

refresh
group

Annual Report 2017

Producing Australia's
purest water since 1997.



www.refreshgroup.com.au



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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 2017. Refresh would 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.

Despite the slowdown of the Western Australia economy, profit for Refresh in Western Australia is up 6%. This has been achieved primarily because the Perth factory is now producing most of the bottles used. Although revenue was down \$523k or 14%, forward planning in capital equipment has reduced costs and increased productivity and thus margins. Refresh's Perth operations are now reset and engaged for the beginning of the mining turnaround currently underway in WA and we expect profit and margin growth in the coming financial year

Our New South Wales operations continue to do well with an increase of 10% in revenue and 1% in profit.

Revenue in Victoria has grown 7% during the year but a small loss occurred due to recent senior management changes. On a positive note the recruitment of a new Business Development Manager has brought new sales channels and prospects to the company which will result in growth in revenue and profit starting immediately.

A new General Manager was appointed in January 2016 to our associate company in Queensland. He has turned operations there around, from a loss of \$40k to a profit of \$14k. The problems associated with the blowing of the bottles have successfully been resolved. In addition, a new distiller has been acquired, financed by the majority shareholder, Saisan Co. Ltd. We expect to see an improved result this financial year in Queensland from this two-prong solution.

In August 2016, Refresh made 2 placements raising \$1.1 million. New directors were appointed and several older directors retired. This has resulted in a more aggressive growth strategy with 3 acquisitions/investments made over a 5-month period.

The Company undertook a diversification program and acquired Ampri Plastics, one of our plastics suppliers who has been operating for 41 years. This vertical integration has given Refresh 2 revenue streams to expand and grow. Profit from the acquisition has helped us deliver a better-consolidated result. The full impact would only be realised this financial year.

Refresh having operations around Australia and now vertically integrated from water source to bottle manufacturing and Australia-wide bottling plants, is now pivoting to the rapidly growing export market. We have been fielding a growing number of enquiries for natural Australian spring, alkali and mineral water. In addition we have welcomed onto our share register and Board, a director associated with Tianjin Tong Ren Tang Co Ltd, one of the oldest producers of traditional Chinese medicine in China. Our enhanced supply chain and long Australian provenance in the supply of Australian natural waters has well positioned us to start exporting.

With the new export relationships and partners now engaged in the export preparations plus our growing domestic divisions, I see a strong commercial 2018 unfolding before us.



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 2017. 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. He was Branch Secretary of Family First Party WA from August 2012 to June 2017. Henry has been Honorary Secretary of the Full Gospel Business Australia, Perth since July 2010.

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 other listed company in the last three years.

Chiau Thuan Teh *B Arch Non-Executive Director*

Appointed on 24 August 2016. Chairman of Remuneration Committee; member of Audit & Risk Management Committee.

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 other listed company in the last three years.

Michael Pixley *Independent, Non-Executive Director*

Appointed on 24 August 2016. Chairman of Audit & Risk Management Committee; member of Remuneration Committee.

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 Pan Asia Corporation Ltd (ASX:PZC) and Story-i Ltd (ASX:SRY), both listed on the Australian Securities Exchange.

DIRECTORS' REPORT

Peter Chai *Non-Executive Director*

Appointed on 29 November 2016. Member of the Audit & Risk Management Committee and Remuneration Committee

Peter founded the DPI group of companies in 1979. He is now its Chairman and Chief Executive Officer. DPI specialises in aerosol paint, coatings, sandblast equipment manufacturing, thermoplastic road marking materials, trading of surface preparation products, CNC shot peening, precision engineering and others. Its Anchor brand aerosol paint is sold in Australia.

The company expanded its operations mainly through joint ventures and technology transfer through licensing. It now has operations in 13 countries including Australia, China, Hong Kong, Indonesia, Iran, Malaysia, Pakistan, Singapore, Thailand and Vietnam.

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

Nicholas Chan *B Arts (Hons), CA*

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

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.

Dato' Eddie Soong *BA*

Appointed on 9 October 2013. Left on 29 November 2016.

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*

Appointed on 18 June 2014. Left on 29 November 2016.

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 does not currently hold directorship in any other listed company.

DIRECTORS' REPORT

Secretary

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

Ms Julie Moore *LLB, GDLP*

Appointed on 29 November 2016.

Julie is a legal practitioner with over 7 years of legal experience. She was a Senior Associate at DLA Piper in the litigation and regulatory team specialising in insurance, local government and construction matters.

Julie holds a Bachelor of Law from the University of Western Australia and a Graduate Diploma of Legal Practice from the College of Law, New South Wales.

Dato' Eddie Soong *BA*

Appointed on 12 September 2014. Left on 29 November 2016.

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.

DIRECTORS' REPORT

(a) Review of Operations and Financial Results

Despite the slowdown of the Western Australia economy, profit was up 6%. Although revenue was down \$523k or 14%, forward planning in capital equipment has reduced costs and increased margins. Our Perth factory is now producing most of the bottles used.

New South Wales operations continue to do well with an increase of 10% in revenue and 1% in profit. Revenue growth was partly contributed by the acquisition of Aquazuro Australia.

Revenue in Victoria has grown 7% during the year but a small loss occurred due to recent senior management changes.

	<u>Revenue</u>			<u>Profit/(Loss)</u>		
	2017	2016		2017	2016	
	<u>\$'000</u>	<u>\$'000</u>	<u>Variance</u>	<u>\$'000</u>	<u>\$'000</u>	<u>Variance</u>
WA	3,238	3,762	(14%)	259	245	6%
NSW	1,668	1,514	10%	170	168	1%
Vic	899	844	7%	(15)	137	(111%)
Plastics	374	-	-	61	-	-
Total	6,179	6,120	1%	475	550	(14%)
Corporate				(488)	(476)	(3%)
Share of Profit/(Loss) in Associate				14	(37)	138%

(b) Significant Changes in State of Affairs

Nil

(c) Principal Activities

The Group has 2 revenue streams -

The principal activity of Refresh is 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.

Subsequent to the acquisition of plastics blow moulder Ampic Plastics, Refresh now also markets a broad range of plastic products including containers and jars, bottles, gardening products, automotive parts and toys. It is the Asia-Pacific licensee of PetainerTM, supplier of one way kegs for the beer, cider and wine industry.

(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.

DIRECTORS' REPORT

(e) Financial Position

Refresh has a strong financial position. As at end June 2017, it has \$982k in cash and borrowing of \$1.201 million.

(f) Significant Events after Balance Date

Nil

(g) Future Developments, Prospects and Business Strategies

On 15 May 2017, the Group acquired a plastics blow moulder. Ampo Plastics has been in business for 41 years and could blow any plastic products up to 210-litre. A number of their products are sold to the beverage industry, including bottled water, beer and wine. This vertical integration allows the Group to reduce cost. Growth is no longer restricted to bottled water but the much bigger plastics industry.

(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 or paid for the current and 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	-	-	-	-
Thuan Teh	4	3	2	1	1	1
Michael Pixley	4	4	2	2	1	1
Peter Chai	3	1	1	-	1	1
Eddie Soong	1	1	1	1	-	-
Roy Ong	1	1	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 99.9% of 'yes' votes on its Remuneration Report for the financial year ended 30 June 2016. 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 17									
Mr H Heng	162,000	38,000	3,409	17,164	-	1,528	-	222,101	19%
Mr CT Teh ¹	15,532	-	-	1,476	-	-	-	17,008	-
Mr M Pixley ²	25,221	-	-	-	-	-	-	25,221	-
Mr P Chai ³	9,917	-	-	-	-	-	-	9,917	-
Mr M Y Chan ⁴	2,684	-	-	255	-	-	-	2,939	-
Mr R Ong ⁵	7,756	-	-	737	-	-	-	8,493	-
Mr E Soong ⁶	8,668	-	-	823	-	-	-	9,491	-
Total	231,778	38,000	3,409	20,455	-	1,528	-	295,170	
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	

Use of company car and insurance-in-lieu Workers Compensation

¹ Mr Teh was appointed on 24 Aug 2016

² Mr Pixley was appointed on 24 Aug 2016

³ Mr Chai was appointed on 29 Nov 2016

⁴ Mr Chan resigned on 24 Aug 2016

⁵ Mr Ong left on 29 Nov 2016

⁶ Mr Soong left on 29 Nov 2016

DIRECTORS' REPORT

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

(ii) Remuneration of Key Management Personnel

The key management of Refresh includes:

Mr R Duncan	Factory Manager, Western Australia
Mr R Nusantara	New South Wales Manager
Mr C Wang	Factory Manager, Victoria
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 17										
Mr R Duncan ¹	70,000	-	-	6,650	-	-	-	-	76,650	-
Mr R Nusantara	170,048	-	-	-	-	-	-	-	170,048	-
Mr C Wang ²	24,930	-	-	2,368	-	-	-	-	27,298	-
Mr R Jessett	58,000	-	-	5,510	-	939	-	-	64,449	-
Mr E Pui	76,462	-	-	7,264	-	1,607	-	-	85,333	-
Total	399,440	-	-	21,792	-	2,546	-	-	423,778	
30 June 16										
Mr O Maerker ³	64,236	-	-	6,102	-	-	-	-	70,339	-
Mr R Nusantara	170,272	-	-	-	-	-	-	-	170,272	-
Mr H Ho ⁴	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	

¹ Mr R Duncan was appointed Factory Manager in WA on 29 Feb 2016

² Mr C Wang was appointed Factory Supervisor in Vic on 13 Jan 2017 and promoted Factory Manager Vic on 15 May 2017

³ Mr O Maerker left on 19 Feb 2016

⁴ Mr H Ho left on 26 Aug 2016

(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 2017.

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:

	Balance 01 Jul 16 Ord	Granted as Remuneration Ord	Other Net Changes * Ord	Balance 30 Jun 17 Ord
Directors				
Mr H Heng	10,870,614	-	234,554	11,105,168
Mr CT Teh.	-	-	11,264,000	11,264,000
Mr M Pixley	-	-	396,000	396,000
Mr P Chai	-	-	10,000,000	10,000,000
Other KMP				
Mr R Duncan	-	-	-	-
Mr R Nusantara	-	-	10,000	10,000
Mr C Wang	10,000	-	-	10,000
Mr R Jessett	20,000	-	-	20,000
Mr E Pui	52,000	-	-	52,000
Total	10,952,614	-	21,904,554	32,857,168

* 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, 22 September 2017

Level 15, Exchange Tower,
2 The Esplanade, Perth, WA 6000

PO Box 5785, St Georges Terrace, WA 6831

T +61 (0)8 9225 5355

F +61 (0)8 9225 6181

www.moorestephenswa.com.au

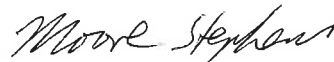
**AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION
307C OF THE *CORPORATIONS ACT 2001* TO THE DIRECTORS
OF REFRESH GROUP LIMITED**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2017 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 22nd day of September 2017.

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2017**

	Note	CONSOLIDATED	
		2017	2016
		\$	\$
Continuing Operations			
Revenue	6a	6,178,586	6,120,013
Cost of Sales	6b	(2,899,343)	(2,787,260)
		<hr/>	<hr/>
Gross Profit		3,279,243	3,332,753
Other income		(7,079)	(10,086)
Marketing Expenses		(583,304)	(514,101)
Distribution Expenses		(904,754)	(975,494)
Administrative Expenses		(1,336,741)	(1,297,727)
Occupancy Expenses		(470,386)	(471,783)
Other expenses	13	(6,000)	(6,000)
Share of net Profit/ (Loss) of Associate		14,045	(36,999)
		<hr/>	<hr/>
Results from operating activities		(14,976)	20,563
Finance income	6c	36,896	24,812
Finance costs	6d	(20,988)	(8,657)
		<hr/>	<hr/>
Profit before income tax		932	36,718
Income tax expense	7	-	-
		<hr/>	<hr/>
Net Profit from continuing operations		932	36,718
Other comprehensive income			
Fair value gains on available-for-sale financial assets		75,000	-
		<hr/>	<hr/>
Total comprehensive Income attributable to members of Refresh Group Limited		75,932	36,718
		<hr/> <hr/>	<hr/> <hr/>
Earnings per share	8		
From continuing operations:			
Basic earnings per share (cents)		0.00	0.03
Diluted earnings per share (cents)		0.00	0.03

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 2017

	Notes	CONSOLIDATED	
		2017	2016
		\$	\$
ASSETS			
Current Assets			
Cash and cash equivalents	9	981,698	963,086
Trade and other receivables	10	881,300	628,958
Inventories	11	1,424,987	847,489
Total Current Assets		3,287,985	2,439,533
Non-Current Assets			
Trade and other receivables	10	292,851	346,521
Property, plant and equipment	12	2,617,212	1,866,057
Intangible assets	13	861,042	313,042
Investment in Associates	29	491,721	477,676
Other financial assets	30	375,000	-
Total Non-current assets		4,637,826	3,003,296
TOTAL ASSETS		7,925,811	5,442,829
LIABILITIES			
Current Liabilities			
Trade and other payables	15	544,436	400,654
Financial liabilities	16	258,544	55,871
Short-term provisions and accruals	18	450,168	320,162
Total Current Liabilities		1,253,148	776,687
Non-Current Liabilities			
Financial liabilities	16	942,199	200,748
Long-term provisions	18	126,105	64,264
Total Non-Current Liabilities		1,068,304	265,012
TOTAL LIABILITIES		2,321,452	1,041,699
NET ASSETS		5,604,359	4,401,130
EQUITY			
Issued capital	19	10,495,698	9,368,401
Reserves	19	191,712	191,712
Financial Assets Revaluation Reserve	19	75,000	-
2014 Profit Reserve		356,409	356,409
Accumulated losses		(5,514,460)	(5,515,392)
TOTAL EQUITY		5,604,359	4,401,130

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS AT 30 JUNE 2017

	Issued Capital \$	Other Reserves \$	Financial Assets Revaluation Reserve \$	2014 Profit Reserve \$	Accumulated Profit/(Losses) \$	Total \$
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 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
Balance at 1 July 2016	9,368,401	191,712	-	356,409	(5,515,392)	4,401,130
Equity fund raising costs	(40,683)	-	-	-	-	(40,683)
Issue of share capital	1,167,980	-	-	-	-	1,167,980
Dividend Payment	-	-	-	-	-	-
Fair value gain on available-for sale financial assets	-	-	75,000	-	-	75,000
	10,495,698	191,712	75,000	356,409	(5,515,392)	5,603,427
Total Profit for the year	-	-	-	-	932	932
Balance at 30 June 2017	10,495,698	191,712	75,000	356,409	(5,514,460)	5,604,359

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

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2017

	Notes	CONSOLIDATED	
		2017	2016
		\$	\$
Cash flows from operating activities			
Receipts from customers		5,969,350	6,271,437
Payments to suppliers and employees		(5,810,759)	(6,077,679)
Borrowing costs		(20,988)	(8,657)
Interest received		36,896	24,812
Net cash flows provided by/(used in) operating activities	9	174,499	209,913
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment, and investment		5,454	21,712
Purchase of Intangible		-	(6,364)
Investment in Eve Investment Ltd		(300,000)	-
Acquisition of Aquazuro Australia		(200,000)	-
Acquisition of AMPI Plastics		(1,484,791)	-
Purchase of property, plant and equipment		(247,976)	(189,446)
Net cash flows provided by/(used in) investing activities		(2,227,313)	(174,098)
Cash flows from financing activities			
Proceeds from issue of shares		1,167,980	-
Proceeds from borrowings		1,000,000	298,000
Share issue expenses		(40,683)	-
Dividend Payment		-	(111,796)
Repayments of borrowings		(55,871)	(41,381)
Net cash flows provided by/ (used in) financing activities		2,071,426	144,823
Net increase/ (decrease) in cash and cash equivalents		18,612	180,638
Cash and cash equivalents at beginning of period		963,086	782,448
Cash and cash equivalents at end of period	9	981,698	963,086

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

1. CORPORATE INFORMATION

The financial report of Refresh Group Limited and its controlled entities (Group) for the year ended 30 June 2017 was authorised for issue in accordance with a resolution of the directors on 22 September 2017.

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 Group 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 July 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 not expected to have a material impact.

AASB 15: Revenue from Contracts with Customers (applicable to annual reporting periods beginning on or after 1 July 2018, as deferred by AASB 2015-8: Amendments to Australian Accounting Standards – Effective Date of AASB 15).

When effective, this Standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Apart from 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 not expected to have a material impact.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

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 July 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 are as follows:

- recognition of a right-of-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-of-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;
- inclusion of variable lease payments that depend on an index or a rate in the initial measurement of the lease liability using the index or rate at the commencement date;
- application of a practical expedient to permit a lessee to elect not to separate non-lease components and instead account for all components as a lease; and
- inclusion of 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 2014-10: *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 July 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: *Business Combinations* 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.

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 July 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

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 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 2017 ('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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

3. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

3. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

3. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont)

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 25 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

3. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

3. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont)

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.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Group’s intention to hold these investments to maturity. They are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

Available-for-sale investments

Available-for-sale investments are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with any remeasurements other than impairment losses and foreign exchange gains and losses recognised in other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Available-for-sale financial assets are classified as non-current assets when they are not expected to be sold within 12 months after the end of the reporting period. All other available-for-sale financial assets are classified as current assets.

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 2017

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 2017

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 2017. 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 2017

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.

On 15 May 2017, Refresh acquired a plastics blow moulding business and this is reflected as a separate segment.

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 2017

4. OPERATING SEGMENTS (cont)

(f) Segment performance

	WA	NSW	VIC	Plastics	OTHER (Corporate)	TOTAL
30 June 2017						
Revenue from external customers	3,238,212	1,668,085	898,786	373,503	-	6,178,586
Other Income	(7,079)	-	-	-	-	(7,079)
Other Expense	-	-	6,000	-	-	6,000
Interest Expense	10,474	-	-	10,514	-	20,988
Depreciation & Amortisation	172,642	53,444	48,096	5,436	-	279,618
Segment operating profit/(loss)	272,669 ¹	169,712	(14,743)	60,835	(487,541)	932
Total assets	3,353,274	872,852	541,149	2,064,207	1,094,329	7,925,811
Total liabilities	756,040	4,015	837	362,646	1,197,914	2,321,452
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

¹ Includes profit/(loss) from associate

5. DIVIDEND

No dividend has been declared or paid for the current and previous financial year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

6. REVENUE AND EXPENSES

	CONSOLIDATED	
	2017	2016
	\$	\$
(a) Revenue		
Sale of bottled water and accessories; plastics blow moulding	6,178,586	6,120,013
	6,178,586	6,120,013
(b) Cost of Sales		
Inventory expensed	2,833,549	2,686,658
Inventory write-off	65,794	100,602
	2,899,343	2,787,260
(c) Finance income		
Interest received	36,896	24,812
	36,896	24,812
(d) Finance Costs		
Bank loans and other borrowings	-	-
Finance charges payable under finance leases and hire purchase contracts	20,988	8,657
	20,988	8,657
(e) Employee benefits expense		
Wages and Salaries	2,066,461	1,911,473
Workers' compensation costs	37,348	42,884
Defined contribution superannuation costs	219,615	209,325
Provisions for Annual and Long Service Leave	48,225	278
Other employee benefits expense	62,005	49,555
	2,433,654	2,213,515
(f) Depreciation & Amortisation		
Depreciation expense	279,618	285,485
Amortisation	6,000	6,000
	285,618	291,485
(g) Bad and doubtful debts		
Bad Debts Expense	10,340	8,806
	10,340	8,806
(h) Rental expense on operating lease		
Lease payments	456,527	428,349
	456,527	428,349

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

7. INCOME TAX

	CONSOLIDATED	
	2017	2016
	\$	\$
The components of the tax expense(benefit) comprise:		
Current tax	14,050	26,061
Deferred tax	-	-
Losses recouped not previously recognised	(14,050)	(26,061)
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	932	36,718
Prima facie tax expense/(benefit) on profit/(loss) from continuing activities before income tax at 27.5% (2016: 30%)	256	11,016
Add tax effect of:		
- Non-deductible expenses	1,650	12,900
- Deferred tax balances not brought to account	50,517	2,145
	52,423	26,061
Less tax effect of:		
Non-assessable income	38,373	-
Losses recouped not previously recognised	14,050	26,061
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	891,721	990,729
Unrecognised deferred tax assets – other	175,427	123,061
Unrecognised deferred tax liabilities – property, plant & equipment	(106,956)	(115,813)
Unrecognised deferred tax liabilities – other	(32,711)	-
Net unrecognised deferred tax assets	927,481	997,977

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.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

7. INCOME TAX (Cont)

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.

Reduction in corporate tax rate

The corporate tax rate for eligible companies will reduce from 30% to 25% by 30 June 2027 providing certain turnover thresholds and other criteria are met. Deferred tax assets and liabilities are required to be measured at the tax rate that is expected to apply in the future income year when the asset is realised or the liability is settled. The Directors have determined that the deferred tax balances be measured at the tax rates stated.

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	
	2017	2016
	\$	\$
From continuing operations:		
Profit attributable to equity holders of the parent	932	36,718
Weighted average number of ordinary shares for basic earnings per share	121,620,248	111,795,590
Weighted average number of dilutive options outstanding	-	-
Basic/diluted earnings/(loss) per share (cents per share)		
Basic earnings/(loss) per share (cents per share)	0.00	0.03
Diluted earnings/(loss) per share (cents)	0.00	0.03

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 2017

9. CASH AND CASH EQUIVALENTS

	CONSOLIDATED	
	2017	2016
	\$	\$
Cash at bank and in hand	581,698	463,086
Short-term bank deposits	400,000	500,000
	<u>981,698</u>	<u>963,086</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 2.4% (2016: 2.3%); 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	932	36,718
<i>Adjustments for:</i>		
Depreciation expense	279,618	285,485
Net (profit)/loss on disposal of property, plant and equipment	7,079	10,086
Other (Income)/ Expense	-	-
Interest (Income)/ Expense	-	(8,314)
(Gain)/Loss on the disposal of Business	-	-
Share of Associates (Profit)/ Loss	(14,045)	36,999
Add Impairment of Non-current asset	6,000	6,000
Employee shares / options expensed	-	-
<i>Changes in assets and liabilities</i>		
(Increase)/decrease in inventories	(242,042)	35,201
(Increase)/decrease in trade and other receivables	(196,672)	28,509
(decrease)/increase in trade and other payables	143,782	(233,344)
(decrease)/increase in short-term provisions	191,847	12,573
Net cash provided by /used in operating activities	<u>174,499</u>	<u>209,913</u>

10. TRADE AND OTHER RECEIVABLES

	CONSOLIDATED	
	2017	2016
	\$	\$
Current		
Trade receivables	804,036	447,068
Provision for impairment of receivables	(7,245)	(2,204)
	<u>796,791</u>	<u>444,864</u>
Other receivables	73,928	39,429
Prepayments	10,581	144,665
	<u>881,300</u>	<u>628,958</u>
Non-Current		
Loan to Associate	292,851	346,521
	<u>292,851</u>	<u>346,521</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

10. TRADE AND OTHER RECEIVABLES (CONT)

Provision for impairment of Receivables

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

	CONSOLIDATED	
	2017	2016
	\$	\$
Balance at the beginning of the year	2,204	4,079
Additional provisions recognised	16,385	13,333
Receivables written off during the year as uncollectable	(10,340)	(10,799)
Unused amounts reversed	(1,004)	(4,409)
Balance at the end of the year	7,245	2,204

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						
2017						
Trade receivables	804,036	7,245	262,150	7,645	18,560	508,436
Other receivables	73,928	-	-	-	-	73,928
	877,964	7,245	262,150	7,645	18,560	582,364
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

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

11. INVENTORIES

	CONSOLIDATED	
	2017	2016
	\$	\$
Raw materials (at cost)	756,108	473,895
Finished goods (at cost)	710,171	415,674
Total inventories at cost	1,466,279	889,569
Provision for slow moving Inventories	(41,292)	(42,080)
Total inventories at cost or net realizable value	1,424,987	847,489

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

12. PROPERTY, PLANT AND EQUIPMENT

		Plant & Equipment	Furniture & Fittings	Office Equipment	Motor Vehicle	Pallets	Equipment Leased	Work in Progress	Total
Cost									
Opening Balance	1 July 16	2,481,567	370,526	151,795	487,906	434,057	198,749	32,636	4,157,236
Additions		935,547	-	8,060	83,854	-	11,055	4,790	1,043,306
Disposals		(9,475)	-	(44,706)	(16,374)	-	-	-	(70,555)
Transfer		9,282	22,444	910	-	-	-	(32,636)	-
Closing Balance	30 June 17	3,416,921	392,970	116,059	555,386	434,057	209,804	4,790	5,129,987
Accumulated Depreciation									
Opening balance	1 July 16	(1,236,121)	(181,305)	(110,978)	(336,525)	(250,214)	(176,036)	-	(2,291,179)
Charge for the Year		(172,764)	(29,840)	(12,740)	(34,094)	(33,122)	2,942	-	(279,618)
Depreciation on disposals		4,567	-	44,497	8,958	-	-	-	58,022
Closing Balance	30 June 17	(1,404,318)	(211,145)	(79,221)	(361,661)	(283,336)	(173,094)	-	(2,512,775)
Net Book Value									
Opening balance	1 July 16	1,245,446	189,221	40,817	151,381	183,843	22,713	32,636	1,866,057
Closing balance	30 June 17	2,012,603	181,825	36,838	193,725	150,721	36,710	4,790	2,617,212
Cost									
Opening Balance	1 July 15	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	30 June 16	2,481,567	370,526	151,795	487,906	434,057	198,749	32,636	4,157,236
Accumulated Depreciation									
Opening balance	1 July 15	(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	30 June 16	(1,236,121)	(181,305)	(110,978)	(336,525)	(250,214)	(176,036)	-	(2,291,179)
Net Book Value									
Opening balance	1 July 15	1,003,014	187,624	18,559	201,335	189,481	29,663	331,033	1,960,709
Closing balance	30 June 16	1,245,446	189,221	40,817	151,381	183,843	22,713	32,636	1,866,057

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

13. INTANGIBLE ASSETS

	CONSOLIDATED			Total
	Goodwill	Customer List	Trademarks	
	\$	\$	\$	\$
At 1 July 2016	301,579	6,500	4,963	313,042
Additions	554,000	-	-	554,000
Amortisation	-	(6,000)	-	(6,000)
At 30 June 2017	855,579	500	4,963	861,042

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 2017, these assets were tested for impairment (see Note 14).

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

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

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 2%.

The Board anticipates growth in revenue of 4% 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.

14.2 Refresh Waters Melbourne cash-generating unit

Melbourne purchased a customer list which had a carrying value of \$6,500 at the beginning of financial year. This has been amortised over 5 years. For year ended 30 June 2017, a charge of \$6,000 was recognised leaving a balance of \$500. The Group also assessed the customer list for impairment using the value-in-use method.

14.3 Refresh Waters Sydney cash-generating unit

The carrying amount of goodwill for this generating unit is \$264,545, 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 7%.

The Board anticipates growth in revenue of 8% 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 Sydney's recoverable amount is based would not cause Sydney's carrying amount to exceed its recoverable amount.

Management has based the value-in-use calculations on budgets for 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 2017

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

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 5%.

The Board anticipates growth in revenue of 6% for each of the next 5 years, with a net profit margin before interest, tax and depreciation of 17% for Hydr8.

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

Management has based the value-in-use calculations on budgets for 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.

14.5 Refresh Plastics cash-generating unit

The carrying amount of goodwill for this cash-generating unit is \$409,000. The recoverable amount of Refresh Plastics 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 8%.

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

Management believes that any reasonably possible change in the key assumptions on which Refresh Plastic's recoverable amount is based would not causes Refresh Plastic'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.

15. TRADE AND OTHER PAYABLES

	CONSOLIDATED	
	2017	2016
	\$	\$
Current		
Trade payables	327,837	246,762
Other payables	216,599	153,892
	<u>544,436</u>	<u>400,654</u>

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

16. FINANCIAL LIABILITIES

	Note	Consolidated Group	
		2017 \$	2016 \$
CURRENT			
Secured liabilities:			
Lease liability	16a	58,544	55,871
Bank loan	16b	200,000	-
Total current borrowings		<u>258,544</u>	<u>55,871</u>
NON-CURRENT			
Secured liabilities:			
Lease liability	16a	142,199	200,748
Bank loan	16b	800,000	-
Total non-current borrowings		<u>942,199</u>	<u>200,748</u>
Total borrowings		<u>1,200,743</u>	<u>256,619</u>
Total current and non-current secured liabilities:			
Lease liability		200,743	256,619
Bank loans		1,000,000	-
		<u>1,200,743</u>	<u>256,619</u>

.Collateral provided

- Lease liability is secured by the underlying leased assets.
- Bank loan is secured by a General Security Interest comprising a first ranking charge over all present and after acquired property. No covenant is imposed by the bank.

17. CONTINGENT LIABILITIES

Nil

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

18. PROVISIONS AND ACCRUALS

	CONSOLIDATED	
	2017	2016
	\$	\$
Short term provisions		
Annual Leave	131,412	101,588
Long Service Leave	133,009	52,159
Accruals	185,747	166,415
	450,168	320,162
Long term provisions		
Long Service Leave	126,105	64,264

	Employee		Total
	Accruals	Benefits	
	\$	\$	\$
Consolidated Group			
Opening balance at 1 July 2016	166,415	218,011	384,426
Additional provisions	72,589	196,949	269,538
Amounts used	(53,257)	(24,434)	(77,691)
Balance at 30 June 2017	185,747	390,526	576,273

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	
	2017	2016
	\$	\$
Current	450,168	320,162
Non-current	126,105	64,264
	576,273	384,426

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

19. ISSUED CAPITAL AND RESERVES

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

	CONSOLIDATED	
	2017	2016
	\$	\$
Ordinary Shares		
Issued and fully paid	10,536,381	9,368,401
Fund raising costs	(40,683)	-
	<u>10,495,698</u>	<u>9,368,401</u>

	No.	\$
Movement in ordinary shares		
At 30 June 2016	111,795,590	9,368,401
Issued shares to Refresh Wild Pty Ltd on 4/8/2016	11,000,000	583,000
Issued shares to Everlast on 5/8/2016	10,000,000	550,000
Issued shares to Nepix in lieu commission on 8/8/2016	660,000	34,980
Fund raising costs		(40,683)
At 30 June 2017	<u>133,455,590</u>	<u>10,495,698</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

Financial Assets Reserve

The financial assets reserve records revaluations of financial assets.

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 2017

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, bank loan 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 2017

21. FINANCIAL INSTRUMENTS (cont)

Liquidity risk analysis (cont)

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
Year ended 30 June 2017							
Year ended 30 June 2017	Floating Interest Rate	Fixed Interest Rate	<1 year \$	Maturity 2 to 5 years \$	>5 years \$	Non-Interest Bearing \$	Total \$
CONSOLIDATED							
Financial Assets							
Term Deposits	-	2.3-2.4%	400,000	-	-	-	400,000
Cash assets	1.1-1.6%	-	581,698	-	-	-	581,698
Receivables	-	-	-	-	-	881,300	881,300
Loan to Associate	2%	-	-	-	292,851	-	292,851
Other financial assets	-	-	-	-	-	375,000	375,000
			981,698	-	292,851	1,256,300	2,530,849
Financial Liabilities							
At amortised cost							
Loans and Payables	-	7.04%	200,000	800,000	-	544,436	1,544,436
Hire purchase liability	-	4.69%	58,544	142,199	-	-	200,743
			258,544	942,199	-	-	1,745,179

* 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.

The Group has an investment in Eve Investments Ltd, a company listed on the Australian Securities Exchange. As such, the shares are readily traded.

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 a bank loan. Changes in interest rate will have an effect on its profit or equity but this will be marginal. 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 2017

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	30/06/22	5 + 5 year lease
Perth	30/06/20	3 years
Perth External Warehouse	31/03/18	1 year lease
Sydney	31/07/21	4 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	
	2017	2016
	\$	\$
Within one year	491,018	343,884
After one year but not more than five years	1,782,868	26,724
	<u>2,273,886</u>	<u>370,608</u>

22.2 Finance lease and hire purchase commitments

	Effective interest rate	Maturity	CONSOLIDATED	
			2017	2016
			\$	\$
Current				
Obligations under finance leases and hire purchase contracts (Note 21)	4.69%	< 1 year	58,544	55,871
			<u>58,544</u>	<u>55,871</u>
Non-current				
Obligations under finance leases and hire purchase contracts (Note 21)	4.69%	1 – 5 years	142,199	200,748
			<u>142,199</u>	<u>200,748</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

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	
		2017	2016
		\$	\$
(i)	<i>Associate company:</i>		
	Sale of goods and services:		
	Goods	66,983	20,828
	Management fees and occupancy fees paid to Refresh Group Ltd from associates	14,100	15,350
	Dividend revenue:		
	Dividends received and receivable from associated companies	-	-
	Interest revenue:		
	Interest received and receivable from associated companies	6,658	7,840
(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% (2016: 2%)

(i)	<i>Loans to associate company:</i>		
	Beginning of the year	346,521	246,830
	Loans advanced	795,425	614,065
	Loan repayment received	(855,753)	(522,214)
	Interest charged	6,658	7,840
	End of the year	<u>292,851</u>	<u>346,521</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

24. AUDITORS' REMUNERATION

	CONSOLIDATED	
	2017	2016
	\$	\$
Remuneration of the auditor of the parent entity for:		
• audit and review of the financial reports	52,500	52,416
• other services		
(b) tax compliance	15,000	14,260
(c) advisory	-	-
	<u>67,500</u>	<u>66,676</u>
Remuneration of related practices of the parent entity auditor for :		
• Audit Protection Service	-	-
Total	<u>67,500</u>	<u>66,676</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 2017

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 2017 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:

	2017	2016
	\$	\$
Short-term employee benefits ¹	672,627	686,191
Post-employment benefits ²	42,247	46,636
Other long-term benefits ³	4,074	7,299
Total KMP compensation	<u>718,948</u>	<u>740,126</u>

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 2017

27. PARENT ENTITY

27.1 Statement of Financial Position

	Parent	
	2017	2016
	\$	\$
ASSETS		
Current Assets		
Cash and cash equivalents	705,180	758,644
Trade and other receivables	106	(7,528)
Total Current Assets	705,286	751,116
Non-Current Assets		
Other financial assets	5,645,509	3,355,944
Total Non-Current assets	5,645,509	3,355,944
TOTAL ASSETS	6,350,795	4,107,060
LIABILITIES		
Current Liabilities		
Trade and other payables	10,577	13,044
Financial liabilities	200,000	-
Short-term provisions and accruals	173,754	179,120
Total Current Liabilities	384,331	192,164
Non-Current Liabilities		
Long-term provisions	13,583	11,974
Financial Liabilities	800,000	-
Total Non-Current Liabilities	813,583	11,974
TOTAL LIABILITIES	1,197,914	204,138
NET ASSETS	5,152,881	3,902,922
EQUITY		
Issued capital	10,495,698	9,368,401
Share Reserve	191,712	191,712
Asset Revaluation Reserve	75,000	-
2014 Profit Reserve	356,409	356,409
Accumulated losses	(5,965,938)	(6,013,600)
TOTAL EQUITY	5,152,881	3,902,922

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	
	2017	2016
	\$	\$
Profit/ (Loss) for the year	47,662	(70,594)
Other comprehensive income, net of tax	-	-
Total comprehensive income	47,662	(70,594)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

28. INTEREST IN SUBSIDIARIES

28.1 Information about Principal Subsidiaries

The subsidiaries listed below have 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	
		2017	2016	2017	2016
		%	%	%	%
Refresh Waters Pty Ltd	Australia	100	100	-	-
Refresh Plastics Pty Ltd	Australia	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

28.4 Acquisition of Businesses

During the year, a wholly-owned subsidiary was incorporated, Refresh Plastics Pty Ltd, to acquire the business of Ampí Plastics. Ampí is a plastics blow moulding company that has been in business for 41 years. Details of the transaction are:

Purchase consideration

Consisting of:

- cash consideration	1,484,791
- convertible notes	-
- contingent consideration	-
Total consideration	<u>1,484,791</u>
Receivables	-
Inventories	409,082
Property, plant and equipment	791,000
Payables	(124,291)
Goodwill on consolidation	409,000
Non-controlling equity interests in acquisitions	-

The goodwill is attributable to the high profitability of the acquired business and the significant synergies expected to arise after the Group's acquisition of Ampí Plastics.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

28. INTEREST IN SUBSIDIARIES (cont)

28.4 Acquisition of Businesses (cont)

On 1 April 2017, Refresh Waters Pty Ltd acquired the business of Aquazuro Australia, which was subsequently integrated into Refresh's Sydney branch. Aquazuro operates in the home and office delivery segment of the bottled water industry. The acquisition will help to achieve a higher density of customers thereby reducing distribution cost and increasing profitability. Details of the transaction are:

Purchase consideration

Consisting of:

- cash consideration	200,000
- convertible notes	-
- contingent consideration	-
Total consideration	200,000
Receivables	-
Inventories	39,000
Property, plant and equipment	16,000
Payables	-
Goodwill on consolidation	145,000
Non-controlling equity interests in acquisitions	-

The goodwill is attributable to the high profitability of the acquired business and the significant synergies expected to arise after the Group's acquisition of Aquazuro.

29. ASSOCIATE

29.1 Information about Principal Associate

Set out below is the material associate of the Group. The entity listed below have share capital consisting solely of ordinary shares. The proportion of ordinary shares held by the Group equals the voting rights held. The 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	
		2017 %	2016 %		2017 \$	2016 \$
Refresh Waters Queensland Pty Ltd	Queensland, Australia	49	49	Equity	491,721	477,676

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

29. ASSOCIATE (cont)

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:

	Refresh Waters Queensland	
	2017	2016
	\$	\$
Summarised Financial Position		
Total current assets	837,475	587,491
Total non-current assets	948,422	948,691
Total current liabilities	(451,062)	(401,068)
Total non-current liabilities	(530,426)	(359,362)
NET ASSETS	804,409	775,752
Group's share (%)	49%	49%
Group's share of associates' net assets	394,160	380,119
Fair Value Adjustment	97,561	97,557
Group's share of associates' net assets	491,721	477,676
Summarised Financial Performance		
Revenue	1,671,125	1,620,797
Profit/ (Loss) after tax from continuing operations	28,663	(75,509)
Other comprehensive income	-	-
Total comprehensive income	28,663	(75,509)
Dividends paid		
Group's share of associates' profit after tax from continuing operations	14,045	(36,999)
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	477,676	514,675
Group's share of associates' profit/ (Loss) after tax from continuing operations	14,045	(36,999)
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)	491,721	477,676

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

30. OTHER FINANCIAL ASSETS

	Note	Consolidated Group	
		2017	2016
		\$	\$
CURRENT			
Financial assets at fair value through profit or loss	30a	-	-
NON-CURRENT			
Available-for-sale financial assets	30b	375,000	-
Held-to-maturity investments		-	-
Total non-current assets		375,000	-
a. Financial assets at fair value through profit or loss			
Held-for-trading Australian listed shares		-	-
Shares held for trading are traded for the purpose of short-term profit taking. Changes in fair value are included in the statement of comprehensive income.			
b. Available-for-sale financial assets			
Listed investments, at fair value:			
- shares in listed corporations		375,000	-
- units in listed trusts		-	-
Unlisted investments, at fair value:			
- shares in other related parties		-	-
- shares in other corporations		-	-
Total available-for-sale investments at fair value		375,000	-
Unlisted investments, at cost:			
- shares in other related parties		-	-
- units in other related parties		-	-
Unlisted investments, at recoverable amount:			
- shares in other corporations, at cost		-	-
Less impairment provision		-	-
Total available-for-sale financial assets		375,000	-

31. EVENTS AFTER THE BALANCE SHEET DATE

Nil

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 2017
 - (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 2017 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, 22 September 2017

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF REFRESH GROUP LIMITED

Level 15, Exchange Tower,
2 The Esplanade, Perth, WA 6000

PO Box 5785, St Georges Terrace, WA 6831

T +61 (0)8 9225 5355

F +61 (0)8 9225 6181

www.moorestephenswa.com.au

REPORT ON THE AUDIT OF THE FINANCIAL REPORT

Opinion

We have audited the financial report of Refresh Group Limited and its subsidiaries (the "Group"), which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- i. giving a true and fair view of the Group's financial position as at 30 June 2017 and of its financial performance for the year then ended; and
- ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report.

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

Independence

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the "Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters (continued)

Existence and Valuation of Inventories	
Refer to Note 11	
<p>Total inventories of \$1,424,987 represent 18% of total assets of Refresh Group Ltd. Inventories, comprising raw materials and finished goods, are held at each branch located at Perth, Sydney, Melbourne and Kalgoorlie.</p> <p>Inventories are recorded at the lower of cost and net realisable value. Valuation at cost, which includes the allocation of overhead costs, and the assessment of net realisable values are subject to significant management estimates.</p> <p>A provision for obsolete and slow moving inventory is raised by management, the assessment of which is subject to significant management judgement. Obsolete and slow moving inventory could result in an overstatement of the carrying values of inventories as the recorded cost may be higher than the net realisable value.</p> <p>We have therefore identified inventory existence and valuation as a key audit matter.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> • Attending the year-end inventory count at selected branches. Testing a sample of inventory items, comparing our count results with those of the Refresh representatives and the final inventory listing as at 30 June 2017; • Performing test of details on costs of selected inventory inputs by comparing to original purchase invoices, including testing the mathematical accuracy of the final inventory listing; • Performing analytical review on reasonableness of current year's allocation percentage of labour and overhead costs to inventories by comparing with prior year's allocation percentage; and • Testing a sample of inventory items to subsequent sales to ensure that they were recorded at the lower of cost and net realisable value. • Reviewing gross margins for any unusual patterns compared to prior periods.

Key Audit Matters (continued)

Valuation of Intangibles and Property, Plant and Equipment	
Refer to Note 12, 13 and 14	
<p>The financial report for the Group includes property, plant and equipment of \$2,617,212 and intangibles of \$861,042 at 30 June 2017. Intangibles include goodwill amounting to \$855,579 contained within 4 cash generating units (CGU's).</p> <p>To assess recoverability of these assets, the Group prepared an impairment analysis at 30 June 2017 for each CGU to determine if the carrying values of intangibles and property, plant and equipment were supported by forecast future cash flows, discounted to present values. This analysis was based on a value in use model that required significant management judgement with respect to factors such as the discount rate, underlying cashflows (in particular future revenue growth) and terminal values assigned to each business contained within the CGUs.</p> <p>This is a key audit matter due to the significance of these asset balances to the financial position of the Group and the Group's assessment of the carrying amount involving significant management judgement and estimates.</p>	<p>Our procedures included, amongst others, the following:</p> <ul style="list-style-type: none"> • We assessed management's determination of the Group's CGUs based on our understanding of the nature of the Group's business. We also analysed the internal reporting of the Group to assess how earnings streams are monitored and reported. • Assessing the valuation methodology, including checking the mathematical accuracy. • Reconciling input data to supporting evidence, such as approved budgets, discount rates, etc. • Challenging the reasonableness of key assumptions, such as those relating to forecast revenue, growth rates and discount rates, based on our knowledge of the business and the industry. • We assessed the historical accuracy of forecasting of the Group to assess the Group's ability to make reliable forecasts; • Performing a sensitivity analysis using a range of reasonably possible inputs such as alternative growth rates and discount rates. • Review of disclosure in the financial statements to ensure appropriate and adequate.

Key Audit Matters (continued)

Valuation of Investment in Associate and Loan owing from Associate – Refresh Waters Queensland Pty Ltd

Refer to Note 10 and 29

The financial report for the Group includes investment in Associate of \$491,721 and loan owing from Associate of \$292,851 – Refresh Waters Queensland Pty Ltd, represent 10% of total assets of Refresh Group Pty Ltd.

The audited financial report of the Associate for the year ended 30 June 2017 reflects net assets of \$804,409 which includes \$496,137 of intangibles (goodwill). Whilst the Associate is profitable in 2017, it has a history of reported losses in the last two years and is still not generating an adequate return on investment.

The Group has a 49% equity interest in the Associate.

This is a key audit matter due to the significance of the investment and loan balance to the financial position of the Group and because assessing recoverable values are subject to significant management estimates and judgements.

Our procedures included, amongst others, the following:

- Determining if the audited net assets of the Associate as at 30 June 2017 were adequate to cover the carrying value of the investment in and loan owing by the Associate to the Group. We were the auditor of the Associate for the year ended 30 June 2017.
- As a material asset of the Associate as at 30 June 2017 was goodwill we reviewed management's recoverability assessment (value in use model) as follows;
 - Assessing the valuation methodology including checking mathematical accuracy;
 - Reconciling input data to supporting evidence
 - Challenging the reasonableness of key assumptions
 - Assessed the historical accuracy of forecasting to assess the Associate's ability to make reliable forecasts
 - Performing sensitivity analysis using a range of reasonably possible inputs such as alternative growth rates and discount rates.
- Discussions with management and review of the 2018 Board approved budget and post balance date events, to determine whether there are any going concern issues which, if there are, would impact on the recoverability of the investment in and loan to Refresh Waters Queensland Pty Ltd.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF REFRESH GROUP LIMITED (CONTINUED)**

Key Audit Matters (continued)

Acquisition of Business from Ampic Plastic Pty Ltd	
Refer to Note 28	
<p>On 15 May 2017 the Group incorporated a new subsidiary, Refresh Plastic Pty Ltd to acquire a business from Ampic Plastic Pty Ltd for cash consideration of \$1,484,791.</p> <p>Accounting for this transaction is complex, requiring management to exercise judgement to determine the fair value of acquired assets and liabilities, including determining the allocation of purchase consideration to goodwill and separately identifiable intangible assets such as customer contracts.</p> <p>This is a key audit matter due to the significance of the acquisition and judgement involved in accounting for the transaction.</p>	<p>Our procedures included, amongst others, the following:</p> <ul style="list-style-type: none"> • We read the sale and purchase agreement to understand key terms and conditions. • We assessed whether this acquisition should be accounted for under AASB 3 Business Combinations or AASB 116 Property, Plant and Equipment – the Group accounted for it as an acquisition of a business under AASB3. • Evaluating the fair value model developed by management to determine the fair value of acquired assets and liabilities; • Assessing the cut-off period (acquisition date) for consolidating the post-acquisition financial performance of the acquired business. • Assessing the appropriateness of the relevant disclosures in the financial statements.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2017, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF REFRESH GROUP LIMITED (CONTINUED)**

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF REFRESH GROUP LIMITED (CONTINUED)**

MOORE STEPHENS

Auditor's Responsibilities for the Audit of the Financial Report (continued)

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON THE REMUNERATION REPORT

Opinion on the Remuneration Report

We have audited the Remuneration Report as included in the directors' report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of Refresh Group Limited, for the year ended 30 June 2017 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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.



NEIL PACE
PARTNER



MOORE STEPHENS
CHARTERED ACCOUNTANTS

Signed at Perth on the 22nd day of September 2017

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 Dato' Eddie Soong and Michael Pixley.

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	1	20
Women employees in the Company	15	27

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 22 September 2017

Distribution of Ordinary Shares

Range of Shares	Total Holders
1 - 1,000	5
1,001 - 5,000	15
5,001 - 10,000	178
10,001 - 100,000	168
100,001 and over	63
Total	429

Holders of less than a marketable parcel of ordinary shares 29

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>
CITICORP NOMINEES PTY LIMITED	11,467,703	8.6
REFRESH WILD PTY LTD	11,000,000	8.2
AUSTRALIAN GLAMOUR PTY LTD <RF TAN FAMILY A/C>	10,000,000	7.4
EVERLAST INVEST PTY LTD	10,000,000	7.4
MR HENRY ENG CHYE HENG + MS SOK HWA NGOH <THE HENG FAMILY A/C>	9,175,550	6.9
MISS VENETIA SU	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
DR CHEE SENG SEAH	1,410,000	1.1
MR JUAN HUI GOH	1,300,000	1.0
TOTAL	109,316,426	81.7

Total Shares on Issue

133,455,590

SHAREHOLDER INFORMATION

Substantial Shareholders - Ordinary Shares

	<u>Shares</u>	<u>%</u>
Ms Venetia Su	11,871,182	8.9%
Refresh Wild Pty Ltd	11,000,000	8.2%
Mr Henry Eng Chye Heng	10,469,439	7.8%
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%
Pacific Alliance Asia Opportunity Fund LP	7,692,308	5.8%
Ms Judy Inn Hoon Ong	6,711,550	5.0%

CORPORATE DIRECTORY

BOARD OF DIRECTORS

Henry Heng	Chairman and Managing Director
Peter Chai	Non-Executive Director
Chiau Thuan Teh	Non-Executive Director
Michael Pixley	Independent, Non-Executive Director

COMPANY SECRETARY

Julie Moore

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

11 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 Plastics Pty Ltd – 100% owned

9 Olive Grove
KEYSBOROUGH VIC 3173
Telephone: (03) 9701 5600
Facsimile: (03) 9701 5744
Email: enquiries@refreshplastics.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

Refresh Group Limited

ABN 28 079 681 244
17 Denninup Way,
Malaga WA 6090

T (08) 9248 3006
F (08) 9248 7233

www.refreshgroup.com.au

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