

## Appendix 4E

### Preliminary final report Period ending 30 June 2010

#### Results for announcement to the market

<b>Financial Results</b>			<b>June 2010</b>	<b>June 2009</b>
Revenue from ordinary activities	Dn	7 %	5,545,486	\$5,936,991
Comprehensive (Loss) from ordinary activities after tax attributable to members	Up	14 %	(\$420,323)	(\$488,173)

<b>Dividends</b>	<b>2010 interim dividend</b>	<b>2009 interim dividend</b>
Amount per Ordinary Security	Nil	Nil
Franked amount per Security	Nil	Nil
Record date for determining entitlements to interim dividends	N/A	

<b>Net Tangible Asset Backing</b>	<b>June 2010</b>	<b>June 2009</b>
Net tangible asset backing per ordinary security	\$0.05	\$0.06

#### Commentary

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

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

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

**PRELIMINARY FINAL REPORT  
STATEMENT OF COMPREHENSIVE INCOME  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2010**

	Note	CONSOLIDATED	
		2010 \$	2009 \$
Revenues from ordinary activities	2a	5,545,486	5,936,991
Change in inventories of finished goods and work in progress		(1,993,331)	(2,308,879)
Other income	2b	(29,945)	(13,498)
Employee benefits expense	2c	(2,285,126)	(2,252,654)
Depreciation and amortisation expense		(231,428)	(204,812)
Professional fees		(91,896)	(113,096)
Advertising expenses		(131,698)	(139,885)
Motor vehicle expenses		(166,956)	(197,077)
Occupancy expenses		(457,931)	(435,259)
Other expenses		(562,447)	(716,725)
<b>Operating loss From Continuing Operations</b>		<b>(405,272)</b>	<b>(444,894)</b>
Finance income	2d	13,335	13,814
Finance costs	2e	(28,386)	(57,093)
Net Loss before Income Tax		(420,323)	(488,173)
Income tax benefit/ (expense)		-	-
<b>Net loss attributable to members of Refresh Group Limited</b>		<b>(420,323)</b>	<b>(488,173)</b>
Other comprehensive income		-	-
<b>Total comprehensive income/(loss) attributable to members of Refresh Group Limited</b>		<b>(420,323)</b>	<b>(488,173)</b>
Basic loss per share (cents per share)		(0.62)	(1.10)

The accompanying notes form part of the Statement of Comprehensive Income

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**PRELIMINARY FINAL REPORT  
STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2010**

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

The accompanying notes form part of the Statement of Financial Position

**PRELIMINARY FINAL REPORT  
STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2010**

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

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

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**PRELIMINARY FINAL REPORT  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2010**

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

The accompanying notes form part of the Statement of Cash Flows

**PRELIMINARY FINAL REPORT  
NOTES TO AND FORMING PART OF PRELIMINARY FINAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2010**

**1. 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". Segment information can be analysed as follows for the reporting period under review.

	WA	NSW *	VIC	QLD	NATIONAL	OTHER	TOTAL
<b>12 months to 30 June 2010</b>							
Revenue from external customers	2,571,794	1,102,749	444,917	1,386,305	39,721	-	5,545,486
Segment operating profit/(loss)	85,494	(6,492)	(7,319)	40,142	(24,435)	(507,713)	(420,323)
Total assets	2,475,077	799,046	403,371	1,233,210	123,363	417,880	5,451,947
<b>12 months to 30 June 2009</b>							
Revenue from external customers	3,082,810	1,191,072	370,254	1,292,855	-	-	5,936,991
Segment operating profit	173,468	(27,300)	(98,272)	(182,859)	-	(353,210)	(488,173)
Total assets	2,202,476	664,277	395,541	1,197,871	-	1,166,625	5,626,790

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

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**PRELIMINARY FINAL REPORT  
NOTES TO AND FORMING PART OF PRELIMINARY FINAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2010**

**2. REVENUE AND EXPENSES**

	<b>CONSOLIDATED</b>	
	<b>2010</b>	<b>2009</b>
	<b>\$</b>	<b>\$</b>
	<hr/>	<hr/>
<b>a. Revenue</b>		
Sale of bottled water and accessories	5,545,486	5,936,991
	<hr/>	<hr/>
	5,545,486	5,936,991
	<hr/>	<hr/>
<b>b. Other income</b>		
Gain/(loss) on disposal of property, plant and equipment	(29,945)	(23,498)
Sale of distribution run	-	10,000
	<hr/>	<hr/>
	(29,945)	(13,498)
	<hr/>	<hr/>
<b>c. Employee benefits expense</b>		
Wages and Salaries	2,001,015	1,963,728
Workers' compensation costs	61,514	70,050
Superannuation costs	142,745	178,266
Provisions for Annual and Long Service Leave	30,715	14,200
Expense of share-based payments	49,137	26,410
	<hr/>	<hr/>
	2,285,126	2,252,654
	<hr/>	<hr/>
<b>d. Finance income</b>		
Interest received	13,335	13,814
	<hr/>	<hr/>
	13,335	13,814
	<hr/>	<hr/>
<b>e. Finance Costs</b>		
Bank loans and receivable factoring	18,550	41,995
Finance charges payable under finance leases and hire purchase contracts	9,836	15,098
	<hr/>	<hr/>
	28,386	57,093
	<hr/>	<hr/>

**PRELIMINARY FINAL REPORT  
NOTES TO AND FORMING PART OF PRELIMINARY FINAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2010**

**3. TRADE AND OTHER RECEIVABLES**

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

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

**4. INVENTORIES**

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

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**PRELIMINARY FINAL REPORT  
NOTES TO AND FORMING PART OF PRELIMINARY FINAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2010**

**5. TRADE AND OTHER PAYABLES**

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

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

**6. DETAILS OF ENTITIES OVER WHICH CONTROL HAS BEEN GAINED OR LOST DURING THE PERIOD**

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

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

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**PRELIMINARY FINAL REPORT  
NOTES TO AND FORMING PART OF PRELIMINARY FINAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2010**

**6. DETAILS OF ENTITIES OVER WHICH CONTROL HAS BEEN GAINED OR LOST DURING THE PERIOD. (Contd)**

- b. On 27 May 2010, the Group acquired Fusion H<sup>2</sup>O for \$120,000 in cash. This business is integrated into the Perth operation, operating as a separate division selling bottled water in every states and territory.

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

**7. EVENTS AFTER THE BALANCE SHEET DATE**

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

<b>Purchase consideration</b>	<b>\$</b>
Equity issued as consideration	<u>4,667,000</u>
Total Consideration	<u>4,667,000</u>
Fair value of assets acquired (see below)	4,135,864
Goodwill	<u>531,136</u>
	<u>4,667,000</u>
Assets and liabilities held at acquisition date:	
Cash on hand	37
Receivables	42,141
Inventories	242,215
Plant & Equipment	67,416
Patent	4,000,000
Payables	(215,945)
Net Assets acquired	<u>4,135,864</u>

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

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

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

**PRELIMINARY FINAL REPORT  
NOTES TO AND FORMING PART OF PRELIMINARY FINAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2010**

**8. CONTINGENT ASSETS & LIABILITIES**

There are no contingent liabilities or contingent assets as at 30 June 2010 and in the interval between 30 June 2010 and the date of this report.

**9. BASIS FOR PREPARATION**

This preliminary final report has been prepared in accordance with ASX listing rule 4.3A and the disclosure requirements of ASX Appendix 4E. The accounting policies adopted in the preparation of the preliminary final report are consistent with those adopted in the preparation of the annual financial report.

**10. UNAUDITED APPENDIX E**

This report has not been audited. The results of the Group are subject to change post the review and audit of the current year.

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