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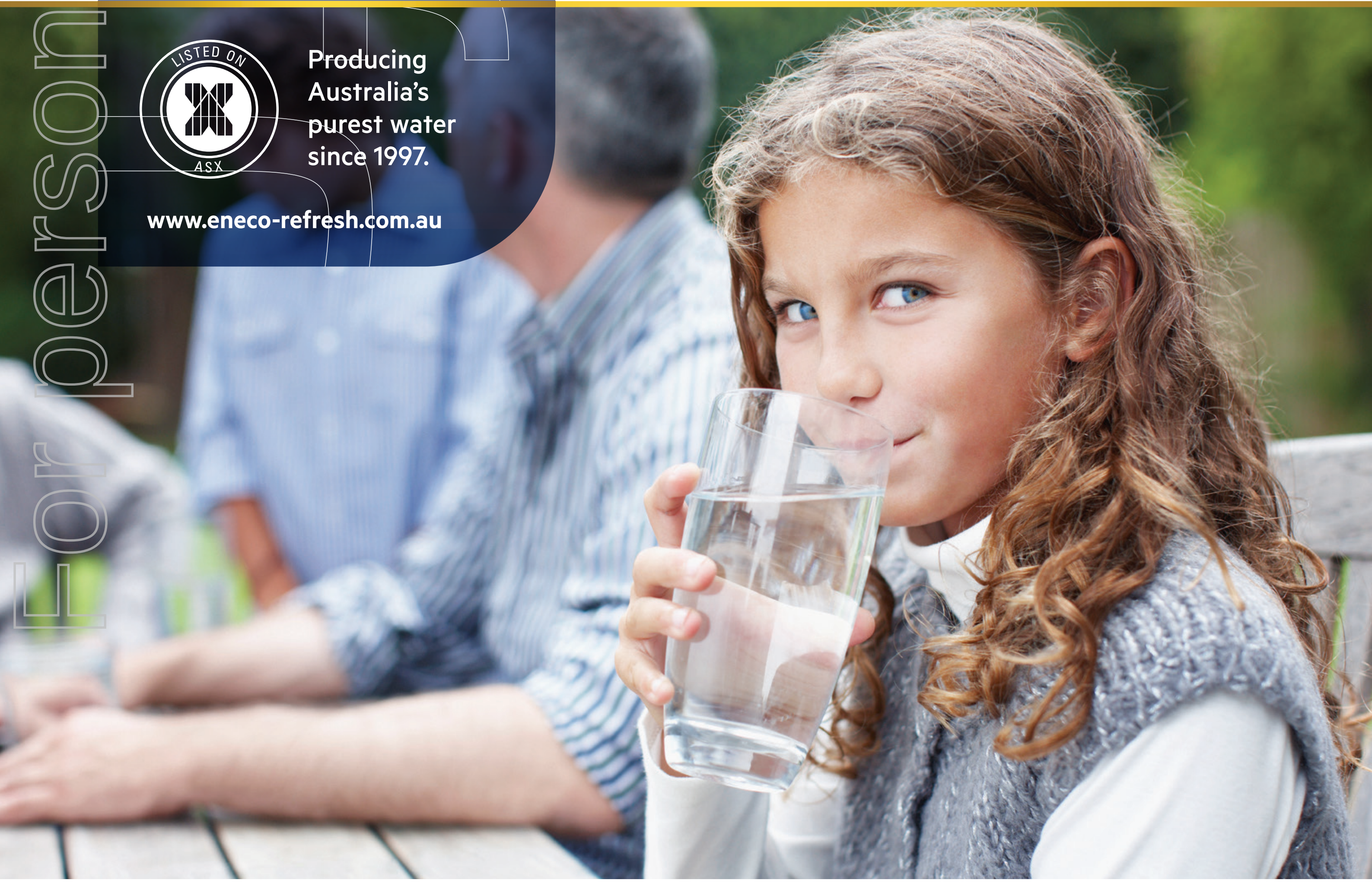
Annual Report 2019



Producing Australia's purest water since 1997.

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CHAIRMAN'S REVIEW

I am pleased to present the Annual Report for Eneco Refresh Ltd (Eneco) for the financial year ended 30 June 2019. Eneco 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.

The last financial year has been the most eventful for Eneco since our listing. Eneco is pleased to welcome a new investor, Eneco Investment Pte Ltd. The investment was made in 2 tranches - $500,000 on 2 November 2018 and $7,734,165 on 16 January 2019. Subsequent to the investments, shareholders approved a change of our company name from Refresh Group Ltd to Eneco Refresh Ltd.

The investments have given us the financial resources to grow our business. Eneco bought back 51% of shares in Refresh Waters Queensland Pty Ltd (RWQ) which it sold to Saisan Co Ltd 5 years ago. RWQ's financials will now be consolidated into our financials, increasing our revenue and share of profit.

On 3 April 2019, we bought over the assets of failed bottled water company, NT Beverages Group Pty Ltd from its administrators. This move into Darwin is our seventh bottled water factory in Australia.

While the bottled water industry continues to grow in Australia, margins have been affected in the face of severe competition. We are pleased that Eneco has been able to identify, grow, and diversify so as to now incorporate 3 different divisions – Refresh Waters, Refresh Plastics, and Eneco Australia.

Refresh Waters is growing well in Sydney, Melbourne, Brisbane, and Kalgoorlie, both in sales and profit. Perth has had some challenges following the entry of Aldi into Western Australia and IGA supermarkets (Refresh stockists) resultingly closing. This has caused a temporary decline in sales and some bad debts.

Refresh Plastics came about from the acquisition of the assets of Ampi Plastics Pty Ltd in May 2017. Refresh Plastics is the Oceania licensee of Petainer and produces one-way PET kegs. A new 20-litre model was introduced recently, which will contribute to our revenue and bottom-line.

Eneco Australia is the Australia and New Zealand distributor for all products of Eneco Holdings Japan and its associated companies. This includes their patented Eneco Plasma Fusion and Eneco Plasma R Hydrogen Gas systems.

Eneco will continue to look for opportunities to grow the Group so as to deliver a better return for all shareholders.

Henry Heng
Chairman

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DIRECTORS' REPORT

The directors of Eneco Refresh Limited (formerly Refresh Group Limited) (Eneco) present the annual financial report of the consolidated entity, being Eneco Refresh Limited (formerly Refresh Group Limited) and its controlled entities (Group) for the financial year ended 30 June 2019. 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 Group 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 Eneco.

He started his career in banking and is an Associate of The London Institute of Banking and Finance. 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 has been Vice-President, Strategy & External Relations of the WA-Singapore Business Connect since its incorporation in January 2018.

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

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 more than 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 EVE Investments Ltd (ASX:EVE) and Story-i Ltd (ASX:SRY), both listed on the Australian Securities Exchange.

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Directors (cont)

Peter Chai *Non-Executive Director*

Appointed on 29 November 2016. Member of the Remuneration Committee.

Peter is a self-made entrepreneur. He established the DPI group of companies in Malaysia in 1986. He is currently the Executive Chairman and Managing Director of DPI Holdings Berhad, a limited company in Malaysia. DPI is primarily involved in the manufacturing and distribution of aerosol products for the automotive, industrial and household markets. They also provide aerosol filling services to their private label customers. DPI is well known for their quality aerosol paints and coatings, and non-paint industrial aerosol products sold under its own brand "DPI", "Anchor" and "Kromoto". Their products and services are used by customers in Malaysia, Indonesia, Japan, Australia and New Zealand.

Besides DPI, Peter also has various other business ventures in countries such as Singapore, Australia and Hong Kong. These business ventures are primarily involved in providing surface finishing services, plastic injection and blow moulding as well as real estate development and investment.

Peter is the Executive Chairman of DPI Holdings Berhad, a company listed on the ACE Market of the Kuala Lumpur stock exchange.

Koji Yoshihara *Non-Executive Director*

Appointed on 2 November 2018. Member of the Audit & Risk Management Committee.

Koji started his career in the export division of a Japanese automotive maker. He subsequently moved to investment banking and was in the industry for 26 years. He was mainly involved in the international capital markets and was engaged in a number of cross-border transactions between Japan and overseas countries. Koji is also experienced in corporate planning and management of overseas subsidiaries and has worked in the United States and Singapore.

He has also worked for a Japanese environment-related company. Koji was in charge of corporate planning of Asian business, mergers and acquisitions and is very experienced in international business, especially in Asia.

Koji graduated with a Bachelor degree in Liberal Arts from the International Christian University, Tokyo.

Koji is a non-executive director of Eneco Energy Ltd (SGX:R14) which is listed on the Singapore Exchange Ltd.

Yasuhiro Yamamoto *Non-Executive Director*

Appointed on 17 January 2019.

Yasuhiro worked at a well-known Japanese electronics company for about eight years primarily engaged in factory automation as a skilled technician. He joined Eneco Holdings Inc as Vice-President and developed the technologies of emulsion fuel. In 2014, he succeeded in developing Eneco Plasma Fusion and Eneco Plasma R Hydrogen Gas and started sales focused on overseas markets. In 2016, Yasuhiro became the President and CEO of Eneco Holdings Inc.

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

Reiichi Natori *Independent, Non-Executive Director*

Appointed on 17 January 2019.

Reiichi received B.S. degrees in commerce from Chuo University, Tokyo, Japan and Accounting (emphasis taxation) from Utah Valley University, United States of America. He worked for two of the Big Four international accounting firms as a corporate tax professional in Chicago, Illinois from 2003 to 2010. With each of the firms, he had 26-30 corporate clients to serve the engagements. Upon returning to Japan, he developed his career at a Japanese trading company where he worked in treasury and accounting. He joined Eneco Holdings Inc in 2017.

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

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Secretary

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

Ms Julie Moore *LLB, GDLP*

Appointed on 29 November 2016.

Julie is a commercial barrister with a practice focusing on construction and engineering disputes, professional negligence and insurance law. She has acted on behalf of various construction companies, mining companies, private companies, directors, local governments and insurers.

Prior to joining the Bar, Julie was a senior associate at DLA Piper.

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.

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DIRECTORS' REPORT

(a) Review of Operations and Financial Results

Eneco is pleased to announce that it has achieved a 3% increase in revenue and trimmed its loss by 3% compared to the previous financial year.

New South Wales continues to do well with an increase of 9% in revenue and 26% in profit. It continues to be our most profitable business segment for the second year running.

Victoria has also improved 5% in revenue and 4% in profit.

Western Australia has declined partly due to the sharp growth of Aldi which has resulted in the closure of a number of IGA supermarkets who stock the Group's products. The closures have impacted on sales and also resulted in bad debts.

The acquisition of NT Beverages' assets in Darwin will result in losses in the immediate future but the Group is confident of profits in the future.

Following the buyback of 51% of Refresh Waters Queensland Pty Ltd (RWQ) on 2 January 2019, RWQ's accounts have now been consolidated with our financials. RWQ made a profit in the first half but due to technical issues, there was a downturn in the second half. Those issues have now been rectified and RWQ is on track to make profit going forward.

Following a comprehensive review, management in Refresh Plastics Pty Ltd has now ceased production of lower margin items to free up the machines for products with higher gross margins. Management is also working on sales growth into the next quarter. With the launch of a new and better model of Petainer keg, we expect sales of kegs to improve significantly.

Corporate cost was higher partly because of expenses incurred when Eneco Investment Pte Ltd took a 51% stake in Eneco Refresh Limited (formerly Refresh Group Limited).

	FY 2019 $'000	FY 2018 $'000	Variance
Revenue from contracts with customers			
WA	2,879	3,007	-4%
NSW	2,042	1,873	9%
VIC	1,234	1,180	5%
NT [1]	96	-	
Refresh Waters	**6,251**	**6,060**	**3%**
Refresh Waters Qld [2]	**889**	**-**	
Refresh Plastics	**1,946**	**2,724**	**-29%**
Eneco	**9,086**	**8,784**	**3%**
Profit/Loss			
WA	3	145	-98%
NSW	206	164	26%
VIC	143	137	4%
NT [1]	51	-	
Refresh Waters	**403**	**446**	**-10%**
Refresh Waters Qld [2]	**-1**	**-**	
Refresh Plastics	**-462**	**-590**	**22%**
Eneco Australia	**-11**	**-**	
Corporate	**-582**	**-510**	**-14%**
Fair value loss on financial assets at FVTOCI	**-111**	**-75**	**-48%**
Loss on remeasuring previously held investment	**-344**	**-**	
Goodwill written off	**-**	**-409**	
Eneco total Loss	**-1,108**	**-1,138**	**-3%**

[1] *NT commenced operations on 3 April 2019*
[2] *Consolidated only from 2 January 2019*

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(b) Significant Changes in State of Affairs

On 2 November 2018, the Group issued 10,000,000 shares at $0.05 to Eneco Investment Pte Ltd (Eneco Investment), a company registered in Singapore. Following approval by shareholders at General Meeting on 8 January 2019, the Group issued 128,902,757 shares at $0.06 to Eneco Investment on 16 January 2019. Eneco Investment now owns 51% of the Group and as such, Eneco Refresh Limited became a subsidiary of Eneco Investment. At General Meeting on 12 March 2019, a resolution was passed to change its name from Refresh Group Limited to Eneco Refresh Limited. Consequently, its trading code on ASX was changed from RGP to ERG.

During the current year, Eneco increased it's shareholding in RWQ to 100%. The acquisition date was determined to be 2 January 2019 with consideration being transferred in two tranches on the 2 January 2019 and 1 February 2019.

(c) Principal Activities

The Group has 2 principal revenue streams -

Refresh Waters - its principal activity is the production and distribution of bottled water and accessories and the rental of water coolers (although this is not significant at the present time). 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.

Refresh Plastics - markets a broad range of plastic products including containers and jars, bottles, gardening products, automotive parts and toys. It is the Oceania licensee of Petainer TM, supplier of one-way kegs for the beer, cider and wine industry.

The Group is also focused on being the Australia and New Zealand distributor of Eneco Holding Inc's products including its Eneco Plasma Fusion and Eneco Plasma R Hydrogen Gas and expects this to become a significant revenue stream in subsequent years.

(d) Our Business Model and Objectives

The Group'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, The Group has to locate our factories nearer to the customer and hence our model of having 6 factories in Australia.

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

(e) Financial Position

Following the investment by Eneco Investment, the Group is in a strong financial position to take it to the next level. As at the reporting date, it has a cash balance of $2.3 million, net current assets of $3.78 million and net assets of $11.18 million.

(f) Significant Events after Balance Date

No matter or circumstance has arisen since the end of the financial year, which significantly affected or may significantly affect the operations of Eneco, the results of those operations or the state of affairs of Eneco in the future financial years.

(g) Future Developments, Prospects and Business Strategies

With the investment in the year by Eneco Investment, the acquisition of 100% of the issued and fully paid shares in RWQ and the acquisition of the NT Beverages' assets in Darwin, Eneco expects to consolidate its operations in the near future before seeing the full benefit of the change in operational capacity going forward.

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(h) Business Risks

Eneco consider that its key business risk is ensuring that strict quality control is in place to reduce the risk of contamination of its water products. Currently Perth and Darwin have obtained accreditation under the Hazard Analysis and Critical Control Points (HACCP) and it is the Groups intention to progressively obtain accreditation for all other business units.

(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 Eneco 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 and the Melbourne factory, 25kW. Our Toowoomba factory is located in a shared complex with solar panels across its rooftop. The Group is now negotiating to install solar power at Brisbane, Darwin and Melbourne.

(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	5	5				
Thuan Teh	5	3	2	1	-	-
Michael Pixley	5	5	2	2	-	-
Peter Chai	5	4	1	1	-	-
Koji Yoshihara	3	3	1	1		
Yasuhiro Yamamoto	2	-				
Reiichi Natori	2	2				

(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.

(m) Indemnifying Directors, Officers and Auditors

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.

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(n) 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.

(o) Proceedings on Behalf of the Group

No person has applied for leave of court to bring proceedings on behalf of the Group or intervene in any proceedings to which the Group is a party for the purpose of taking responsibility on behalf of the Group for all or any part of those proceedings.

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

(p) Auditor's Independence Declaration

The Auditor's Independence Declaration under section 370C is included on page 14 of the Directors' Report.

(q) Unissued Shares Under Option

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

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(r) Remuneration Report (Audited)

The report details the nature and amount of remuneration of each key management person of Group.

The Key Management Personnel of the Company and the Group, and the positions that they hold, are listed in the following table:

Key Management Personnel	Position held as at 30 June 2019 and any change during the year	Contract details (duration and termination)
Mr H Heng	Chairman and Managing Director	No fixed term.
Mr C Thuan Teh	Non-Executive Director	No fixed term.
Mr M Pixley	Independent, Non-Executive Director	No fixed term.
Mr P Chai	Non-Executive Director	No fixed term.
Mr K Yoshihara	Non-Executive Director	No fixed term.
Mr Y Yamamoto	Non-Executive Director	No fixed term.
Mr R Natori	Independent, Non-Executive Director	No fixed term.
Mr R Duncan	Factory Manager, Western Australia	No fixed term.
Mr R Nusantara	New South Wales Manager	No fixed term.
Mr C Wang	Victoria Manager	No fixed term.
Mr R Jessett	Kalgoorlie Manager	No fixed term.
Mr E Pui (resigned 31 May 2019)	Accountant	No fixed term.

Remuneration Policy

The performance of Eneco depends upon the quality of its directors and key management personnel. To achieve success, the Group must attract, motivate and retain highly skilled directors and key management personnel. To this end, the Group 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.

Group 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 are 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 potential to issue options to directors and key management to encourage the alignment of personal and shareholder interests.

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 and performance incentives. Base salary is determined following a review of Group, departmental and individual performance, relevant comparative remuneration in the market and, where appropriate, external advice on policies and practice. In the current year no external advice was taken. Performance incentives are paid upon achievement of KPIs or performance targets. The KPIs are set annually, with a certain level of consultation with executive directors and key management personnel. The measures are specifically tailored to the areas each executive director and key management personnel is involved in and has a level of control over. The KPIs target areas the Board believes hold greater potential for the Group's 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.

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Remuneration Report (Audited)

To align the interests of the executive directors and key management personnel, the Group also has a Directors and Executives Options Scheme (DEOS). The Group considers that a DEOS can provide a cost-effective and efficient long-term incentive which is linked to the performance of the Group. Executive directors and key management personnel may be granted options to motivate them to pursue the long-term growth and success of the Group within an appropriate control framework and demonstrate a clear relationship between executive director and key management performance and remuneration. No options have been issued in the current or preceding year as it was not considered appropriate as at this time. Details of the DEOS can be found in Note 25 of the Financial Report.

All remuneration paid is valued at the cost to the Group and expensed. Any shares given to executive directors and key management personnel (for example as payment for achieving KPIs or as a discretionary bonus) 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.

Performance-based Remuneration

KPIs are set annually by the Board, with a certain level of consultation with the executive directors and key management personnel. 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 by the Board, 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, Eneco base the assessment on audited figures if the KPI relates to financial goals, and industry standards if the KPI relates to non-financial goals.

The maximum performance incentive that could have been achieved for the year ended 30 June 2019 and 20 June 2018 based on the KPIs set for each executive director and key management personnel, and what was actually achieved following the assessment of performance by the Board, is summarised in the following table:

Executive director or key management personnel	30 June 2019 maximum performance incentive achievable	30 June 2019 performance achieved	30 June 2018 maximum performance incentive achievable	30 June 2018 performance achieved
Mr H Heng	38,000	38,000	38,000	38,000
Mr R Duncan	-	-	-	-
Mr R Nusantara	-	-	-	-
Mr C Wang	14,053	14,053	14,487	14,487
Mr R Jessett	3,800	3,800	-	-
Mr E Pui	-	-	-	-

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

Eneco received 99.7% of 'yes' votes on its Remuneration Report for the financial year ended 30 June 2018. The Company received no specific feedback on its Remuneration Report at the Annual General Meeting.

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Remuneration Report (Audited)

(t) 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 19									
Mr H Heng	162,000	38,000	5,912	19,000	-	2,740	-	227,652	16.7%
Mr CT Teh[1]	19,000	-	-	1,805	-	-	-	20,805	-
Mr M Pixley[2]	46,000	-	-	-	-	-	-	46,000	-
Mr P Chai[3]	18,615	-	-	-	-	-	-	18,615	-
Mr K Yoshihara[3]	12,410	-	-	-	-	-	-	12,410	-
Mr Y Yamamoto[4]	8,480	-	-	-	-	-	-	8,480	-
Mr R Natori[5]	8,480	-	-	-	-	-	-	8,480	-
Total	274,985	38,000	5,912	20,805	-	2,740	-	342,442	
30 June 18									
Mr H Heng	157,541	38,000	5,914	19,076	-	2,740	-	223,271	17.0%
Mr CT Teh	19,000	-	-	1,805	-	-	-	20,805	-
Mr M Pixley[1]	36,000	-	-	-	-	-	-	36,000	-
Mr P Chai [2]	18,615	-	-	-	-	-	-	18,615	-
Total	231,156	38,000	5,914	20,881	-	2,740	-	298,691	

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

[1] Mr Pixley receives director fees through his entity Nepix Pty Ltd
[2] Mr Chai receives director fees through his entity Everlast Invest Pty Ltd
[3] Mr Yoshihara was appointed on 2 November 2018
[4] Mr Yamamoto was appointed on 17 January 2019
[5] Mr Natori was appointed on 17 January 2019

DIRECTORS' REPORT

Remuneration Report (Audited)

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

(ii) Remuneration of Key Management Personnel

The key management of Eneco includes:

Mr R Duncan	Factory Manager, Western Australia
Mr R Nusantara	New South Wales Manager
Mr C Wang	Victoria Manager
Mr R Jessett	Kalgoorlie Manager
Mr E Pui	Accountant

	SHORT TERM EMPLOYEE BENEFITS			POST EMPLOYMENT		LONG TERM BENEFITS	EQUITY	SHARE-BASED PAYMENT	TOTAL	REMUNERATION
	Salary & Fees	Bonus	Non-Monetary benefits	Superannuation	Retirement benefits / Termination	Long Service Leave	Options	Remuneration		Performance Related
	$	$	$	$	$	$	$	$	$	%
30 June 19										
Mr R Duncan	68,822	-	-	6,512	-	-	-	-	75,334	-
Mr R Nusantara	205,692	-	-	-	-	-	-	-	205,692	-
Mr C Wang	70,000	14,053	-	8,037	-	-	-	-	92,090	15.3%
Mr R Jessett	60,231	3,800	-	6,083	-	1,153	-	-	71,267	5.3%
Mr E Pui [1]	70,724	-	-	6,719	20,683	-	-	-	98.126	-
Total	475,469	17,853	-	27,351	20,683	1,153	-	-	542,509	
30 June 18										
Mr R Duncan	70,000	-	-	6,655	-	-	-	-	76,655	-
Mr R Nusantara	164,283	-	-	-	-	-	-	-	164,283	-
Mr C Wang	70,000	14,487	-	8,026	-	-	-	-	92,513	15.7%
Mr R Jessett	59,967	-	-	5,697	-	1,188	-	-	66,852	-
Mr E Pui	72,225	-	-	6,861	-	1,497	-	-	80,583	-
Total	436,475	14,487	-	27,239	-	2,685	-	-	480,886	

[1] Mr Pui resigned on 31 May 2019

(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. There are no outstanding options as at 30 June 2019.

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Remuneration Report (Audited)

(u) Key Management Personnel Shareholdings

The number of ordinary shares in Eneco held by Directors and key management personnel of the Group, together with those held by their personally related parties, during the financial year is as follows:

	Balance 01 Jul 18 Ord	*Granted as Remuneration Ord*	*Other Net Changes * Ord*	*Balance 30 Jun 19 Ord*
Directors				
Mr H Heng	20,948,675	-	(278,150)	20,670,525
Mr C Teh	11,264,000	-	(4,396,699)	6,867,301
Mr M Pixley	396,000	-	(396,000)	-
Mr P Chai	10,000,000	-	-	10,000,000
Mr K Yoshihara	-	-	138,902,757	138,902,757
Mr Y Yamamoto	-	-	-	-
Mr R Natori	-	-	-	-
Other key management personnel				
Mr R Duncan	-	-	-	-
Mr R Nusantara	-	-	-	-
Mr C Wang	10,000	-	-	10,000
Mr R Jessett	20,000	-	-	20,000
Mr E Pui [1]	52,000	-	(52,000)	-
Total	42,690,675	-	(5,122,849)	37,567,826

* *Relate to general sales and purchases made on the open market*
[1] Mr Pui resigned on 31 May 2019

All equity transactions with directors have been entered into under terms and conditions no more favourable than those the Group would have adopted if dealing at arm's length.

Other Equity-related Key Management Personnel Transactions

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

Related Party Transactions

No director or key management personnel has received any loan from Eneco or any of its controlled entities and no balances are outstanding as at the reporting date. There has been no other related party transactions.

END OF REMUNERATION 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, 25 September 2019

AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF ENECO REFRESH LIMITED

In relation to the independent audit for the year ended 30 June 2019, to the best of my knowledge and belief there have been:

(i) No contraventions of the auditor independence requirements of the *Corporations Act 2001*; and

(ii) No contraventions of APES 110 *Code of Ethics for Professional Accountants*.

This declaration is in respect of Eneco Refresh Limited and the entities it controlled during the year.

Pitcher Partners BA&A PTY LTD

PITCHER PARTNERS BA&A PTY LTD

PAUL MULLIGAN
Executive Director
Perth, 25 September 2019

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2019

	Note	CONSOLIDATED 2019 $	2018 $
Revenue from contracts with customers	6a	9,086,063	8,784,287
Cost of Sales	6b	(4,943,005)	(5,363,787)
Gross Profit		4,143,058	3,420,500
Other income		19,622	3,702
Marketing Expenses		(723,213)	(628,981)
Distribution Expenses		(1,402,907)	(1,183,396)
Administrative Expenses		(1,836,108)	(1,498,300)
Occupancy Expenses		(826,846)	(709,484)
Share of net Profit of Associate	29	15,808	495
Impairment of Goodwill	13	-	(409,000)
Loss on remeasuring previously held investment	32	(344,356)	-
Other expenses		-	(500)
Results from operating activities		(954,942)	(1,004,964)
Finance income	6c	18,265	12,902
Finance costs	6d	(60,570)	(70,999)
(Loss) before income tax		(997,247)	(1,063,061)
Income tax expense	7	-	-
(Loss) after income tax		(997,247)	(1,063,061)
Other comprehensive income			
Items that will be not be reclassified subsequently to profit or loss when specific conditions are met:			
Fair value (loss) on financial assets at fair value through OCI		(111,162)	(75,000)
Total (Loss) attributable to members of Eneco Refresh Limited		(1,108,409)	(1,138,061)
Earnings per share			
Basic earnings per share (cents)	8	(0.56)	(0.80)

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

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019

	Notes	CONSOLIDATED 2019 $	CONSOLIDATED 2018 $
ASSETS			
Current Assets			
Cash and cash equivalents	9	2,264,877	378,128
Trade and other receivables	10	988,632	887,580
Prepayments		89,755	156,078
Inventories	11	2,107,655	1,279,474
Current tax asset		34,903	-
Total Current Assets		5,485,822	2,701,260
Non-Current Assets			
Trade and other receivables	10	-	246,010
Property, plant and equipment	12	7,023,878	2,485,703
Intangible assets	13	704,798	451,542
Investment in Associates	29	-	492,216
Financial assets at fair value through OCI	30	185,270	300,000
Total Non-current assets		7,913,946	3,975,471
TOTAL ASSETS		13,399,768	6,676,731
LIABILITIES			
Current Liabilities			
Trade and other payables	15	827,582	684,598
Financial liabilities	16	261,355	261,355
Short-term provisions and accruals	18	660,033	468,838
Total Current Liabilities		1,748,970	1,414,791
Non-Current Liabilities			
Financial liabilities	16	419,490	680,844
Long-term provisions	18	48,242	114,798
Total Non-Current Liabilities		467,732	795.642
TOTAL LIABILITIES		2,216,702	2,210,433
NET ASSETS		11,183,066	4,466,298
EQUITY			
Issued capital	19	18,320,875	10,495,698
Share Reserve	19	191,712	191,712
2014 Profit Reserve	19	356,409	356,409
Financial Asset Revaluation Reserve	19	(111,162)	(75,000)
Accumulated losses		(7,574,768)	(6,502,521)
TOTAL EQUITY		11,183,066	4,466,298

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

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
AS AT 30 JUNE 2019

	Issued Capital $	Other Reserves $	Financial Assets Revaluation Reserve $	2014 Profit Reserve $	Accumulated Profit/(Losses) $	Total $
Balance at 1 July 2017	10,495,698	191,712	75,000	356,409	(5,514,460)	5,604,359
(Loss) for the year	-	-	-	-	(1,063,061)	(1,063,061)
Fair value (loss) on financial assets at fair value through OCI	-	-	(75,000)	-	-	(75,000)
Total comprehensive (loss)	-	-	(75,000)	-	(1,063,061)	(1,138,061)
Issue of share capital	-	-	-	-	-	-
Equity fund raising costs	-	-	-	-	-	-
Balance at 30 June 2018	10,495,698	191,712	-	356,409	(6,577,521)	4,466,298
Balance at 1 July 2018	10,495,698	191,712	-	356,409	(6,577,521)	4,466,298
(Loss) for the year	-	-	-	-	(997,247)	(997,247)
Fair value (loss) on financial assets at fair value through OCI	-	-	(111,162)	-	-	(111,162)
Total comprehensive (loss)	-	-	(111,162)	-	(997,247)	(1,108,409)
Issue of share capital	8,234,165	-	-	-	-	8,234,165
Equity fund raising costs	(408,988)	-	-	-	-	(408,988)
Balance at 30 June 2019	18,320,875	191,712	(111,162)	356,409	(7,574,768)	11,183,066

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

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2019

		CONSOLIDATED	
		2019	**2018**
	Notes	**$**	**$**
Cash flows from operating activities			
Receipts from customers		9,566,541	9,153,438
Payments to suppliers and employees		(10,548,494)	(9,236,940)
Borrowing costs		(60,570)	(70,999)
Interest received		18,265	7,006
Net cash flows (used in) operating activities	9	(1,024,258)	(147,495)
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment, and investment		41,683	8,773
Acquisition of a subsidiary, net of cash acquired	32	(401,827)	-
Purchase of property, plant and equipment		(4,287,992)	(206,304)
Net cash flows (used in) investing activities		(4,648,136)	(197,531)
Cash flows from financing activities			
Proceeds from issue of shares		8,234,165	-
Proceeds from borrowings		106,309	-
Share issue expenses		(408,988)	-
Repayments of borrowings		(372,343)	(258,544)
Net cash flows provided by / (used in) financing activities		7,559,143	(258,544)
Net increase / (decrease) in cash and cash equivalents		1,886,749	(603,570)
Cash and cash equivalents at beginning of period		378,128	981,698
Cash and cash equivalents at end of period	9	2,264,877	378,128

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

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1. CORPORATE INFORMATION

The financial report of Eneco Refresh Limited (formerly Refresh Group Limited) and its controlled entities (Group) for the year ended 30 June 2019 was authorised for issue in accordance with a resolution of the directors on 25 September 2019.

Eneco Refresh Limited (formerly Refresh Group Limited) is a company limited by shares incorporated and domiciled in Australia. Its shares are publicly traded on the Australian Securities Exchange.

The Group's principal activities are the production and distribution of bottled water and accessories, the rental of water coolers and the production and distribution of plastic moulded products.

2. CHANGES IN ACCOUNTING POLICIES AND NEW ACCOUNTING STANDARDS

2.1 New Accounting Standards

The following Australian Accounting Standards have been issued or amended and are applicable to the financial statements of the Group:

AASB No.	Title	Application for annual reporting periods beginning
AASB 9	Financial Instruments	1 January 2018
AASB 15	Revenues from Contracts with Customers	1 January 2018

AASB 9 'Financial Instruments'

AASB 9 supersedes pronouncement AASB 139 'Financial Instruments: Recognition and Measurement' and was adopted by the Group effective 1 July 2018. The standard brings together all three aspects of the accounting for financial instruments: classification and measurement, impairment; and hedge accounting.

With the exception of hedge accounting, the Group has applied AASB 9 retrospectively, with the initial application date of 1 July 2018, as mentioned above. The Group does not currently apply hedge accounting.

At the date of initial application, the Group concluded to:
- Classify eligible equity instruments as financial assets at fair value through other comprehensive income (FVTOCI); and
- Apply the simplified approach for trade receivables in the calculation of the expected credit loss (ECL) rather than the general approach.

The Group adopted AASB 9 retrospectively with the cumulative effect of initially applying the new Standard recognised at the date of initial recognition (i.e. as at 1 July 2018). The following table provides the adjustments made to individual line items recognised in the Group's consolidated financial report as a consequence of it adopting AASB 9 as at 1 July 2018:

	AASB 139 Classification	AASB 9 Classification	AASB 139 Carrying Amount $	AASB 9 Carrying Amount $
Financial assets				
Listed shares (i)	Available for Sale	FVTOCI	185,270	185,270

(i) Investment in Eve Investments Limited was classified as Available-for-Sale under AASB 139. The Group has decided to make the irrevocable election on transition to account for these investments as fair value through other comprehensive income (FVTOCI).

As a result of the adoption of the above, as at the date of initial application, there is no material impact on the transactions and balances recognised in the financial statements as the cumulative balance within the Financial Assets Revaluations Reserve at 1 July 2018 was nil.

Trade and other receivables

The adoption of AASB 9 has changed the Group's accounting for impairment losses for financial assets by replacing AASB 139's incurred loss approach with a forward looking expected credit loss (ECL) approach. AASB 9 requires the Group to record an allowance for ECL's for all loans and other debt financial assets not held at fair value through profit and loss.

Under AASB 139 trade and other receivables were held at amortised cost. Under AASB 9 trade and other receivables are held at amortised cost. The Group has calculated ECLs based on expected credit losses. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward looking factors specific to the debtors and the economic environment. For the current trade receivables, the Group applies the simplified approach in calculating the ECL's. Due

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

2.1 New Accounting Standards (cont)

to the short-term nature of the current trade receivables, the ECL's are based on the lifetime expected credit losses. In all cases, the Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due, whereupon a lifetime assessment of expected credit losses is undertaken. The Group considers a financial asset in default when contractual payment are 90 days past due.

However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. The Group has performed an analysis of the provision for doubtful debts under AASB 139, and the ECL's under AASB 9 and has concluded that based on the nature of the Group's customer base, no material difference exists.

AASB 15 'Revenue from Contracts with Customers'

AASB 15 supersedes AASB 111 Construction Contracts, AASB 118 Revenue and related interpretations and it applies with limited exceptions, to all revenue arising from contracts with its customers. AASB 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

AASB 15 requires the Group to exercise judgement, taking into account all the relevant facts and circumstances when applying each step of the model to contracts with customers. At the initial date of application (1 July 2018), the effect of adopting AASB 15 did not have a material impact on the transactions and balances recognised in the financial statements.

The principal activities of the Group are the manufacture and sale of bottled water and filtration systems; and the production and sale of plastic products.

The Group adopted AASB 15 using the full retrospective method of adoption. The effect of the transition on the current period has not been disclosed as the standard provides an optional practical expedients, however the impact on the current period is immaterial. The Group did not apply any of the other available optional practical expedients.

New and revised Standards and amendments thereof and Interpretations effective for the future periods relevant to the Group include:

- AASB 16 Leases supersedes pronouncement AASB 117 Leases, Int. 4 Determining whether an Arrangement contains a Lease, Int. 115 Operating Leases – Lease Incentives, and Int. 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease with effective date 1 January 2019;

- AASB 2017-4 Amendments to Australian Accounting Standards – Effective date of AASB Interpretation 23 Uncertainty over Income Tax Treatments with effective date 1 January 2019;

- AASB 2017-7 Amendments to Australian Accounting Standards – Effective date of AASB 128 Investments in Associates and Joint Ventures effective date 1 January 2019;

- Interpretations 23 Uncertainty Over Income Tax Treatments – Effective date of Interpretation 23 Uncertainty over Income Tax Treatments with effective date 1 January 2019; and

- Annual Improvements to IFRS Standards 2015-2017 Cycle – Effective date on amendments to IFRS 3 Business Combinations, IFRS 11 Joint Arrangements, IAS 12 Income Taxes and IAS 23 Borrowing Costs with effective date 1 January 2019.

The Group has not early adopted any of the above standards, interpretations or amendments that have been issued but are not yet effective. The Group is currently in the process of assessing the impact of the above standards not yet adopted.

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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 Principles of consolidation

The consolidated financial statements incorporate the financial statements of Eneco Refresh Limited (formerly Refresh Group Limited) and its controlled entities as at 30 June 2019 (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 Statement of Profit or Loss and Other Comprehensive Income 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

Freehold land and buildings are measured at revalued amounts, being the fair value at the date of the revaluation, less any subsequent accumulated depreciation and any accumulated impairment losses. At each reporting date, the carrying amount of each asset is reviewed to ensure that it does not differ materially from the asset's fair value at reporting date. Where necessary, the asset is revalued to reflect its fair value.

Increases in the carrying amounts arising on revaluation of land and buildings are recognised in other comprehensive income and accumulated in equity. To the extent that the increase reverses a decrease of the same asset previously recognised in profit or loss, the increase is recognised in profit or loss. Decreases that offset previous increases of the same asset are recognised in other comprehensive income; all other decreases are recognised in profit or loss.

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:

Building	40 years	Straight Line Method
Plant and equipment	5 to 15 years	Straight Line Method
Leasehold improvements	5 to 15 years	Straight Line Method
Motor vehicles	10 years	Diminishing Value Method

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3. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont)

3.5 Goodwill

Goodwill acquired in a business combination is initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the 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. Goodwill was tested in the current year and conclusion was no impairment is required. More details are in Note 14.

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 every 6 months 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 annual leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

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. 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 consolidated 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.

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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.

The Group applies the AASB 9 simplified approach to measure expected credit losses which use a lifetime expected loss allowance for all trade receivables and contract assets. To measure the expected credit losses, trade receivables have been grouped based on credit risk characteristics and the days past due. The expected loss rates are based on the Group's past history, existing market conditions and forward looking estimates at the end of each reporting period. 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 Statement of Cash Flows, 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.

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3. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont)

3.14 Share-based payment transactions

Share-based payments can be 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, unless market conditions are attached to the options, in which case, no adjustment is required.

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 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

Sale of goods

Revenue from contracts with customers is recognised when control of the goods is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods. All revenue is stated net of the amount of goods and services tax (GST). Revenue is measured net of any discounts, rebates and other price concessions, and net of the estimated amount of refunds for returned goods.

The disclosure of significant estimates and judgements relating to revenue from contracts with customers are set out in "Critical Accounting Estimates and Judgments" in note 3.27.

Interest Received

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets, is the rate inherent in the instrument.

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'.

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3. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont)

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 reporting 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 reporting 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 reporting date.

3.20 Deferred tax asset

Current income tax expense or revenue is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities.

Deferred tax assets and liabilities are recognised for temporary differences at the applicable tax rates when the assets are expected to be recovered or liabilities are settled. Deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not recognised if it arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

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 Consolidated Statement of Cash Flows 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.

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3. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont)

3.22 Financial instruments

Recognition

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15. In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.) The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. The Group's financial assets at amortised cost includes trade receivables.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Financial assets designated at fair value through OCI (equity instruments) Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

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3. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont)

3.22 Financial instruments (cont)

Financial assets designated at fair value through OCI (equity instruments) Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment. The Group elected to classify irrevocably its equity investments under this category.

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.

Financial liabilities

Initial recognition and measurement Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables and loans and borrowings.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss. This category generally applies to interest-bearing loans and borrowings.

Impairment of Financial Assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

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3. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont)

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.

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. Further particulars of impairment testing can be found in Note 14.

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.

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.

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.

Identifying performance obligations and timing of revenue recognition

The Group has applied the following judgements that significantly affect the determination of the amount and timing of revenue from sale of goods and provision of services:

There is one performance obligation identified in the Group's material revenue generating activities, that of providing goods (the Goods) to the customer. The performance obligation is therefore considered to be provision of the Goods which are required to satisfy the purchase order as a whole. Revenue from the sale of the Goods is recognised at the point in time the performance obligation is satisfied.

Revaluation of land and buildings

The Group carries its properties at fair value, with changes in fair value being recognised in profit or loss. The Board has considered evidence in relation to the market in which the properties are held as at 30 June 2019 and has determined that the fair value has not moved sufficiently from the cost to warrant recognition of any further revaluation for the current year. The Board reviews the properties' values at each reporting period to monitor movements in fair value, and where they determine the value has departed from the property's recorded value, they will seek to confirm value by engaging an independent valuer at that time.

The key assumption used to determine the fair value of land and buildings are provided in Note 33.

Provision for expected credit loss on trade receivables

The Group groups its client base into clients of similar credit risk to calculate expected credit losses for trade receivables. The provision rates used are based on past days for groupings of customers with similar loss patterns. The provision applied is initially based on the Group's historical observed default rates for each customer grouping. Where forward-looking information (such as a significant change in economic conditions and the junior listed sector) may provide evidence that there may be an

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3. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont)

increasing number of defaults, historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

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 measurement used in the Consolidated Statement of Financial Position are grouped into three levels of a fair value hierarchy. The three levels are based on the observability of significant inputs into the measurement as follows:

- Level 1 are quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 are inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directory or indirectly
- Level 3 are unobservable inputs for the asset or liability

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.

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3. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont)

3.26 Business combinations

The Group applies the acquisition method in accounting for business combinations.

The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition date fair values of assets transferred, liabilities incurred and the equity interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expenses as incurred.

The Group recognises identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been previously recognised in the acquirer's financial statements prior to the acquisition. Assets acquired and liabilities assumed are generally measured at their acquisition-date fair values.

Goodwill is stated after separate recognition of identifiable intangible assets. It is calculated as the excess of the sum of a) fair value of consideration transferred, b) the recognised amount of any non-controlling interest in the acquire and c) acquisition date fair value of any existing equity interest in the acquire, over the acquisition-date fair values of identifiable net assets. If the fair values of identifiable net assets exceed the sum calculated above, the excess amount (i.e. gain on a bargain purchase) is recognised in profit or loss immediately.

3.27 Foreign currency transactions and balances

The financial statements are presented in Australian dollars which is the Group's functional and presentation currency.

Transactions and Balances

Transactions undertaken in foreign currencies are recognised in the Group's functional currency, using the spot rate at the date of the transaction.

Foreign currency monetary items that are outstanding at the reporting date (other than monetary items arising under foreign currency contracts where the exchange rate for that monetary item is fixed in the contract) are restated to the spot rate at the reporting date. Except for certain foreign currency hedges, all exchange gains or losses are recognised in profit or loss for the period in which they arise.

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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 (chief operating decision makers) in assessing performance and determining the allocation of resources.

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

Types of products and services by segment

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

Basis of accounting for purposes of reporting by operating segments

(a) Accounting policies adopted

Unless stated otherwise, all amounts reported to the Board, 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

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4. OPERATING SEGMENTS (cont)

(f) Segment performance

	WA	NSW	VIC	NT [1]	QLD [2]	Plastics	OTHER (Corporate)	TOTAL
30 June 2019								
Revenue from external customers	2,878,494	2,041,804	1,234,217	96,693	889,098	1,945,756	-	9,086,063
Other Income	(285)	4,303	3,369	11,545	(153)	-	842	19,622
Loss on remeasuring previously held investment	-	-	-	-	-	-	344,356	344,356
Interest Expense	9,814	-	-	-	(115)	-	50,870	60,570
Depreciation & Amortisation	162,820	48,008	49,971	2,011	37,795	62,807	-	363,412
Segment operating profit/(loss)	3,364[3]	206,438	143,123	50,680	(1,408)	(461,828)	(937,616)	(997,247)
Total assets	2,366,405	764,852	497,692	4,328,607	1,400,285	1,839,614	2,167,409	13,364,865
Total liabilities	905,963	3,118	1,029	-	85,113	393,824	792,752	2,181,799
30 June 2018								
Revenue from external customers	3,006,708	1,873,162	1,179,822			2,724,595	-	8,784,287
Other Income	(298)	4,000	-			-	-	3,702
Impairment of Goodwill	-	-	-			409,000	-	409,000
Other Expense	-	-	500			-	-	500
Interest Expense	8,168	-	-			62,708	123	70,999
Depreciation & Amortisation	169,564	54,938	49,875			58,121	-	332,498
Segment operating profit/(loss)	144,866[3]	164,304	137,087			(999,237)	(510,081)	(1,063,061)
Total assets	3,205,003	821,654	514,366			1,673,527	462,181	6,676,731
Total liabilities	799,900	3,484	95			382,744	1,024,210	2,210,433

[1] NT commenced operations on 3 April 2019
[2] Consolidated only from 2 Jan 2019
[3] Includes profit/(loss) from associate

5. DIVIDEND

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

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6. REVENUE AND EXPENSES

	CONSOLIDATED 2019 $	2018 $
(a) Revenue from contracts with customers		
Production and distribution of bottled water and accessories (revenue recognised at a point in time)	7,055,571	5,978,864
Sale of plastic products (revenue recognised at a point in time)	1,945,756	2,724,595
Other revenue (revenue recognised over time)	84,736	80,828
	9,086,063	8,784,287

Revenue from contracts with customers is generated predominantly within the geographical region of Australia. Revenue for contracts with customers generated outside the geographical region of Australia is wholly immaterial.

	2019 $	2018 $
(b) Cost of Sales		
Inventory expensed	5,051,686	5,270,998
Inventory (write-back) / write-off	(108,681)	92,789
	4,943,005	5,363,787
(c) Finance income		
Interest received	18,265	12,902
	18,265	12,902
(d) Finance Costs		
Bank loans and other borrowings	-	-
Finance charges payable under finance leases and hire purchase contracts	60,570	70,999
	60,570	70,999
(e) Employee benefits expense		
Wages and Salaries	2,486,525	2,756,224
Workers' compensation costs	78,547	61,428
Defined contribution superannuation costs	302,604	302.411
Provisions for annual and long service leave	3,631	6,685
Other employee benefits expense	-	55,176
	2,871,307	3,181,924
(f) Depreciation & Amortisation		
Depreciation expense	363,412	332,498
Amortisation	-	500
	363,412	332,998
(g) Bad and doubtful debts		
Bad Debts Expense	6,754	11,770
	6.754	11,770
(h) Rental expense on operating lease		
Lease payments	747,873	632,169
	747,873	632,169

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7. INCOME TAX

	CONSOLIDATED (Note 7.1) 2019 $	2018 $
The components of the tax expense(benefit) comprise:		
Current tax	-	-
Deferred tax	-	-
Losses recouped not previously recognised	-	-
Income tax expense / (benefit) reported in statement of profit or loss and comprehensive income	-	-

The prima facie tax expense/(benefit) on profit/(loss) from ordinary activities before income tax is reconciled to the income tax as follows:

	2019 $	2018 $
Accounting profit/(loss) before tax	(999,887)	(1,063,061)
Prima facie tax expense/(benefit) on profit/(loss) from continuing activities before income tax at 27.5% (2017: 27.5%)	(274,969)	(292,342)
Add tax effect of:		
- Non-deductible expenses	96,587	113.490
- Deferred tax balances not brought to account	-	-
- Revenue losses not recognised	178,382	181,244
		2,392
Less tax effect of:		
- Non-assessable income		1,689
- Deferred tax balances not brought to account		703
- Losses recouped not previously recognised	-	-
Income tax expense / (benefit) reported in statement of profit or loss and comprehensive income	-	-

Unrecognised deferred tax balances at 27.5% (2017: 27.5%) **(Note 7.2):**
The following deferred tax assets and liabilities have not been brought to account:

	2019 $	2018 $
Unrecognised deferred tax assets – losses	1,248,086	1,079,887
Unrecognised deferred tax assets – other	222,705	174,724
and only	(113,850)	(113,850)
Unrecognised deferred tax liabilities – other	(155)	(12,114)
Net unrecognised deferred tax assets	1,356,786	1,128,647

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.

7. INCOME TAX (Cont)

7.1 Tax consolidation

(i) Members of the tax consolidated group

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

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

Measurement method adopted under UIG 1052 Tax Consolidated Accounting

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

7.2 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	
	2019 $	2018 $
From continuing operations:		
Profit attributable to equity holders of the parent	(1,108,409)	(1.063,061)
Weighted average number of ordinary shares for basic earnings per share	198,302,042	133,455.590
Weighted average number of dilutive options outstanding	-	-
Basic earnings/(loss) per share (cents per share)		
Basic earnings/(loss) per share (cents per share)	(0.56)	(0.80)

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.

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9. CASH AND CASH EQUIVALENTS

	CONSOLIDATED	
	2019	2018
	$	$
Cash at bank and in hand	345,559	378,128
Short-term bank deposits	1,919,318	-
	2,264,877	378,128

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 in 2019 was 2.4%; these deposits had an average maturity of 90 days.

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

	2019	2018
Net (Loss) after income tax	(997,247)	(1,063,061)
Adjustments for:		
Depreciation expense	363,412	332,498
Net (profit) on disposal of property, plant and equipment	(15,822)	(3,702)
Share of associates (profit)	(15,808)	(495)
Impairment of non-current asset	-	409,500
Loss on remeasuring previously held investment	344,356	
Work in progress written off	-	244
Write-off of inventory	105,608	-
Loss on trade receivables	6,656	-
Changes in assets and liabilities		
(Increase)/decrease in inventories	(469,863)	145,513
(Increase)/decrease in trade and other receivables	(482,945)	(115,517)
(decrease)/increase in trade and other payables	119,390	140,162
(decrease)/increase in tax payable	(34,903)	
(decrease)/increase in provisions	52,908	7,363
Net cash provided by /used in operating activities	1,024,258	(147,495)

Non-cash Investing and Financial Activities

There were no non-cash investing and financing activity during the year

10. TRADE AND OTHER RECEIVABLES

	CONSOLIDATED	
	2019	2018
Current	$	$
Trade receivables	876,929	844,495
Provision for expected credit losses of trade receivables	(15,378)	(10,625)
	861,551	833,870
Other receivables	127,081	53,710
	988,632	887,580
Non-Current		
Loan to Associate	-	246,010
	-	246,010

Other than those receivables provided for, all receivables are considered fully recoverable. In the prior year the loan to associate had an interest rate of 2% and was repayable on demand. It was classed as non-current based on the expected timeframe of repayment. The loan was settled in the current year – see Note 23.2 Amounts outstanding from related parties.

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10. TRADE AND OTHER RECEIVABLES (cont)

Provision for expected credit losses of trade receivables

Current trade and other receivables are generally on 30-day terms. A provision for expected credit losses is recognised in accordance with *Note 3.23 Critical accounting estimates and judgements*. These amounts have been included in the other operating expenses item.

Movement in the provision for expected credit losses of trade receivables is as follows:

	CONSOLIDATED 2019 $	CONSOLIDATED 2018 $
Balance at the beginning of the year	10,625	7,245
Additional provision for expected credit losses of trade receivables	6,754	11,770
Receivables written off during the year as uncollectable	(2,001)	(8,390)
Balance at the end of the year	15,378	10,625

Credit Risk – Trade and Other Receivables

The Group has no significant concentration of credit risk with respect to any single counter party or Group of counter parties other than those receivables specifically provided for. The class of assets described as 'Trade and other receivables' is considered to be the main source of credit risk related to the Group. On a geographical basis the Group has no credit risk exposure.

The following table details the Group's trade and other receivables exposed to credit risk with ageing analysis and impairment provided for thereon. Amounts are considered as 'past due' when the debt has not been settled within the terms and conditions agreed between the Group and the customer or counter party to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there are specific circumstances indicating that the debt may not be fully repaid to the Group.

The balances of receivables that remain within initial trade terms (as detailed in the table) are considered to be of high credit quality.

	Gross Amount	Past due and impaired	Past due but not impaired (days overdue) 31-60	61-90	>90	Within initial trade terms
Consolidated						
2019						
Trade receivables	876,929	15,378	280,509	23,581	-	557,461
Other receivables	127,081	-	-	-	-	127,081
	1,004,010	15,378	280,509	23,581	-	684,542
2018						
Trade receivables	844,495	10,625	343,052	44,673	5,968	440,177
Other receivables	53,710	-	-	-	-	53,710
	898,205	10,625	343,052	44,673	5,968	493,887

11. INVENTORIES

	CONSOLIDATED 2019 $	CONSOLIDATED 2018 $
Raw materials (at cost)	1,379,155	661,813
Finished goods (at cost)	774,052	649,861
Total inventories at cost	2,153,207	1,311,674
Provision for slow moving Inventories	(45,552)	(32,200)
Total inventories at cost or net realizable value	2,107,655	1,279,474

12. PROPERTY, PLANT AND EQUIPMENT

		Land & Property at valuation	Plant & Equipment at cost	Furniture & Fittings at cost	Office Equip at cost	Motor Vehicles at cost	Pallets at cost	Equip Leased at cost	WIP at cost	Total
At cost or valuation										
Opening Balance	1/7/18	-	3,589,789	408,074	120,531	561,450	444,057	197,217	5549	5,326,667
Additions/aquired in business combination		3,946,794	587,625	103,358	10,333	80,402	32,990	125,094	47,974	4,934,569
Disposals		-	-	-	(654)	(53,461)	-	-	(5,549)	(59,663)
Closing Balance	30/6/19	3,946,794	4,123,953	511,432	130,210	641,852	477,047	322,311	47,974	10,201,573
Accumulated Depreciation										
Opening balance	1/7/18	-	(1,628,292)	(242,616)	(90,934)	(395,703)	(315,640)	(167,779)	-	(2,840,964)
Charge for the Year		-	(241,091)	(40,513)	(12,857)	(35,773)	(33,177)	-	-	(363,411)
Depreciation on disposals		-	26,179	-	501		-	-	-	26,680
Closing Balance	30/6/19	-	(1,843,204)	(283,129)	(103,290)	(431,476)	(348,817)	(167,779)	-	(3,009,916)
Net Book Value										
Opening balance	1/7/18	-	1,961,497	165,458	29,597	165,747	128,417	29,438	5,549	2,485,703
Closing balance	30/6/19	3,946,794	2,2334,210	228,303	26,920	156,916	128,230	154,532	47,494	7,023,878

		Plant & Equipment	Furniture & Fittings	Office Equip	Motor Vehicle	Pallets	Equip Leased	WIP	Total
Cost									
Opening Balance	1/7/17	3,416,921	392,970	116,059	555,386	434,057	209,804	4,790	5,129,987
Additions		174,248	15,104	4,472	14,064	10,000	(12,587)	1,003	206,304
Disposals		(1,380)	-	-	(8,000)	-	-	-	(9,380)
Transfer		-	-	-	-	-	-	(244)	(244)
Closing Balance	30/6/18	3,589,789	408,074	120,531	561,450	444,057	197,217	5,549	5,326,667
Accumulated Depreciation									
Opening balance	1/7/17	(1,404,318)	(211,145)	(79,221)	(361,661)	(283,336)	(173,094)	-	(2,512,775)
Charge for the Year		(224,265)	(31,471)	(11,713)	(38,060)	(32,304)	5,315	-	(332,498)
Depreciation on disposals		291	-	-	4,018	-	-	-	4,309
Closing Balance	30/6/18	(1,628,292)	(242,616)	(90,934)	(395,703)	(315,640)	(167,779)	-	(2,840,964)
Net Book Value									
Opening balance	1/7/17	2,016,603	181,825	36,838	193,725	150,721	36,710	4,790	2,617,212
Closing balance	30/6/18	1,961,497	165,458	29,597	165,747	128,417	29,438	5,549	2,485,703

Refer to Note 16 for encumbrances

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13. INTANGIBLE ASSETS

	Goodwill	Trademarks	Total
	$	$	$
At 1 July 2018	446,579	4,963	451,542
Additions	243,007	10,249	253,256
At 30 June 2019	689,586	15,212	704,798

Trademarks relate to registered trademarks which have been purchased during business combinations.

The useful lives of these intangible assets were estimated as indefinite and the cost method was utilised for their measurement.

As at 30 June 2019, these assets were tested for impairment (see Note 14 Impairment testing of goodwill, other intangible assets and property, plant and equipment).

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. Discount factors are determined individually for each cash-generating unit and reflect management's assessment of respective risk profiles, such as market and asset-specific risks factors. To determine fair value less costs to sell, management needs to identify a comparable transaction or provide a market for the transaction for fair value to be assessed. AASB 136 provides that management can choose either method to provide the highest value. The Group has chosen the value-in-use to calculate impairment.

14.1 Refresh Waters Perth cash-generating unit

The carrying amount of goodwill for this cash-generating unit is $41,462 (2018: $41,432). The recoverable amount of Perth has been determined based on a value-in-use calculation.

The cash flow projections are based on management's estimate of expected future cash flows covering a five-year period. The discount rate applied to cash flow projections is 14% (2018: 15%). Cashflows beyond 5 years of forecast are assumed to have no growth therefore the long-term growth has been set at 0% (2018: 1%).

The Board anticipates growth in revenue of 3% (2018: 9%) for each of the next 5 years, with a net profit margin before interest, tax and depreciation of 9% (2018: 14%) 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.

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

14.2 Refresh Waters Sydney cash-generating unit

The carrying amount of goodwill for this cash-generating unit is $264,545 (2018: $264,545). The recoverable amount of Sydney has been determined based on a value-in-use calculation.

The cash flow projections are based on management's estimate of expected future cash flows covering a five-year period. The discount rate applied to cash flow projections is 14% (2018: 15%). Cashflows beyond 5 years of forecast are assumed to have no growth therefore the long-term growth has been set at 0% (2018: 10%).

The Board anticipates growth in revenue of 6% (2018: 8%) for each of the next 5 years, with a net profit margin before interest, tax and depreciation of 9% (2018: 9%) 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.

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

14.3 Hydr8 Water cash-generating unit

The carrying amount of goodwill for this cash-generating unit is $140,572 (2018: $140,572). The recoverable amount of Hydr8 has been determined based on a value-in-use calculation.

The cash flow projections are based on management's estimate of expected future cash flows covering a five-year period. The discount rate applied to cash flow projections is 14% (2018: 15%). Cash flows beyond 5 years of forecast are assumed to have no growth therefore the long-term growth has been set at 0% (2018: 6%).

The Board anticipates growth in revenue of 3% (2018: 5%) for each of the next 5 years, with a net profit margin before interest, tax and depreciation of 10% (2018: 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.

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.

14.4 Toowoomba cash-generating unit

The carrying amount of goodwill for this cash-generating unit is $80,772 (2018: $nil). The recoverable amount of Toowoomba has been determined based on a value-in-use calculation.

The cash flow projections are based on management's estimate of expected future cash flows covering a five-year period. The discount rate applied to cash flow projections is 14%. Cash flows beyond 5 years of forecast are assumed to have no growth therefore the long-term growth has been set at 0%.

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

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

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.

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

14.5 Refresh Waters Brisbane cash-generating unit

The carrying amount of goodwill for this cash-generating unit is $162,235 (2018: $nil). The recoverable amount of Brisbane has been determined based on a value-in-use calculation.

The cash flow projections are based on management's estimate of expected future cash flows covering a five-year period. The discount rate applied to cash flow projections is 14%. Cashflows beyond 5 years of forecast are assumed to have no growth therefore the long-term growth has been set at 0%.

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

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

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	
	2019	2018
	$	$
Current		
Trade payables	573,918	464,803
Other payables	253,664	219,795
	827,582	684,598

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

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16. FINANCIAL LIABILITIES

	Note	CONSOLIDATED	
		2019	2018
		$	$
CURRENT			
Secured liabilities:			
Lease liability	16a	61,355	61,355
Bank loan	16b	200,000	200,000
Total current borrowings		261,355	261,355
NON-CURRENT			
Secured liabilities:			
Lease liability	16a	19,490	80,844
Bank loan	16b	400,000	600,000
Total non-current borrowings		419,490	680,844
Total borrowings		680,845	942.199
Total current and non-current secured liabilities:			
Lease liability		80,845	142,199
Bank loans		600,000	800,000
		680,845	942,199

Collateral provided

a. Lease liability is secured by the underlying leased assets. Included in Note 12, property plant and equipment are assets with a carrying value of $156,458 (2018: $170,366).

b. 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. Interest is at market rate and repayment of $50,000 is made quarterly

17. CONTINGENT LIABILITIES

As at the reporting date, the Group had no contingent liability.

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18. PROVISIONS AND ACCRUALS

	CONSOLIDATED 2019 $	2018 $
Short term provisions and accruals		
Annual Leave	210,552	152,820
Long Service Leave	209,336	129,596
Accruals	240,145	186,422
	660,033	**468,838**
Long term provisions		
Long Service Leave	**48,243**	**114,798**

	Accruals $	Employee Benefits $	Total $
Consolidated Group			
Opening balance at 1 July 2018	186,422	397,214	583,636
Additional provisions	79,625	126,416	206,041
Amounts used	(25,902)	(55,499)	(81,401)
Balance at 30 June 2019	240,145	468,131	708,276

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 and accruals

	CONSOLIDATED 2019 $	2018 $
Current	660,033	468,838
Non-current	48,243	114,798
	708,276	583.636

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19. ISSUED CAPITAL AND RESERVES

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

	CONSOLIDATED	
	2019	2018
	$	$
Ordinary Shares		
Issued and fully paid	18,729,863	10,495,698
Fund raising costs	(408,988)	-
	18,320,875	10,495,698

Movement in ordinary shares	**No.**	**$**
At 30 June 2018	133,455,590	10,495,698
Issued shares to Eneco Investment Pte Ltd on 2/11/18	10,000,000	500,000
Issued shares to Eneco Investment Pte Ltd on 16/1/19	128,902,757	7,734,165
Fund raising costs	-	(408,988)
At 30 June 2019	272,358,347	18,320,875

Details of the balance of and movements in reserves can be found in the Consolidated 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 Asset Revaluation Reserve

The financial asset revaluation reserve records revaluations of financial assets at fair value through OCI.

Transactions in the year	($111,162)
Amount of reserve at 30 June 2019	($111,162)

2014 Profit Reserve

Paragraph 202-45(e) of the ITAA 1997 does not prevent a company from franking a dividend paid to its shareholders that is paid out of profits recognised in the company's accounts and available for distribution, and is paid in accordance with the company's constitution and without breaching section 254T or Part 2J.1 of the Corporations Act, merely because the company has unrecouped accounting losses accumulated in prior years or has lost part of its share capital.
The Board set aside $580k from profits for year ended 30 June 2014 in a separate 2014 Profit Reserve account. This is to enable dividends to be paid franked regardless of whether the Group makes profit or losses in subsequent years, subject to solvency tests. Dividends of $112k were paid from this account in September 2015, leaving a balance of $356k.

Transactions in the year	$Nil
Amount of reserve at 30 June 2019	$356,409

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19. ISSUED CAPITAL AND RESERVES (cont)

Other Reserves

Share reserve
The share 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 at 30 June 2019	$191,712

20. FINANCIAL RISK MANAGEMENT

The Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

The principal financial instruments from which financial instrument risk arises:

- trade and other receivables
- trade and other payables
- cash and cash equivalents
- borrowings
- financial assets at fair value through OCI

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure effective implementation of the objectives and policies to the Group's finance function. The Group's risk management policies and objectives are therefore designed to minimise the potential impact of these risks on the result of the Group where such impacts may be material.

Interest Rate Risk

The Group is exposed to interest rate risk through its financial instruments. 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. It buys most of its raw materials locally. As the value of import is relatively low, foreign currency fluctuation only has a small effect on the Group's operations.

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.

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the Consolidated Statement of Financial Position and notes to the financial statements.

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

Cash deposits are placed with banks having a minimum AA- rating.

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.

Equity price risk

The Group's listed equity investments are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group manages the equity price risk by placing limits on equity instruments. The Group's Board reviews and approves all equity investment decisions. At the reporting date, the exposure to listed equity investments at fair value was $185,270.

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21. FINANCIAL INSTRUMENTS

As disclosed in note 20, the Group's principal financial instruments comprise trade and other receivables, cash and cash equivalents, financial assets at fair value through OCI, trade and other payables and borrowings.

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.

Year ended 30 June 2019	**Floating Interest Rate**	**Fixed Interest Rate**	**<1 year** $	**Maturity 2 to 5 years** $	**>5 years** $	**Non-Interest Bearing** $	**Total** $
CONSOLIDATED							
Financial Assets							
Term Deposits	-	1.4-2.85%	1,957,704	-	-	-	1,957,704
Cash assets	0.8-1.2%	-	349,015	-	-	-	349,015
Trade and other receivables	-	-	-	-	-	988,632	988,632
Financial assets at fair value through OCI	-	-	-	-	-	185,270	185,270
			2,306,719	-		1,173,902	3,480,621
Financial Liabilities							
Financial liabilities and trade and other payables	-	7.04%	250,000	500,000	-	827,582	1,577,582
Hire purchase liability	-	4.69%	66,716	22,239	-	-	88,955
			316,716	522,239	-	827,582	1,666,537

Year ended 30 June 2018	**Floating Interest Rate**	**Fixed Interest Rate**	**<1 year** $	**Maturity 2 to 5 years** $	**>5 years** $	**Non-Interest Bearing** $	**Total** $
CONSOLIDATED							
Financial Assets							
Term Deposits	-	-	-	-	-	-	-
Cash assets	1.1-1.6%	-	378,128	-	-	-	378,128
Trade and other receivables	-	-	-	-	-	887,580	887,580
Loan to associate	2%	-	-	-	246,010	-	246,010
Financial assets at fair value through OCI	-	-	-	-	-	300,000	300,000
			378,128	-	246,010	1,187,580	1,811,718
Financial Liabilities							
Financial liabilities and trade and other payables	-	7.04%	200,000	600,000	-	684,598	1,484,598
Hire purchase liability	-	4.69%	61,355	80,844	-	-	142,199
			261,355	680,844	-	684,598	1,626,797

21. FINANCIAL INSTRUMENTS (cont)

Sensitivity Analysis

The Group has bank borrowings, hire purchase liabilities and cash and cash equivalents subject to interest rate risk. Changes in interest rate will have an effect on its profit or equity but a reasonably expected change in interest rates of 1% based on recent market conditions would be expected to have a marginal impact.

The Group only holds one financial asset at fair value through OCI in Eve Investments Limited. The Group has considered the share price movement over the last year and has concluded that any reasonable expected movement in share price based on recent past history will have a minimal impact on equity.

As almost all revenue is derived from Australia there are no material foreign receivables outstanding as at the reporting date. There are also no material foreign creditor balances outstanding as at the reporting date, and hence foreign currency fluctuation will have minimal effect on its profit or equity.

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	30/06/20	2 + 2 year lease
Melbourne	30/06/22	5 + 5 year lease
Perth	30/06/20	3 years
Perth External Warehouse	31/03/20	1 year lease
Sydney	31/07/21	4 year lease
Brisbane	31/07/25	5 + 5 year lease
Brisbane External Warehouse	30/06/20	1 year lease
Toowoomba	30/06/20	1 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	
	2019	2018
	$	$
Within one year	807,480	594,610
After one year but not more than five years	1,559,873	1,285,889
	2,367,353	1,880,499

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22. COMMITMENTS (cont)

22.2 Finance lease and hire purchase commitments

	Effective interest rate	*Maturity*	**CONSOLIDATED 2019 $**	**2018 $**
Current				
Obligations under finance leases and hire purchase contracts (Note 16)	4.69%	< 1 year	61,355	61,355
			61,355	61,355
Non-current				
Obligations under finance leases and hire purchase contracts (Note 16)	4.69%	1 – 5 years	19,490	80,844
			19,490	80,844

22.3 Capital expenditure commitments

The Group did not have any capital expenditure commitments at 30 June 2019 (2018: Nil).

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, Eneco Holdings Inc. and entities over which key management personnel have joint control.

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23. RELATED PARTY DISCLOSURES

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 2019 $	CONSOLIDATED 2018 $
(i)	*Associate company:*		
	Sale of goods and services:		
	Goods	-	31,837
	Management fees and occupancy fees paid to Eneco Refresh Ltd from associates	-	13,400
	Dividend revenue:		
	Dividends received and receivable from associated companies	-	-
	Interest revenue:		
	Interest received and receivable from associated companies	-	5,925
(ii)	*Key management personnel:*		
	-	-	-

23.2 Amounts outstanding from related parties:

Trade and other receivables:

In the prior year an unsecured loan was made to an associate company, Refresh Waters Queensland Pty Ltd on an arm's length basis. Repayment was made from positive cash flow. Interest was charged at 2% (2018: 2%)

		CONSOLIDATED 2019 $	CONSOLIDATED 2018 $
(i)	*Loans to associate company:*		
	Beginning of the year	246,010	292,851
	Loans advanced	-	710,606
	Loan repayment received	(246,010)	(763,372)
	Interest charged	-	5,925
	End of the year	-	246,010

24. AUDITORS' REMUNERATION

	CONSOLIDATED 2019 $	CONSOLIDATED 2018 $
Remuneration of the auditor of the Group for:		
audit and review of the financial reports	46,300	62,000
tax compliance	8,500	15,000
	54,800	77,000

25. EMPLOYEE BENEFITS

25.1 Directors' and Executives' Option Scheme

On 31 October 2005, the shareholders of Eneco Refresh Limited (formerly 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 Eneco 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, Eneco will be able to reward them without having to commit cash resources to do so.

Under the DEOS, directors and key management personnel of Eneco 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 current and preceding financial year, no options were issued under the DEOS and there were no outstanding options as at the reporting date.

25.2 Employee Share Scheme

On 31 October 2005, the shareholders of Eneco Refresh Limited (formerly 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 Eneco.

Employees are eligible for a loan from the Group 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 Board may invite employees to participate in the ESS based on factors such as their length of service, grade or position in the Group. 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, Eneco 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 Eneco 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 Eneco.

During the current and preceding financial year, no shares were issued under the ESS and no shares were outstanding as at the reporting date.

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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 2019 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:

	CONSOLIDATED	
	2019 $	2018 $
Short-term employee benefits [1]	812,219	726,032
Post-employment benefits [2]	68,839	48,120
Other long-term benefits [3]	3,893	5,425
Total KMP compensation	884,951	779,577

[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.

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27. PARENT ENTITY

27.1 Statement of Financial Position

	PARENT	
	2019	**2018**
	$	**$**
ASSETS		
Current Assets		
Cash and cash equivalents	1,963,820	151,509
Trade and other receivables	18,000	8,675
Total Current Assets	1,981,820	160,184
Non-Current Assets		
Other financial assets	11,209,916	6,146,359
Total Non-Current assets	11,209,916	6,146,359
TOTAL ASSETS	13,191,736	6,306,543
LIABILITIES		
Current Liabilities		
Trade and other payables	16,971	11,956
Financial liabilities	200,000	200,000
Short-term provisions and accruals	175,782	210,720
Total Current Liabilities	392,752	422,676
Non-Current Liabilities		
Long-term provisions		-
Financial Liabilities	400,000	600,000
Total Non-Current Liabilities	400,000	600,000
TOTAL LIABILITIES	792,752	1,022,676
NET ASSETS	12,398,984	5,283.867
EQUITY		
Issued capital	18,320,875	10,495,698
Share Reserve	191,712	191,712
2014 Profit Reserve	356,409	356,409
Accumulated losses	(6,470,012)	(5,759,952)
TOTAL EQUITY	12,398,894	5,283,867

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

	2019	**2018**
	$	**$**
Profit/ (Loss) for the year	(598,899)	280,986
Other comprehensive (loss), net of tax	(111,162)	(75,000)
Total comprehensive income	(710,061)	205,986

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	
		2019	2018	2019	2018
		%	%	%	%
Refresh Waters Pty Ltd	Australia	100	100	-	-
Refresh Waters Queensland Pty Ltd	Australia	100	49	-	51
Refresh Plastics Pty Ltd	Australia	100	100		
Eneco Australia 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

No controlled entities were disposed of in the current or preceding year.

28.4 Acquisition of Businesses

During the current year, Eneco increased its shareholding in RWQ to 100%The acquisition date was determined to be 2 January 2019 with consideration being transferred in two tranches on the 2 January 2019 and 1 February 2019.

29. ASSOCIATE

29.1 Information about Principal Associate

The entity listed below has 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	
		2019	2018		2019	2018
		%	%		$	$
Refresh Waters Queensland Pty Ltd	Queensland, Australia	100	49	Equity	-	492,216

As noted in note 28.4 Acquisition of Businesses, the Group acquired the remining 51% of the issued and fully paid share capital of RWQ in the year resulting in RWQ becoming a wholly owned subsidiary.

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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 its associate in the previous financial year. 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	
	2019	**2018**
	$	**$**
Summarised Financial Position		
Total current assets	-	540,448
Total non-current assets	-	1,146,615
Total current liabilities	-	(424,162)
Total non-current liabilities	-	(456,476)
NET ASSETS	-	805,425
Group's share (%)	-	49%
Group's share of associates' net assets	-	394,658
Fair Value Adjustment	-	97,558
Group's share of associates' net assets	-	492,216
Summarised Financial Performance		
Revenue	-	1,807.523
Profit/ (Loss) after tax from continuing operations	-	1,010
Total comprehensive income	-	1,010
Group's share of associates' profit after tax from continuing operations	-	495
Reconciliation to Carrying Amounts		
Group's share of associate's opening net assets	492,216	491,721
Investments during the period	-	-
Group's share of associate's profit/ (Loss) after tax	15,808	495
Group's share of associate's net assets prior to acquisition of remaining 51% of the associate's issued and fully paid share capital	508,024	-
Derecognition of the Group's share of associate's net assets on acquisition of remaining 51% of the associate's issued and fully paid share capital	(508,024)	-
Group's share of associate's closing net assets	-	492,216

30. FINANCIAL ASSETS AT FAIR VALUE THROUGH OCI

	Consolidated	
	2019	**2018**
	$	**$**
NON-CURRENT		
Financial assets at fair value through OCI	185,270	300,000
Total non-current assets	185,270	300,000
Opening	300,000	375,000
Disposals	(3,568)	-
Fair value adjustment	(111,162)	(75,000)
	185,270	300,000
Listed investments, at fair value:		
shares in listed corporation	185,270	300,000

31. BUSINESS COMBINATION

The Group sold 51% of Refresh Waters Queensland Pty Ltd (RWQ) to Saisan Co Ltd, Japan on 2 January 2014 as a result of which, RWQ became an associate of the Group.

During the current year, Eneco increased its shareholding in RWQ to 100%. The acquisition date was determined to be 2 January 2019 with consideration being transferred in two tranches on the 2 January 2019 and 1 February 2019.

Details of the purchase consideration are:

	2 January 2019	1 February 2019
Cash paid	$16,109	$394,658
Contingent consideration	-	-
Total purchase consideration	$16,109	$394,658

Assets and liabilities acquired

The fair value of the identifiable assets and liabilities as at the date of acquisition were:

	$
Cash	8,940
Receivables from contracts with customers	136,134
Inventory	358,318
Property, plant and equipment	649,010
Payables	(823,461)
Net identifiable assets acquired at fair value	328,941
Less: fair value of previously held interest*	(161,181)
Add: goodwill (notes 13 and 14)	243,007
Total purchase consideration transferred	410,767

**As a consequence of remeasuring the previously held equity interests in RWQ to fair value as at the acquisition date, a loss of $344,356 was recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.*

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31. BUSINESS COMBINATION (CONT)

The goodwill of $243,007 comprises the expected synergies arising from the acquisition which is not separately identifiable. Goodwill has been allocated to the Toowoomba cash-generating unit and the Brisbane cash-generating unit in a split of 33%/67%. None of the goodwill recognised is expected to be deductible for tax purposes.

Analysis of cash flows on acquisition

	$
Net cash acquired with subsidiary	8,940
Total purchase consideration transferred	(410,767)
Acquisition of a subsidiary, net of cash acquired	401,827

Contractual amounts
The fair value of receivables from contracts with customers equals the contractual amounts due.

Contribution since acquisition
Since the acquisition RWQ has contributed revenue of $889,098 and a loss of $1,408 which is included within the Consolidated Statement of Profit or Loss and Other Comprehensive Income. Had the combination occurred from the beginning of the reporting period, revenue for the Group would have been $1,811,551 and profit after tax would have been $21,259.

Transaction costs
No transaction cost was incurred in relation to the acquisition.

32. FAIR VALUE

Fair value measurement used in the Consolidated Statement of Financial Position is grouped into three levels of a fair value hierarchy. The three levels are based on the observability of significant inputs into the measurement as follows:

- Level 1 are quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 are inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directory or indirectly
- Level 3 are unobservable inputs for the asset or liability

There have been no transfers between Level 1 and Level 2 during the financial year ended 30 June 2019.

a. Financial Instruments Measured at Fair Value

Other than investments of listed shares, there are no financial assets and financial liabilities readily traded on organised markets in standardised form.

The financial instruments recognised at fair value in the Consolidated Statement of Financial Position have been analysed and classified using the fair value hierarchy described above.

2019

Financial assets	Level 1	Level 2	Level 3	Total
- Financial assets at fair value through OCI	185,270	-	-	185,270

2018

Financial assets				
- Financial assets at fair value through OCI	300,000	-	-	300,000

b. Non-Financial Instruments Measured at Fair Value

The following table shows the levels within the hierarchy of non-financial assets measured at fair value in the statement of financial position.

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32. FAIR VALUE (CONT)

	Level 1	Level 2	Level 3	Total
2019				
Land and property				
- Owner occupied land and property	-	-	3,946,794	3,946,794

	Level 1	Level 2	Level 3	Total
2018				
Land and property				
- Owner occupied land and property	-	-	-	-

The fair value of the Group's property assets outlined above is based on an internal assessment prepared by the directors.

The directors have determined the carrying value of $3,946,794 is not materially different to the fair value as at 30 June 2019. The carrying value predominantly represents a property in East Arm, Northern Territory, the fair value of which has been assessed against the selling price of similar commercial properties in the Northern Territory with a value of circa $450 to $550 per sqm of the total land.

Below table represents accumulated fair value movement in relation to Land and property:

	Owner occupied property
	$
Opening balance at 1 July 2018	-
Revaluation of owner-occupied property in the year	-
Balance at 30 June 2019	-

Total amount included in profit or loss for unrealised gain on Level 3 assets for Land and property for 2019: $nil (2018: $nil).

33. EVENTS AFTER THE BALANCE SHEET DATE

No matter or circumstance has arisen since the end of the financial year, which significantly affected or may significantly affect the operations of Eneco, the results of those operations or the state of affairs of Eneco in the future financial years.

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DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of Eneco Refresh Limited (formerly Refresh Group Limited), I state that:

In the opinion of the Directors:

1. (a) the financial statements and notes of the Group are 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 2019 and of its performance for the year ended on that date; and

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

   (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 3.1; and

   (c) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

2. This declaration has been made after receiving the declarations required to be made to the directors by the Chief Executive Officer and Chief Financial Officer (or equivalent) in accordance with Section 295A of the Corporations Act 2001 for the financial year ended 30 June 2019.

On behalf of the Board

Henry Heng
Managing Director
Perth, 25 September 2019

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ENECO REFRESH LIMITED
ABN 28 079 681 244

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

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Eneco Refresh Limited (the "Company") and its controlled entities (the "Group"), which comprises the consolidated statement of financial position as at 30 June 2019, 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:

(a) giving a true and fair view of the Group's financial position as at 30 June 2019 and of its financial performance for the year then ended; and
(b) 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 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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ENECO REFRESH LIMITED
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INDEPENDENT AUDITOR'S REPORT
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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 period. 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 Matter	How our audit addressed the key audit matter
Revenue recognition Refer to Note 6 to the financial report.	
Included in the consolidated statement of profit or loss and other comprehensive income for the year ended 30 June 2019 is an amount for $9,086,063 relating to revenue, split between the sale of bottled water and accessories, cooler rental and plastics moulding. Revenue related to the sale of bottled water and accessories, representing 78% of the Group's total revenue, is recognised at the point in time that the goods are provided in accordance with the requirements of AASB 15 *Revenue from contracts with customers* ("AASB 15"). Due to the significance to the Group's financial report, we consider this to be a key audit matter.	Our procedures included, amongst others: Obtaining an understanding of and evaluating the processes and controls associated with the treatment of revenue. Performing analytical procedures for revenue and obtaining explanations from management and corroborating evidence where movements were identified outside of our expectation. Performing detailed testing of a sample of invoices to assess the revenue recognition policies for appropriateness and compliance with the recognition requirements of AASB 15. Assessing the adequacy of the disclosures included within the financial report.
Acquisition Refer to note 32 to the financial report	
During the year ended 30 June 2019, the Group acquired the remaining 51% of the issued share capital of Refresh Waters Queensland Pty Ltd ("RWQ"). Accounting for the acquisition under *AASB 3 Business Combinations* ("AASB 3") as a business combination or under alternative Australian Accounting Standards as an asset acquisition requires judgment on the basis that the difference in the accounting is significant and could impact the recognition and measurements of amounts reported in the consolidated financial statements. The evaluation of whether the acquisition is a business combination per AASB 3 or an asset acquisition under alternative Australian Accounting Standards requires significant judgement in determining the key assumptions and estimates, including but not limited to the existence within RWQ of inputs, and processes applied to those inputs, that have the ability to create outputs. Due to the significance to the Group's financial report and the level of judgment involved in the accounting for the acquisition, we consider this to be a key audit matter.	Our procedures included, amongst others: Obtaining an understanding of and evaluating the processes and controls associated with the assessment of the accounting required relating to acquisitions. Involving senior audit team members to read the sale and purchase agreement to understand the structure, key terms and the nature of consideration. Using this information, we evaluated the accounting treatment of the acquisition by analysing conclusions reached by the Group in comparison to Australian Accounting Standards. Critically evaluating the Group's determination of the fair value of the assets and liabilities acquired in the acquisition. Critically evaluating the Group's accounting in relation to the Group's previously held 49% of the issued share capital of RWQ. Checking the mathematical accuracy of the calculations performed in accordance with AASB 3 for consolidation purposes. Assessing the adequacy of the disclosures included within the financial report.

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Key audit matter	How our audit addressed the key audit matter
Recoverability of non-current assets Refer to Note 12 and Note 13 to the financial report.	
Included in the consolidated statement of financial position as at 30 June 2019 is an amount for $7,728,676 relating to non-current assets (excluding financial assets at fair value through OCI). This amount represents 58% of total assets. AASB 136 *Impairment of Assets* ("AASB 136") requires an entity to test non-current assets where there are indicators of impairment and to test goodwill acquired in a business combination for impairment annually. The evaluation of the recoverable amount of the Group's cash generating units ('CGUs) requires significant judgement in determining the key assumptions and estimates, including but not limited to: • growth rate assumptions; and • discount factors supporting the expected future cash flows of the business and the utilisation of the relevant assets. Due to the significance to the Group's financial report and the level of judgment involved in assessing the recoverable amount of the Group's CGUs, we consider this to be a key audit matter.	Our procedures included, amongst others: Obtaining an understanding of and evaluating the processes and controls associated with the assessment of the Group's CGUs. Assessing management's determination of the Group's CGUs based on our understanding of the nature of the Group's business and the economic environment. Critically assessing and challenging the Group's judgments in respect of the key assumptions and estimates used to determine the recoverable value of the Group's CGUs in accordance with AASB 136. Performing sensitivity analysis on the key assumptions. Testing the mathematical accuracy of the model. Assessing the adequacy of the disclosures included within the financial report.
Issue of share capital Refer to Note 19 to the financial report	
Included in the consolidated statement of financial position as at 30 June 2019 is an amount for $18,320,875 relating to issued capital, including a net amount of $7,825,177 issued in the year ended 30 June 2019. Due to the significance to the Group's financial report, we consider this to be a key audit matter.	Our procedures included, amongst others: Obtaining an understanding of and evaluating the processes and controls associated with the issue of share capital. Performing detailed testing of share capital issued for appropriateness and compliance with the recognition requirements of AASB 9 *Financial Instruments*. Assessing the adequacy of the disclosures included within the financial report.

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Valuation of property Refer to Note 12 and Note 33 to the financial report	
Included in the consolidated statement of financial position as at 30 June 2019 is an amount for $3,946,794 relating to property carried at fair value. This amount represents 30% of total assets. Although considered to be non-complex in nature, the Group's property carried at fair value is classified under Australia Accounting Standards as "level 3" on the basis that the inputs into the determination of fair value are unobservable. The valuation of the properties held at fair value is based on key assumptions and estimates including but not limited to the recent selling price of comparable properties. Due to the significance to the Group's financial report and the level of judgment involved in determining the fair value of the Group's "level 3" property, we consider this to be a key audit matter.	Our procedures included, amongst others: Obtaining an understanding of and evaluating the processes and controls associated with the preparation of the valuation model used to assess the fair value of Group's property carried at fair value. Obtaining managements valuation for the property. Assessing the appropriateness of the Group's judgments and conclusion that the Group's property is recorded at fair value as at 30 June 2019. In doing so reviewing and challenging the judgements made by management in respect of the key assumptions and estimates used in determining the fair value as at 30 June 2019 pursuant to the requirements of Australian Accounting Standards. Assessing the adequacy of the disclosures included within the financial report.

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 2019, 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 have no realistic alternative but to do so.

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

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, misrepresentations, 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.

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INDEPENDENT AUDITOR'S REPORT
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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 included in pages 8 to 12 of the directors' report for the year ended 30 June 2019. In our opinion, the Remuneration Report of Eneco Refresh Limited, for the year ended 30 June 2019, 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.

Pitcher Partners BA&A PTY LTD

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PAUL MULLIGAN
Executive Director
Perth, 25 September 2019

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CORPORATE GOVERNANCE STATEMENT

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

Eneco 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.eneco-refresh.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 Group. 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 more than 10 years. Furthermore every other director is non-executive.

The independent directors of the company are Michael Pixley and Reiichi Natori.

The Board possesses the following skills matrix:

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

Nominations Committee
The Board has considered the need for a Nominations Committee. We 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.

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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:

Evaluation of the Board, its committees, individual directors or senior executives was not made in the last financial year.

Risk Management and Compliance Policy
The Group's business strategies and activities involve risk. Risk is minimised to the extent it does not inhibit the Group from pursuing its goals and objectives with a considered and balanced view of risk. The Group participates in the internationally recognised Hazard Analysis and Critical Control Point (HACCP) program. The Perth and Darwin factories are 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 Group's Trading Policy are posted on its website: *www.eneco-refresh.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 Group 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	7
Women employees in the Company	27	28

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 Group 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 24 September 2019

Distribution of Ordinary Shares

Range of Shares	Total Holders
1 - 1,000	8
1,001 - 5,000	15
5,001 - 10,000	180
10,001 - 100,000	157
100,001 and over	64
Total	**424**
Holders of less than a marketable parcel of ordinary shares	30

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.

Substantial Shareholders - Ordinary Shares

	Shares	%
Eneco Investment Pte Ltd	138,902,757	51.0

20 Largest Shareholders - Ordinary Shares

Name	Units	%
ENECO INVESTMENT PTE LTD	138,902,757	51.0
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	30,858,112	11.3
MONEX BOOM SECURITIES (HK) LTD <CLIENTS ACCOUNT>	12,284,485	4.5
EVERLAST INVEST PTY LTD	10,000,000	3.7
MR HENRY ENG CHYE HENG + MS SOK HWA NGOH <THE HENG FAMILY A/C>	9,175,550	3.4
REFRESH WILD PTY LTD	6,368,401	2.3
MR BOON KHENG ONG	6,040,529	2.2
MR EDMUND SOON KIN TEO + MRS JANICE TEO <THE TEO FAMILY A/C>	5,492,774	2.0
MS INN HOON JUDY ONG	5,411,550	2.0
MS WENYUN VENETIA SU	5,241,231	1.9
MS ING CHENG DIANA ONG	4,321,900	1.6
MR DJUANDA HADI <OYEZ INVESTMENT A/C>	2,104,550	0.8
MR ENG HUAT ONG	2,010,000	0.7
MR HARYANTO	2,000,000	0.7
MS MAY PHENG LEONG	1,923,077	0.7
MS MIKI EGASHIRA	1,799,474	0.7
MR MENG LEONG LYE	1,685,000	0.6
MS ING CHENG DIANA ONG	1,589,900	0.6
MR JUAN HUI GOH	1,300,000	0.5
HENG INVESTMENT PTY LTD <REFRESH SUPERANNUATION A/C>	1,225,441	0.5
TOTAL	**249,734,731**	**91.7**
Total Shares on Issue	**272,358,347**	

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CORPORATE DIRECTORY

BOARD OF DIRECTORS

Henry Heng	Chairman and Managing Director
Chiau Thuan Teh	Non-Executive Director
Michael Pixley	Independent, Non-Executive Director
Peter Chai	Non-Executive Director
Koji Yoshihara	Non-Executive Director
Yasuhiro Yamamoto	Non-Executive Director
Reiichi Natori	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@eneco-refresh.com.au
Website: www.eneco-refresh.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

Northern Territory - Darwin
22 Hamaura Road
EAST ARM NT 0822
Telephone: (04) 06841719
Facsimile: (08) 9248 7233
Email: darwin@refreshwaters.com.au

Refresh Waters Queensland Pty Ltd – 100% 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

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

Eneco Australia Pty Ltd – 100% owned

17 Denninup Way
MALAGA WA 6090
Telephone: (08) 9248 3006
Facsimile: (08) 9248 7233
Email: info@eneco-refresh.com.au

AUDITOR AND TAX ADVISER

Pitcher Partners BA&A Pty Ltd
Level 11, 12-14 The Esplanade
Perth WA 6000

SHARE REGISTRY

Computershare Investor Services
Level 11, 172 St Georges Terrace
Perth WA 6000
Tel 1300 557 010

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