

Just Water International Limited



DIRECTORY

DIRECTORS

Jim McLay (Independent)
Chairman

Ian Malcolm

Renny Cunnack (Independent)

Tony Falkenstein

EXECUTIVE MANAGEMENT

Tony Falkenstein
Chief Executive Officer

Michael Fann
*General Manager
Just Water New Zealand*

Raj Chaudhary
*General Manager
Aqua-Cool New Zealand*

Marlon Bridge
Chief Financial Officer

**REGISTERED OFFICE
AND ADDRESS FOR SERVICE**

4th Floor
70 Shortland Street
Auckland
NEW ZEALAND

AUDITORS

PricewaterhouseCoopers

BANKERS

Bank of New Zealand Limited
Westpac Banking Corporation Limited

SOLICITORS

Harmos Horton Lusk
Daniel Overton & Goulding

JUST WATER NEW ZEALAND

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Mt Eden, Auckland
Private Bag 92811
Penrose, Auckland
NEW ZEALAND

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*Just Water New Zealand is a division
of Just Water International Limited.*

AQUA-COOL LIMITED

114 Rockfield Road
Penrose, Auckland
NEW ZEALAND

Tel +64-9-357 6333
Fax +64-9-309 8109

*Aqua-Cool New Zealand incorporates
the companies Aqua-Cool Limited,
Cool Water Company Limited and
Corporate Water Brands Limited.*

COOL WATER COMPANY LIMITED

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Penrose, Auckland
NEW ZEALAND

Tel +64-9-580 0126
Fax +64-9-580 0122

**CORPORATE WATER BRANDS
NZ LIMITED**

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NEW ZEALAND

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Fax +64-9-580 0122

JWI ON THE WEB

www.jwi.co.nz
www.justwater.co.nz
www.aquacool.co.nz
www.coolwater.co.nz
www.cwb.co.nz

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2004 AGM

The 2004 Annual Meeting of Shareholders of Just Water International Limited will be held at 4pm on Friday 29 October 2004 at Quay West Suites, Level 5, 8 Albert Street, Auckland City.



The year ending 30 June 2004 was an exciting one for Just Water; following the successful Initial Public Offering (IPO), the Company's shares were quoted on the New Zealand Exchange's Alternative Market on 15 June 2004.

During the IPO process the opportunity arose to acquire Aqua-Cool Limited – the largest business-to-business bottled water company in New Zealand.

This has meant an enormous amount of change for our staff, as we adjusted to our new public stakeholders, new compliance issues and the integration of Aqua-Cool into our organisation. Recently Aqua-Cool and Cool Water completed the move to a state-of-the-art bottled water plant in Penrose.

Many of the gains from this integration will be seen in the new financial year, but we were delighted that in the short timeframe between the issue of the prospectus and the end of the financial year, we were able to exceed our prospectus forecasts. The June month showed record new business for the Company, and can be partially attributed to the publicity surrounding the IPO.

Just Water International Limited achieved a net surplus for the year to 30 June 2004 of \$2,190,000 which represents a return of 18 percent on 30 June 2004 shareholders' funds.

Just Water International Limited comprises two business units:

1. Just Water New Zealand
2. Aqua-Cool New Zealand, comprising Aqua-Cool Limited, Cool Water Company Limited and Corporate Water Brands NZ Limited

Just Water New Zealand

This division is owned 100 percent by Just Water International Limited, and is primarily a point-of-use water-cooler supplier.

This business received the most advantage from the IPO and its performance for the last two months of the year was outstanding. This has continued into the new year, with units placed and profitability being ahead of the previous year for the first quarter.

Just Water is a national supplier of water-coolers, and has recently been successful in installing customer-branded water-coolers in larger corporates.

Aqua-Cool New Zealand

Since the prospectus was issued, the directors of Just Water have decided that it is more efficient to run Aqua-Cool, Cool Water and Corporate Water Brands under one umbrella division, Aqua-Cool New Zealand. Both Aqua-Cool and Cool Water are primarily bottled water delivery companies, as well as point-of-use water-cooler suppliers. Corporate Water Brands NZ Limited distributes branded packaged water.

Consequently, Just Water International Limited agreed to purchase the 20 percent of Cool Water Company Limited that it did not own, and 436,400 shares were issued to the former shareholders on 15 June 2004.

Thus Aqua-Cool New Zealand is now also a 100 percent owned division of Just Water International Limited.

With this integration of the companies, it was efficient to move to premises which allow easy access for water delivery trucks, as well as upgrading the plant to food health standards. Since balance date, this move has taken place, and efficiencies are expected to flow through the division in the current year.

The combined companies have not shown unit growth over the first quarter, although profitability is ahead of the previous year's first quarter results, calculated on the basis that both companies had been operating under JWI ownership for the period concerned.

Corporate Water Brands is slightly ahead of budgeted profit for the first quarter.

Dividend

The Board, having considered the Company's taxation position, and in particular the level and availability of imputation credits of JWI, expects to pay an interim dividend for the June 2005 year on 1 April 2005.

Future Outlook

The large increase in the water-cooler base in 2004, from both organic growth and the acquisition of Aqua-Cool, provides a platform for increased cash flows to fund future development.

The Company continues to investigate international opportunities.

With the integration of the Aqua-Cool and Cool Water businesses, and the move to purpose-built leased premises, Just Water International Limited sold the premises previously occupied by Cool Water at Normanby Road, Mt Eden for \$1.1 million. This sale, due for settlement on 15 October 2004, will realise a gain of \$130,000 which will form part of the results for the 2005 year.

In summary, the past year has been a year of positive change, and has set the platform for the future. Our people have responded brilliantly, and we commend them for their contribution to the reorganisation, while achieving record results.



JIM McLAY, CHAIRMAN, JUST WATER INTERNATIONAL LIMITED.



TONY FALKENSTEIN, MANAGING DIRECTOR, JUST WATER INTERNATIONAL LIMITED.

Jim McLay
Chairman

Tony Falkenstein
Chief Executive Officer



The board of Just Water International Limited (JWI) has been appointed by the shareholders to guide and monitor the business of JWI, its division Just Water New Zealand and its subsidiaries Aqua-Cool Limited, Cool Water Company Limited and Corporate Water Brands NZ Limited, which constitute the JWI Group. The board is responsible for the overall corporate governance of the Group.

The board, which comprises four directors (including the chairman), met formally twice during the period 15-30 June 2004 (in the period from the NZAX listing date to financial year end).

The directors' primary objective is to increase shareholder value within an appropriate framework that protects the rights and enhances the interests of shareholders and ensures that JWI and its controlled entities are properly managed. The function of the board includes responsibility for:

- approval of corporate strategies and the annual budget;
- monitoring financial performance including approval of the annual and half-year financial reports, and liaison with the Group's auditors;
- ensuring effective management of the Group's assets;
- appointment of and assessment of the performance of the Chief Executive;
- monitoring managerial performance; and
- ensuring the business risks facing the Group have been identified and that adequate control, monitoring and reporting mechanisms are in place.

The board has an audit committee and a remuneration committee. The audit committee, which comprises all non-executive members of the board, met formally twice during the period 15-30 June 2004. The remuneration committee did not meet during the period 15-30 June 2004.

The function of the audit committee is to assist the board in carrying out its responsibilities under the Companies Act 1993 and the Financial Reporting Act 1993 in respect of the Group financial accounting practices, policies, and controls and to review and make appropriate enquiry into the audit of the Group financial statements.

The function of the remuneration committee is to review the Group's remuneration strategy, structure and policy, and to review current practices to ensure they are consistent with these policies. Recognising the key role personnel play in the pursuit of the Group's strategic objectives, the committee is responsible for determining the remuneration of the Chief Executive and for maintaining an overview of the remuneration of senior management. It also has responsibility for share option schemes, incentives, performance-based packages, fringe benefit policies, and other related policies. The committee also advises on any significant company-wide remuneration policies and programmes.

In performing these roles, the committee operates independently of the Group's senior management, and, where required, obtains independent advice on the appropriateness of the remuneration and related packages that fall within its responsibility.

Responsibility for the management and administration of the Group is delegated to the Chief Executive, who is responsible to the board.



Statutory disclosures in relation to shareholders

TOP 20 LARGEST HOLDINGS LIST AS AT 15 SEPTEMBER 2004

HOLDER NAME	TOTAL	%
1 Red Eagle Corporation Limited	49,470,000	74.46
2 New Zealand Central Securities Depository Limited	1,923,000	2.89
3 ASB Nominees Ltd	512,730	0.77
4 Anthony Henry Kandziora	500,000	0.75
5 John Scott Stewart Richardson	350,000	0.53
6 Jillian Dawn Reid & Ian Donald Malcolm	300,000	0.45
7 Renate Share Account	250,000	0.38
8 Eugenie Masfen-Yan, Raphael William Wai-Ming Yan & Peter Hanbury Masfen	240,000	0.36
9 Giffney & Jones	220,850	0.33
10 Rajesh Kumar Chaudhary	218,300	0.33
11 Don Nominees Limited	200,000	0.30
12 ASB Nominees Limited	200,000	0.30
13 Ian Malcolm & Pam Malcolm & Barbara Astill	200,000	0.30
14 Andrew William Harnos	166,667	0.25
15 Custodial Services Limited	166,000	0.25
16 Grant Anthony Hall	156,300	0.24
17 Colin Glenn Giffney	150,000	0.23
18 Marie Therese Jackson	150,000	0.23
19 Dr Martin Berridge Spencer	135,000	0.20
20 = Ace Finance Limited	120,000	0.18
20 = Macquarie Equities Custodians Limited	120,000	0.18
TOTAL	55,748,847	83.91

HOLDING RANGE AS AT 15 AUGUST 2004

RANGE OF EQUITY HOLDING	NUMBER OF HOLDERS	NUMBER OF SHARES HELD	%
1 - 1,000	257	75,539	0.11
1,001 - 5,000	286	906,733	1.36
5,001 - 20,000	386	4,873,893	7.34
20,001 - 100,000	97	4,391,938	6.61
100,001 and over	25	56,188,297	84.57
TOTAL	1,051	66,436,400	100%

SUBSTANTIAL SECURITY HOLDERS

Section 26 of the Securities Market Act 1988 requires disclosure of the substantial security holders in Just Water International Limited. As at 15 September 2004, the substantial security holders were as follows:

SUBSTANTIAL SECURITY HOLDER	NUMBER OF SHARES HELD	%
Red Eagle Corporation Limited	49,470,000	74.46

The directors take pleasure in presenting to shareholders the first Annual Report and audited Financial Statements of Just Water International Limited (JWI) and Group for the year ended 30 June 2004.

Business activities

JWI was incorporated in 1988 and changed name from Just Water (NZ) Limited on 23 December 2003. The Group's sole business activities during the financial year related to the provision of bottled drinking-water, point-of-use water-coolers and branded packaged water.

Consolidated financial results

This financial year, the JWI Group has exceeded its Prospectus projections with earnings before tax of \$2.954 million (2003: \$2.526 million) against a Prospectus projected net surplus of \$2.821 million. This was achieved on a turnover of \$13.232 million (2003: \$9.682 million), against Prospectus projected revenue of \$12.827 million.

Shareholders' equity at 30 June 2004 totalled \$11.990 million (2003: \$3.411 million), an increase of 252 percent. Total assets increased 271 percent to \$16.643 million (2003: \$4.485 million).

Dividend

A dividend of \$1.6 million was paid during the year. This dividend was paid in two instalments, being September and December 2003, for \$800,000 each. In the Prospectus, the Group projected the payment of an interim dividend for the June 2005 year, in March 2005. The interim dividend is planned to be paid on 1 April 2005, being the first day of the following income tax year.

Donations

The JWI Group believes that good citizenship of corporates and individuals can make a real difference in the community. For ten years, Just Water New Zealand has been the principal sponsor of the Kidney Foundation, and a contribution from every water cup supplied with the Company's water-coolers is donated to this organisation. This financial year, \$29,130 (2003: \$24,290) was donated to the Kidney Foundation by Just Water New Zealand, helping the Foundation promote drinking-water with the aim of reducing the incidence of kidney disorders.

REMUNERATION OF DIRECTORS

Directors' remuneration paid during the year is as follows:

	GROUP		PARENT	
	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
J K McLay (Chairman)	-	-	-	-
I D Malcolm	-	-	-	-
J R Cunnack	16	15	10	15
A E Falkenstein (Executive Director) – Salary	30	-	30	-
<i>Resigned during the period:</i>				
H J Falkenstein	24	42	24	42
T L Falkenstein	25	53	25	53

Executive directors do not receive directors' fees.

Remuneration of employees

The number of employees (not including directors) whose remuneration exceeded \$100,000 is as follows:

\$000	GROUP	
	2004	2003
100-110	2	2
110-120	3	1
130-140	1	-
200-210	-	1
230-240	1	-

Auditors

In accordance with Section 21(1) of the Companies Act 1993, the auditors, PricewaterhouseCoopers, continue in office. Their audit remuneration and fees paid for other services are detailed in note 4 of the "Notes to the Financial Statements".

Interests register

The following are transactions recorded in the interests register for the year.

Parent and subsidiary companies

Interested transactions

Any business the JWI Group has transacted with organisations in which a director has an interest has been carried out on a commercial arms-length basis. This specifically included the following interests:

- Mabee Halstead & Kiddle Limited, of which Ian Malcolm is a director and shareholder, provided accounting compliance and accounting services to the Group during the financial year to the value of \$125,000 (2003: \$61,000).
- Axis Direct Limited, of which Ian Malcolm is a director and shareholder, supplied computer hardware and network support services to Cool Water during the financial year to the value of \$41,000 (2003: \$28,000)
- The sale of properties by Amante Limited & Drinksafe International Limited, of which Ian Malcolm is a director, and Tony Falkenstein is a director and shareholder, to JWI for fair value at \$2.255 million.

Directors' remuneration

Details of the directors' remuneration are provided in the "Remuneration of directors" section.

Use of Company information by directors

Pursuant to Section 145 of the Companies Act 1993, there were no recorded notices from directors requesting to use company information received in their capacity as directors that would not otherwise have been available to them.

Share dealings

From the date of listing on the New Zealand Alternative Market (NZAX), 15 June 2004 to the financial year ended 30 June 2004, no directors disposed of any equity securities of the JWI Group. Ordinary shares were issued to non-executive directors under the share offer. The amount involved was 154,000 shares and these were fully subscribed. These were paid by an advance on the 30 June 2005 annual directors' fees. In addition, ordinary shares were issued to non-executive directors and related parties under the share offer. The amount involved was 485,000 shares and these were fully subscribed. These were paid for in cash.

Directors' loans

There were no loans by the JWI Group to any directors.

Directors' insurance

The JWI Group has arranged policies for directors' liability insurance which, with a deed of indemnity, ensures that generally directors will incur no monetary loss as a result of actions undertaken by them as directors. Certain actions are specifically excluded; for example, the incurring of penalties and fines that might be imposed in respect of breaches of the law.

The directors are pleased with the state of affairs of Just Water International Limited and Group.

For and on behalf of the Board:

Jim McLay
Chairman

Tony Falkenstein
Chief Executive

6 September 2004



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Auditors' Report

to the shareholders of Just Water International Limited

We have audited the financial statements on pages 10 to 26. The financial statements provide information about the past financial performance and cash flows of the Company and Group for the year ended 30 June 2004 and their financial position as at that date. This information is stated in accordance with the accounting policies set out on pages 13 to 14.

Directors' Responsibilities

The Company's Directors are responsible for the preparation and presentation of the financial statements which give a true and fair view of the financial position of the Company and Group as at 30 June 2004 and their financial performance and cash flows for the year ended on that date.

Auditors' Responsibilities

We are responsible for expressing an independent opinion on the financial statements presented by the Directors and reporting our opinion to you.

Basis of Opinion

An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. It also includes assessing:

- (a) the significant estimates and judgements made by the Directors in the preparation of the financial statements; and
- (b) whether the accounting policies are appropriate to the circumstances of the Company and Group, consistently applied and adequately disclosed.

We conducted our audit in accordance with generally accepted auditing standards in New Zealand. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

We have no relationship with or interests in the Company or any of its subsidiaries other than in our capacity as auditors.



Auditors' Report

Just Water International Limited

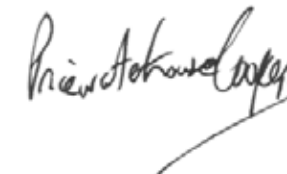
Unqualified Opinion

We have obtained all the information and explanations we have required.

In our opinion:

- (a) proper accounting records have been kept by the Company as far as appears from our examination of those records; and
- (b) the financial statements on pages 10 to 26:
 - (i) comply with generally accepted accounting practice in New Zealand; and
 - (ii) give a true and fair view of the financial position of the Company and Group as at 30 June 2004 and their financial performance and cash flows for the year ended on that date.

Our audit was completed on 6 September 2004 and our unqualified opinion is expressed as at that date.



Chartered Accountants

Auckland

Just Water International Limited and Group
Statements of Financial Performance
FOR THE YEAR ENDED 30 JUNE 2004

	NOTE	GROUP 2004 ACTUAL \$'000	GROUP 2003 ACTUAL \$'000	PARENT 2004 ACTUAL \$'000	PARENT 2003 ACTUAL \$'000
Revenue	3	13,232	9,682	10,857	9,682
Operating surplus before taxation	4	2,954	2,526	2,932	2,526
Taxation expense	5a	764	80	727	80
Net surplus		2,190	2,446	2,205	2,446
Net surplus attributable to:					
Minority interest		19	-	-	-
Parent shareholders		2,171	2,446	2,205	2,446

The accompanying "Notes to the Financial Statements" are an integral part of, and should be read in conjunction with, these "Statements of Financial Performance".

Just Water International Limited and Group
Statements of Movements in Equity
FOR THE YEAR ENDED 30 JUNE 2004

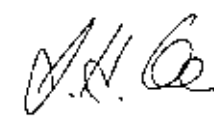
	NOTE	GROUP 2004 ACTUAL \$'000	GROUP 2003 ACTUAL \$'000	PARENT 2004 ACTUAL \$'000	PARENT 2003 ACTUAL \$'000
Net surplus comprising					
Parent shareholders' interest		2,171	2,446	2,205	2,446
Minority interest	6e	19	-	-	-
Total recognised revenues and expenses		2,190	2,446	2,205	2,446
Contributions from owners					
Shares issued	6a	8,008	-	8,008	-
Total contributions from owners		8,008	-	8,008	-
Distribution to owners					
Minority interest	6e	(19)	-	-	-
Dividends paid	6d	(1,600)	(1,200)	(1,600)	(1,200)
Total distribution to owners		(1,619)	(1,200)	(1,600)	(1,200)
Total movements in equity		8,579	1,246	8,613	1,246
Equity at beginning of year		3,411	2,165	3,411	2,165
Equity at end of year		11,990	3,411	12,024	3,411

The accompanying "Notes to the Financial Statements" are an integral part of, and should be read in conjunction with, these "Statements of Movements in Equity".

Just Water International Limited and Group
Statements of Financial Position
AS AT 30 JUNE 2004

	NOTE	GROUP 2004 ACTUAL \$'000	GROUP 2003 ACTUAL \$'000	PARENT 2004 ACTUAL \$'000	PARENT 2003 ACTUAL \$'000
Equity					
Share capital	6a	9,008	1,000	9,008	1,000
Retained earnings	6b	2,982	2,411	3,016	2,411
Total equity		11,990	3,411	12,024	3,411
Current liabilities					
Commercial bills	7a	2,400	-	2,400	-
Bank overdraft	7b	-	37	-	37
Employee entitlements	8	487	178	268	178
Payables and accruals	9	1,728	840	867	840
Related party payables	17	-	19	-	19
Provisions	10	38	-	-	-
Total current liabilities		4,653	1,074	3,535	1,074
Total equity and liabilities		16,643	4,485	15,559	4,485
Non-current assets					
Property, plant, & equipment	11	7,488	2,399	5,145	2,399
Investment in subsidiaries	15	-	-	7,202	-
Deferred tax asset	5b	46	21	23	21
Goodwill	18	5,172	-	-	-
Total non-current assets		12,706	2,420	12,370	2,420
Current assets					
Cash & bank balances		1,220	1	1,007	1
Receivables and prepayments	12	1,863	690	874	690
Intercompany	16	-	-	683	-
Inventories	13	731	711	544	711
Provision for taxation		123	663	81	663
Total current assets		3,937	2,065	3,189	2,065
Total assets		16,643	4,485	15,559	4,485

For and on behalf of the board:



Jim McLay
Chairman



Ian Malcolm
Director

6 September 2004

The accompanying "Notes to the Financial Statements" are an integral part of, and should be read in conjunction with, these "Statements of Financial Position".

Just Water International Limited and Group
Statements of Cash Flows
FOR THE YEAR ENDED 30 JUNE 2004

	NOTE	GROUP 2004 ACTUAL \$'000	GROUP 2003 ACTUAL \$'000	PARENT 2004 ACTUAL \$'000	PARENT 2003 ACTUAL \$'000
Cash flows from operating activities					
Cash was provided from:					
Receipts from customers		12,053	9,622	9,841	9,622
Interest received		6	-	149	-
Cash was applied to:					
Payments to suppliers and employees		(7,685)	(6,495)	(6,679)	(6,495)
Interest paid		(219)	(17)	(219)	(17)
Taxation expense paid		(115)	(244)	-	(244)
Net cash inflow from operating activities	14	4,040	2,866	3,092	2,866
Cash flows from investing activities					
Cash was applied to:					
Purchase of property, plant, & equipment		(4,390)	(1,016)	(3,655)	(1,016)
Acquisition of assets of subsidiaries		(7,202)	-	(7,202)	-
Net cash outflow in investing activities		(11,592)	(1,016)	(10,857)	(1,016)
Cash flows from financing activities					
Cash was provided from:					
Proceeds from borrowings		2,400	-	2,400	-
Share capital raised		8,008	-	8,008	-
Cash was applied to:					
Dividends paid to shareholders	6d	(1,600)	(1,200)	(1,600)	(1,200)
Repayment of borrowings from shareholders		-	(318)	-	(318)
Net cash inflow/(outflow) from financing activities		8,808	(1,518)	8,808	(1,518)
Net increase in cash held		1,256	332	1,043	332
Add cash balance at beginning of year		(36)	(368)	(36)	(368)
Cash balance at end of year		1,220	(36)	1,007	(36)
Comprises:					
Cash balances		1,220	1	1,007	1
Bank overdraft		-	(37)	-	(37)

The accompanying "Notes to the Financial Statements" are an integral part of, and should be read in conjunction with, these "Statements of Cash Flows".

Just Water International Limited and Group
Notes to the Financial Statements
FOR THE YEAR ENDED 30 JUNE 2004

1. STATEMENT OF ACCOUNTING POLICIES

Just Water International Limited is a public company registered under the Companies Act 1993 and is listed with the New Zealand Stock Exchange on the NZAX.

These Financial Statements are prepared and presented in accordance with the requirements of the Companies Act 1993 and the Financial Reporting Act 1993.

The Group comprises JWI and its wholly owned subsidiaries Aqua-Cool Limited (Aqua-Cool), Cool Water Company Limited (Cool Water) and Corporate Water Brands NZ Limited (Corporate Water Brands).

Measurement base

The financial statements have been prepared in accordance with generally accepted accounting practice (GAAP) in New Zealand. The measurement and reporting of financial performance, movements in equity, financial position, and cash flows is based on historical cost. The reporting currency used in the preparation of these Financial Statements is New Zealand dollars.

2. SPECIFIC ACCOUNTING POLICIES

The following specific accounting policies, which significantly affect the measurement of financial performance, financial position and cash flows, have been applied.

(a) Basis of consolidation

The Group Financial Statements have been prepared using the purchase method of consolidation. All significant intercompany transactions, balances, and unrealised profits are eliminated on consolidation.

(b) Revenue recognition

Sales and rental income shown in the Statements of Financial Performance comprise the amounts received and receivable by the company for goods supplied to customers in the ordinary course of business. Rental income is recognised on the date of instalment.

(c) Goods and Services Tax (GST)

These Financial Statements are prepared on a GST exclusive basis, except for receivables and payables, which are stated inclusive of GST.

(d) Taxation

The income tax expense recognised for the year is based on the current year's operating surplus adjusted for permanent differences between taxation and accounting rules.

Deferred tax arising from timing differences in recognition of income and expenditure for tax purposes has been accounted for using the liability method on a comprehensive basis. A debit balance in the deferred tax account arising from timing differences or taxation benefits from taxation losses, is recognised only if there is virtual certainty of realisation.

Deferred taxation assets and provisions for deferred taxation are not offset if they arise in different taxation jurisdictions.

(e) Property, plant and equipment

The cost of purchased property, plant, or equipment is the value of the consideration given to acquire the assets and the value of other directly attributable costs which have been incurred in bringing the assets to the location and condition necessary for their intended service.

Land and buildings are valued at cost at the date of purchase less accumulated depreciation to date.

Expenditure incurred on property, plant and equipment is capitalised where such expenditure will increase or enhance the future economic benefits provided by the assets' existing service potential. Expenditure incurred to maintain future economic benefits is classified as repairs and maintenance.

(f) Depreciation

Property, plant and equipment, except for freehold land, are depreciated on a combination of diminishing value and straight-line basis at rates to write off the cost of the property, plant and equipment, to their residual value, over their estimated useful lives. The useful lives of major classes of assets have been estimated as follows:

Rental equipment	5 years
Motor vehicles	4 - 5 years
Office equipment	7 - 11 years
Plant and equipment	4 - 6 years
Buildings	50 years

(g) Receivables

Receivables are stated at their estimated realisable value after providing for doubtful and uncollectable debts.

(h) Inventory

Inventory consists of rental equipment not leased and consumables. Inventory is stated at the lower of cost and net realisable value. Cost is determined on a first in, first out basis for consumables and individual purchase cost basis for coolers. Ex-rental stock is held at the lower of net book value and the directors' assessment of net realisable value.

(i) Investments

Investments are stated at the lower of cost or net realisable value.

(j) Foreign currencies

Transactions in foreign currencies are converted at the New Zealand rate of exchange ruling on the date of the transaction. Monetary assets and liabilities are converted to the New Zealand rate of exchange ruling at balance date, and any exchange gains or losses are taken to the Statements of Financial Performance.

(k) Leased assets

Leases under which the company assumes substantially all the risks and rewards incidental to ownership have been classified as finance leases and are capitalised.

Operating lease payments are representative of the pattern of

benefits derived from the leased assets and accordingly are charged to the Statements of Financial Performance in the periods in which they are incurred.

(l) Statements of cash flows

Cash means coins, notes, demand deposits and other highly liquid investments in which the Group has invested as part of its day-to-day cash management.

Operating activities comprise all transactions and other events that are not investing or financing activities.

Investing activities are those activities relating to the holding and disposal of property, plant and equipment and investments in or advances to subsidiaries.

Financing activities are those which result in changes in the size and composition of the capital or structure of the Group.

(m) Provision for dividends

Dividends are recognised in the period that they are authorised and approved.

(n) Goodwill

Goodwill represents the excess of the acquisition cost of business and subsidiary companies over the fair value of the identifiable net assets at the date of acquisition. Goodwill is amortised to the Statements of Financial Performance on a straight line basis over the shorter of its estimated useful life or 20 years.

(o) Share schemes

The Group operates share schemes for certain executive employees. No compensation expense is recognised in the Statements of Financial Performance.

(p) Comparatives

The Parent & Group actual 2003 figures represent the audited results of Just Water (NZ) Limited which changed its name to Just Water International Limited (JWI) on 23 December 2003. Certain comparatives have been reclassified to allow for increased disclosure requirements.

(q) Changes in accounting policies

There has been one change in accounting policy during the year. Costs associated with the installation of coolers have been capitalised rather than expensed, in accordance with FRS 3 (Accounting for property, plant & equipment). The impact on the Statements of Financial Performance for the current year is \$201,215.

3. REVENUE

	GROUP 2004 ACTUAL \$'000	GROUP 2003 ACTUAL \$'000	PARENT 2004 ACTUAL \$'000	PARENT 2003 ACTUAL \$'000
Rental & sales	13,137	9,625	10,654	9,625
Interest income	6	-	149	-
Net foreign exchange gain	62	57	54	57
Gain on sale of property, plant and equipment	27	-	-	-
	13,232	9,682	10,857	9,682

All revenue was derived from continuing activities.

4. OPERATING SURPLUS BEFORE TAXATION

	GROUP 2004 ACTUAL \$'000	GROUP 2003 ACTUAL \$'000	PARENT 2004 ACTUAL \$'000	PARENT 2003 ACTUAL \$'000
The operating surplus before taxation is stated after charging:				
Depreciation				
Rental equipment	924	560	663	560
Motor vehicles	82	25	39	25
Office equipment	182	78	140	78
Plant and equipment	14	-	3	-
Lease premium	5	10	5	10
Buildings	13	-	13	-
Directors' fees	46	15	40	15
Loss on sale of property, plant, & equipment	46	2	46	2
Doubtful debts provision	44	6	6	6
Donations	29	121	29	121
Fees paid to PricewaterhouseCoopers				
Audit fees	54	36	38	36
Services in relation to initial public offering (IPO)	57	-	57	-
Interest expense	219	17	219	17
Goodwill amortisation	73	-	-	-

5. TAXATION

5A. TAXATION EXPENSE

	GROUP 2004 ACTUAL \$'000	GROUP 2003 ACTUAL \$'000	PARENT 2004 ACTUAL \$'000	PARENT 2003 ACTUAL \$'000
Operating surplus before taxation	2,954	2,526	2,932	2,526
Add/(less) tax effect of permanent differences				
Non assessable income	-	-	-	-
Non deductible expenditure	73	51	17	51
Loss offset – external	(1,200)	(2,109)	(1,200)	(2,109)
Loss offset – internal	-	(611)	-	(611)
Other permanent differences	(18)	385	(52)	385
Taxable income	1,809	242	1,697	242
Tax at 33%	597	80	560	80
Prior period adjustment	167	-	167	-
Income taxation expense	764	80	727	80
The income taxation expense is represented by:				
Current taxation	739	(47)	725	(47)
Deferred taxation	25	127	2	127
	764	80	727	80

The external loss offset of \$1.200 million (2003: \$2.109 million) was provided to Just Water International Limited at nil consideration.

5B. DEFERRED TAXATION

	GROUP 2004 ACTUAL \$'000	GROUP 2003 ACTUAL \$'000	PARENT 2004 ACTUAL \$'000	PARENT 2003 ACTUAL \$'000
Balance at beginning of year	21	(106)	21	(106)
Current year movement	25	127	2	127
Balance at end of year	46	21	23	21

5C. IMPUTATION CREDITS

	GROUP 2004 ACTUAL \$'000	GROUP 2003 ACTUAL \$'000	PARENT 2004 ACTUAL \$'000	PARENT 2003 ACTUAL \$'000
Balance at beginning of year	806	562	806	562
Imputation credits attached to dividends received	-	-	-	-
Income tax paid	115	850	-	850
Refunds received	(15)	-	(15)	-
Other	37	(15)	37	(15)
Imputation credits attached to dividends paid	(788)	(591)	(788)	(591)
Balance at end of year	155	806	40	806
The imputation credits are available to shareholders of the parent company				
through the parent company	155	806	40	806
through subsidiaries	-	-	-	-

6. EQUITY

6A. SHARE CAPITAL

	GROUP 2004 ACTUAL \$'000	GROUP 2003 ACTUAL \$'000	PARENT 2004 ACTUAL \$'000	PARENT 2003 ACTUAL \$'000
Issued and fully-paid capital – 66,436,400 ordinary shares	9,008	1,000	9,008	1,000

All ordinary shares rank equally with one vote attached to each fully paid ordinary share.

The Group previously had 1,000,000 ordinary shares (issued and fully paid) at \$1 each as share capital. A share split to 66,000,000:1 took place in May 2004 in conjunction with the IPO where 16,500,000 shares were offered to investors at an issue price of 50 cents per share. Offer costs of \$459,900 were deducted from capital raised.

In June, prior to the listing, the decision was made to purchase 20% of Cool Water with the consideration being an issue of 436,400 shares in JWI. This took the total ordinary shares on offer to 66,436,400.

On 15 June 2004 the company was listed on the NZAX – the secondary market of the New Zealand Stock Exchange.

6B. RETAINED EARNINGS

	GROUP 2004 ACTUAL \$'000	GROUP 2003 ACTUAL \$'000	PARENT 2004 ACTUAL \$'000	PARENT 2003 ACTUAL \$'000
Balance at beginning of year	2,411	1,165	2,411	1,165
add net surplus attributable to Parent shareholders	2,171	2,446	2,205	2,446
less dividend payment	(1,600)	(1,200)	(1,600)	(1,200)
Balance at end of year	2,982	2,411	3,016	2,411

6C. SHARE OPTIONS

Prior to the initial public offering the sole shareholder of JWI, Red Eagle Corporation Limited, by shareholder's resolution approved the offer and issue of up to 1,850,000 options to senior executives of the JWI Group. These options are exercisable by 30 June 2007 at the higher of 60 cents per option or such other amount as the directors may determine at the relevant time. These options must be issued to senior executives at any time on or before 6 May 2007.

	DATE	NUMBER	EXERCISE PRICE	EXERCISE DATE	EXPIRY DATE
Options issued during the year	6 May 2004	1,300,000	60 cents	Anytime before 30 June 2007	30 June 2007

At balance date there were 1,300,000 options on issue (2003: nil).

6D. DIVIDEND PAYMENTS

	GROUP 2004 ACTUAL \$'000	GROUP 2003 ACTUAL \$'000	PARENT 2004 ACTUAL \$'000	PARENT 2003 ACTUAL \$'000
	(1,600)	(1,200)	(1,600)	(1,200)

Two dividend payments of \$800,000 were made during the financial year. These payments were made in September and December 2003.

6E. MINORITY SHAREHOLDERS

During the year JWI purchased 100% of the shares in Cool Water Company Limited. The acquisition involved an initial purchase of 75% from Red Eagle Corporation Limited, with a further purchase of 5% in March 2004 and the remaining 20% purchased in June 2004. The minority interest relates to the portion of the company not owned by JWI during the period 31 December 2003 to 14 June 2004. The minority interest in the Group net surplus for the year was \$19,000 (2003: nil).

7. BORROWINGS

7A. COMMERCIAL BILLS

A multi-option facility was obtained in December 2003 up to a limit of borrowings totalling \$4,700,000. This facility expires on 31 October 2005 and is currently secured against the Group's assets. There is a minimum repayment scheme of \$80,000 per month. The loan has been treated as a current liability as it is repayable on demand.

As at 30 June 2004, \$2.4 million was outstanding (2003: \$nil).

7B. BANK OVERDRAFT

Short-term funding is met by a bank overdraft facility. The interest rate charged for this facility is at the Bank's business overdraft prime rate plus a margin of 1.5% per annum. In addition to this, a service commitment fee of 0.15% per month recorded on the overdraft limit or peak overdraft balance for the month, whichever is the highest, applies. There were no bank overdrafts at 30 June 2004 (2003: \$37,000).

8. EMPLOYEE ENTITLEMENTS

	GROUP 2004 ACTUAL \$'000	GROUP 2003 ACTUAL \$'000	PARENT 2004 ACTUAL \$'000	PARENT 2003 ACTUAL \$'000
Annual leave	192	94	114	94
Accrued salaries	295	84	154	84
Total	487	178	268	178

9. PAYABLES AND ACCRUALS

	GROUP 2004 ACTUAL \$'000	GROUP 2003 ACTUAL \$'000	PARENT 2004 ACTUAL \$'000	PARENT 2003 ACTUAL \$'000
Trade creditors	862	668	520	668
Accruals	580	172	347	172
Contract revenue in advance	286	-	-	-
	1,728	840	867	840

10. PROVISIONS

	GROUP 2004 ACTUAL \$'000	GROUP 2003 ACTUAL \$'000	PARENT 2004 ACTUAL \$'000	PARENT 2003 ACTUAL \$'000
Balance at beginning of year	-	-	-	-
Provided for during the year	38	-	-	-
Balance at end of year	38	-	-	-

Effective from 1 April 2004, JWI acquired 100% of Aqua-Cool Limited.

A provision has been established to cover the cost of integration of the company into JWI.

11. PROPERTY, PLANT AND EQUIPMENT

	2004 COST \$'000	2004 ACCUM DEPN \$'000	2004 BOOK VALUE \$'000	2003 COST \$'000	2003 ACCUM DEPN \$'000	2003 BOOK VALUE \$'000
GROUP						
Rental equipment	5,793	1,828	3,965	3,179	1,279	1,900
Motor vehicles	499	132	367	128	69	59
Office equipment	1,291	671	620	901	488	413
Plant and equipment	404	140	264	97	96	1
Lease premium	31	1	30	115	89	26
Land	1,140	-	1,140	-	-	-
Buildings	1,115	13	1,102	-	-	-
	10,273	2,785	7,488	4,420	2,021	2,399
PARENT						
Rental equipment	3,856	1,477	2,379	3,179	1,279	1,900
Motor vehicles	183	61	122	128	69	59
Office equipment	992	594	398	901	488	413
Plant and equipment	100	96	4	97	96	1
Lease premium	-	-	-	115	89	26
Land	1,140	-	1,140	-	-	-
Buildings	1,115	13	1,102	-	-	-
	7,386	2,241	5,145	4,420	2,021	2,399

Independent valuers, Barker & Morse Ltd, undertook a valuation of land and buildings in December 2003. This valuation totalled \$2.255 million.

12. RECEIVABLES AND PREPAYMENTS

	GROUP 2004 ACTUAL \$'000	GROUP 2003 ACTUAL \$'000	PARENT 2004 ACTUAL \$'000	PARENT 2003 ACTUAL \$'000
Trade receivables	1,603	480	631	480
Provision for doubtful debts	(38)	(13)	(10)	(13)
Prepayments	298	223	253	223
Total	1,863	690	874	690

Prepayments include an amount of \$77,000 for directors' fees paid in relation to the 30 June 2005 financial year. The fees were applied to secure shares for directors in the JWI initial public offer.

13. INVENTORIES

	GROUP 2004 ACTUAL \$'000	GROUP 2003 ACTUAL \$'000	PARENT 2004 ACTUAL \$'000	PARENT 2003 ACTUAL \$'000
Stock on hand	526	434	349	434
Consumables	205	277	195	277
Total	731	711	544	711

No inventories are pledged as security for liabilities, nor are any inventories subject to retention of the title clauses.

14. RECONCILIATION OF NET SURPLUS AFTER TAXATION TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	GROUP 2004 ACTUAL \$'000	GROUP 2003 ACTUAL \$'000	PARENT 2004 ACTUAL \$'000	PARENT 2003 ACTUAL \$'000
Net surplus	2,190	2,446	2,205	2,446
Add/(less) non-cash items				
Depreciation	1,220	674	863	674
Amortisation of goodwill	73	-	-	-
Increase in estimated doubtful debts	25	-	3	-
Movement in provisions	38	-	-	-
Movement in deferred tax	(25)	142	(2)	142
Add/(less) movements in working capital items				
Payables and accruals	888	(111)	27	(111)
Employee entitlements	309	178	90	178
Related party payables	(19)	-	(19)	-
Receivables and prepayments	(1,198)	(47)	(187)	(47)
Related party receivables	-	-	(683)	-
Inventory	(20)	48	167	48
Provision for tax	540	(466)	582	(466)
Items classified as investing activities				
Net loss on sale of property, plant and equipment	19	2	46	2
Net cash inflow from operating activities	4,040	2,866	3,092	2,866

15. INVESTMENTS IN SUBSIDIARIES

The investments represent shareholdings the Parent company (JWI) has in its 100% owned subsidiaries as follows:

COMPANY NAME	PRINCIPAL ACTIVITY	BALANCE DATE	PARENT 2004 ACTUAL \$'000	PARENT 2003 ACTUAL \$'000
Aqua-Cool Limited	Operates nationally as a bottled water delivery company and point-of-use water-cooler supplier providing both filtered and mineral drinking-water.	30 June	6,111	-
Cool Water Company Limited	Cool Water operates principally in the North Island, and in addition to point-of-use systems, offers bottled water delivery. It operates modern water processing plants in both Auckland and Hamilton, providing filtered drinking-water to its customers.	30 June	1,091	-
Corporate Water Brands NZ Limited	Corporate Water Brands supplies custom-branded packaged water to businesses and organisations.	30 June	-	-
Total			7,202	-

During the financial year, JWI purchased the following three companies:

AQUA-COOL LIMITED (AQUA-COOL)

On 1 April 2004, Aqua-Cool was acquired for \$6.111 million. The detailed schedule of assets and liabilities acquired is listed below.

COOL WATER COMPANY LIMITED (COOL WATER)

During the year JWI purchased 100% of the shares in Cool Water. This was completed in three stages. These were as follows:

1. The purchase of 75% from Red Eagle Corporation Limited on 31 December 2003 for \$818,000.
2. The purchase of 20% from the Reid Trust for \$218,000 with the subsequent sale of 15% to management of Cool Water for \$120,000 in March 2004 pursuant to an agreement dated October 2003.
3. The purchase of 20% from the management of Cool Water on 14 June 2004 in exchange for shares in JWI. Consideration was by way of 436,400 shares in JWI issued at 50 cents each.

The detailed schedule of assets and liabilities acquired is listed below.

CORPORATE WATER BRANDS NZ LIMITED (CORPORATE WATER BRANDS)

In October 2003, JWI acquired 100% of the shares in Corporate Water Brands from Cool Water for \$100,000.

The impact of each of the acquisitions on the Statement of Financial Position can be summarised below:

	AQUA-COOL 2004 ACTUAL \$'000	COOL WATER 2004 ACTUAL \$'000	CORPORATE WATER BRANDS 2004 ACTUAL \$'000
Current assets	1,297	617	-
Property, plant & equipment	807	1,120	100
Current liabilities	(467)	(1,379)	-
Restructuring provision	(38)	-	-
Goodwill	4,512	733	-
Consideration paid	6,111	1,091	100

16. INTERCOMPANY

	GROUP 2004 ACTUAL \$'000	GROUP 2003 ACTUAL \$'000	PARENT 2004 ACTUAL \$'000	PARENT 2003 ACTUAL \$'000
Intercompany				
Aqua-Cool Limited repayment to JWI	-	-	(217)	-
JWI advance to Cool Water Company Limited	-	-	800	-
JWI advance to Corporate Water Brands NZ Limited	-	-	100	-
Total	-	-	683	-

Intercompany advances by JWI represent loans to subsidiary companies. The advance from JWI to Cool Water attracted interest at 7.5% during the year. The advance to Corporate Water Brands did not attract interest.

From December 2003 to 30 June 2004, Cool Water leased premises from JWI for \$43,000.

During the year a small number of sales transactions, of immaterial value, took place between Just Water New Zealand and Cool Water.

There were no other significant transactions between any of the companies in the Group. All transactions with subsidiaries are carried out on an arms-length basis.

17. RELATED PARTIES

	GROUP 2004 ACTUAL \$'000	GROUP 2003 ACTUAL \$'000	PARENT 2004 ACTUAL \$'000	PARENT 2003 ACTUAL \$'000
Related parties				
Red Eagle Corporation Limited	-	19	-	19
Total	-	19	-	19

During the period the JWI Group leased premises from Amante Limited for \$40,000 and DrinkSafe International Limited for \$28,000, which are companies of which Ian Malcolm is a director, and Tony Falkenstein is a director and shareholder. These premises were purchased by JWI from the above companies in December 2003 for \$970,000 and \$1.285 million respectively. The sale of properties to JWI by Amante Limited & DrinkSafe International Limited were undertaken at fair value.

In December 2003 all debts owing to Amante Limited, DrinkSafe International Limited and Red Eagle Corporation Limited (REC), including dividends, were settled in full by raising a commercial bill of \$4.400 million. This was split into \$2.255 million for the property purchases by JWI, \$800,000 advanced by JWI to Cool Water and \$100,000 advanced to Corporate Water Brands, with the remainder being paid as dividends to REC.

During the year, Texel Holdings Limited, a company of which Ian Malcolm is a director, and Tony Falkenstein is a director and shareholder, was charged for accounting services provided by Cool Water employees of \$3,000 on an arms-length basis on usual commercial terms. Texel Holdings Limited is a finance company that purchases rental contracts. Transactions payable by Cool Water during the year with Texel Holdings Limited amounted to \$871,800 (2003: 742,000). There were no outstanding balances as at 30 June 2004.

Mabee Halstead & Kiddle Limited, of which Ian Malcolm is a director, provided accounting compliance and accounting services to the Group during the financial year to the value of \$125,000 (2003: \$61,000).

Axis Direct Limited, of which Ian Malcolm is a Director and shareholder, supplied computer hardware and network support services to Cool Water during the financial year to the value of \$41,000 (2003: \$28,000).

REC is the majority shareholder in JWI. All transactions with other REC owned companies are carried out on an arms-length basis on usual commercial terms. This includes membership of Bartercard New Zealand Limited for which the JWI Group paid \$45,000 in transaction fees during the financial year.

18. GOODWILL

	GROUP 2004 ACTUAL \$'000	GROUP 2003 ACTUAL \$'000	PARENT 2004 ACTUAL \$'000	PARENT 2003 ACTUAL \$'000
Balance at beginning of year	-	-	-	-
Goodwill arising on acquisition	5,245	-	-	-
Amortisation	(73)	-	-	-
Balance at end of year	5,172	-	-	-

Goodwill has arisen from the purchase of Aqua-Cool and Cool Water as described in Note 15.

19. SEGMENT INFORMATION

The Group operates predominantly in the bottled water, point-of-use water-cooler and branded packaged water industry in New Zealand.

20. FINANCIAL INSTRUMENTS

(a) Currency and interest rate risk

Nature of activities and management policies with respect to financial instruments:

(i) Currency

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Group undertakes transactions denominated in foreign currencies from time to time, and, resulting from these activities, exposures in foreign currency arise. The current board policy is to accept this slightly increased risk given the amount of purchases denominated in foreign currencies.

(ii) Interest rate

Interest rate risk is the risk that the value of the financial instrument will fluctuate because of changes in market interest rates. This could particularly affect the cost of borrowing and the return on investments.

The interest rates on JWI's borrowings during the year were:

	2004	2003
On Call	6.5-8.5%	5.7-6.2%
Short term	6.7-8.8%	6.3-6.7%

The interest rates on JWI's investments during the year were:

	2004	2003
Cash (on call)	5.4-5.7%	5.3-5.8%
Short term	5.5-6.1%	-

Short-term deposits have maturity dates less than six months. The directors do not consider there is any significant exposure to interest rate risk on its investments. All investments are managed by JWI on behalf of the Group.

(iii) Credit risk

Credit risk is the risk that a third party will default on its obligations to JWI and the Group, causing a loss.

In the normal course of business, the Group incurs credit risk from trade receivables and transactions with financial institutions (cash and short-term deposits). The Group has a credit policy that is used to manage this risk. As part of this policy, limits are placed on the amounts of credit extended to third parties, and care is taken to ensure the credit worthiness of third parties we deal with. All credit risk exposures are monitored regularly.

The Group does not require any collateral or security to support financial instruments because of the quality of financial institutions and trade receivables dealt with.

(b) Fair values

The estimated fair values of the Group's financial instruments approximate their carrying values as disclosed in the Statements of Financial Position.

21. COMMITMENTS**21A. OPERATING LEASE OBLIGATIONS**

	GROUP 2004 ACTUAL \$'000	GROUP 2003 ACTUAL \$'000	PARENT 2004 ACTUAL \$'000	PARENT 2003 ACTUAL \$'000
Obligations payable after balance date on non-cancellable operating leases:				
Within one year (1 July 2004 to 30 June 2005)	270	100	75	100
One to two years (1 July 2005 to 30 June 2006)	183	86	49	86
Two to five years (1 July 2006 to 30 June 2007)	240	-	109	-
Over five years (1 July 2007 to 30 June 2008)	-	-	-	-

21B. CAPITAL COMMITMENTS

The Group and the Parent company have no capital commitments at 30 June 2004 (2003: \$nil).

22. CONTINGENT LIABILITIES

The Group and the Parent company have no contingent liabilities at 30 June 2004 (2003: \$nil).

23. POST BALANCE DATE EVENTS

In July 2004, a property at Normanby Road, leased by JWI to Cool Water, was disposed of for \$1.1 million. The settlement date is in September 2004 and therefore the event has not been reflected in these financial statements.

24. COMPARISON OF ACTUAL PERFORMANCE TO PROSPECTUS PROJECTIONS

The following Financial Statements are a comparison of the actual performance of the JWI Group to the Prospectus issued prior to the initial public offering (IPO). Explanations have been provided where significant variances exist between actual and projected performance.

Just Water International Limited
Statement of Financial Performance
Comparison to Prospectus projection
FOR THE YEAR ENDED 30 JUNE 2004

	GROUP 2004 ACTUAL \$'000	GROUP 2004 PROJECTION \$'000	2004 VARIANCE \$'000
Revenue	13,232	12,827	405
EBITDA	4,479	4,142	337
Depreciation	1,220	1,000	220
Loss (Gain) on disposal	19	1	18
EBITA	3,240	3,141	99
Interest income	6	30	(24)
Interest expense	219	283	64
EBTA	3,027	2,888	139
Amortisation	73	67	(6)
EBT	2,954	2,821	133
Tax	764	692	(72)
EAT	2,190	2,129	61
Dividends	1,600	1,600	-
SURPLUS	590	529	61
Minority interest share of EAT	19	(7)	26
Surplus after minority interest	571	536	35

- Revenue is higher than projected as a result of record performance for the Group in the winter months. New winter product promotions assisted sales revenues.
- Depreciation is higher than projected as a result of the purchase of the remaining 20% shareholding in Cool Water not projected to be owned by JWI, as well as a higher than anticipated asset base for Aqua-Cool.

Just Water International Limited
Statement of Financial Position
Comparison to Prospectus projection
AS AT 30 JUNE 2004

	GROUP 2004 ACTUAL \$'000	GROUP 2004 PROJECTION \$'000	2004 VARIANCE \$'000
CURRENT ASSETS			
Bank	1,220	2,487	(1,267)
Other	2,717	2,819	(102)
Total current assets	3,937	5,306	(1,369)
NON CURRENT ASSETS			
Rental equipment	3,965	3,421	544
Land and buildings	2,242	2,239	3
Other fixed assets	1,281	1,266	15
Other	46	-	46
Total non current assets	7,534	6,926	608
Total tangible assets	11,471	12,232	(761)
PLUS OTHER ASSETS			
Goodwill	5,172	4,740	432
LESS LIABILITIES			
Loans	2,400	4,200	1,800
Other	2,253	804	(1,449)
Total liabilities	4,653	5,004	351
NET ASSETS	11,990	11,968	22
EQUITY			
Share capital	9,008	8,750	258
Retained earnings	2,982	3,119	(137)
Minority interest	-	99	(99)
Total equity	11,990	11,968	22

- Bank balances are lower than projected as funds have been utilised to reduce the levels of debt in the Group. As a result loan balances are lower than projected.
- Other fixed assets, goodwill and other liabilities are higher than projected as a result of the purchase of the remaining 20% in Cool Water in June 2004 and the finalisation of the purchase of Aqua-Cool.
- Other liabilities are also higher than projected as a result of timing differences in the payment of creditors.
- Share capital is higher than expected as a result of 436,400 new shares issued on 17th June 2004.

I/We _____
 (Name)

Of _____
 (Place)

being a shareholder of Just Water International Limited, hereby

appoint _____ of _____
 (Name) (Place)

or failing that person _____ of _____
 (Name) (Place)

As my/our proxy to vote for me/us on my/our behalf at the Annual Meeting of the Company to be held on Friday 29 October 2004, and at any adjournment thereof.

Unless otherwise directed as below, the proxy will vote as he or she thinks fit, or abstain from voting. Should the shareholder(s) wish to direct the proxy how to vote the following should be completed:

Resolutions to:	For	Against
1. To authorise the Company's Board of Directors to fix the Auditor's Remuneration.	<input type="checkbox"/>	<input type="checkbox"/>
2. To re-elect Mr A E Falkenstein as a Director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>

Signed this _____ day of October 2004

Signature _____

Notes:

1. A proxy granted by a company must be executed by a duly authorised officer or attorney of that company.
2. To be valid, this proxy form must be returned duly completed to BK Registries Limited, PO Box 384, Ashburton, no later than 9.30am on 27 October 2004



**SHAREHOLDER ATTENDANCE
 AND ADMISSION CARD**

If you are attending the Annual Meeting, please detach this card, complete the details (which are available from your dividend or direct credit statement), and hand it in at registration.

The Directors invite you to join them for refreshments after the Annual Meeting.

Full Name(s) of shareholder(s): _____

Shareholder number: _____

Number of shares held: _____

EXPLANATORY NOTES

Resolution 1: Auditor

PricewaterhouseCoopers are automatically reappointed as the Company's Auditor under Section 200 of the Companies Act 1993. This resolution authorises the Board to fix the fees and expenses of the Auditor.

Resolution 2: Election of Director

One Director, Mr A E Falkenstein, retires by rotation and offers himself for re-election at the Annual Meeting.

Tony Falkenstein has been a chief executive of companies for over 25 years, including subsidiaries of multinationals, two former NZX-listed companies, and for the past 16 years, his own family company, Red Eagle Corporation Limited. Mr Falkenstein has been a director of the Company since February 1990.

He was Chief Executive of a successful public company, Optical Holdings Limited, in the early 1980's, and has continued to follow the same principle which brought that company to public success – be totally open to shareholders, show them what you are doing, be proud of your results, and treat shareholders with the respect they deserve – they are the owners!

His business philosophy is uncomplicated: "Keep it simple, enjoy what you are doing, and make a profit". With this philosophy he has grown the Red Eagle Group to have annual turnover in excess of \$150 million.

Mr Falkenstein is a past President and Fellow of the Institute of Chartered Secretaries, and is currently a Fellow of the New Zealand Institute of Management.

Mr Falkenstein is Chairman of New Zealand's first business high school, Onehunga High Business School, and is passionate about business education as the key to New Zealand's economic prosperity.

The Board unanimously recommends Shareholders vote in favour of the re-election of Mr A E Falkenstein.

PROXIES

1. All Shareholders are entitled to attend and to vote at the meeting.
2. A Shareholder entitled to vote may appoint a proxy to attend and vote in their place.
3. A proxy need not be a Shareholder of the Company.
4. The Chairman of the meeting is willing to act as proxy for any Shareholder who may wish to appoint him for that purpose.
5. If the proxy form is returned without a direction as to how the proxy shall act on a resolution, the proxy will exercise the proxy's discretion as to whether to vote and, if so, how.
6. If the proxy is signed under a power of attorney, this must be produced for noting by the Company, if not already noted. A declaration of non-revocation of the power of attorney must be attached.
7. Companies appointing a proxy must do so under the signature of two Directors or have an authority produced for noting by the company.
8. Completed proxies must be received by the Company's Share Register no later 9.30am Wednesday 27 October 2004 at the following address:

The Share Registrar
Just Water International Limited
c/o BK Registries Limited
PO Box 384
Ashburton
New Zealand
By order of the Board.

Hon. Jim McLay
Chairman

NOTICE OF MEETING

Notice is given that the Annual Meeting of Shareholders of Just Water International Limited will be held at Quay West Suites, Level 5, 8 Albert Street, Auckland City, on Friday 29 October 2004 at 4.00pm. Shareholders are invited to join the Directors after the meeting for refreshments.

BUSINESS

A. Annual Report

To receive and consider the Annual Report, the financial statements and the Auditor's report for the financial year ended 30th June 2004.

B. Resolution 1: Remuneration of Auditor

To consider and, if thought fit, to pass the following ordinary resolution:

1. That the Company's Board of Directors be authorised to fix the Auditor's remuneration.

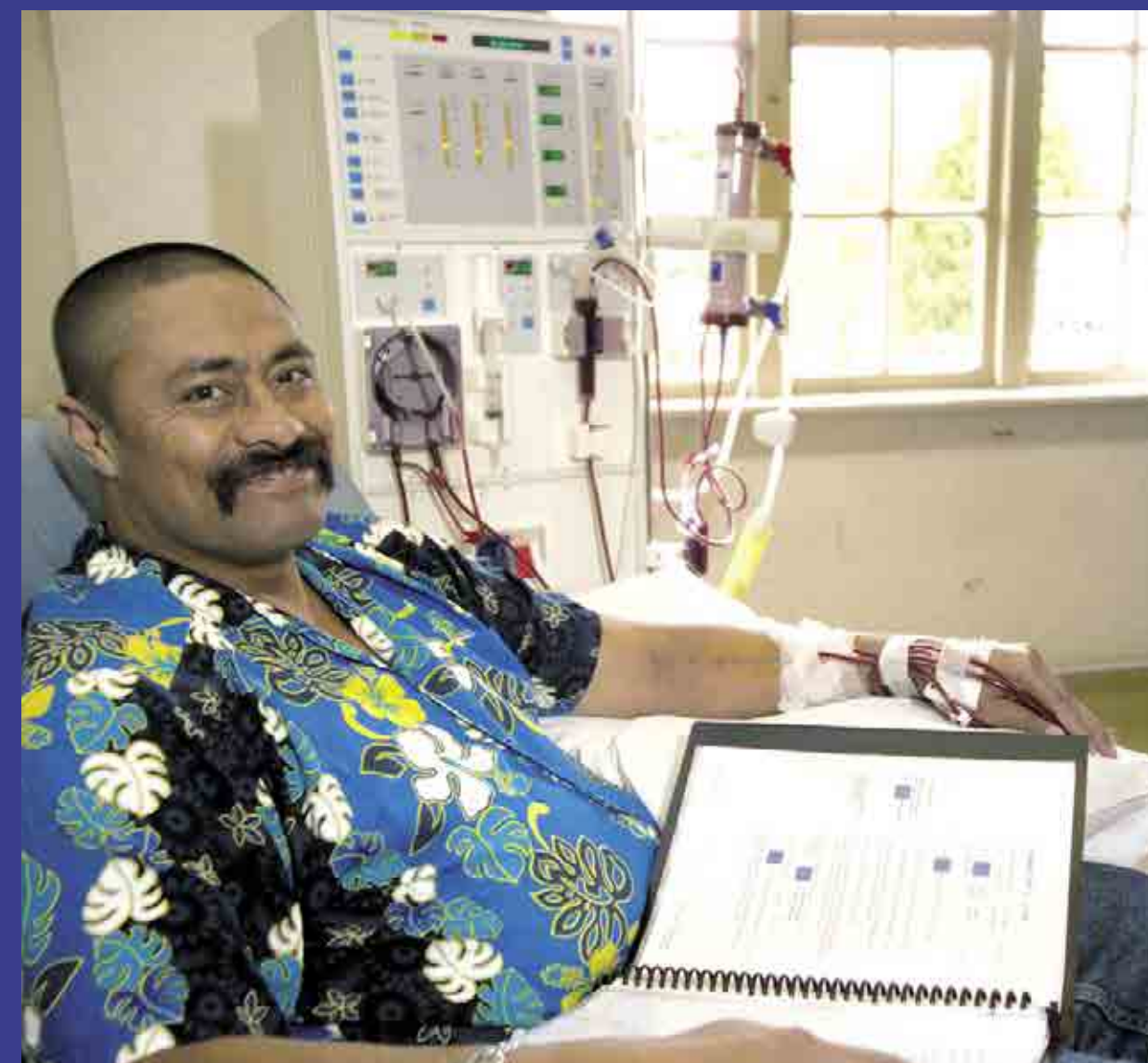
C. Resolution 2: Election of Director

To consider and, if thought fit, to pass the following ordinary resolution:

2. That Mr A E Falkenstein be re-elected as a Director of the Company.

Explanatory notes in relation to the proposed resolutions are set out above.

Just Water New Zealand is proud to be major sponsor of the New Zealand Kidney Foundation



For more information please contact
the New Zealand Kidney Foundation on 0800 KIDNEY (54369)

 Just Water
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