Annual Report 2020

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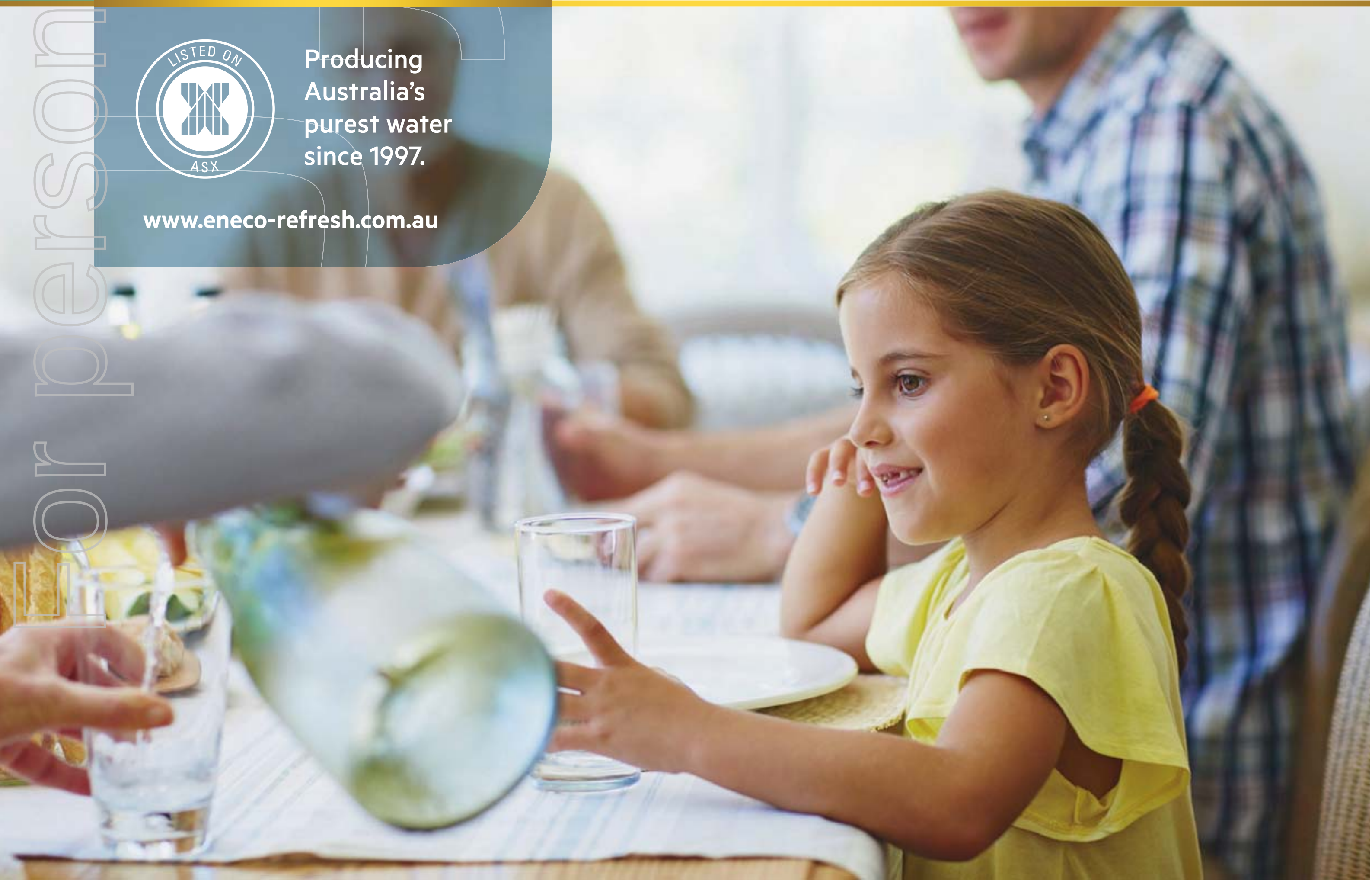

BOARD OF DIRECTORS

Henry Heng	Chairman and Managing Director
Chiau Thuan Teh	Non-Executive Director
Michael Pixley	Non-Executive Director
Peter Chai	Non-Executive Director
Koji Yoshihara	Non-Executive Director
Yasuhiro Yamamoto	Non-Executive Director
Reiichi Natori	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
Victoria - Melbourne
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
Western Australia – Perth
17 Denninup Way
MALAGA WA 6090
Telephone: (08) 9248 3006
Facsimile: (08) 9248 7233
Email: info@eneco-refresh.com.au

AUDITOR

RSM Australia Partners
Level 32, Exchange Tower
2 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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CHAIRMAN'S LETTER

I am pleased to present the Annual Report for Eneco Refresh Ltd (Group) for the financial year ended 30 June 2020. The Group has done well, achieving good growth, notwithstanding a year of vast disruptions caused by the COVID-19 pandemic.

The investment from Eneco Investment Pte Ltd last year has given the Group the financial resources to grow significantly. The Group made the following acquisitions in the previous financial year which has resulted in a significant increase in revenue.

1. The Group bought back a 2% stake in Refresh Waters Queensland Pty Ltd on 2 January 2019 and a further 49% stake on 1 February 2019, making it a wholly-owned subsidiary. This has resulted in the financials being fully integrated for the full reporting period.

2. On 3 April 2019, the Group bought the assets and business of NT Beverages Group Pty Ltd in Darwin from its Receiver. We are confident that the current strategic plan will pay dividends in the long run despite some initial losses budgeted for in having to turn around the Darwin operation.

Business in the Group is now grouped into 3 divisions.

Refresh Waters

Refresh Waters has continued to grow well with higher sales in all branches except New South Wales.

The acquisition of Darwin means that the Group now owns the only single-serve bottled water factory in the Northern Territory and Darwin is our seventh bottled water factory in Australia spread across 5 States and Territories. It is our biggest factory and the only one where the Group owns the factory as well as the spring producing pH8 alkaline water. Darwin's loss of $567,172 (which pales in comparison to the losses made by the previous owner of $23 million over 4 years) contributes to an overall higher Group loss in this period but it is expected that any initial losses on takeover will be countered by the strategic plan in place for this operation.

Refresh Plastics

Refresh Plastics had a good 27% increase in sales, helping to halve its loss. Sales of our bottles, containers, and jerry cans remain strong as more sanitisers and disinfectants are being made locally. The lockdowns have resulted in parents finding more ways to keep their children occupied. Demand for our Ampi activity toys continues to be strong with revenue more than double compared to the same period last year.

Eneco Australia

The Group is the Australian and New Zealand distributor for all products of Eneco Holdings Japan and its associated companies and continues to find opportunities to market these products.

Eneco would not be where we are today without guidance from our Board of Directors, 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. We will continue to look for opportunities to grow the Group and deliver a better return for all shareholders.

Henry Heng
Chairman

DIRECTORS' REPORT

The directors present their report, together with the financial statements, on the Group (referred to hereafter as the 'Group') consisting of Eneco Refresh Limited (referred to hereafter as the 'company') and the entities it controlled at the end of, or during, the year ended 30 June 2020.

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 is the Honorary Secretary of the Full Gospel Business Australia, Perth since July 2010. He has been on the Executive Committee of the WA-Singapore Business Connect since its incorporation in January 2018 and is currently its Deputy President.

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.

Number of shares held at the date of this report: 20,720,449
Number of options held at the date of this report: Nil

Chiau Thuan Teh *B Arch Non-Executive Director*

Appointed on 24 August 2016. Chairman of Remuneration Committee

Thuan has more than 20 years' experience in property and private equity investments in Australia and Asia. His specialisation is in emerging companies across the property and financial sectors as well as project implementation, execution and strategic restructure.

He holds directorships with various companies in the financial, health technology and property development industries. He is currently the Chairman of CGAM a private equity group that moves and manage capital for private wealth and corporations.

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

Number of shares held at the date of this report: 3,476,999
Number of options held at the date of this report: Nil

Michael Pixley *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 also holds non-executive directorships in Story-i Ltd (ASX:SRY) and Credit Intelligence Ltd (ASX:CI1), both listed on the Australian Securities Exchange.

Number of shares held at the date of this report: Nil
Number of options held at the date of this report: Nil

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.

Number of shares held at the date of this report: 10,000,000
Number of options held at the date of this report: Nil

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.

Number of shares held at the date of this report: 138,902,757
Number of options held at the date of this report: Nil

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.

Number of shares held at the date of this report: 138,902,757
Number of options held at the date of this report: Nil

Reiichi Natori *Non-Executive Director*

Appointed on 17 January 2019. Member of the Audit & Risk Management Committee

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.

Number of shares held at the date of this report: Nil
Number of options held at the date of this report: Nil

DIRECTORS' REPORT

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.

Principal activities

The Group derives its revenue primarily from:

Refresh Waters - its principal activity is the production and distribution of bottled water and accessories and the rental of water coolers. 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, water tanks, automotive parts and activity toys.

Dividends

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

Review of Operations

Eneco Refresh Ltd (Group) is pleased to announce that it has achieved a 24% increase in revenue and trimmed its loss by 6% compared to the previous financial year. The effect of COVID-19 lockdowns has been felt across the country and have impacted on our sales. The Federal and State government packages have helped in reducing losses.

Refresh Waters

Most of the revenue for Refresh Waters comes from the delivery of bulk water to homes and businesses. Unfortunately, due to COVID-19 lockdowns many businesses have been closed or started working from home arrangements in March 2020. This has had a significant impact on our business delivery.

Despite this, all Cash Generating Units have had revenue increases except for New South Wales (NSW) which had a negative revenue variance because of a substantial drop in our custom labelled bottled water sales. Fortunately, profit only dropped by 1%, and NSW remains our most profitable branch.

With the pick up in mining activities, Western Australia (WA) had a 4% revenue growth and achieved a good profitability variance compared to the previous year.

Victoria (VIC) had a marginal revenue increase reflecting a reduced profit. Sales from our acquisition of JB's Purified Drinking Water started to flow through in June 2020 and so have not yet been reflected in the accounts.

Queensland (QLD) saw an increase in revenue, although numbers in the table below have a high variance because the previous period was for half a year; our buyback of the operation having only happened on 2 January 2019. This financial year, we had to impair Goodwill in Queensland, adding $243,007 to our loss, however sales remains strong and going forward, QLD will continue to contribute to the Group profitability.

NT Beverages' business in Darwin was acquired on 3 April 2019. This is the biggest factory in Refresh Waters and we continue to build up sales. Losses from its first full year of operation have weighed heavily on our financials, being more than half of our total loss. However, we are confident that we will steer it towards profitability and we have already seen significantly reduced losses since acquisition. NT Beverages lost $23 million over its 4 years of operations before going into receivership and being acquired by Refresh Waters and our losses have been significantly less than pre acquisition.

Refresh Plastics

Refresh Plastics had a good 27% increase in sales, helping to halve its loss. Sales of our bottles, containers, and jerry cans remain strong as more sanitisers and disinfectants are being made locally. The lockdowns have resulted in parents finding more ways to keep their children occupied. Demand for our Ampi activity toys continue to be strong with revenue more than double compared to the same period last year.

Corporate

Corporate cost has reduced substantially, the previous year being higher because of expenses when Eneco took a 51% stake in the Company.

A breakdown by Cash Generating Units is presented below.

	FY 2020 $'000	FY2019 $'000	Variance
Revenue			
WA	2,981	2,878	4%
NSW	1,875	2,042	-8%
VIC	1,263	1,234	2%
QLD [1]	1,836	889	107%
Refresh Waters	7,955	7,043	13%
Refresh Plastics	2,470	1,946	27%
	10,425	8,989	16%
NT [2]	860	97	787%
Total	11,285	9,086	24%
Profit/(Loss)			
WA	179	3	5867%
NSW	203	206	-1%
VIC	68	143	-52%
QLD [1]	57	-1	5800%
Refresh Waters	507	351	44%
Refresh Plastics	-266	-462	42%
	241	-111	317%
NT [2]	-567	51	-1212%
	-326	-60	-443%
Corporate Expenses	-475	-704	33%
Goodwill Impairment	-243	-	-
Loss of remeasuring previously held investment	-	-344	-
Total	-1,044	-1,108	6%

[1] consolidated only from 2 Jan 2019

[2] acquired business on 3 Apr 2019

DIRECTORS' REPORT

Significant change in the state of affairs

There were no significant changes in the state of affairs of the Company.

Matters subsequent to the end of the financial year

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has had no significant impact on the Group up to 30 June 2020, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

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

Likely developments and expected results of operations

With the investment last year by Eneco Investment, the acquisition of 100% of the issued and fully paid shares in Refresh Waters Queensland 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.

Environmental regulation

Federal and State governments regulate bottled water as a food product under the Food Standards Code issued by the Food Standards Australia New Zealand. All Eneco bottling plants meet the requirements stipulated in the 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, solar panels are installed at most of our factories, providing the following power:

Refresh Plastics Melbourne:	108 kW
Refresh Waters Brisbane:	81 kW
Refresh Waters Darwin	30 kW
Refresh Waters Perth:	30 kW
Refresh Waters Melbourne:	25 kW

Our Toowoomba factory is located in a shared complex with solar panels across its rooftop.

Meetings of Directors

The number of meetings of the company's Board of Directors (the Board) and of each Board committee held during the year ended 30 June 2020, and the number of meetings attended by each director were:

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

Remuneration Report (audited)

The remuneration report details the key management personnel remuneration arrangements for the Group, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

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 2020 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	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	Non-Executive Director	No fixed term.
Mr R Duncan	Western Australia Factory Manager	No fixed term.
Mr R Nusantara	New South Wales Manager	No fixed term.
Mr C Wang	Victoria Manager	No fixed term.
Mr J Hardwick	Northern Territory Manager	No fixed term.
Mr S Zhou	Accountant	No fixed term.

The remuneration report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Share-based compensation
- Additional information
- Additional disclosures relating to key management personnel

Principles used to determine the nature and amount of remuneration

The objective of the Group's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and it is considered to conform to the market best practice for the delivery of reward. The Board of Directors (he Board) ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage / alignment of executive compensation
- transparency

The Remuneration Committee is responsible for determining and reviewing remuneration arrangements for its directors and executives. The performance of the Group depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high quality personnel.

The Group has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the Group.

The reward framework is designed to align executive reward to shareholders' interests. The Board have considered that it should seek to enhance shareholders' interests by:

- having economic profit as a core component of plan design
- focusing on sustained growth in shareholder wealth, consisting of growth in share price, and delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers of value
- attracting and retaining high calibre executives

Additionally, the reward framework should seek to enhance executives' interests by:

- rewarding capability and experience
- reflecting competitive reward for contribution to growth in shareholder wealth
- providing a clear structure for earning rewards

In accordance with best practice corporate governance, the structure of non-executive director and executive director remuneration is separate.

Non-executive directors remuneration

Fees and payments to non-executive directors reflect the demands and responsibilities of their role. Non-executive directors' fees and payments are reviewed annually. The Group may, from time to time, receive advice from independent remuneration consultants to ensure non-executive directors' fees and payments are appropriate and in line with the market.

ASX listing rules require the aggregate non-executive directors' remuneration be determined periodically by a general meeting. At present, the aggregate sum is fixed at a maximum of $200,000 per annum.

Executive remuneration

The Group aims to reward executives based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components.

Executive directors 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. The measures are specifically tailored to the areas each executive director 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. 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.

To align the interests of executive directors, 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 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 performance and remuneration. No options have been issued in the current or preceding year as it was not considered appropriate as at this time.

All remuneration paid is valued at the cost to the Group and expensed. Any shares given to executive directors (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. Options are valued using the Black-Scholes methodology.

Use of remuneration consultants

During the financial year ended 30 June 2020, the Group did not seek the advice of external remuneration consultants.

Voting and comments made at the company's 2019 Annual General Meeting (AGM)

The company received 100% of 'yes' votes on its Remuneration Report for the financial year ended 30 June 2019. The Company received no specific feedback on its Remuneration Report at the Annual General Meeting.

Details of remuneration

Amounts of remuneration

Details of the remuneration of key management personnel of the Group are set out in the following tables.

Directors:

	SHORT TERM EMPLOYEE BENEFITS			**POST EMPLOYMENT**		**LONG TERM BENEFITS**	**EQUITY**	**TOTAL**	**REMUNERA TION**
	Salary & Fees	Bonus	Non-Monetary benefits[1]	Superan-nuation	Retirement benefits	Long Service Leave	Options or shares		Performance Related
Directors	*$*	*$*	*$*	*$*	*$*	*$*	*$*	*$*	**%**
30 June 20									
Mr H Heng	173,667	38,000	5,705	20,108	-	11,592	-	249,072	15.3%
Mr CT Teh	19,000	-	-	1,805	-	-	-	20,805	-
Mr M Pixley [2]	36,000	-	-	-	-	-	-	36,000	-
Mr P Chai [3]	18,615	-	-	-	-	-	-	18,615	-
Mr K Yoshihara	18,615	-	-	-	-	-	-	18,615	-
Mr Y Yamamoto	18,615	-	-	-	-	-	-	18,615	-
Mr R Natori	18,615	-	-	-	-	-	-	18,615	-
Total	303,127	38,000	5,705	21,913	-	11,592	-	380,337	
30 June 19									
Mr H Heng	162,000	38,000	5,912	19,000	-	2,740	-	227,652	16.7%
Mr CT Teh	19,000	-	-	1,805	-	-	-	20,805	-
Mr M Pixley	46,000	-	-	-	-	-	-	46,000	-
Mr P Chai	18,615	-	-	-	-	-	-	18,615	-
Mr K Yoshihara	12,410	-	-	-	-	-	-	12,410	-
Mr Y Yamamoto	8,480	-	-	-	-	-	-	8,480	-
Mr R Natori	8,480	-	-	-	-	-	-	8,480	-
Total	274,985	38,000	5,912	20,805	-	2,740	-	342,442	

[1] Use of company car and insurance-in-lieu workers compensation

[2] Mr Pixley receives director fees through his entity Nepix Pty Ltd

[3] Mr Chai receives director fees through his entity Everlast Invest Pty Ltd

DIRECTORS' REPORT

Other key management personnel:

	SHORT TERM EMPLOYEE BENEFITS			POST EMPLOYMENT		LONG TERM BENEFITS	EQUITY	TOTAL	REMUNERATION
	Salary & Fees	Bonus	Non-Monetary benefits	Superannuation	Retirement benefits / Termination	Long Service Leave	Options or shares		Performance Related
	$	$	$	$	$	$	$	$	%
30 June 20									
Mr R Duncan	70,030	-	-	6,650	-	-	-	76,680	-
Mr R Nusantara	164,722	-	-	-	-	-	-	164,722	-
Mr C Wang	70,000	600	-	8,014	-	-	-	78,614	0.8%
Mr J Hardwick [1]	90,000	-	-	8,550	-	-	-	98,550	-
Mr S Zhou [2]	70,115	-	-	6,661	-	1,735	-	78,511	-
Total	464,867	600	-	29,875	-	1,735	-	497,077	
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 [3]	70,724	-	-	6,719	20,683	-	-	98,126	-
Total	475,469	17,853		27,351	20,683	1,153		542,509	

[1] Mr Hardwick was appointed on 24 May 2019
[2] Mr Zhou was promoted on 1 June 2019
[3] Mr Pui resigned on 31 May 2019

Share-based compensation

Issue of shares and options

No shares or options were issued to directors and other key management personnel as part of compensation during the year ended 30 June 2020.

Option holding

There are no options in the company held by any director or key management personell of the Group, inlcuding their related parties.

Other transactions with key management personnel and their related parties

There were no other transactions with key managmenet personnel and their related parties during the year.

Additional disclosures relating to key management personnel

Shareholding

The number of shares in the company held during the financial year by each director and other members of key management personnel of the Group, including their personally related parties, is set out below:

	Balance 01 Jul 19 Ord	***Granted as Remuneration Ord***	***Other Net Changes [1] Ord***	***Balance 30 Jun 20 Ord***
Directors				
Mr H Heng [2]	20,670,525	-	49,924	20,720,449
Mr C Teh	6,867,301	-	(2,592,302)	4,276,999
Mr M Pixley	-	-	-	-
Mr P Chai [2]	10,000,000	-	-	10,000,000
Mr K Yoshihara [3]	138,902,757	-	-	138,902,757
Mr Y Yamamoto [3]	138,902,757	-	-	138,902,757
Mr R Natori	-	-	-	-
Other key management personnel				
Mr R Duncan	-	-	-	-
Mr R Nusantara	-	-	-	-
Mr C Wang	10,000	-	-	10,000
Mr J Hardwick	-	-	-	-
Mr S Zhou	-	-	-	-
Mr R Jessett	20,000	-	-	20,000
Total	315,373,340	-	(2,542,378)	312,832,962

[1] Relates to general sales and purchases made on the open market
[2] Mr Heng and Mr Chai are directors of Everlast Invest Pty Ltd which owns a total of 10,000,000 shares in Eneco Refresh Ltd
[3] Mr Yoshihara and Mr Yamamoto are directors of Eneco Investment Pte Ltd, immediate parent company of Eneco Refresh Limited. Total shareholdings held by Eneco Investment Pte Ltd is 138,902,757.

Additional information

The earnings of the Group for the five years to 30 June 2020 are summarised below:

	2020 $	2019 $	2018 $	2017 $	2016 $
Sales revenue	11,284,764	9,086,063	8,784,287	6,178,586	6,120,013
EBITDA	(652,085)	(591,530)	(671,966)	332,998	(270,922)
Total comprehensive loss after income tax	(1,044,466)	(1,108,409)	(1,138,061)	75,932	36,718

The factors that are considered to affect total shareholders return (TSR) are summarised below:

	2020	2019	2018	2017	2016
Share price at financial year end ($)	0.06	0.071	0.055	0.055	0.072
Total dividends declared (cents per share)	-	-	-	-	-
Basic earnings per share (cents per share)	(0.38)	(0.56)	(0.80)	0.00	0.03

This concludes the remuneration report, which has been audited.

DIRECTORS' REPORT

Shares under option

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

Shares issued on the exercise of options

No shares were issued as a result of the exercise of options.

Indemnity and insurance of officers

The company has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the company paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor

The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

Non-audit services

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 23 to the financial statements.

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services as disclosed in note 23 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

Officers of the company who are former partners of RSM Australia Partners

There are no officers of the company who are former partners of RSM Australia Partners

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

Auditor

RSM Australia Partners continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors

Henry Heng
Managing Director
PERTH, 29 September 2020

RSM Australia Partners

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Eneco Refresh Limited for the year ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

RSM

RSM AUSTRALIA PARTNERS

Perth, WA
Dated: 29 September 2020

TUTU PHONG
Partner

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2020

	Note	CONSOLIDATED 2020 $	2019 $
Revenue	4a	11,284,764	9,086,063
Cost of sales	4b	(6,960,122)	(4,943,005)
Gross profit		4,324,642	4,143,058
Other income		366,971	19,622
Marketing expenses		(715,347)	(723,213)
Distribution expenses		(1,637,376)	(1,402,907)
Administrative expenses		(2,138,575)	(1,836,108)
Occupancy expenses		(1,042,005)	(826,846)
Share of net profit of associate		-	15,808
Loss on remeasuring previously held investment	5	-	(344,356)
Impairment of goodwill	12	(243,007)	-
Results from operating activities		(1,084,697)	(954,942)
Finance income	4c	37,657	18,265
Finance costs	4d	(34,480)	(60,570)
Loss before income tax		(1,081,520)	(997,247)
Income tax expense	6	-	-
Loss after income tax		(1,081,520)	(997,247)
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss:			
Fair value gain/(loss) on financial assets at fair value through OCI		37,054	(111,162)
Total comprehensive loss for the period		(1,044,466)	(1,108,409)
Earnings per share			
Basic and diluted loss per share (cents)	7	(0.38)	(0.56)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020

	Notes	CONSOLIDATED 2020 $	CONSOLIDATED 2019 $
ASSETS			
Current Assets			
Cash and cash equivalents	8	1,426,733	2,264,877
Trade and other receivables	9	1,167,604	988,632
Other current assets		106,557	89,755
Inventories	10	2,067,551	2,107,655
Current tax asset		34,361	34,903
Total Current Assets		4,802,806	5,485,822
Non-Current Assets			
Property, plant and equipment	11	6,768,068	7,023,878
Intangible assets	12	562,171	704,798
Financial assets at fair value through OCI	13	222,324	185,270
Investment in associate	14	50,000	-
Right of use assets	15	1,831,383	-
Total Non-Current Assets		9,433,946	7,913,946
TOTAL ASSETS		14,236,752	13,399,768
LIABILITIES			
Current Liabilities			
Trade and other payables	16	734,418	827,582
Financial liabilities	17	232,906	261,355
Short-term provisions and accruals	18	964,918	660,033
Lease liabilities	19	313,300	-
Total Current Liabilities		2,245,542	1,748,970
Non-Current Liabilities			
Financial liabilities	17	200,000	419,490
Long-term provisions	18	63,017	48,242
Lease liabilities	19	1,589,593	-
Total Non-Current Liabilities		1,852,610	467,732
TOTAL LIABILITIES		4,098,152	2,216,702
NET ASSETS		10,138,600	11,183,066
EQUITY			
Issued capital	20	18,320,875	18,320,875
Reserves	21	191,712	191,712
2014 profit reserve	21	356,409	356,409
Financial asset revaluation reserve	21	(74,108)	(111,162)
Accumulated losses	22	(8,656,288)	(7,574,768)
TOTAL EQUITY		10,138,600	11,183,066

The above consolidated statement of financial position should be read in conjunction with the accompanying notes

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 2020

	Issued Capital $	Reserves $	2014 profit reserve $	Financial asset revaluation reserve $	Accumulated losses $	Total $
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)
Loss on financial assets at fair value through OCI	-	-	-	(111,162)	-	(111,162)
Total comprehensive loss	-	-	-	(111,162)	(997,247)	(1,108,409)
Transactions with owners in their capacity as owners:						
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	356,409	(111,162)	(7,574,768)	11,183,066
Balance at 1 July 2019	18,320,875	191,712	356,409	(111,162)	(7,574,768)	11,183,066
Loss for the year	-	-	-		(1,081,520)	(1,081,520)
Loss on financial assets at fair value through OCI	-	-	-	37,054	-	37,054
Total comprehensive loss	-	-	-	37,054	(1,081,520)	(1,044,466)
Transactions with owners in their capacity as owners:						
Issue of share capital	-	-	-	-	-	-
Equity fund raising costs	-	-	-	-	-	-
Balance at 30 June 2020	18,320,875	191,712	356,409	(74,108)	(8,656,288)	10,138,600

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2020

	Notes	CONSOLIDATED 2020 $	2019 $
Cash flows from operating activities			
Receipts from customers		11,585,583	9,566,541
Government grants		344,883	-
Payments to suppliers and employees		(12,215,499)	(10,548,494)
Borrowing costs		(34,480)	(60,570)
Interest received		37,657	18,265
Net cash flows used in operating activities	24	(281,856)	(1,024,258)
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment, and investment		70,642	41,683
Acquisition of a subsidiary, net of cash acquired	5	-	(401,827)
Purchase of property, plant and equipment		(228,612)	(4,287,992)
Investment	14	(50,000)	-
Intellectual property		(100,380)	-
Net cash flows used in investing activities		(308,350)	(4,648,136)
Cash flows from financing activities			
Proceeds from issue of shares		-	8,234,165
Proceeds from borrowings		-	106,309
Share issue costs		-	(408,988)
Repayments of borrowings		(247,938)	(372,343)
Net cash flows (used in) / provided by financing activities		(247,938)	7,559,143
Net (decrease) / increase in cash and cash equivalents		(838,144)	1,886,749
Cash and cash equivalents at beginning of period		2,264,877	378,128
Cash and cash equivalents at end of period	8	1,426,733	2,264,877

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes

Note 1. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted
The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

AASB16 Leases
The Group has adopted AASB 16 from 1 July 2019. The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results improve as the operating expense is now replaced by interest expense and depreciation in profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

Impact of adoption
AASB 16 was adopted using the modified retrospective approach and as such the comparatives have not been restated. The impact of adoption on opening retained profits as at 1 July 2019 was as follows:

	1 July 2019 $
Operating lease commitments as at 1 July 2019 (AASB 117)	2,367,353
Finance lease commitments as at 1 July 2019 (AASB 117)	(310,148)
Revised operating lease committed (with option to extend) as at 1 July 2019	2,057,205
Operating lease commitments discount based on the weighted average incremental borrowing rate of 7% (AASB 16)	(262,248)
Right-of-use assets (AASB 16)	1,794,957
Lease liabilities - current and non-current (AASB 16)	1,794,957
Reduction in opening accumulated losses as at 1 July 2019	-

When adopting AASB 16 from 1 July 2019, the Group has applied the following practical expedients:

- applying a single discount rate to the portfolio of leases with reasonably similar characteristics;
- accounting for leases with a remaining lease term of 12 months as at 1 July 2019 as short-term leases;
- excluding any initial direct costs from the measurement of right-of-use assets;
- using hindsight in determining the lease term when the contract contains options to extend or terminate the lease; and
- not apply AASB 16 to contracts that were not previously identified as containing a lease.

Basis of preparation
These general-purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB).

Historical cost convention
The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Critical accounting estimates
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Parent entity information
In accordance with the Corporations Act 2001, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in note 25.

Principles of consolidation
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Eneco Refresh Limited (company) as at 30 June 2020 and the results of all subsidiaries for the year then ended. Eneco Refresh Limited and its subsidiaries together are referred to in these financial statements as the 'Group'.

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group 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 to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the Group. Losses incurred by the Group are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Revenue recognition

Sale of goods
Revenue from the sale of goods 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.

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.

Other revenue
Other revenue is recognised when it is received or when the right to receive payment is established.

Income tax
The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

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

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.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Eneco Refresh Limited (the head entity) and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. The head entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from each subsidiary in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the head entity.

Current and non-current classification
Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

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.

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 expected credit losses.

The Group has applied the simplified approach to measure expected credit losses which use a lifetime expected loss allowance for all trade receivables. 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.

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.

Investments and other financial assets
Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, it's carrying value is written off.

Financial assets at fair value through profit or loss
Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Financial assets at fair value through other comprehensive income
Financial assets at fair value through other comprehensive income include equity investments which the Group intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

Impairment of financial assets
The Group recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the Group’s assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

Property, plant and equipment
Freehold land is measured at cost.

Plant and equipment, buildings and motor vehicles 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. 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:

Land	N/A	
Buildings	40 years	Straight Line Method
Plant and equipment	5 to 15 years	Straight Line Method
Motor vehicles	10 years	Diminishing Value Method

Right-of-use assets
A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Intangible assets
Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Goodwill
Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

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

Impairment of non-financial assets
Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

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.

Borrowings
Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Lease liabilities
A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred. subsequently measured at amortised cost using the effective interest method.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Finance costs
Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

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.

Employee benefits

Short-term employee benefits
Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits
The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Share-based payments
Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions is measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the Group receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions is recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Binomial or Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore, any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the Group or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the Group or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Fair value measurement
When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Issued capital
Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Dividends
Dividends are recognised when declared during the financial year and no longer at the discretion of the company.

Earnings per share
Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to the owners of Eneco Refresh Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Goods and Services Tax (GST) and other similar taxes
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

New Accounting Standards and Interpretations not yet mandatory or early adopted
Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2020. The Group's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Group, are set out below.

Conceptual Framework for Financial Reporting (Conceptual Framework)
The revised Conceptual Framework is applicable to annual reporting periods beginning on or after 1 January 2020 and early adoption is permitted. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards. Where the Group has relied on the existing framework in determining its accounting policies for transactions, events or conditions that are not otherwise dealt with under the Australian Accounting Standards, the Group may need to review such policies under the revised framework. At this time, the application of the Conceptual Framework is not expected to have a material impact on the Group's financial statements.

Note 2. Critical accounting judgements, estimates and assumptions
The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Coronavirus (COVID-19) pandemic
Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the Group based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the Group operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the Group unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets
The Group assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Goodwill and other indefinite life intangible assets
The Group tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 1. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

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.

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 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.

Note 3. 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

(f) Segment performance

	WA	NSW	VIC	NT	QLD	Plastics	Other	Total
30 June 2020								
Revenue	2,980,956	1,874,603	1,263,191	860,582	1,835,660	2,469,772	-	11,284,764
EBITDA	343,596	251,972	121,981	(553,651)	(98,866)	(198,867)	(518,250)	(652,085)
Depreciation expense	(163,635)	(48,654)	(53,701)	(13,521)	(87,929)	(68,351)	-	(435,791)
Finance income	701	-	-	-	421	859	35,676	37,657
Interest expense	(2,100)	-	-	-	-	-	(32,380)	(34,480)
Segment operating profit/(loss)	178,562	203,318	68,280	(567,172)	(186,374)	(266,359)	(514,954)	(1,084,697)
Material items include:								
Impairment of goodwill	-	-	-	-	(243,007)	-	-	(243,007)
Total assets	2,684,144	843,021	595,001	4,418,801	1,137,666	3,560,754	997,365	14,236,752
Total liabilities	947,455	119,076	710	-	96,866	2,273,974	660,071	4,098,152
30 June 2019								
Revenue	2,878,494	2,041,804	1,234,217	96,694	889,098	1,945,756	-	9,086,063
EBITDA	167,153	254,446	193,094	52,691	36,254	(399,129)	(1,007,201)	(702,692)
Depreciation expense	(162,820)	(48,008)	(49,971)	(2,011)	(37,795)	(62,807)	-	(363,412)
Finance income	8,845	-	-	-	19	108	9,293	18,265
Interest expense	(9,814)	-	-	-	114	-	(50,870)	(60,570)
Segment operating profit/(loss)	3,364	206,438	143,123	50,680	(1,408)	(461,828)	(1,048,778)	(1,108,409)
Material items include:								
Loss on remeasuring previously held investment	-	-	-	-	-	-	(344,356)	(344,356)
Total assets	2,366,405	764,852	497,692	4,328,607	1,400,285	1,839,614	2,202,313	13,399,768
Total liabilities	905,963	3,118	1,029	-	85,113	393,824	827,655	2,216,702

	30 June 2020 $	30 June 2019 $
Note 4. Revenue and expenses		
(a) Revenue		
Production and distribution of bottled water and accessories	8,814,993	7,055,571
Sale of plastic products	2,469,771	1,945,756
Other revenue	-	84,736
	11,284,764	**9,086,063**
(b) Cost of sales		
Inventory	6,994,137	5,051,686
Inventory write-back	(34,015)	(108,681)
	6,960,122	**4,943,005**
(c) Finance income		
Interest received	37,657	18,265
	37,657	**18,265**
(d) Finance costs		
Finance charges	34,480	60,570
	34,480	**60,570**
(e) Employee benefits expense		
Wages and salaries	2,687,188	2,486,525
Workers compensation costs	94,055	78,547
Defined contribution superannuation costs	391,646	302,604
Provisions for annual and long service leave	82,180	3,631
Other employee benefits	242,451	-
	3,497,520	**2,871,307**
(f) Depreciation		
Depreciation expense	666,231	363,411
	666,231	**363,411**

	30 June 2020 $	30 June 2019 $
Note 5. Loss on remeasuring previously held investment		
Loss on remeasuring previously held investment	-	344,356[1]
	-	**344,356**

[1] In January 2019 Eneco Refreshed Limited increased its shareholding in Refreshed Waters Pty Ltd (RWQ) to 100%. Purchase consideration was a cash payment of $16,109 in January 2019 and $394,658 in February 2019 (total cash consideration $410,767).

Assets and liabilities acquired

	2019 $
Cash	8,940
Receivables from 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[1]	(161,181)
Add: goodwill[2]	243,007
Acquisition date fair value of total consideration	410,767

[1] 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.
[2] 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%.

Analysis of cash flows on acquisition

	2019 $
Net cash acquired with subsidiary	8,940
Total purchase consideration transferred	(410,767)
Acquisition of subsidiary, net of cash acquired	401,827

Contractual amounts
The fair value of receivables from customers equal the contractual amounts due.

	30 June 2020 $	30 June 2019 $
Note 6. Income tax		
The components of the tax expense comprise:		
Current tax	-	-
Deferred tax	-	-
Losses recouped not previously recognised	-	-
Income tax expense	-	-
The prima facie tax expense is reconciled as follows:		
Loss before income tax	(1,081,520)	(997,247)
Prima facie benefit on loss at 26% (2019: 27.5%)	(281,195)	(274,242)
Add tax effect of:		
Non-deductible expenses	68,825	95,860
Deferred tax balances not brought to account	(28,914)	-
Deferred tax asset not recognised	241,284	178,382
	-	-
Income tax expense recorded in the statement of profit or loss and other comprehensive income	-	-
Unrecognised deferred tax balances		
The following deferred tax assets and liabilities have not been brought to account:		
Unrecognised deferred tax assets – losses	1,002,997	1,248,086
Unrecognised deferred tax assets – other	195,073	222,550
Unrecognised deferred tax liabilities – property, plant and equipment	-	(113,850)
Net unrecognised deferred tax assets	**1,198,070**	**1,356,786**

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

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

Reduction in corporate tax rate

The corporate tax rate for eligible companies will reduce from 27.5% to 26% by 30 June 2021 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.

	30 June 2020 $	30 June 2019 $
Note 7. Loss per share		
Loss after income tax	(1,044,466)	(1,108,409)
Basic earnings per share	(0.38)	(0.56)
Diluted earnings per share	(0.38)	(0.56)
Weighted average number of ordinary shares used in calculating basic and diluted earnings per share	272,358,347	198,302,042

	30 June 2020 $	30 June 2019 $
Note 8. Cash and cash equivalents		
Cash at bank and in hand	601,921	345,559
Short-term bank deposits	824,812	1,919,318
	1,426,733	**2,264,877**

	30 June 2020 $	30 June 2019 $
Note 9. Trade and other receivables		
Trade receivables	1,039,089	876,929
Provision for expected credit losses	(23,409)	(15,378)
Other receivables	151,924	127,081
	1,167,604	**988,632**
Movement in the provision for expected credit losses of trade receivables:		
Balance at the beginning of the year	15,378	10,625
Additional provision for expected credit losses of trade receivables	26,170	6,754
Receivables written off during the year as uncollectable	(18,139)	(2,001)
Balance at the end of the year	**23,409**	**15,378**

Allowance for expected credit losses
The Group has recognised $18,139 in profit or loss in respect of the expected credit losses for the year ended 30 June 2020.

	30 June 2020 $	30 June 2019 $
Note 10. Inventories		
Raw materials - at cost	1,290,715	1,379,155
Finished goods - at cost	817,587	774,052
Total inventories	2,108,302	2,153,207
Provision for slow moving Inventories	(40,751)	(45,552)
	2,067,551	**2,107,655**

	30 June 2020 $	30 June 2019 $
Note 11. Property, plant and equipment		
Land and property – at cost	3,946,794	3,946,794
Plant and equipment – at cost	6,609,662	6,254,779
Less: Accumulated depreciation	(3,788,388)	(3,177,695)
	6,768,068	**7,023,878**

Note 11. Property, plant and equipment (cont.)

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Land and property $	Plant and equipment $	Total $
Balance at 1 July 2018	-	2,485,703	2,485,703
Additions	3,946,794	987,776	4,934,570
Disposals	-	(32,984)	(32,984)
Depreciation expense	-	(363,411)	(363,411)
Balance at 30 June 2019	3,946,794	3,077,084	7,023,878
Additions	-	384,943	384,943
Disposals	-	(359,333)	(359,333)
Depreciation expense	-	(281,420)	(281,420)
Balance at 30 June 2020	**3,946,794**	**2,821,274**	**6,768,068**

	30 June 2020 $	30 June 2019 $
Note 12. Intangible assets		
Goodwill		
Opening balance	689,586	446,579
Additions[1]	98,950	243,007
Impairment	(243,007)	-
Closing balance	545,529	689,586
Trademarks		
Opening balance	15,212	4,963
Additions	1,430	10,249
Closing balance	16,642	15,212
	562,171	**704,798**

[1] The carrying amount of goodwill for this cash-generating unit is $98,950 which arose from the acquisition of JB's Purified Drinking Water (2019: $0).

Acquisition of JB's Purified Drinking Water	30 June 2020 $

On 1 June 2020, Eneco Refresh Limited bought the business of JB's Purified Drinking Water in Melbourne for a total consideration of $99,000. This is made up of:

Goodwill	98,950
Stock	50
	99,000

Impairment

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 recognised may no longer exist. An impairment charge is reversed if the CGU's recoverable amount exceeds its carrying amount.

An impairment loss is recognised 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.

Refresh Waters Perth cash-generating unit

The carrying amount of goodwill for this cash-generating unit is $41,462 (2019: $41,462). 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 16% (2019: 14%). Cashflows beyond 5 years of forecast are assumed to have no growth therefore the long-term growth has been set at 0% (2019: 0%).

The Board anticipates growth in revenue of 5% (2019: 3%) for each of the next 5 years, with a net profit margin before interest, tax and depreciation of 12% (2019: 9%) 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.

Sensitivity

As disclosed in note 2, the directors have made judgements and estimates in respect of impairment testing of goodwill. Should these judgements and estimates not occur the resulting goodwill carrying amount may decrease. The sensitivities are as follows:

- Revenue would need to decrease by more than 38% before goodwill would need to be impaired, with all other assumptions remaining constant.
- The discount rate would be required to increase by 98% before goodwill would need to be impaired, with all other assumptions remaining constant.

Refresh Waters Sydney cash-generating unit

The carrying amount of goodwill for this cash-generating unit is $264,545 (2019: $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 16% (2019: 14%). Cashflows beyond 5 years of forecast are assumed to have growth therefore the long-term growth has been set at 9% (2019: 0%).

The Board anticipates growth in revenue of 5% (2019: 6%) for each of the next 5 years, with a net profit margin before interest, tax and depreciation of 11% (2019: 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.

Sensitivity
As disclosed in note 2, the directors have made judgements and estimates in respect of impairment testing of goodwill. Should these judgements and estimates not occur the resulting goodwill carrying amount may decrease. The sensitivities are as follows:

- Revenue would need to decrease by more than 32% before goodwill would need to be impaired, with all other assumptions remaining constant.
- The discount rate would be required to increase by more than 20% before goodwill would need to be impaired, with all other assumptions remaining constant.

Hydr8 Water cash-generating unit
The carrying amount of goodwill for this cash-generating unit is $140,572 (2019: $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 16% (2019: 14%). Cash flows beyond 5 years of forecast are assumed to have growth therefore the long-term growth has been set at 2% (2019: 0%).

The Board anticipates growth in revenue of 5% (2019: 3%) for each of the next 5 years, with a net profit margin before interest, tax and depreciation of 19% (2019: 10%) 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.

Sensitivity
As disclosed in note 2, the directors have made judgements and estimates in respect of impairment testing of goodwill. Should these judgements and estimates not occur the resulting goodwill carrying amount may decrease. The sensitivities are as follows:

- Revenue would need to decrease by more than 35% before goodwill would need to be impaired, with all other assumptions remaining constant.
- The discount rate would be required to increase by more than 34% before goodwill would need to be impaired, with all other assumptions remaining constant.

Refresh Waters Toowoomba cash-generating unit
The carrying amount of goodwill for this cash-generating unit has been impaired to zero (2019: $80,772).

Refresh Waters Brisbane cash-generating unit
The carrying amount of goodwill for this cash-generating unit has been impaired to zero. (2019: $162,235).

	30 June 2020 $	30 June 2019 $
Note 13. Financial assets at fair value through OCI		
Listed investments at fair value		
Opening balance	185,270	300,000
Disposals	-	(3,568)
Fair value adjustment	37,054	(111,162)
Closing balance	**222,324**	**185,270**

	30 June 2020 $	30 June 2019 $
Note 14. Investment in associate		
Investment in associate	50,000	-
	50,000	-

Interests in associates are accounted for using the equity method of accounting.

Name	Principal place of business / Country of incorporation	Ownership interest 2020 %	Ownership interest 2019 %
Jas Refresh Pty Ltd	Australia	15%	-%

	30 June 2020 $	30 June 2019 $
Note 15. Right-of-use assets		
Land and buildings - right-of-use	2,216,194	-
Less: Accumulated depreciation	(384,811)	-
	1,831,383	**-**

Additions to the right-of-use assets during the year were $421,237.

The Group leases land and buildings for its offices under agreements of between 2 to 5 years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated. The Group also leases plant and equipment under an agreement of 5 years.

	30 June 2020 $	30 June 2019 $
Note 16. Trade and other payables		
Trade payables	520,970	573,918
Other payables	213,448	253,664
	734,418	**827,582**

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

	30 June 2020 $	30 June 2019 $
Note 17. Financial liabilities		
Current		
Hire purchase liability[1]	32,906	61,355
Bank loan[2]	200,000	200,000
	232,906	261,355
Non-current		
Hire purchase liability[1]	-	19,490
Bank loan[2]	200,000	400,000
	200,000	419,490
	432,906	**680,845**

[1] Refer to note 27 for further information on hire purchase liability.
[2] The bank loan as at 30 June 2020 represents the facility for a term of 5 years, repayable quarterly. Refer to note 27 for further information.

	30 June 2020 $	30 June 2019 $
Note 18. Provisions and accruals		
Current		
Annual leave	277,659	210,552
Long service leave	209,636	209,336
Accruals	477,623	240,145
	964,918	660,033
Non-current		
Long service leave	63,017	48,242
	63,017	48,242
	1,027,935	**708,275**

Annual leave and long service leave

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.

Note 19. Lease liabilities

	30 June 2020 $	30 June 2019 $
Current		
Lease liability	313,000	-
	313,000	-
Non-current		
Lease liability	1,589,593	-
	1,589,593	-
	1,902,593	**-**

Note 20. Issued capital

	2020 Shares	2019 Shares	2020 $	2019 $
Ordinary shares - fully paid	272,358,347	272,358,347	18,320,875	18,320,875

There was no movement in ordinary shares during the year

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Capital risk 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.

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.

Note 21. Reserves

	30 June 2020 $	30 June 2019 $
Share reserve[1]		
Opening balance	191,712	191,712
Movement	-	-
Closing balance	191,712	191,712
2014 profit reserve[2]		
Opening balance	356,409	356,409
Movement	**-**	-
Closing balance	356,409	356,409
Financial asset revaluation reserve[3]		
Opening balance	(111,162)	-
Movement	37,054	(111,162)
Closing balance	(74,108)	(111,162)

[1] The share reserve is used to record the value of equity benefits provided to employees and directors as part of their remuneration.

[2] 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 $580,000 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 $111,795 in September 2014 and $111,796 in September 2015 were paid from this account leaving a balance of $356,409.

[3] The financial asset revaluation reserve records revaluations of financial assets at fair value through other comprehensive income.

	30 June 2020 $	30 June 2019 $
Note 22. Accumulated losses		
Accumulated losses at the beginning of the financial year	(7,574,768)	(6,577,521)
Loss after income tax expense for the year	(1,081,520)	(997,247)
Accumulated losses at the end of the financial year	**(8,656,288)**	**(7,574,768)**

	30 June 2020 $	30 June 2019 $
Note 23. Auditors remuneration		
Audit and review of the financial report	46,300	46,300
Taxation and technical advice services	8,500	8,500
	54,800	**54,800**

	30 June 2020 $	30 June 2019 $
Note 24. Reconciliation of cashflows from operating activities		
Loss after income tax expense for the year	(1,081,520)	(997,247)
Adjustments for:		
Depreciation expense	435,791	363,411
Net (profit) on disposal of property, plant and equipment	(21,818)	(15,822)
Share of associates (profit)		(15,808)
Impairment of non-current asset	243,007	344,356
Write-off of inventory	(34,015)	(108,681)
Change in assets and liabilities:		
Change in inventories	40,105	(255,672)
Change in trade and other receivables	153,117	(476,191)
Change in trade and other payables	(123,688)	119,390
Change in tax payable	34,903	(34,903)
Change in provisions	72,262	52,909
Net cash used in operating activities	(281,856)	(1,024,258)

	30 June 2020 $	30 June 2019 $
Note 25. Parent entity information		
Statement of profit or loss and other comprehensive income		
Loss after income tax	(1,081,520)	(598,899)
Total comprehensive loss	(1,044,466)	(710,061)
Statement of financial position		
Total current assets	775,040	1,981,820
Total non-current assets	10,023,631	9,993,998
Total assets	10,798,671	11,975,818
Total current liabilities	460,071	392,752
Total non-current liabilities	200,000	400,000
Total liabilities	660,071	792,752
Net assets	10,138,600	11,183,066

Guarantees
Eneco Refresh Limited has not entered into any guarantees.

Other commitments and contingencies
Eneco Refresh Limited has no other commitments and contingencies.

Plant and equipment commitments
Eneco Refresh Limited has no commitments to acquire property, plant and equipment.

Significant accounting policies
Eneco Refresh Limited accounting policies do not differ from the Group as disclosed in the notes to the financial statements.

	30 June 2020 $	30 June 2019 $
Note 26. Key management personnel disclosure		
Short term employee benefits	812,299	812,219
Post-employment benefits	51,788	68,839
Long term benefits	13,327	3,893
	877,414	**884,951**

Note 26. Related party transactions

Parent entity
Eneco Refresh Limited is the parent entity.

Subsidiaries
Interest in subsidiaries are set out in note 28.

Key management personnel
Disclosures relating to key management personnel are set out in note 26 and the remuneration report included in the directors' report.

Note 27. Financial instruments

Financial risk management objectives
The Group's activities expose it to a variety of financial risks: market risk (including interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate and ageing analysis for credit risk. The risks to which the Group is exposed to are outlined below.

Credit risk
Credit risk arises from the financial assets of the Group, which comprise cash and cash equivalents and trade and other receivables. Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contractual obligations that could lead to a financial loss to the Group.

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.

	Gross Amount	Past due and impaired	Past due but not impaired (days overdue)			Within initial trade terms
			31-60	61-90	>90	
2020						
Trade receivables	1,039,089	23,409	271,287	77,226	-	667,167
Other receivables	151,924	-	-	-	-	151,924
	1,191,013	23,409	271,287	77,226	-	819,091
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

Liquidity Risk
Vigilant liquidity risk management requires the Group to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The Group manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Remaining contractual maturities
The following tables detail the Group’s remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

30 June 2020	Weighted average interest rate %	1 year or less $	Between 1 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivates					
Non-interest bearing					
Trade and other payables	-	734,418	-	-	734,418
Accruals (note 18)	-	477,623	-	-	477,623
Interest bearing					
Lease liability	7.00%	313,300	1,589,593	-	1,902,893
Hire purchase liability	4.69%	32,906	-	-	32,906
Bank loans	6.00%	200,000	200,000	-	400,000
Total non-derivatives		1,758,247	1,789,593	-	3,547,840

30 June 2019	Weighted average interest rate %	1 year or less $	Between 1 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivates					
Non-interest bearing					
Trade and other payables	-	827,582	-	-	827,582
Accruals (note 18)	-	240,145	-	-	240,145
Interest bearing					
Hire purchase liability	4.69%	61,355	19,490		80,845
Bank loans	7.04%	200,000	400,000		600,000
Total non-derivatives		1,392,082	419,490	-	1,748,572

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Fair value of financial instruments
Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

Interest Rate Risk
Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group is exposed to interest rate movements through term deposits and online savers at fixed and variable rates, dependent on market rates on the day of investment and the length of the investment. The following table sets out the variable interest bearing and fixed interest-bearing financial instruments of the Group:

Financial assets	Year end	Variable interest $	Fixed interest $
Cash and cash equivalents	30 June 2020	601,921	824,812
Cash and cash equivalents	30 June 2019	345,559	1,919,318

The following table illustrates the estimated sensitivity to a 1% increase and decrease to fixed, variable interest rate fluctuations.

Impact on pre-tax profit	Year end	Interest rates +1%	Interest rates -1%
Cash and cash equivalents	30 June 2020	(14,267)	14,267
Cash and cash equivalents	30 June 2019	(22,649)	22,649

The Group is also exposed to interest rate risk arising from long-term borrowings. Borrowings obtained at variable rates expose the Group to interest rate risk. Borrowings obtained at fixed rates expose the Group to fair value risk.

The Group's bank loans outstanding, totalling $400,000 (2019: $600,000), are principal and interest payment loans. An official increase/decrease in interest rates of 100 (2019: 100) basis points would have an adverse/favourable effect on profit before tax of $40 (2019: $60) per annum. The percentage change is based on the expected volatility of interest rates using market data and analysts' forecasts. Principal repayments of $200,000 are due during the year ending 30 June 2021.

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 $222,324.

Fair value hierarchy

The following tables detail the Group's assets and liabilities, measured or disclosed at fair value, using a three-level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
Level 3: Unobservable inputs for the asset or liability

2020	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets				
- Financial assets at fair value through OCI	222,324	-	-	222,324
2019				
Financial assets				
- Financial assets at fair value through OCI	185,270	-	-	185,270

There were no transfers between levels during the financial year. Other than investments of listed shares, there are no financial assets and financial liabilities readily traded on organised markets in standardised form.

Note 28. Interest in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following wholly owned subsidiaries in accordance with the accounting policy described in the notes to the financial statements.

	Incorporation	**% of Equity interest**	
		30 June 2020	**30 June 2019**
		%	**%**
Refresh Waters Pty Ltd	Australia	100	100
Refresh Waters Queensland Pty Ltd	Australia	100	100
Refresh Plastics Pty Ltd	Australia	100	100
Eneco Australia Pty Ltd	Australia	100	100

Note 29. Contingent liabilities and assets

The Group has no contingent liabilities and assets as at 30 June 2020 (2019: Nil).

Note 30. Commitments

The Group has obligations under finance leases and hire purchase contracts of $32,906 payable within 12 months from the reporting date (2019: 61,355 payable within 12 months and 19,490 payable after 12 months). Refer to note 17. The Group has no other commitments.

Note 31. Matters subsequent to the end of the financial year

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has had no significant impact on the Group up to 30 June 2020, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

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

Note 32. Change in accounting policy – Property, plant and equipment

During the year ended 30 June 2020, as permitted by Australian Accounting Standard 108 Accounting Policies, Changes in Accounting Estimates and Errors, the board and management amended the Group's accounting policy in relation to the measurement of land and buildings from fair value to cost.

It is the view of the board and management that changing the accounting policy would “result in the financial statements providing reliable and more relevant information about the effects of transactions, other events or conditions on the Group’s financial position and financial performance. The change in accounting policy is also to align to the Group accounting policy”.

While the change in accounting policy should have been applied retrospectively, the impact of depreciation in the current and prior year is not material. Therefore, this has been no restatement to the comparative financial period.

DIRECTORS' DECLARATION

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2020 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors

Henry Heng
Managing Director
Perth, 29 September 2020

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

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 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

(i) Giving a true and fair view of the Group's financial position as at 30 June 2020 and of its financial performance for the year then ended; and

(ii) Complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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

RSM

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 this matter
Revenue Refer to Note 4(a) in the financial statements	
The Group's revenue is primarily generated from sale of bottled water and accessories and plastic products. Revenue is recognised when the Group has delivered the products to the customer. During the year ended 30 June 2020, the Group recognised revenue of $11,284,764. We determined this area to be a key audit matter as there is a presumed fraud risk with regards to revenue recognition and revenue is one of the key performance indicators of the Group. In addition, there is inherent risk that revenue could be misstated and recorded in the incorrect accounting period.	Our audit procedures included: • Discussed with management on the processes involved in the sales cycle for each revenue stream and performed walkthroughs to consolidate our understanding; • Performed tests on the internal controls in the sales cycle; • Performed test of details and cut-off tests to ascertain that the sales have been accurately recorded in the correct financial year; and • Performed analytical review by comparing the current financial year performance to prior financial year.
Inventory Refer to Note 10 in the financial statements	
As of 30 June 2020, the Group's total inventories and the related allowance for slow moving inventories amounted to $2,108,302 and $40,751 respectively. We determined this area to be a key audit matter as the inventory balances are material to the financial statements. In addition, the determination for the standard costing of finished goods and allowance for slow moving inventories involves a high level of management judgment.	Our audit procedures included: • Obtaining an understanding of the Group's internal controls with respect to physical safeguards over inventories and performed walkthroughs and test of controls over the inventory process; • Attended and observed management's year end inventory counts at material locations and selected inventories on a sample basis and traced the counted quantity to management's records; • With respect to slow moving inventories, we reviewed management's assessment and evaluated the adequacy of allowance made; • Obtaining an understanding of the Group's standard costing methodology and selected inventories on a sample basis for testing; and • Reviewed on a sample basis management's assessment of the net realisable value of inventories by comparing them against their sales value.

Key Audit Matters (Cont'd)

Key Audit Matter	How our audit addressed this matter
Impairment of goodwill Refer to Note 12 in the financial statements	
The Group has consolidated goodwill of $545,529 relating to its acquisition of businesses in the current and prior years. Management performs an annual impairment test on the recoverability of the goodwill as required by Australian Accounting Standards. We determined this area to be a key audit matter because the directors' assessment of the value-in-use of the cash generating units (CGUs) involves judgement about the future underlying cash flows of the business and the discount rate applied.	Our audit procedures included: • Assessing management's determination that the goodwill should be allocated to the various CGUs based on the nature of the Group's business; • Assessing the valuation methodology used in the model; • Challenging the reasonableness of key assumptions used in the model; • Reviewing sensitivity analysis over the key assumptions used in the model; • Checking the mathematical accuracy of the model; and • Reviewing the adequacy and accuracy of the relevant disclosures in the financial statements.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2020, but does not include the financial report and the 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.

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.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/auditors_responsibilities/ar2.pdf.

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of Eneco Refresh Limited, for the year ended 30 June 2020, 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.

RSM

RSM AUSTRALIA PARTNERS

TUTU PHONG
Partner

Perth, WA
Dated: 29 September 2020

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 4th 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 Chiau Thuan Teh, Michael Pixley, Peter Chai 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.

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	26	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 28 September 2020

Distribution of Ordinary Shares

Range of Shares	Total Holders
1 - 1,000	7
1,001 - 5,000	16
5,001 - 10,000	178
10,001 - 100,000	156
100,001 and over	55
Total	**412**
Holders of less than a marketable parcel of ordinary shares	32

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	% Units
ENECO INVESTMENT PTE LTD	138,902,757	51.0
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	34,947,618	12.8
MONEX BOOM SECURITIES (HK) LTD <CLIENTS ACCOUNT>	14,035,199	5.2
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
MR BOON KHENG ONG	6,040,529	2.2
MS INN HOON JUDY ONG	5,411,550	2.0
MR EDMUND SOON KIN TEO + MRS JANICE TEO <THE TEO FAMILY A/C>	5,399,858	2.0
MS ING CHENG DIANA ONG	4,321,900	1.6
REFRESH WILD PTY LTD	3,476,999	1.3
MS WENYUN VENETIA SU	2,662,266	1.0
CITICORP NOMINEES PTY LIMITED	2,314,939	0.8
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	1,586,900	0.6
MR JUAN HUI GOH	1,300,000	0.5
	251,098,166	**92.2**
Total Shares on Issue	**272,358,347**	

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