performance obligations are satisfied.

The transitional provisions of this Standard permit an entity to either: restate the contracts that existed in each prior period presented per AASB 108: *Accounting Policies, Changes in Accounting Estimates and Errors* (subject to certain practical expedients in AASB 15); or recognise the cumulative effect of retrospective application to incomplete contracts on the date of initial application. There are also enhanced disclosure requirements regarding revenue.

Although the directors anticipate that the adoption of AASB 15 may have an impact on the Group's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

2. CHANGES IN ACCOUNTING POLICIES AND NEW ACCOUNTING STANDARDS (cont)

2.1 New Accounting Standards and Interpretations not yet mandatory or early adopted (cont)

AASB 16: Leases (applicable to annual reporting periods beginning on or after 1 January 2019).

When effective, this Standard will replace the current accounting requirements applicable to leases in *AASB 117: Leases* and related Interpretations. *AASB 16* introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases.

The main changes introduced by the new Standard include:

- recognition of a right-to-use asset and liability for all leases (excluding short-term leases with less than 12 months of tenure and leases relating to low-value assets);
- depreciation of right-to-use assets in line with *AASB 116: Property, Plant and Equipment* in profit or loss and unwinding of the liability in principal and interest components;
- variable lease payments that depend on an index or a rate are included in the initial measurement of the lease liability using the index or rate at the commencement date;
- by applying a practical expedient, a lessee is permitted to elect not to separate non-lease components and instead account for all components as a lease; and
- additional disclosure requirements.

The transitional provisions of *AASB 16* allow a lessee to either retrospectively apply the Standard to comparatives in line with *AASB 108* or recognise the cumulative effect of retrospective application as an adjustment to opening equity on the date of initial application.

Although the directors anticipate that the adoption of *AASB 16* will impact the Group's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact

AASB 2014-3: Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations (applicable to annual reporting periods beginning on or after 1 January 2016)

This Standard amends *AASB 11: Joint Arrangements* to require the acquirer of an interest (both initial and additional) in a joint operation in which the activity constitutes a business, as defined in *AASB 3: Business Combinations*, to apply all of the principles on business combinations accounting in *AASB 3* and other Australian Accounting Standards except for those principles that conflict with the guidance in *AASB 11*; and disclose the information required by *AASB 3* and other Australian Accounting Standards for business combinations.

The application of *AASB 2014-3* will result in a change in accounting policies for the above described transactions, which were previously accounted for as acquisitions of assets rather than applying the acquisition method per *AASB 3*.

The transitional provisions require that the Standard should be applied prospectively to acquisitions of interests in joint operations occurring on or after 1 January 2016. As at 30 June 2016, management is not aware of the existence of any such arrangements that would impact the financial statements of the entity going forward and as such is not capable of providing a reasonable estimate at this stage of the impact on initial application of *AASB 2014-3*.

AASB 2014-10: Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (applicable to annual reporting periods beginning on or after 1 January 2018, as deferred by *AASB 2015-10: Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128*).

This Standard amends *AASB 10: Consolidated Financial Statements* with regards to a parent losing control over a subsidiary that is not a "business" as defined in *AASB 3* to an associate or joint venture, and requires that:

- a gain or loss (including any amounts in other comprehensive income (OCI)) be recognised only to the extent of the unrelated investor's interest in that associate or joint venture;
- the remaining gain or loss be eliminated against the carrying amount of the investment in that associate or joint venture; and
- any gain or loss from remeasuring the remaining investment in the former subsidiary at fair value also be recognised only to the extent of the unrelated investor's interest in the associate or joint venture. The remaining gain or loss should be eliminated against the carrying amount of the remaining investment.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

2. CHANGES IN ACCOUNTING POLICIES AND NEW ACCOUNTING STANDARDS (cont)

2.1 New Accounting Standards and Interpretations not yet mandatory or early adopted (cont)

The application of AASB 2014-10 will result in a change in accounting policies for transactions of loss of control over subsidiaries (involving an associate or joint venture) that are businesses per AASB 3 for which gains or losses were previously recognised only to the extent of the unrelated investor's interest.

The transitional provisions require that the Standard should be applied prospectively to sales or contributions of subsidiaries to associates or joint ventures occurring on or after 1 January 2018. Although the directors anticipate that the adoption of AASB 2014-10 may have an impact on the Group's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

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 and rounded to the nearest dollar.

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 2016 ('the Group'). The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

3. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

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 15 years	Straight Line Method
Plant and equipment	5 to 15 years	Straight Line Method
Motor vehicles	10 years	Diminishing Value Method

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 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 Intangibles Other than Goodwill

Customer list and trademarks

Customer list and trademarks are recognised at cost of acquisition. Customer list has a finite life and is carried at cost less any accumulated amortisation and any impairment losses. Customer list is amortised over useful life of 5 years. Trademarks have indefinite life and carried at cost less any impairment losses.

3.7 Impairment of non-financial assets

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

3. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont)

3.8 Employee benefits

Short-term employee benefits

Provision is made for the Group's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

Other long-term employee benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

The Group's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Group does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

3.9 Investment in Associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the entity but is not control or joint control of those policies. Investments in associates are accounted for in the consolidated financial statements by applying the equity method of accounting, whereby the investment is initially recognised at cost (including transaction costs) and adjusted thereafter for the post-acquisition change in the Group's share of net assets of the associate. In addition, the Group's share of the profit or loss of the associate is included in the Group's profit or loss.

The carrying amount of the investment includes, when applicable, goodwill relating to the associate. Any discount on acquisition, whereby the Group's share of the net fair value of the associate exceeds the cost of investment, is recognised in profit or loss in the period in which the investment is acquired.

Profits and losses resulting from transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group discontinues recognising its share of further losses unless it has incurred legal or constructive obligations or made payments on behalf of the associate. When the associate subsequently makes profits, the Group will resume recognising its share of those profits once its share of the profits equals the share of the losses not recognised.

3.10 Inventories

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

3. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont)

3.11 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.

3.12 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 Consolidated Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

3.13 Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

3.14 Share-based payment transactions

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

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

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

Details of the plans are covered under Note 26 Employee Benefits.

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

3.15 Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset – but not the legal ownership – are transferred to entities in the consolidated group, are classified as finance leases.

Finance leases are capitalised by recognising an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

3. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont)

3.16 Trade and other payables

Trade and other payables represent the liabilities for goods and services received by the entity that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

3.17 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.

3.18 Borrowing costs

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

3.19 Income tax

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

3. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont)

3.19 Income tax (cont)

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.

3.20 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.

Profit or loss from discontinued operations, including prior year components of profit or loss, is 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.

3.21 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 Statement of Cash Flow 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.

3.22 Financial Instruments

Recognition

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately. Financial instruments are subsequently measured at fair value, amortised cost using the effective interest rate method, or cost.

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.

Financial liabilities

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

3. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont)

3.22 Financial Instruments (cont)

Fair value

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

Impairment

A financial asset (or a group of financial assets) is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

In the case of available-for-sale financial assets, a significant or prolonged decline in the market value of the instrument is considered to constitute a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance account.

When the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, the Group recognises the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so that the loss events that have occurred are duly considered.

3.23 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. In accordance with AASB 136 *Impairment of Assets*, the Group tests their intangible assets with an indefinite useful life for impairment by comparing its recoverable amount with its carrying amount.

Value in Use

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

3. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont)

3.23 Critical accounting estimates and judgements (cont)

Fair value

Management apply valuation techniques to determine the fair value of cash-generating units where active market quotes are not available. This requires management to develop estimates and assumptions based on market inputs, using observable data that market participants would use in pricing the cash-generating unit. Where such data is not observable, management uses its best estimate. Estimated fair values of financial instruments may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

No impairment has been recognised in respect of non-current assets including intangibles (goodwill) for the year ended 30 June 2016. Further particulars of impairment testing can be found in Note 14.

Share-based payment transactions

The Group 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 25. 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.

3.24 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.

3.25 Fair Value of Assets and Liabilities

The Group measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the Group would receive to sell an asset or would have to pay to transfer a liability in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instrument, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

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 sale 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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

4. OPERATING SEGMENTS (cont)

(f) Segment performance

	WA	NSW	VIC	OTHER (Corporate)	TOTAL
30 June 2016					
Revenue from external customers	3,761,565	1,514,463	843,985	-	6,120,013
Other Income	(5,727)	2,021	(6,380)	-	(10,086)
Other Expense	-	-	6,000	-	6,000
Interest Expense	(8,657)	-	-	-	(8,657)
Depreciation & Amortisation	180,240	59,859	45,386	-	285,485
Segment operating profit/(loss)	206,501 ¹	168,318	137,413	(475,514)	36,718
Total assets	3,545,041	717,419	466,252	714,117	5,442,829
Total liabilities	830,788	4,908	1,864	204,139	1,041,699
30 June 2015					
Revenue from external customers	3,886,789	1,255,347	852,216	-	5,994,352
Other Income	(32,470)	3,898	(9,522)	-	(38,094)
Other Expense	-	-	6,000	-	6,000
Interest Expense	-	-	-	-	-
Depreciation & Amortisation	151,902	61,959	46,234	-	260,095
Segment operating profit/(loss)	232,544 ¹	81,136	77,215	(449,974)	(59,079)
Total assets	3,380,906	804,249	528,537	563,889	5,277,581
Total liabilities	571,232	3,825	1,626	224,690	801,373

¹ Includes profit/(loss) from associate

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

5. DIVIDEND

No dividend has been declared for the current financial year. A final dividend of 0.1 cent per share was paid for the previous financial year.

	CONSOLIDATED	
	2016	2015
	\$	\$
Distributions paid:		
Dividend of 0.1 cent per share fully franked at the tax rate of 30%	111,796	111,795
(2015: 0.1 cent per share fully franked at the tax rate of 30%)		
	<u>111,796</u>	<u>111,795</u>

6. REVENUE AND EXPENSES

	CONSOLIDATED	
	2016	2015
	\$	\$
(a) Revenue		
Sale of bottled water and accessories	6,120,013	5,994,351
	<u>6,120,013</u>	<u>5,994,351</u>
(b) Cost of Sales		
Inventory expensed	2,686,658	2,634,547
Inventory write-off	100,602	69,049
	<u>2,787,260</u>	<u>2,703,596</u>
(c) Finance income		
Interest received	24,812	43,486
	<u>24,812</u>	<u>43,486</u>
(d) Finance Costs		
Bank loans and other borrowings	-	-
Finance charges payable under finance leases and hire purchase contracts	8,657	-
	<u>8,657</u>	<u>-</u>
(e) Employee benefits expense		
Wages and Salaries	1,911,473	1,891,549
Workers' compensation costs	42,884	42,240
Defined contribution superannuation costs	209,325	205,256
Provisions for Annual and Long Service Leave	278	40,694
Other employee benefits expense	49,555	30,804
	<u>2,213,515</u>	<u>2,210,543</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

6. REVENUE AND EXPENSES (cont)

	CONSOLIDATED	
	2016	2015
	\$	\$
(f) Depreciation & Amortisation		
Depreciation expense	285,485	260,095
Amortisation	6,000	6,000
	<u>291,485</u>	<u>266,095</u>
(g) Bad and doubtful debts		
Bad Debts Expense	(8,806)	(15,285)
	<u>(8,806)</u>	<u>(15,285)</u>
(h) Rental expense on operating lease		
Lease payments	428,349	389,446
	<u>428,349</u>	<u>389,446</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

7. INCOME TAX

	CONSOLIDATED	
	2016	2015
	\$	\$
The components of the tax expense(benefit)comprise:		
Current tax	26,061	6,291
Deferred tax	-	-
Losses recouped not previously recognised	(26,061)	(6,291)
Income tax expense attributable to the entity	-	-
The prima facie tax expense/(benefit) on profit/(loss) from ordinary activities before income tax is reconciled to the income tax as follows:		
- Accounting profit/(loss) before tax	36,718	(59,079)
Prima facie tax expense/(benefit) on profit/(loss) from continuing activities before income tax at 30% (2015: 30%)	11,016	(17,724)
Add tax effect of:		
- Non-deductible expenses	12,900	3,414
- Deferred tax balances not brought to account	2,145	23,001
	26,061	8,691
Less tax effect of:		
Non-assessable income	-	(2,400)
Losses recouped not previously recognised	26,061	(6,291)
Income tax expense attributable to the entity	-	-
Unrecognised deferred tax balances:		
The following deferred tax assets and liabilities have not been brought to account:		
Unrecognised deferred tax assets – losses	990,729	1,016,790
Unrecognised deferred tax assets – other	123,061	130,222
Unrecognised deferred tax liabilities	(115,813)	(125,119)
	997,977	1,021,893

The tax benefits of the above deferred tax assets will only be obtained if:

- (a) the company derives future assessable income of a nature and of an amount sufficient to enable the benefits to be utilised;
- (b) the company continues to comply with the conditions for deductibility imposed by law; and
- (c) no changes in income tax legislation adversely affect the company in utilising the benefits.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

7. INCOME TAX (Cont)

Tax consolidation

- (i) Members of the tax consolidated group

Refresh Group Limited and its wholly owned Australian resident subsidiaries have formed a tax consolidated group with effect from 1 July 2005. Refresh Group Limited is the head entity of the tax consolidated group.

- (ii) Tax effect accounting by members of the tax consolidated group

Measurement method adopted under UIG 1052 Tax Consolidated Accounting

The group has applied the Stand-Alone Taxpayer approach in determining the appropriate amount of current and deferred taxes recognised by members of the tax consolidated group. Each entity in the group recognises its own current and deferred tax assets and liabilities, except for any deferred tax assets resulting from unused tax losses and tax credits and any current tax liability. Deferred tax assets resulting from unused tax losses and tax credits and the current tax liability are assumed and recognised, as appropriate, by the parent entity. The group has not entered into any tax sharing or funding agreements.

8. EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing net profit/(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 profit/(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 profit/(loss) and share data used in the total operations basic and diluted profit/(loss) per share computations:

	CONSOLIDATED	
	2016	2015
	\$	\$
From continuing and discontinued operations:		
Profit/(Loss) attributable to equity holders of the parent	36,718	(59,079)
Weighted average number of ordinary shares for basic earnings per share	111,795,590	111,455,864
Weighted average number of dilutive options outstanding	-	-
Basic/diluted earnings/(loss) per share (cents per share)		
Basic earnings/(loss) per share (cents per share)	0.03	(0.05)
Diluted earnings/(loss) per share (cents)	0.03	(0.05)
From continuing operations:		
Profit/(Loss) attributable to equity holders of the parent	36,718	(59,079)
Weighted average number of ordinary shares for basic earnings per share	111,795,590	111,455,864
Weighted average number of dilutive options outstanding	-	-
Basic/diluted earnings/(loss) per share (cents per share)		
Basic earnings/(loss) per share (cents per share)	0.03	(0.05)
Diluted earnings/(loss) per share (cents)	0.03	(0.05)

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

9. CASH AND CASH EQUIVALENTS

	CONSOLIDATED	
	2016	2015
	\$	\$
Cash at bank and in hand	463,086	529,740
Short-term bank deposits	500,000	252,708
	<u>963,086</u>	<u>782,448</u>

Cash at bank and in hand earns interest at floating rates based on daily bank rates.
The effective interest rate on short-term bank deposits was 2.3% (2015: 2.5%); these deposits have an average maturity of 90 days.

Reconciliation from the net profit / (loss) after tax to the net cash flows from operations

Net (Loss) after income tax	36,718	(59,079)
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Adjustments for:

Depreciation expense	285,485	260,095
Net (profit)/loss on disposal of property, plant and equipment	10,086	39,533
Other (Income)/ Expense	-	-
Interest (Income)/ Expense	(8,314)	(43,486)
(Gain)/Loss on the disposal of Business	-	-
Share of Associates Profit	36,999	(8,000)
Add Impairment of Non-current asset	6,000	6,000
Employee shares / options expensed	-	-

Changes in assets and liabilities

(Increase)/decrease in inventories	35,201	(141,803)
(Increase)/decrease in trade and other receivables	28,509	188,209
(decrease)/increase in trade and other payables	(233,344)	(156,763)
(decrease)/increase in short-term provisions	<u>12,573</u>	<u>211,593</u>
Net cash provided by /used in operating activities	<u>209,913</u>	<u>296,299</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

10. TRADE AND OTHER RECEIVABLES

	CONSOLIDATED	
	2016	2015
	\$	\$
Current		
Trade receivables	447,068	484,735
Provision for impairment of receivables	(2,204)	(4,079)
	444,864	480,656
Other receivables	39,429	67,948
Prepayments	144,665	28,946
	628,958	577,550
Non-Current		
Loan to Associate	346,521	246,831
	346,521	246,831

Provision for impairment of Receivables

Movement in the provision for impairment of receivables is as follows:

	CONSOLIDATED	
	2016	2015
	\$	\$
Balance at the beginning of the year	4,079	3,386
Additional provisions recognised	13,333	15,978
Receivables written off during the year as uncollectable	(10,799)	(15,285)
Unused amounts reversed	(4,409)	-
Balance at the end of the year	2,204	4,079

Specific provision for bad debt is made for all outstanding receivables not paid within 90 days.

	Gross Amount	Past due and impaired	Past due but not impaired (days overdue)			Within initial trade terms
			31-60	61-90	>90	
Consolidated 2016						
Trade receivables	447,068	2,204	161,209	8,591	15,104	259,960
Other receivables	39,430	-	-	-	-	39,430
	486,498	2,204	161,209	8,591	15,104	299,390
2015						
Trade receivables	484,735	4,079	139,261	12,391	7,901	321,103
Other receivables	67,948	-	-	-	-	67,948
	552,683	4,079	139,261	12,391	7,901	389,051

All of the Group's trade and other receivables have been reviewed for indications of impairment and impaired accordingly as tabled above.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

11. INVENTORIES

	CONSOLIDATED	
	2016	2015
	\$	\$
Raw materials (at cost)	473,895	425,837
Finished goods (at cost)	415,674	505,944
Total inventories at cost	889,569	931,781
Provision for slow moving Inventories	(42,080)	(49,091)
Total inventories at cost or net realizable value	847,489	882,690

12. PROPERTY, PLANT AND EQUIPMENT

		Plant & Equipment	Furniture & Fittings	Office Equipment	Motor Vehicle	Pallets	Equipment Leased	Work in Progress	Total
Cost									
Opening Balance	1July15	2,078,708	339,864	115,380	519,470	404,015	198,200	331,033	3,986,670
Additions		106,818	14,882	17,632	20,071	30,042	549	32,636	222,630
Disposals		-	-	-	(52,063)	-	-	-	(52,063)
Transfer		296,042	15,779	18,783	429	-	-	(331,033)	-
Closing Balance	30June16	2,481,567	370,526	151,795	487,906	434,057	198,749	32,636	4,157,237
Accumulated Depreciation									
Opening balance	1July15	(1,075,694)	(152,240)	(96,821)	(318,135)	(214,534)	(168,538)	-	(2,025,962)
Charge for the year		(160,427)	(29,065)	(14,157)	(38,656)	(35,680)	(7,498)	-	(285,485)
Depreciation on disposals		-	-	-	20,264	-	-	-	20,265
Closing Balance	30June16	(1,236,121)	(181,305)	(110,978)	(336,525)	(250,214)	(176,036)	-	(2,291,182)
Net Book Value									
Opening balance	1July15	1,003,014	187,624	18,559	201,335	189,481	29,663	331,033	1,960,709
Closing balance	30June16	1,245,447	189,220	40,817	151,381	183,843	22,713	32,636	1,866,057

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

12. PROPERTY, PLANT AND EQUIPMENT (cont)

		Plant & Equipment	Furniture & Fittings	Office Equipment	Motor Vehicle	Pallets	Equipment Leased	Work in Progress	Total
Cost									
Opening Balance	1July14	1,926,346	269,370	110,241	511,412	321,323	202,615	-	3,341,307
Additions		188,104	98,807	5,478	67,917	82,692	(4,415)	331,033	769,616
Disposals		(35,742)	(28,313)	(339)	(59,859)	-	-	-	(124,253)
Disposals of controlling interest on subsidiaries		-	-	-	-	-	-	-	-
Closing Balance	30June15	2,078,708	339,864	115,380	519,470	404,015	198,200	331,033	3,986,670
Accumulated Depreciation									
Opening balance	1July14	(943,796)	(148,336)	(85,765)	(296,387)	(180,815)	(157,810)	-	(1,812,908)
Charge for the year		(137,263)	(22,702)	(11,118)	(44,565)	(33,719)	(10,728)	-	(260,095)
Depreciation on disposals		5,365	18,798	63	22,817	-	-	-	47,043
Disposals of controlling interest on subsidiaries		-	-	-	-	-	-	-	-
Closing Balance	30June15	(1,075,694)	(152,240)	(96,820)	(318,135)	(214,534)	(168,538)	-	(2,025,961)
Net Book Value									
Opening balance	1July14	982,550	121,034	24,476	215,025	140,508	44,805	-	1,528,398
Closing balance	30June15	1,003,014	187,624	18,560	201,335	189,481	29,662	331,033	1,960,709

13. INTANGIBLE ASSETS

	CONSOLIDATED			
	Goodwill	Customer List	Trademarks	Total
	\$	\$	\$	\$
At 1 July 2015	295,215	12,500	4,963	312,678
Additions	-	6,364	-	6,364
Amortisation	-	(6,000)	-	(6,000)
At 30 June 2016	295,215	12,864	4,963	313,042

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 other than the customer list which has a definite life of 5 years amortisation is on a straight line basis.

As at 30 June 2016, these assets were tested for impairment (see Note 14).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

14. IMPAIRMENT TESTING OF GOODWILL, OTHER INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit (CGU) level. Goodwill is allocated to those CGU's that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which management monitors goodwill.

CGU's to which goodwill has been allocated (determined by the Group's management as equivalent to its operating segments) are tested for impairment at least annually. All other individual assets or CGU's are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Impairment losses for CGU's reduce first the carrying amount of any goodwill allocated to that CGU. Any remaining impairment loss is charged pro rata to the other assets in the CGU. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist. An impairment charge is reversed if the CGU's recoverable amount exceeds its carrying amount.

An impairment loss is recognized for the amount by which the assets or CGU's carrying amount exceeds its recoverable amount, which is the higher of fair value less costs to sell and value-in-use. To determine the value-in-use, management estimates expected future cash flows from each CGU and determines a suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of futures reorganisations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect management's assessment of respective risk profiles, such as market and asset-specific risks factors. To determine fair value less costs to sell, management needs to identify a comparable transaction or provide a market for the transaction for fair value to be assessed. AASB 136 provides that management can choose either method to provide the highest value. The Group has chosen the value-in-use to calculate impairment.

14.1 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 15%. Cashflows beyond 5 years of forecast are assumed to have no growth therefore the long term growth has been set at 3%

The Board anticipates growth in revenue of 3% for each of the next 5 years, with a net profit margin before interest, tax and depreciation of 15% for Perth.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

14. IMPAIRMENT TESTING OF GOODWILL, OTHER INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT (cont)

14.2 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 15%. Cashflows beyond 5 years of forecast are assumed to have no growth therefore the long term growth has been set at 3%

The Board anticipates growth in revenue of 3% for each of the next 5 years, with a net profit margin before interest, tax and depreciation of 8% for Sydney.

Management believes that any reasonably possible change in the key assumptions on which Perth'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 the CGU. 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.

14.3 Refresh Waters Melbourne cash-generating unit

Melbourne purchased a customer list which had a carrying value of \$12,500 at the beginning of financial year. This has been amortised over 5 years. For year ended 30 June 2016, a charge of \$6,000 was recognised leaving a balance of \$6,500. The Group also assessed the customer list for impairment using the value-in-use method.

14.4 Hydr8 Water cash-generating unit

The carrying amount of goodwill for this cash-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 15%. Cash flows beyond 5 years of forecast are assumed to have no growth therefore the long term growth has been set at 15%

The Board anticipates growth in revenue of 3% for each of the next 5 years, with a net profit margin before interest, tax and depreciation of 15% for Hydr8.

Management believes that any reasonably possible change in the key assumptions on which Hydr8's recoverable amount is based would not cause Hydr8's carrying amount to exceed its recoverable amount

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

15. TRADE AND OTHER PAYABLES

	CONSOLIDATED	
	2016	2015
	\$	\$
Current		
Trade payables	246,762	236,968
Other payables	153,892	151,529
	<u>400,654</u>	<u>388,497</u>

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

16. FINANCIAL LIABILITIES

	Effective interest rate	Maturity	CONSOLIDATED	
			2016	2015
			\$	\$
Current				
Obligations under finance leases and hire purchase contracts (Note 21)	4.69%	< 1 year	55,871	-
			<u>55,871</u>	<u>-</u>
Non-current				
Obligations under finance leases and hire purchase contracts (Note 21)	4.69%	1 – 5 years	200,748	-
			<u>200,748</u>	<u>-</u>

17. CONTINGENT LIABILITIES

The Group has recognised liabilities representing current and potential exposure to guarantees that it has issued to third parties in relation to the performance and obligations of controlled entities with respect to banking facilities, approved deeds and property lease rentals.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

18. PROVISIONS AND ACCRUALS

	CONSOLIDATED	
	2016	2015
	\$	\$
Short term provisions		
Annual Leave	101,588	108,813
Long Service Leave	52,159	57,229
Accruals	166,415	195,143
	320,162	361,185
Long term provisions		
Long Service Leave	64,264	51,691

	Accruals	Employee Benefits	Total
	\$	\$	\$
Consolidated Group			
Opening balance at 1 July 2015	195,143	217,733	412,876
Additional provisions	138,065	14,193	152,258
Amounts used	(166,793)	(13,915)	(180,708)
Balance at 30 June 2016	<u>166,415</u>	<u>218,011</u>	<u>384,426</u>

Provision for Employee Benefits

Provision for employee benefits represents amounts accrued for annual leave and long service leave.

The current portion for this provision includes the total amount accrued for annual leave entitlements and the amounts accrued for long service leave entitlements that have vested due to employees having completed the required period of service. Based on past experience, the Group does not expect the full amount of annual leave or long service leave balances classified as current liabilities to be settled within the next 12 months. However, these amounts must be classified as current liabilities since the Group does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement.

The non-current portion for this provision includes amounts accrued for long service leave entitlements that have not yet vested in relation to those employees who have not yet completed the required period of service.

In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data. The measurement and recognition criteria relating to employee benefits have been discussed in Note 3.8

Analysis of total provisions

	CONSOLIDATED	
	2016	2015
	\$	\$
Current	320,162	361,185
Non-current	64,264	51,691
	<u>384,426</u>	<u>412,876</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

19. ISSUED CAPITAL AND RESERVES

The share capital of Refresh consists only of fully paid ordinary shares. These shares have no par value.

		CONSOLIDATED	
		2016	2015
		\$	\$
Ordinary Shares			
Issued and fully paid		9,368,401	9,375,015
Fund raising costs		-	(6,614)
		<u>9,368,401</u>	<u>9,368,401</u>

		No.	\$
Movement in ordinary shares			
At 30 June 2015	111,795,590	9,368,401	
Fund raising costs	-	-	
At 30 June 2016	<u>111,795,590</u>	<u>9,368,401</u>	
	<u>111,795,590</u>	<u>9,368,401</u>	

Details of the balance of and movements in reserves can be found in the Statement 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 25 for further details of these plans.

Transactions in the year	Nil
Amount of reserve	\$191,712

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

20. FINANCIAL RISK MANAGEMENT

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

Interest Rate Risk

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

Note 21 Financial Instruments sets out the carrying amount, by maturity, of the financial instruments that are exposed to interest rate risk.

Foreign Currency and Price Risk

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

Credit Risk

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

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

Liquidity Risk

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

21. FINANCIAL INSTRUMENTS

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

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

Fair values

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

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

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

21. FINANCIAL INSTRUMENTS (cont)

Liquidity risk analysis (cont)

Year ended 30 June 2015	Floating Interest Rate	Fixed Interest Rate	<1 year \$	Maturity 2 to 5 years \$	>5 years \$	Non-Interest Bearing \$	Total \$
CONSOLIDATED							
Financial Assets							
Term Deposits	-	2.8-3.5%	252,708	-	-	-	252,708
Cash assets	1.7-3%	-	529,740	-	-	-	529,740
Receivables	-	-	-	-	-	577,550	577,550
Loan to Associate	2.5-3%	-	-	-	246,831	-	246,831
			782,448	-	246,831	577,550	1,606,829
Financial Liabilities							
At amortised cost							
Loans and Payables	-	-	-	-	-	388,497	388,497
Hire purchase liability	-	-	-	-	-	-	-
			-	-	-	388,497	388,497
Year ended 30 June 2016	Floating Interest Rate	Fixed Interest Rate	<1 year \$	Maturity 2 to 5 years \$	>5 years \$	Non-Interest Bearing \$	Total \$
CONSOLIDATED							
Financial Assets							
Term Deposits	-	2.35-3.05%	500,000	-	-	-	500,000
Cash assets	1.6-2.3%	-	463,086	-	-	-	463,086
Receivables	-	-	-	-	-	628,958	628,958
Loan to Associate	2.25-2.5%	-	-	-	346,521	-	346,521
			963,086	-	346,521	628,958	1,938,565
Financial Liabilities							
At amortised cost							
Loans and Payables	-	-	-	-	-	400,654	400,654
Hire purchase liability	-	4.69%	55,871	200,748	-	-	256,619
			55,871	200,748	-	400,654	657,273

* Non-interest bearing debt is expected to be settled in less than 60 days.

Fair Values

The fair values of other assets and other liabilities approximate their carrying value.

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

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

Sensitivity Analysis

The Group has no borrowing and as such, changes in interest rate will have no 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

22. COMMITMENTS

22.1 Operating lease commitments

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
Kalgoorlie	30/06/18	2 + 2 year lease
Melbourne	30/06/17	3 + 2 + 2 year lease
Perth	30/06/17	7 + 3 + 3 years
Perth External Warehouse	31/03/17	1 year lease
Sydney	31/07/17	2 year lease

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	
	2016 \$	2015 \$
Within one year	343,884	348,336
After one year but not more than five years	26,724	60,000
	370,608	408,336

22.2 Finance lease and hire purchase commitments

	Effective interest rate	Maturity	CONSOLIDATED	
			2016 \$	2015 \$
Current				
Obligations under finance leases and hire purchase contracts (Note 21)	4.69%	< 1 year	55,871	-
			55,871	-
Non-current				
Obligations under finance leases and hire purchase contracts (Note 21)	4.69%	1 – 5 years	200,748	-
			200,748	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

23. RELATED PARTY DISCLOSURES

The Group's main related parties are as follows:

(i) Key management personnel:

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity, are considered key management personnel. For details of disclosures relating to key management personnel, refer to Note 26.

(ii) Entities subject to significant influence by the Group:

An entity that has the power to participate in the financial and operating policy decisions of an entity, but does not have control over those policies, is an entity which holds significant influence. Significant influence may be gained by share ownership, statute or agreement.

For details of interests held in associated companies, refer to Note 29.

(iii) Other related parties:

Other related parties include entities controlled by the ultimate parent entity and entities over which key management personnel have joint control.

23.1 Transactions with Related Parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

		Consolidated Group	
		2016	2015
		\$	\$
(i)	<i>Associate company:</i>		
	Sale of goods and services:		
	Goods	20,828	17,441
	Management fees and occupancy fees paid to Refresh Group Ltd from associates	15,350	17,800
	Dividend revenue:		
	Dividends received and receivable from associated companies	-	-
	Interest revenue:		
	Interest received and receivable from associated companies	7,840	14,522
(ii)	<i>Key management personnel:</i>		
	-	-	-

23.2 Amounts outstanding from related parties:

Trade and other receivables:

Unsecured loan is made to associate company, Refresh Waters Queensland Pty Ltd on an arm's length basis. Repayment is made from positive cash flow. Interest is charged at cash rate plus 0.5%, which was last charged at 2% (2015: 2.5%)

(i)	<i>Loans to associate company:</i>		
	Beginning of the year	246,830	474,099
	Loans advanced	614,065	500,538
	Loan repayment received	(522,214)	(742,329)
	Interest charged	7,840	14,522
	End of the year	346,521	246,830

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

24. AUDITORS' REMUNERATION

	CONSOLIDATED	
	2016	2015
	\$	\$
Remuneration of the auditor of the parent entity for:		
• audit and review of the financial reports	52,416	50,000
• other services		
(b) tax compliance	14,260	15,000
(c) advisory	-	5,000
	<u>66,676</u>	<u>70,000</u>
Remuneration of related practices of the parent entity auditor for :		
• Audit Protection Service	-	1,564
Total	<u>66,676</u>	<u>71,564</u>

25. EMPLOYEE BENEFITS

25.1 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 are eligible to be issued with options to acquire unissued ordinary fully paid shares in Refresh. The options will be issued for no consideration. They have an exercise period of one year.

During the financial year, no option was granted as equity compensation benefits under the DEOS.

25.2 Employee Share Scheme

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

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

Employees were eligible for a loan from the Company in order to finance the purchase of shares. The loan is an interest-free loan with a maximum term of two years. Repayments are being made through deductions from the employee's salary. The Directors of Refresh invited employees to participate in the ESS based on factors such as their length of service, grade or position in Refresh. New employees will be eligible to join the ESS after one year's continuous service.

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

26. DIRECTORS AND KEY MANAGEMENT PERSONNEL DISCLOSURE

Details of the remuneration paid or payable to each member of the Group's key management personnel (KMP) for the year ended 30 June 2016 are in the Remuneration Report contained in the Directors' Report.

The totals of remuneration paid to KMP of the company and the Group during the year are as follows:

	2016	2015
	\$	\$
Short-term employee benefits ¹	686,191	622,007
Post-employment benefits ²	46,636	56,791
Other long-term benefits ³	7,299	12,526
Total KMP compensation	740,126	691,324

¹ **Short-term employee benefits**

These amounts include fees and benefits paid to the non-executive directors as well as all salary, paid leave benefits, fringe benefits and cash bonuses awarded to executive directors and other KMP.

² **Post-employment benefits**

These amounts are the current-year's estimated cost of providing for the Group's defined benefits scheme post-retirement, superannuation contributions made during the year.

³ **Other long-term benefits**

These amounts represent long service leave benefits accruing during the year, long-term disability benefits and deferred bonus payments.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

27. PARENT ENTITY

27.1 Statement of Financial Position

	Parent	
	2016	2015
	\$	\$
ASSETS		
Current Assets		
Cash and cash equivalents	758,644	563,724
Trade and other receivables	(7,528)	165
Total Current Assets	751,116	563,889
Non-Current Assets		
Other financial assets	3,355,944	3,746,113
Total Non-Current assets	3,355,944	3,746,113
TOTAL ASSETS	4,107,060	4,310,002
LIABILITIES		
Current Liabilities		
Trade and other payables	13,044	8,608
Financial liabilities	-	-
Short-term provisions and accruals	179,120	206,017
Total Current Liabilities	192,164	214,625
Non-Current Liabilities		
Long-term provisions	11,974	10,065
Total Non-Current Liabilities	11,974	10,065
TOTAL LIABILITIES	204,138	224,690
NET ASSETS	3,902,922	4,085,312
EQUITY		
Issued capital	9,368,401	9,368,401
Share Reserve	191,712	191,712
2014 Profit Reserve	356,409	468,205
Accumulated losses	(6,013,600)	(5,943,006)
TOTAL EQUITY	3,902,922	4,085,312

The parent entity has not entered into any deed of cross guarantee nor is there any contingent liability at the year end. There is no contractual commitment by the parent for the acquisition of property, plant or equipment.

27.2 Financial performance

	Parent	
	2016	2015
	\$	\$
Profit/ (Loss) for the year	(70,594)	(266,765)
Other comprehensive income, net of tax	-	-
Total comprehensive income	(70,594)	(266,765)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

28. INTEREST IN SUBSIDIARY

28.1 Information about Principal Subsidiary

The subsidiary listed below has share capital consisting solely of ordinary shares which are held directly by the Group. The proportion of ownership interests held equals the voting rights held by the Group. Each subsidiary's principal place of business is also its country of incorporation.

Name of Subsidiary	Principal Place of Business	Ownership Interest Held by the Group		Proportion of Non-controlling Interests	
		2016	2015	2016	2015
		%	%	%	%
Refresh Waters Pty Ltd	Australia	100	100	-	-

Subsidiary financial statements used in the preparation of these consolidated financial statements have also been prepared as at the same reporting date as the Group's financial statements.

28.2 Significant Restrictions

There is no significant restriction over the Group's ability to access or use assets and settle liabilities.

28.3 Disposal of Controlled Entities

Nil

29. ASSOCIATE

29.1 Information about Principal Associate

Set out below is the material associate of the Group. All of the entities listed below have share capital consisting solely of ordinary shares. The proportion of ordinary shares held by the Group equals the voting rights held by the Group. Each entity's place of incorporation is its principal place of business.

Name of Associates	Place of Business/ Incorporation	Proportion of Ordinary Share Interests / Participating Share		Measurement Method	Carrying Amount	
		2016	2015		2016	2015
		%	%		\$	\$
Refresh Waters Queensland Pty Ltd	Queensland, Australia	49	49	Equity	477,676	514,675

29.2 Summarised Financial Information for Associate

Set out below is the summarised financial information for the Group's material investments in associates. Unless otherwise stated, the disclosed information reflects the amounts presented in the Australian-Accounting-Standards financial statements of the associates. The following summarised financial information, however, reflects the adjustments made by the Group when applying the equity method, including adjustments for any differences in accounting policies between the Group and the associates:

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

29. ASSOCIATE (cont)

29.2 Summarised Financial Information for Associates (cont)

	Refresh Waters Queensland	
	2016	2015
	\$	\$
Summarised Financial Position		
Total current assets	587,491	540,488
Total non-current assets	948,691	925,926
Total current liabilities	(401,068)	(351,224)
Total non-current liabilities	(359,362)	(263,929)
NET ASSETS	775,752	851,261
Group's share (%)	49%	49%
Group's share of associates' net assets	380,119	417,118
Fair Value Adjustment	97,557	97,557
Group's share of associates' net assets	477,676	514,675
Summarised Financial Performance		
Revenue	1,620,797	1,530,294
Profit/ (Loss) after tax from continuing operations	(75,509)	16,083
Other comprehensive income	-	-
Total comprehensive income	(75,509)	16,083
Dividends paid		
Group's share of associates' profit after tax from continuing operations	(36,999)	8,000
Group's share of associates' other comprehensive income	-	-
Group's share of dividends paid	-	-
Reconciliation to Carrying Amounts		
Group's share of associates' opening net assets		
Investments during the period	514,675	506,675
Group's share of associates' profit/ (Loss) after tax from continuing operations	(36,999)	8,000
Group's share of associates' other comprehensive income	-	-
Group's share of dividends paid by associates	-	-
Disposals during the period	-	-
Group's share of associates' closing net assets (closing carrying amount of investment)	477,676	514,675

30. EVENTS AFTER THE BALANCE SHEET DATE

On 8 August 2016, the Company raised \$1,133,000 through the placement of 21,660,000 new shares to 2 new shareholders at 5.3 and 5.5 cents per share.

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 2016
 - (ii) and of its performance for the year ended on that date; and
 - (iii) complying with Accounting Standards and Corporations Regulations 2001; and
 - (iv) the remuneration disclosures within the Remuneration Report comply with S300A Corporation Act; and
- (b) the Chief Executive Officer and acting Chief Financial Officer have declared that
 - (i) the financial records of the Group for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001;
 - (ii) the financial statements and associated notes comply in all material respects with the Australian Accounting Standards as required by Section 296 of the Corporations Act 2001 and
 - (iii) the financial statements and associated notes give a true and fair view, in all material respect, of the financial position as at 30 June 2016 and performance of the Group and consolidated entity for the year then ended as required by Section 297 of the Corporations Act 2001.
- (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 Group 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 2016

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) and its controlled entities (the consolidated entity), which comprises the consolidated statement of financial position as at 30 June 2016, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration of the consolidated entity, comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101: Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards (IFRS) ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of Refresh Group Limited, would be in the same terms if provided to the directors as at the date of this auditor's report.

Auditor's Opinion

In our opinion:

- a. the financial report of Refresh Group Limited and its controlled entities 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 2016 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report as included in the directors' report for the year ended 30 June 2016. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with Section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion, the Remuneration Report of Refresh Group Limited for the year ended 30 June 2016 complies with Section 300A of the *Corporations Act 2001*.



NEIL PACE
PARTNER



MOORE STEPHENS
CHARTERED ACCOUNTANTS

Signed at Perth this 27th day of September 2016.

CORPORATE GOVERNANCE STATEMENT

The Board is committed to achieving and demonstrating the highest standards of corporate governance. As such, Refresh and its controlled entities have adopted a corporate governance framework and practices to ensure they meet the interests of shareholders.

Refresh complies with the Australian Securities Exchange Corporate Governance Council's Corporate Governance Principles and Recommendations 2nd Edition ('the ASX Principles'). This statement incorporates the disclosures required by the ASX Principles under the headings of the eight core principles.

1. Lay solid foundations for management and oversight
2. Structure the board to add value
3. Promote ethical and responsible decision-making
4. Safeguard integrity in financial reporting
5. Make timely and balanced disclosure
6. Respect the rights of shareholders
7. Recognise and manage risk
8. Remunerate fairly and responsibly

Refresh considers its practices achieve compliance in a manner appropriate for smaller listed entities. All of these practices, unless otherwise stated, were in place for the full reporting period.

Information on the Group's corporate governance policies and practices could be found on Refresh website at www.refreshgroup.com.au. Below is only a summary of our Corporate Governance Statement.

Board Roles and Responsibilities

The Board is first and foremost accountable to provide value to its shareholders through delivery of timely and balanced disclosures. The Board is ultimately responsible for ensuring its actions are in accordance with key corporate governance principles

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.

Henry Heng is both Chairman and CEO of the Company. The Board view there is no conflict in his performing both roles. He has a wealth of experience on many Boards and has discharged the role of Chairman competently for the last 10 years. Furthermore every other director is non-executive.

The independent directors of the company are Nicholas Chan and Dato' Eddie Soong. Roy Ong is deemed not independent because one of his family members is a substantial shareholder.

The Board possesses the following skills matrix:

Leadership	
Management	
Finance	
Sales and marketing	
International business	
Human resource management	
Operations and logistics	
Information technology	

Nominations Committee

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

Audit & Risk Management Committee

The names and qualifications of those appointed to the Audit & Risk Management Committee and their attendance at meetings of the committee are included 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.

Remuneration Policies

Details on remuneration policies for key management personnel are stated in the Directors' Report.

CORPORATE GOVERNANCE STATEMENT

Performance Evaluation

Regular communication between directors and the Chairman is encouraged. The performance of a director is continually monitored by the Chairman and peers. The Board conducts formal review of the requirements and performance of all directors periodically:

The Board did not undertake any evaluation of the Board, its committees, individual directors or senior executives in the last financial year.

Risk Management and Compliance Policy

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. The Company participates in the internationally recognised Hazard Analysis and Critical Control Point (HACCP) program. The Perth factory is HACCP certified. It is our plan to progressively have the other factories certified. The stringent quality control will ensure there is little risk of contamination

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.

Diversity Policy

Diversity includes, but is not limited to, gender, age, ethnicity and cultural background. The Company is committed to diversity and recognises the benefits arising from employee and board diversity and the importance of benefiting from all available talent. This diversity policy outlines the requirements for the Board to develop measurable objectives for achieving diversity, and annually assess both the objectives and the progress in achieving those objectives.

	No.	%
Women on the Board	0	0
Women in senior management roles	0	0
Women employees in the Company	9	18

Shareholder Rights

Shareholders are entitled to vote on significant matters impacting the business, which include the election and remuneration of directors and changes to the constitution. They are also entitled to receive the annual and interim financial statements. The Company has organised with its share registry for shareholders to receive and send communications electronically. Those requiring hard copies of documents need to opt in through the share registry.

Shareholders are strongly encouraged to attend and participate in the Annual General Meetings where most directors, the CEO and the auditors are present to answer any question they might have. In the event they are unable to attend these meetings, they could appoint proxies to vote on their behalf.

SHAREHOLDER INFORMATION

Shareholder information set out below was as at 26 September 2016

Distribution of Ordinary Shares

Range of Shares	Total Holders
1 - 1,000	3
1,001 - 5,000	15
5,001 - 10,000	178
10,001 - 100,000	179
100,001 and over	63
Total	438

Holders of less than a marketable parcel of ordinary shares 23

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

<u>Name</u>	<u>Shares</u>	<u>%</u>
REFRESH WILD PTY LTD	11,000,000	8.2
MS BEE LENG YEAP	10,355,555	7.8
AUSTRALIAN GLAMOUR PTY LTD <RF TAN FAMILY A/C>	10,000,000	7.5
EVERLAST INVEST PTY LTD	10,000,000	7.5
MR HENRY ENG CHYE HENG + MS SOK HWA NGOH <THE HENG FAMILY A/C>	8,860,700	6.6
DR ANTHONY GUAN CHEOW SOH	8,025,028	6.0
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED- GSCO ECA	7,692,308	5.8
MR BOON KHENG ONG	6,040,529	4.5
MR EDMUND SOON KIN TEO + MRS JANICE TEO <THE TEO FAMILY A/C>	5,950,000	4.5
MS INN HOON JUDY ONG	5,411,550	4.1
MS ING CHENG DIANA ONG	4,851,900	3.6
MS MAY PHENG LEONG	3,846,154	2.9
MR DJUANDA HADI <OYEZ INVESTMENT A/C>	3,604,550	2.7
MR ENG HUAT ONG	2,010,000	1.5
MR HARYANTO	2,000,000	1.5
MR YONG WEI POR	1,923,077	1.4
MS WENYUN VENETIA SU	1,923,077	1.4
MR MENG LEONG LYE	1,685,000	1.3
MR HENRY ENG CHYE HENG + MS SHERLENE HENG <REFRESH SUPERANNUATION A/C>	1,514,850	1.1
DR CHEE SENG SEAH	1,410,000	1.1
	<u>108,104,278</u>	<u>81.0</u>
Total Shares on Issue	133,455,590	

SHAREHOLDER INFORMATION

Substantial Shareholders - Ordinary Shares

	<u>Shares</u>	<u>%</u>
Refresh Wild Pty Ltd	11,000,000	8.2%
Mr Henry Eng Chye Heng	10,963,664	8.2%
Ms Bee Leng Yeap	10,355,555	7.8%
Australian Glamour Pty Ltd <RF Tan Family a/c>	10,000,000	7.5%
Everlast Invest Pty Ltd	10,000,000	7.5%
Dr Anthony Guan Cheow Soh	8,025,028	6.0%
HSBC Custody Nominees (Australia) Limited - GSCO ECA	7,692,308	5.8%
Ms Inn Hoon Judy Ong	6,711,550	5.0%

CORPORATE DIRECTORY

BOARD OF DIRECTORS

Henry Heng	Chairman and Managing Director
Dato' Eddie Soong	Independent, Non-Executive Director
Roy Ong	Non-Executive Director
Thuan Teh	Non-Executive Director
Michael Pixley	Independent, Non-Executive Director

COMPANY SECRETARY

Dato' Eddie Soong

REGISTERED OFFICE AND HEAD OFFICE

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

OTHER OPERATING LOCATIONS

Refresh Waters Pty Ltd – 100% owned

New South Wales – Sydney

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

Victoria - Melbourne

13 Olive Grove
KEYSBOROUGH VIC 3173
Telephone: (03) 8712 8432
Facsimile: (03) 8669 1832
Email: melbourne@refreshwaters.com.au

Western Australia – Kalgoorlie

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

Refresh Waters Queensland Pty Ltd – 49% owned

Queensland – Brisbane

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

Queensland – Toowoomba

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

AUDITOR AND TAX ADVISER

Moore Stephens
Level 15 Exchange Plaza
2 The Esplanade
Perth WA 6000

SHARE REGISTRY

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

