Just Water International Limited

2008 Annual Report

Just Water International Limited

Directory

Directors

Jim McLay (Independent)
Chairman

Phil Dash (Non-Executive)

Tony Falkenstein (Executive)

Simone Iles (Independent)

Ian Malcolm (Non-Executive)

Executive management

Tony Falkenstein
Chief Executive Officer
Just Water International Limited

Brian Simpson
General Manager
Just Water New Zealand

Jay Harraway
General Manager
Clearwater Filter Systems (Aust) Pty Limited

Registered office and address for service

Shortland Chambers
4th Floor
70 Shortland Street
Auckland 1010

P O Box 221
Shortland Street
Auckland 1140
New Zealand

Auditors

PricewaterhouseCoopers

JWI on the web

www.jwi.co.nz
www.justwater.co.nz
www.aquacool.co.nz
www.clearwaterfilters.com.au

Just Water New Zealand and Aqua-Cool

114 Rockfield Road
Penrose
Auckland 1061

Private Bag 92811
Penrose
Auckland 1642
New Zealand

Tel +64-9 630 1300
Fax +64-9 630 9300

Just Water New Zealand and Aqua-Cool are divisions of Just Water International Limited.

Clearwater Filter Systems (Aust) Pty Limited

Unit 31, Building F, Lane Cove Business Park
16 Mars Road, Lane Cove
NSW 2066
Australia

Tel +61-2 8962 4200
Fax +61-2 8962 4270

Clearwater Filter Systems (Aust) Pty Limited is a subsidiary of Just Water International Limited through Just Water Limited Partnership

Bankers

Bank of New Zealand Limited
National Australia Bank Limited

Solicitors

Harmos Horton Lusk
Wadsworth Ray Lawyers

Share registry

Link Market Services
138 Tancred Street
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Ashburton 7740
New Zealand

Tel +64-3 308 8887
Fax +64-3 308 1311

Contents

Ian Malcolm

Phil Dash

Simone Iles

Carl Lucas

Brian Simpson

2008 AGM

The 2008 Annual Meeting of Shareholders of Just Water International Limited is to be held at 11.00am on Friday 31st October 2008 at The Guineas Room 3, Ellerslie Convention Centre at Ellerslie Race Course, 80-100 Ascot Avenue, Greenlane East, Auckland.

Chairman's and Chief Executive's review


Jim McLay


Tony Falkenstein

Just Water International Limited
Results for the year ended 30 June 2008

Just Water International Limited (JWI) presents its full year results for the year ended 30 June 2008.

Overall the directors are pleased with progress, as reflected in the consolidated results. EBIT of $3.085 million (2007 – $1.850 million) increased by 67% over the previous year and EBITDA of $6.274 million (2007 – $4.283 million) by 46%. After tax profit was $595,000 (2007 $433,000), an increase of 37%.

Consolidated result

	2008 $000	2007 $000	% change
Income	33,911	30,715	10%
EBITDA	6,274	4,283	46%
EBIT	3,085	1,850	67%
EBT	1,022	795	29%
NPAT	595	433	37%

The result reflects a significant improvement in the performance of the Australian subsidiary but a mixed result in New Zealand.

New Zealand

The dispenser base grew by 5,071 units or 12.5 percent over the year.

	2008 $000	2007 $000	% change
Income	22,705	21,124	7%
EBITDA	6,914	7,051	-2%
EBIT	5,005	5,499	-9%
EBT	5,050	5,393	-6%
NPAT	3,418	3,755	-9%

The directors are satisfied with the increase in income but this did not reflect in the bottom line because of poor collections and costs reflecting the increase in sales. The Company will operate on a lower cost base in the current year.

Australia

In 2008 the Company has recorded a loss of $2.823m in Australia compared with a loss of $3.322m in 2007.

	2008 $000	2007 $000	% change
Income	11,206	9,591	17%
EBITDA	(640)	(2,768)	77%
EBIT	(1,920)	(3,649)	47%
EBT	(4,028)	(4,598)	12%
NPAT	(2,823)	(3,322)	15%

Although this is still a poor result, the directors are pleased that the new management has addressed the major issues, and that the second half result shows a much improved performance.

In the second half EBIT was a loss of only $0.102m which compares with a loss in the first half of the 2008 year of $1.818m, and a loss of $3.065m in the second half of the previous year.

EBITDA in the second half was positive $0.578m compared with a loss of $1.218m in the first half of the year, and a loss of $2.529m in the second half of the previous year.

While it is early in the new financial year the improvement continues and directors believe that Australia will report an improved trading result again in 2009.

The dispenser base grew by 1,967 units or 13.1% over the year.

Dividend

JWI is declaring a fully-imputed net dividend of 1.98 cents per share, giving a total net dividend of 3.58 cents per share. This maintains the dividend paid in the previous year.

The Dividend Reinvestment Plan introduced last year was so well received by shareholders that it will continue for payment of this dividend. The directors and two major shareholders (controlling 61.7% of the shares) have indicated their intention to accept the DRP for this dividend payment*.

** Neither the directors, nor the two major shareholders of Just Water, make any guarantees in respect of the shares in Just Water or in respect of any particular return on the shares.*

Capital raising

At June 2008 the Company had short and long-term debt of $24.5m, mostly attributable to the Australian development. Operating losses in Australia have been stemmed but the company continues to grow its dispensers in both countries, which requires additional capital expenditure. While the Company's funding and financial position is sound, the directors believe that it is prudent to limit its debt position. As a result the Company will undertake a capital raising through a small private placement. On completion all shareholders will be offered the opportunity to participate in up to $5,000 of shares under the Share and Unit Purchase Plans Exemption Notice 2005 which, subject to regulatory requirements, are intended to be offered at the same price as the private placement.

Part of this placement will require shareholder approval, as the major shareholder, The Harvard Group Limited, which is associated with Tony Falkenstein, has stated its intention to take a significant share of the private placement.

The Company thanks its shareholders and employees for their support during the year. It has established a good base for going forward in 2009 in both countries.

Yours sincerely

Jim McLay
Chairman

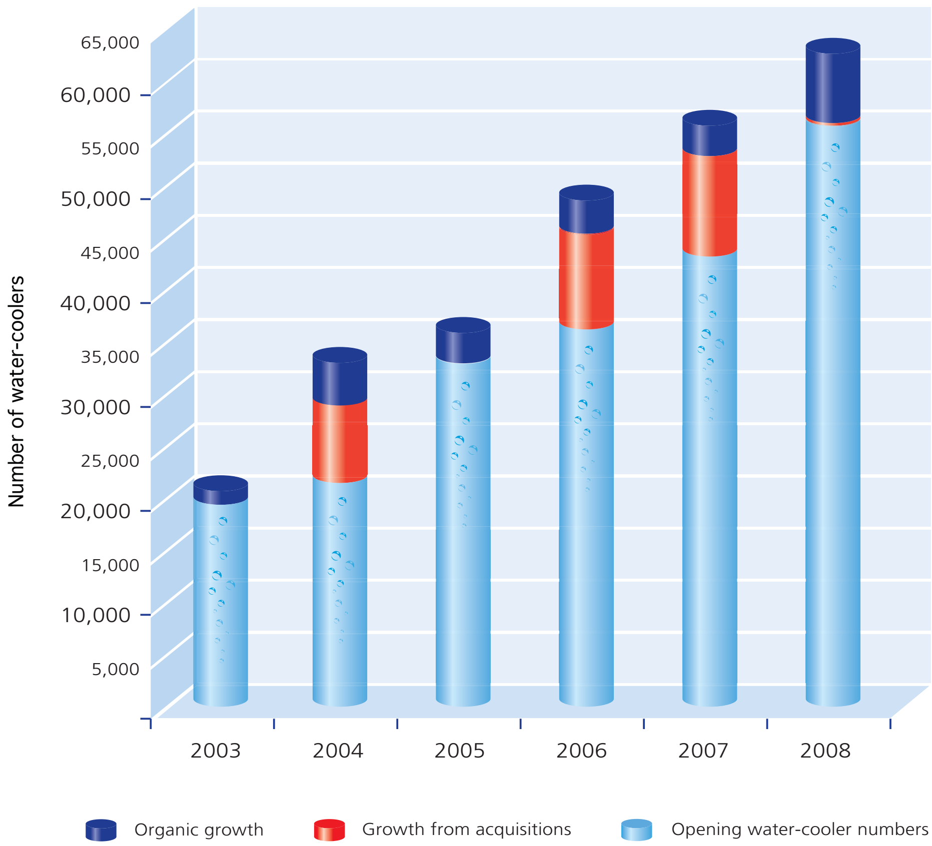
Tony Falkenstein
Chief Executive

JWI Group growth in water-coolers

Water-cooler numbers at 30 June

Note – this includes all water-coolers and dispensers for which recurring income is received by either rental or service contracts, plus water-coolers which are serviced or to which water is delivered regularly.

	New Zealand					Australia					
Year ended June	Opening cooler numbers	Growth from acquisitions	Organic growth	Closing coolers	% increase	Opening cooler numbers	Growth from acquisitions	Organic growth	Closing coolers	% increase	Total at year end
2000				17,256							17,256
2001	17,256	-	1,403	18,659	8.1%						18,659
2002	18,659	-	1,275	19,934	6.8%						19,934
2003	19,934	-	1,340	21,274	6.7%						21,274
2004	21,274	7,595	3,599	32,468	52.6%						32,468
2005	32,468	-	3,099	35,567	9.5%						35,567
2006	35,567	-	2,804	38,371	7.9%	-	9,147	893	10,040	9.8%	48,411
2007	38,371	-	2,185	40,556	5.7%	10,040	3,940	1,062	15,042	49.8%	55,598
2008	40,556	188	4,883	45,627	12.5%	15,042	-	1,967	17,009	13.1%	62,636



This Key Performance Indicator (KPI) determines the future success of Just Water. The greater the increase in the base of water-coolers in the marketplace, the greater the assurance of future profitability, even if the short-term investment cost is high. There has been a prior year adjustment to cooler units in Australia, because of a computer error which affected the balance at June 2007 and December 2007. This has been rectified in the table above to reflect the correct numbers.

Corporate governance statement

The board of Just Water International Limited (JWI) has been appointed by the shareholders to guide and monitor the business of JWI, its divisions Just Water New Zealand and Aqua-Cool and its trading subsidiary Clearwater Filter Systems (Aust) Pty Limited, which constitute the JWI Group. The board is responsible for the overall corporate governance of the Group.

The board comprises five directors (including the chairman).

Board meetings are generally held bi-monthly, with additional meetings as required.

The board met six times during the year under review. The number of meetings attended by the board members was:

Jim McLay (Chair)	Six
Renny Cunnack (Retired October 2007)	Two
Phil Dash	Six
Tony Falkenstein	Six
Simone Iles (Appointed February 2008)	Three
Ian Malcolm	Six

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:

- direction, development and 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;
- ensuring the business risks facing the Group have been identified and that adequate control, monitoring and reporting mechanisms are in place.

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

The Company has adopted a constitution that satisfies the requirements of NZX and the NZAX Listing Rules. In adopting this constitution, the shareholders, on the recommendation of the directors, elected:

- to omit any provision authorising the payment of retirement allowances or benefits to directors;
- to adopt the stricter thresholds prescribed by the NZX Listing Rules for related-party transactions and share issues that in each case are able to be made without shareholder approval;
- not to utilise the "Pre Break Disclosure" provisions of the NZAX Listing Rules which would otherwise enable the Company to issue and buy back shares and enter into major transactions after making an announcement to the market, in place of seeking shareholder approval, where it would otherwise be required.

A copy of the Company's constitution is available for inspection on the Companies Office's electronic register at http://www.companies.govt.nz.

The board has an audit committee and a remuneration committee. Committees do not take action or make decisions on behalf of the board unless specifically mandated to do so by express prior board authority.

Audit committee

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;
- to review and make appropriate enquiry into the audit of the group financial statements;
- the audit committee's role includes a particular focus on the qualitative aspects of financial reporting to shareholders and on company processes for the management of business/financial risk and for compliance with significant applicable legal, ethical and regulatory requirements;
- the role also includes coordination with other board committees and maintenance of strong, positive working relationships with management, external and internal auditors, counsel and other committee advisors.

In line with the Securities Commission's Corporate Governance Principles and Guidelines, the audit committee at the date of this document comprises:

- solely of non-executive directors, a majority of whom are independent;
- at least one director who is a chartered accountant;
- a chairman who is a non-executive director and a chartered accountant, and who is not the chairman of the board.

The audit committee meets as required, and met three times during the financial year.

The committee members, and number of meetings attended, was:

Ian Malcolm (Chair)	Three
Phil Dash	Two
Simone Iles (Appointed February 2008)	Two
Jim McLay	One
Renny Cunnack (Retired October 2007)	One

Remuneration committee

The objective and purpose of the remuneration committee is to assist the board in establishing coherent remuneration policies and practices which:

- enable Just Water International Limited and its subsidiaries (collectively called "the Company") to attract, retain and motivate executives and directors who will create value for shareholders;
- fairly and responsibly reward executives having regard to the performance of the Company, the performance of the executive and the general remuneration environment;
- comply with the provisions of the NZX Listing Rules and any other relevant legal requirements.

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. 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.

The remuneration committee at the date of this document comprises solely of non-executive directors. It meets as required, and met once in the financial year.

The committee members, and the number of meetings attended, were:

Phil Dash	One
Simone Iles	One
Jim McLay	One
Ian Malcolm	One

Statutory report of the directors

The directors present to shareholders the fifth annual report and audited financial statements of Just Water International Limited (JWI) and Group since floating on the NZAX in May 2004, covering the year ended 30 June 2008.

Business activities

JWI was incorporated in 1988 and changed its name from Just Water (NZ) Limited on 23 December 2003. The Group's sole business activities during the financial year continued unchanged, relating to the provision of point-of-use water-coolers and bottled drinking-water. In November 2007 Aqua-Cool Limited and Cool Water Company Limited were amalgamated into JWI which has resulted in cost savings for the Group.

Consolidated financial results

This financial year, the JWI Group has increased profitability before interest and tax over the previous year with earnings before interest and tax (EBIT) of $3.085 million (2007: $1.850 million). This was achieved on a turnover of $33.911 million (2007: $30.715 million), an increase of 10 percent.

Shareholders' equity at 30 June 2008 totalled $19.511 million (2007: $20.757 million), a decrease of six percent. Total assets were $54.863 million (2007: $49.761 million). Total interest-bearing borrowings increased from $16.620 million to $24.897 million.

Dividend

A fully-imputed interim net dividend of $2.681 million was paid during the year (2007: $2.635 million). This dividend was paid as a final, fully-imputed 2007 dividend in October 2007 of 2.955 cents gross per share, and an interim 2008 dividend in April 2008 of 2.388 cents gross per share. Directors have agreed a final dividend for the 2008 financial year of 2.955 cents (gross) per share, fully imputed, totalling $1.523 million net, for payment on 10 October 2008, with the shares going ex-dividend on 3 October 2008. This totals 5.343 cents per share fully-imputed gross dividend in respect of the June 2008 year earnings, which is the same level of dividend as paid for the June 2007 year.

Donations

The JWI Group believes that good citizenship of corporations and individuals can make a real difference in the community. For 12 years, Just Water New Zealand has been the principal sponsor of the New Zealand Kidney Foundation, and a contribution from every water cup supplied with the Company's water-coolers is donated to this organisation. This financial year, $35,000 (2007: $33,000) 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 was as follows:

	GROUP		PARENT	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
J K McLay (Chairman)	52	52	52	52
I D Malcolm	26	26	26	26
J R Cunnack – retired October 2007	9	26	9	26
S J Iles – appointed February 2008	11	-	11	-
P J Dash – Director Fees	26	26	26	26
P J Dash – Director Fees (A$25k)	29	29	-	-
A E Falkenstein (executive director) – Salary	60	120	60	120

Executive directors do not receive directors' fees.

Remuneration of employees

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

	GROUP	
$000	2008	2007
100-110	2	2
110-120	1	1
120-130	2	-
130-140	4	1
140-150	2	-
150-160	-	1
160-170	-	1
180-190	2	-
220-230	1	-
240-250	-	1
410-420	-	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 10 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 during the year ended 30 June 2008 the JWI Group has transacted with organisations in which a director has an interest has been carried out on a commercial arms-length basis and these are as follows:

- Mabee Halstead & Kiddle Limited, a company of which Ian Malcolm is a director and a shareholder, provided accounting compliance and accounting services to the Just Water Group during the financial year to the value of $153,675 (2007: $155,939).
- Axis Direct Limited, a company of which Ian Malcolm is a director and a shareholder, supplied computer hardware and network support services to the Just Water Group during the financial year to the value of $20,765 (2007: $13,154).
- Springfresh Marketing Pty Limited, a company of which Phil Dash is a director and a shareholder, provided management services to the Just Water Group during the financial year to the value of $41,380 (2007: nil).

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

The following acquisitions and disposals of equity securities by directors of the JWI Group took place during the year:

- During the 2007/08 year share transactions took place in which a director of JWI had a relevant interest; the details of these share transfers are as shown in the table below:
- Ordinary shares were issued to non-executive directors in lieu of directors' fees and some non-executive directors have agreed to take their 2008/09 directors fees by way of equity, such shares being planned for issue in November 2008 subject to approval by the shareholders. The shares issued to non-executive directors in lieu of directors' fees for the 2007/08 year is as follows:

DIRECTOR NAME	DATE OF TRANSACTION	NUMBER OF SHARES ACQUIRED/ (DISPOSED)	CONSIDERATION
James Kenneth McLay	3 December 2007	76,912	$ 52,000
John Renfree Cunnack (retired October 2007)	3 December 2007	12,819	$ 8,667
Ian Donald Malcolm	3 December 2007	38,456	$ 26,000
Philip John Dash	3 December 2007	38,456	$ 26,000

Directors' loans

There were no loans by the JWI Group to any directors during the year or at balance date.

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 thank the management and staff for their continued dedication, support and positiveness during the year.

For and on behalf of the board:

Jim McLay
Chairman
27 August 2008

Tony Falkenstein
Chief Executive

SHAREHOLDER NAME	DIRECTOR NAME	NATURE OF RELEVANT INTEREST	DATE OF TRANSACTION	NUMBER OF SHARES ACQUIRED / (DISPOSED)	CONSIDERATION	TYPE OF TRANSACTION
The Harvard Group Limited	Anthony Edwin Falkenstein Ian Donald Malcolm	Director and indirect shareholder Director	October 2007	1,077,698	792,000	Issue of shares under DRP in lieu of a new cash dividend
The Harvard Group Limited	Anthony Edwin Falkenstein Ian Donald Malcolm	Director and indirect shareholder Director	March 2008	105,250	63,655	On market share purchases
The Harvard Group Limited	Anthony Edwin Falkenstein Ian Donald Malcolm	Director and indirect shareholder Director	April 2008	42,000	24,680	On market share purchases
The Harvard Group Limited	Anthony Edwin Falkenstein Ian Donald Malcolm	Director and indirect shareholder Director	April 2008	1,100,726	657,243	Issue of shares under DRP in lieu of a new cash dividend
J K McLay Limited	James Kenneth McLay	Director and shareholder	April 2008	8,766	5,234	Issue of shares under DRP in lieu of a new cash dividend
Springfresh Marketing Pty Limited as trustee of the Dash Family Trust Staff Superannuation Fund	Philip John Dash	Trustee and beneficiary	May 2008	629,000	Nil	Off market share transfer between related parties

PRICEWATERHOUSECOOPERS

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Auditors' Report

To the shareholders of Just Water International Limited

We have audited the financial statements on pages 10 to 48. The financial statements provide information about the past financial performance and cash flows of the Company and Group for the year ended 30 June 2008 and their financial position as at that date. This information is stated in accordance with the accounting policies set out on pages 14 to 20.

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 2008 and their financial performance and cash flows for the period 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.

PRICEWATERHOUSECOOPERS

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 48:

  (i) comply with generally accepted accounting practice in New Zealand;

  (ii) comply with International Financial Reporting Standards; and

  (iii) give a true and fair view of the financial position of the Company and Group as at 30 June 2008 and their financial performance and cash flows for the period ended on that date.

Our audit was completed on 28 August 2008 and our unqualified opinion is expressed as at that date.

PricewaterhouseCoopers

Chartered Accountants Auckland

Just Water International Limited
Income Statement
For the year ended 30 June 2008

	NOTE	GROUP YEAR ENDED 30 JUNE 2008 $'000	GROUP YEAR ENDED 30 JUNE 2007 $'000	PARENT YEAR ENDED 30 JUNE 2008 $'000	PARENT YEAR ENDED 30 JUNE 2007 $'000
Revenue	8	33,550	30,620	19,535	14,006
Other operating income	9	361	95	1,198	876
Income		**33,911**	**30,715**	**20,733**	**14,882**
Employee costs	10	(14,142)	(14,236)	(6,494)	(5,143)
Changes in inventories of finished goods and consumables		(5,666)	(5,183)	(2,429)	(1,328)
Other expenses		(7,829)	(7,013)	(4,530)	(2,771)
Earnings before interest, tax, depreciation and amortisation	10	**6,274**	**4,283**	**7,280**	**5,640**
Depreciation	17	(2,909)	(2,047)	(1,652)	(875)
Amortisation	18	(280)	(386)	(11)	(9)
Earnings before interest and tax		**3,085**	**1,850**	**5,617**	**4,756**
Interest expense	10	(2,063)	(1,055)	(809)	(709)
Profit before income tax		**1,022**	**795**	**4,808**	**4,047**
Income tax expense	11	(427)	(362)	(1,328)	(1,199)
Profit attributable to shareholders of the company		**595**	**433**	**3,480**	**2,848**
Earnings per share for profit attributable to the shareholders of the company					
Basic earnings per share (cents)	30	0.8	0.6	4.6	3.9
Diluted earnings per share (cents)	30	0.8	0.6	4.6	3.8
Dividend per share (cents)		3.6	3.4	3.6	3.4

The accompanying notes to the financial statements are an integral part of, and should be read in conjunction with, the above income statement.

Just Water International Limited

Balance Sheet

As at 30 June 2008

	NOTE	GROUP AS AT 30 JUNE 2008 $'000	GROUP AS AT 30 JUNE 2007 $'000	PARENT AS AT 30 JUNE 2008 $'000	PARENT AS AT 30 JUNE 2007 $'000
ASSETS					
Current assets					
Cash and cash equivalents	12	507	321	453	1
Trade and other receivables	13	4,169	3,615	10,761	21,555
Current tax receivables	15	-	420	-	399
Inventories	14	2,483	2,473	985	585
Total current assets		7,159	6,829	12,199	22,540
Non-current assets					
Property, plant and equipment	17	15,465	12,964	10,043	5,941
Investment in subsidiaries		-	-	8,377	10,179
Intangible assets	18	29,016	28,277	5,256	60
Deferred tax asset	16	3,223	1,691	305	75
Total non-current assets		47,704	42,932	23,981	16,255
Total assets		54,863	49,761	36,180	38,795
LIABILITIES					
Current liabilities					
Interest-bearing liabilities	20	18,323	16,412	5,000	16,377
Trade and other payables	19	4,365	4,075	2,713	1,145
Current tax payables	15	349	-	349	-
Deferred income		3,722	4,400	562	-
Total current liabilities		26,759	24,887	8,624	17,522
Non-current liabilities					
Interest-bearing liabilities	20	6,574	208	-	-
Deferred income		1,376	3,200	-	-
Deferred tax liabilities	16	643	709	451	250
Total non-current liabilities		8,593	4,117	451	250
Total liabilities		35,352	29,004	9,075	17,772
Net assets		19,511	20,757	27,105	21,023
EQUITY					
Share capital	21	17,584	15,762	17,584	15,762
Retained earnings		2,584	4,670	9,521	5,261
Reserves		(657)	325	-	-
Total equity		19,511	20,757	27,105	21,023

For and on behalf of the board:

Jim McLay
Chairman

Ian Malcolm
Director

27 August 2008

The accompanying notes to the financial statements are an integral part of, and should be read in conjunction with, the above balance sheet.

Just Water International Limited

Statement of Changes in Equity
For the year ended 30 June 2008

	NOTE	SHARE CAPITAL $'000	FOREIGN CURRENCY TRANSLATION RESERVE $'000	RETAINED EARNINGS $'000	TOTAL EQUITY $'000
GROUP					
Balance at 1 July 2006		12,524	(131)	6,872	19,265
Profit after tax		-	-	433	433
Foreign currency translation reserve		-	456	-	456
Total recognised income and expense for the year		**-**	**456**	**433**	**889**
Issue of options	21	93	-	-	93
Issue of ordinary shares	21	3,145	-	-	3,145
Dividend paid	22	-	-	(2,635)	(2,635)
Balance at 30 June 2007		**15,762**	**325**	**4,670**	**20,757**
Profit after tax		-	-	595	595
Foreign currency translation reserve		-	(982)	-	(982)
Total recognised income and expense for the year		**-**	**(982)**	**595**	**(387)**
Issue of ordinary shares	21	1,822	-	-	1,822
Dividend paid	22	-	-	(2,681)	(2,681)
Balance at 30 June 2008		**17,584**	**(657)**	**2,584**	**19,511**
PARENT					
Balance at 1 July 2006		12,524	-	5,048	17,572
Profit after tax		-	-	2,848	2,848
Total recognised income and expense for the year		**-**	**-**	**2,848**	**2,848**
Issue of options	21	93	-	-	93
Issue of ordinary shares	21	3,145	-	-	3,145
Dividend paid	22	-	-	(2,635)	(2,635)
Balance at 30 June 2007		**15,762**	**-**	**5,261**	**21,023**
Profit after tax		-	-	3,480	3,480
Amalgamation adjustment	25	-	-	3,461	3,461
Total recognised income and expense for the year		**-**	**-**	**6,941**	**6,941**
Issue of ordinary shares	21	1,822	-	-	1,822
Dividend paid	22	-	-	(2,681)	(2,681)
Balance at 30 June 2008		**17,584**	**-**	**9,521**	**27,105**

The accompanying notes to the financial statements are an integral part of, and should be read in conjunction with, the above statement of changes in equity.

Just Water International Limited

Cash Flow Statement
For the year ended 30 June 2008

	NOTE	GROUP YEAR ENDED 30 JUNE 2008 $'000	GROUP YEAR ENDED 30 JUNE 2007 $'000	PARENT YEAR ENDED 30 JUNE 2008 $'000	PARENT YEAR ENDED 30 JUNE 2007 $'000
Cash flows from operating activities					
Receipts from customers		29,814	28,116	16,427	15,103
Interest received		59	64	283	399
Payments to suppliers and employees		(28,028)	(25,489)	(11,169)	(8,245)
Interest paid		(729)	(759)	(809)	(680)
Income tax paid		(1,597)	(1,615)	(1,101)	(1,330)
Net cash generated from operating activities	28	**(481)**	**317**	**3,631**	**5,247**
Cash flows from investing activities					
Acquisition of subsidiary, net of cash acquired		(170)	(6,324)	(170)	-
Amalgamation of subsidiary, inclusive of cash acquired		-	-	80	-
Purchases of property, plant and equipment		(6,700)	(5,328)	(3,708)	(1,666)
Proceeds from sale of property, plant and equipment		1,730	505	1,588	109
Purchases of intangible assets		(25)	(242)	(25)	(22)
Loan repayments received from related parties		-	-	-	1,270
Loans to related parties		-	-	11,405	(14,753)
Net cash used in investing activities		**(5,165)**	**(11,389)**	**9,170**	**(15,062)**
Cash flows from financing activities					
Proceeds from issuance of ordinary shares		-	600	-	600
Proceeds from borrowings		18,145	12,151	-	11,973
Repayment of borrowings		(11,374)	-	(11,374)	-
Dividends paid to company's shareholders	22	(971)	(2,635)	(971)	(2,635)
Net cash used in financing activities		**5,800**	**10,116**	**(12,345)**	**9,938**
Net (decrease)/increase in cash, cash equivalents and bank overdrafts		**154**	**(956)**	**456**	**123**
Cash and cash equivalents at the beginning of the financial year		317	1,092	(3)	(126)
Exchange gains/(losses) on cash and bank overdrafts		(116)	181	-	-
Cash and cash equivalents at the end of year	12	**355**	**317**	**453**	**(3)**

The accompanying notes to the financial statements are an integral part of, and should be read in conjunction with, the above cash flow statement.

1. GENERAL INFORMATION

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

The Group comprises JWI and its division Just Water New Zealand, and its wholly-owned subsidiaries Clearwater Filter Systems (Aust) Pty Limited (Clearwater), Just Water Australia Pty Limited (JW Australia) and Just Water Victoria Pty Limited (JW Victoria).

These consolidated financial statements have been approved for issue by the board of directors on 27 August 2008.

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

2.1. Statement of compliance

The financial statements have been prepared in accordance with Generally Accepted Accounting Practice (GAAP) in New Zealand. The financial statements have been prepared in accordance with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS). The Group has designated itself as a profit-oriented entity for the purposes of complying with NZ IFRS. The financial statements also comply with International Financial Reporting Standards (IFRS). The parent entity financial statements also comply with IFRS.

The significant NZ IFRS accounting policies are set out below and have been applied consistently to all periods presented in these financial statements. There are no changes to accounting policies or related disclosures.

2.2. Basis of preparation

2.2.1. Entities reporting

The financial statements of the 'Parent' are for Just Water International Limited as a separate legal entity.

2.2.2. Statutory base

Just Water International Limited is a limited liability company which is domiciled and incorporated in New Zealand. It is registered under the Companies Act 1993 and is an issuer in terms of the Securities Act 1978.

The financial statements have been prepared and presented in accordance with the requirements of the Financial Reporting Act 1993 and the Companies Act 1993.

2.2.3. Historical cost convention

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities (including derivative instruments) at fair value through profit.

2.2.4. Financial instruments

Disclosures were adopted by the parent and group in 2008 in accordance with NZ IFRS 7. The new standard requires disclosures of the significance of financial instruments for an entity's financial position and performance and qualitative and quantitative information about exposure to risks arising from financial instruments. There has been no impact on the measurement of the parent's and group's assets and liabilities.

SPECIFIC ACCOUNTING POLICIES

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

2.3. Consolidation

2.3.1. Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Just Water International Limited ('company' or 'parent entity') as at 30 June 2008 and the results of all subsidiaries for the year then ended. Just Water International Limited and its subsidiaries together are referred to in these financial statements as the Group or the consolidated entity.

Subsidiaries are all those entities (including special purpose entities) over which the Company has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

All significant intercompany transactions, balances and unrealised gains on transactions between companies 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.

Investments in subsidiaries held by Parent that are not classified as held-for-sale investments are accounted for at cost.

2.4. Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment and is subject to risks and returns that are different from those of segments operating in other economic environments.

2.5. Foreign currency translation

2.5.1. Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The consolidated financial statements are presented in New Zealand dollars, which is the Company's functional and presentation currency. All financial information presented in New Zealand dollars has been rounded to the nearest thousand.

2.5.2. Transaction and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at the year-end exchange rate of monetary assets and liabilities denominated in foreign currencies as recognised in the income statements.

2.5.3. Group companies

The results and financial position of all Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised as a separate component of equity.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

2.6. Revenue recognition

Revenue comprises the fair value for the sale of goods and services, net of Goods and Services Tax, rebates and discounts and after eliminating sales within the Company. Revenue is recognised as follows:

2.6.1 Sales and rental income

Sales income shown in the income statement comprises of the amounts received and receivable by the Company for goods supplied to customers in the ordinary course of business. Rental income is recognised with timing matched over the period of rental contracts.

2.6.2. Service income

Service income shown in the income statement comprises amounts received and receivable by the Company for the servicing of water-coolers under servicing contracts or ad hoc servicing by reference to the state of completion of transaction at the balance sheet date in the ordinary course of business.

2.6.3 Interest income

Interest income is recognised on a time-proportion basis using the effective interest method. When a receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at original effective interest-rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

2.6.4 Dividend income

Dividend income is recognised when the right to receive payment is established.

2.6.5 Deferred income

Deferred income relates to rental and service income invoiced in advance and recognised as income over the period of each respective contract.

2.7. Income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the notional income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

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

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

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

Just Water International Limited and its wholly-owned New Zealand controlled entities have implemented the tax consolidation legislation. As a consequence a current tax asset of one entity in a group is offset against a current tax liability of another entity in the group if, and only if, the entities concerned have a legally enforceable right to make or receive a single net payment and the entities intend to make or receive such a net payment or to recover the asset and settle the liability simultaneously.

2.8. Goods and Services Tax (GST)

The income statement has been prepared so that all components are stated exclusive of GST. All items in the balance sheet are stated net of GST, with the exception of receivables and payables, which include GST invoiced.

2.9. Leases

2.9.1. The Group is the lessee

Leases of property, plant and equipment (PPE) where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other long-term payables. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the asset's useful life and the lease term.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

2.9.2. The Group is the lessor

Assets leased to third parties under operating leases are included in property, plant and equipment (PPE) in the balance sheet. They are depreciated over their expected useful lives on a basis consistent with similar owned property, plant and equipment. Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

Initial costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and depreciated over the lease term on the same basis as the lease income.

2.10. Impairment of assets

Intangible and tangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment irrespective of whether any circumstances identifying a possible impairment have been identified. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

2.11. Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly-liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

2.12. Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, using the effective interest method, less provision for impairment. Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest-rate. The amount of the provision is recognised in the income statement.

2.13. Inventories

Inventories consist of cooler equipment held for sale, and consumables. Inventories are stated at the lower of cost and net realisable value. Cost is determined on a first in, first out (FIFO) basis for consumables and individual purchase cost basis for coolers.

2.14. Investments and other financial assets

Financial assets include investments in companies other than subsidiaries and associates, financial receivables held for investment purposes, treasury shares and other securities. Financial assets are initially recorded at cost including additional direct charges. A permanent impairment is provided as a direct reduction of the securities account. The Company classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at each reporting date.

2.14.1. Financial assets at fair value through profit or loss

This category has two sub-categories:

- Financial assets held for trading; and
- Those designated at fair value through profit or loss at inception.

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. The policy of management is to designate a financial asset if there exists the possibility it will be sold in the short-term and the asset is subject to frequent changes in fair value. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the balance sheet date.

2.14.2. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Company provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date which are classified as non-current assets. Loans and receivables are included in receivables in the balance sheet.

2.14.3. Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity.

2.14.4. Available-for-sale financial assets

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

Purchases and sales of investments are recognised on trade date – the date on which the Company commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

Available-for-sale financial assets and financial assets at fair value through profit and loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method. Realised and unrealised gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are included in the income statement in the period in which they arise. Unrealised gains and losses arising from changes in the fair value of non-monetary securities classified as available-for-sale are recognised in equity in the available-for-sale investments revaluation reserve. When securities classified as available-for-sale are sold, the accumulated fair value adjustments are included in the income statement as gains and losses from investment securities. The Group did not hold any investments in this category during the year.

2.15. Property, plant and equipment

Items of Property, Plant and Equipment (PPE) are shown at cost less subsequent depreciation and impairment, except for Land, which is shown at cost less impairment. The cost of purchased PPE 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. Where parts of an item of PPE have different useful lives they are accounted for as separate items of PPE.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation on assets is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives, as follows:

Rental equipment	8 years
Motor vehicles	4-5 years
Office equipment	7-11 years
Furniture and fittings	8 years
Plant and equipment	4-7 years
Leasehold improvements	5-12 years
Buildings	50 years

Major renovations are depreciated over the remaining useful life of the related asset or to the date of the next major renovation, whichever is the sooner.

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

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.

Gains and losses on disposals are determined by comparing proceeds with carrying amounts. These are included in the income statement. Borrowing costs incurred for the construction of any qualifying assets are capitalised during the period of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are expensed.

2.16. Intangible assets

2.16.1. Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Company's share of the net identifiable assets of the acquired business/associate at the date of acquisition. Goodwill on acquisitions of businesses is included in intangible assets. Goodwill acquired in business combinations is not amortised. Instead, goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. Each of those cash generating units represents the Group's investment in each country of operation by each secondary reporting segment.

Negative goodwill arising on an acquisition is recognised directly in the income statement.

2.16.2. Other intangibles

Intangible assets that are acquired by the Group are stated at cost less accumulated amortisation and impairment losses. Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it related. All other expenditure is expensed as incurred.

Expenditure on internally generated goodwill and brands is recognised in the income statement as an expense as incurred.

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Goodwill and intangible assets with an indefinite useful life are systematically tested for impairment at each balance sheet date or where there are indicators of impairment. Customer contracts that arose on the acquisition of Clearwater and the business of Operation Water Pty Limited are amortised based on the anticipated revenues in respect of these contracts. Other acquired patents, trademarks, brands and licences are amortised over their anticipated useful lives of 10 years.

Software assets, licenses and capitalised costs of developing systems are recorded as intangible assets unless they are directly related to a specific item of hardware and recorded as property, plant and equipment and amortised over a period of four to six years.

2.17 Share 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 from the process, net of tax.

Where any Group company purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from equity attributable to the Company's equity holders until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any direct attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

2.18. Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.19. Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

2.20. Cash flow statement

This has been prepared using the direct approach. All cash flows are presented on a gross basis, unless described otherwise. Cash flows will only be disclosed on a net basis where permitted by NZ IAS 7.

2.21. Employee benefits

2.21.1. Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

2.21.2. Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as 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 national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

2.21.3. Share-based payments

The Group's management awards high-performing employees bonuses in the form of share options, from time to time, on a discretionary basis. The fair value at grant date is recognised as an employee benefits expense with a corresponding increase in share capital over the vesting period. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) when the options are exercised.

2.21.4. Profit-sharing and bonus plans

The Group recognises a liability and an expense for bonuses and profit-sharing based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Company recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

2.21.5. Short-term employee benefits

Employee entitlements to salaries and wages, annual leave and sick leave to be settled within 12 months of the reporting date represent present obligations resulting from employees' services provided up to the reporting date, calculated at undiscounted amounts based on remuneration rates that the Group expects to pay.

2.22. Dividends

Provision is made for the amount of any dividend declared on or before the end of the financial year but not distributed at balance date.

3. EARNINGS PER SHARE

3.1.1. Basic earnings per share

Basic earnings per share are calculated by dividing the profit after tax attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

3.1.2 Diluted earnings per share

Diluted earnings per share adjust 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.

4. CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements in conformity with NZ IFRS requires the use of certain critical accounting estimates and judgments concerning the future. The resulting estimates may not equal related actual results. Estimates and judgments are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are discussed below.

4.1. Estimated impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment.

4.2. Income taxes

The Group is subject to income taxes in two different jurisdictions. Significant judgment is required in determining the provision for income tax. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

5. FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks including credit risk, liquidity risk and cash flow interest-rate 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.

5.1. Foreign exchange risk

The Group is exposed to foreign exchange risk arising from transactions denominated in foreign currencies. The Group's policy is to manage foreign exchange risk to ensure that changes in foreign exchange rates do not materially impair the Group's profitability or cash flows. The Group uses forward contracts to manage its foreign exchange risk on material future commercial transactions.

5.2. Credit risk

The Group incurs credit risk from transactions with trade receivables and financial institutions in the normal course of its business. The Group manages its exposure to credit risk through its credit policy, which restricts exposure to individual trade receivables. Derivative counterparties and cash transactions are limited to high credit quality financial institutions. The Group does not have any significant concentrations of credit risk.

5.3. Interest-rate risk

The Group's interest-rate risk arises from short-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest-rate risk. Borrowings issued at fixed rates expose the Group to fair value interest-rate risk. Group policy is to borrow short-term in accordance with cash flow to minimise risk.

5.4. Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, group treasury maintains flexibility in funding by maintaining availability under committed credit lines.

Management monitors rolling forecasts of the group's liquidity reserve (comprises undrawn borrowing facility and cash and cash equivalents) on the basis of expected cash flow.

6. STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED STANDARDS THAT ARE NOT YET EFFECTIVE

The following new standards, amendments and interpretations to existing standards have been published that are mandatory to the Group's accounting periods beginning on or after 1 January 2007 or later periods but which the Group has not early adopted, as follows:

6.1. NZ IFRS 8: Operating segments: (mandatory for reporting periods beginning on or after 1 January 2009)

Application of this standard requires segments to be identified on the basis of reporting to chief decision-makers of the organisation and requires information provided to the chief decision-makers to be presented in the financial statements.

6.2. Amendments to IAS 23: Borrowing costs (mandatory for reporting periods beginning on or after 1 January 2009)

This amendment removes the option of simply expensing borrowing costs incurred in the construction of qualifying assets. Borrowing costs incurred in relation to assets that take a substantial period of time to get ready for intended use must be capitalised as part of the cost of the asset. Adoption of this standard is expected to have an immaterial effect on the financial statements.

6.3 Amendments to IAS 1: Presentation of financial statements (mandatory for reporting periods beginning on or after 1 January 2009)

The revised IAS 1 requires an entity to present all owner changes in equity, separately from non-owner changes in equity, in a statement of changes in equity. All non-owner changes in equity (i.e. comprehensive income) are required to be presented in one statement of comprehensive income or in two statements (an income statement and a statement of comprehensive income). Components of comprehensive income are not permitted to be presented in the statement of changes in equity.

7. SEGMENT INFORMATION

Business segments

The Group operates in one primary business segment, being the bottled water and point-of-use water-cooler sector.

Geographical segments

The Group operates in two geographic segments – New Zealand and Australia.

	NOTE	NEW ZEALAND 2008 $'000	AUSTRALIA 2008 $'000	ELIMINATIONS 2008 $'000	GROUP TOTAL 2008 $'000
Rental income	8	14,544	7,087	-	21,631
Sales and service income	8	7,896	4,023	-	11,919
Other operating income	9	963	96	(698)	361
Income		**23,403**	**11,206**	**(698)**	**33,911**
Earnings before interest, tax, depreciation and amortisation	10	**7,612**	**(640)**	**(698)**	**6,274**
Depreciation	17	(1,898)	(1,011)	-	(2,909)
Amortisation	18	(11)	(269)	-	(280)
Earnings before interest and tax		**5,703**	**(1,920)**	**(698)**	**3,085**
Interest expense	10	(653)	(2,108)	698	(2,063)
Profit/(loss) before income tax		**5,050**	**(4,028)**	**-**	**1,022**
Income tax expense	11	(1,632)	1,205	-	(427)
Profit/(loss) attributable to shareholders of the company		**3,418**	**(2,823)**	**-**	**595**
Total tangible assets		31,396	11,036	(16,585)	25,847
Total assets		36,652	34,796	(16,585)	54,863
Total liabilities		8,795	35,721	(9,164)	35,352
Total cost to acquire assets to be used for more than one period		1,289	335	-	1,624

7. SEGMENT INFORMATION CONTINUED

	NOTE	NEW ZEALAND 2007 $'000	AUSTRALIA 2007 $'000	ELIMINATIONS 2007 $'000	GROUP TOTAL 2007 $'000
Rental income	8	13,829	4,841	-	18,670
Sales and service income	8	7,285	4,665	-	11,950
Other operating income	9	666	85	(656)	95
Income		**21,780**	**9,591**	**(656)**	**30,715**
Earnings before interest, tax, depreciation and amortisation	10	**7,655**	**(2,768)**	**(604)**	**4,283**
Depreciation	17	(1,541)	(506)	-	(2,047)
Amortisation	18	(11)	(375)	-	(386)
Earnings before interest and tax		**6,103**	**(3,649)**	**(604)**	**1,850**
Interest expense	10	(710)	(949)	604	(1,055)
Profit/(loss) before income tax		**5,393**	**(4,598)**	**-**	**795**
Income tax expense	11	(1,638)	1,276	-	(362)
Profit/(loss) attributable to shareholders of the company		**3,755**	**(3,322)**	**-**	**433**
Total tangible assets		36,624	8,155	(23,295)	21,484
Total assets		41,866	31,190	(23,295)	49,761
Total liabilities		18,703	17,652	(7,351)	29,004
Total cost to acquire assets to be used for more than one period		388	974	-	1,362

8. REVENUE

	GROUP YEAR ENDED 30 JUNE 2008 $'000	GROUP YEAR ENDED 30 JUNE 2007 $'000	PARENT YEAR ENDED 30 JUNE 2008 $'000	PARENT YEAR ENDED 30 JUNE 2007 $'000
Rental income	21,631	18,670	13,301	10,781
Sales income	9,011	8,516	4,828	1,463
Service income	2,908	3,434	1,406	1,762
Total income	**33,550**	**30,620**	**19,535**	**14,006**

9. OTHER OPERATING INCOME

	GROUP YEAR ENDED 30 JUNE 2008 $'000	GROUP YEAR ENDED 30 JUNE 2007 $'000	PARENT YEAR ENDED 30 JUNE 2008 $'000	PARENT YEAR ENDED 30 JUNE 2007 $'000
Net gain on disposal of property, plant and equipment	175	-	175	-
Foreign exchange gains (net)	127	31	42	2
Interest income	59	64	981	874
Total	361	95	1,198	876

10. EXPENSES

	GROUP YEAR ENDED 30 JUNE 2008 $'000	GROUP YEAR ENDED 30 JUNE 2007 $'000	PARENT YEAR ENDED 30 JUNE 2008 $'000	PARENT YEAR ENDED 30 JUNE 2007 $'000
Directors' fees	124	130	124	130
Donations	35	33	35	33
Interest and finance charges paid/payable	2,063	1,055	809	709
Net loss on disposal of property, plant and equipment	382	291	166	5
Rental expense relating to operating leases	931	1,007	406	268
Auditors' fees				
Audit services provided by principal auditors				
Statutory audit	127	116	87	48
Half-year review	16	15	-	-
Employee costs				
Wages and salaries	14,142	14,143	6,494	5,050
Share options granted to directors and employees	-	93	-	93
Total employee costs	14,142	14,236	6,494	5,143

11. INCOME TAX EXPENSE

	GROUP YEAR ENDED 30 JUNE 2008 $'000	GROUP YEAR ENDED 30 JUNE 2007 $'000	PARENT YEAR ENDED 30 JUNE 2008 $'000	PARENT YEAR ENDED 30 JUNE 2007 $'000
Current tax	2,025	1,251	1,738	1,277
Deferred tax (note 16)	(1,598)	(889)	(173)	110
Net income tax expense attributable to wholly owned tax consolidated entities	-	-	(237)	(188)
Income tax expense	**427**	**362**	**1,328**	**1,199**
Income tax expense is attributable to:				
Profit before income tax expense	1,022	795	4,808	4,047

The tax in the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated companies as follows:

Tax calculated at domestic tax rates applicable to profits in the respective countries	452	392	1,587	1,336
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:				
Tax losses from Group company	-	-	(237)	(188)
Expenses not deductible for tax purposes	(35)	46	(47)	38
Prior period adjustments	(12)	(38)	(2)	40
Corporate tax rate change	22	(38)	27	(27)
Income tax expense	**427**	**362**	**1,328**	**1,199**
Imputation credit account				
Balance at beginning of year	2,391	2,079	1,247	1,220
Amalgamation adjustment	-	-	1,354	-
Income tax paid	916	1,615	701	1,330
Refunds received	(20)	(8)	(16)	(5)
Other	20	2	21	(1)
Imputation credits attached to dividends paid	(1,319)	(1,297)	(1,319)	(1,297)
Balance at end of year	**1,988**	**2,391**	**1,988**	**1,247**
Imputation credit available to shareholders of the parent company				
Through the parent	1,988	1,247	1,988	1,247
Through subsidiaries	-	1,144	-	-

12. CASH AND CASH EQUIVALENTS

	GROUP AS AT 30 JUNE 2008 $'000	GROUP AS AT 30 JUNE 2007 $'000	PARENT AS AT 30 JUNE 2008 $'000	PARENT AS AT 30 JUNE 2007 $'000
Cash at bank and in hand	4	6	1	1
Short-term bank deposits	503	315	452	-
Total cash and cash equivalents	507	321	453	1
Cash and bank overdrafts include the following for the purposes of the cash flow statement:				
Cash and cash equivalents	507	321	453	1
Bank overdrafts (see note 20)	(152)	(4)	-	(4)
Total cash and bank overdraft	355	317	453	(3)

13. TRADE AND OTHER RECEIVABLES

	GROUP AS AT 30 JUNE 2008 $'000	GROUP AS AT 30 JUNE 2007 $'000	PARENT AS AT 30 JUNE 2008 $'000	PARENT AS AT 30 JUNE 2007 $'000
Trade receivables	4,211	3,615	2,489	1,178
Provision for doubtful receivables	(547)	(137)	(448)	(37)
Net trade receivables	3,664	3,478	2,041	1,141
Related-party receivables (note 24)	-	-	8,229	20,333
Prepayments	505	137	491	81
Trade and other receivables	4,169	3,615	10,761	21,555

Bad and doubtful trade receivables

The Company has recognised a loss of $130,428 (2007: $83,372) in respect of bad and doubtful trade receivables during the year ended 30 June 2008. The loss has been included in 'other expenses' in the income statement.

Ageing of trade receivables beyond normal terms

The ageing analysis of trade receivables beyond normal terms is as follows:

	1-30 DAYS $'000	31-60 DAYS $'000	90+ DAYS $'000	TOTAL $'000
GROUP				
30 June 2008	813	492	678	1,983
30 June 2007	677	269	265	1,211
PARENT				
30 June 2008	517	297	482	1,296
30 June 2007	188	62	16	266

As at 30 June 2008 Group trade receivables of $547,000 (2007: $137,000) were past due and considered impaired and Group trade receivables of $1,436,000 (2007: $1,074,000) were past due but not considered impaired.

As at 30 June 2008 Parent trade receivables of $448,000 (2007: $37,000) were past due and considered impaired and Parent trade receivables of $848,000 (2007: $229,000) were past due but not considered impaired.

13. TRADE AND OTHER RECEIVABLES CONTINUED

	GROUP AS AT 30 JUNE 2008 $'000	GROUP AS AT 30 JUNE 2007 $'000	PARENT AS AT 30 JUNE 2008 $'000	PARENT AS AT 30 JUNE 2007 $'000
Movement in the provision for doubtful trade receivables are as follows:				
Balance at the beginning of the year	137	57	37	8
Additional provision recognised	540	163	528	77
Receivables written off during the year as uncollectable	(130)	(83)	(117)	(48)
Balance at end of the year	547	137	448	37

14. INVENTORIES

	GROUP AS AT 30 JUNE 2008 $'000	GROUP AS AT 30 JUNE 2007 $'000	PARENT AS AT 30 JUNE 2008 $'000	PARENT AS AT 30 JUNE 2007 $'000
Finished goods	1,234	1,380	532	276
Consumables	1,249	1,093	453	309
Total inventories	2,483	2,473	985	585

Inventory expense

Write-downs of inventories to net realisable value recognised as an expense during the year ended 30 June 2008 amounted to $600,130 (2007: $247,223). The expense has been included in 'changes in inventories of finished goods and consumables' in the income statement.

15. CURRENT TAX RECEIVABLES/(PAYABLES)

	GROUP AS AT 30 JUNE 2008 $'000	GROUP AS AT 30 JUNE 2007 $'000	PARENT AS AT 30 JUNE 2008 $'000	PARENT AS AT 30 JUNE 2007 $'000
Tax receivable/(payable)	(349)	420	(349)	399

16. DEFERRED TAX

Deferred income tax assets and liabilities are offset when there is a legally-enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

The movements on the deferred income tax account are as follows:

	GROUP AS AT 30 JUNE 2008 $'000	GROUP AS AT 30 JUNE 2007 $'000	PARENT AS AT 30 JUNE 2008 $'000	PARENT AS AT 30 JUNE 2007 $'000
Deferred tax asset/(liability)				
Beginning of the year	982	138	(175)	(65)
Acquisition/amalgamation of subsidiary	-	(72)	(144)	-
Income statement charge (note 11)	1,548	889	173	(110)
Exchange differences	50	27	-	-
End of the year	2,580	982	(146)	(175)

The movement in deferred tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

	TAX LOSSES RECOGNISED $'000	ACCRUALS $'000	OTHER $'000	TOTAL $'000
Deferred tax assets:				
GROUP				
At 1 July 2006	420	170	18	608
Charged/(credited) to the income statement	840	170	46	1,056
Exchange differences	27	-	-	27
At 30 June 2007	1,287	340	64	1,691
Charged/(credited) to the income statement	1,276	54	152	1,482
Exchange differences	50	-	-	50
At 30 June 2008	2,613	394	216	3,223

	CUSTOMER CONTRACTS $'000	ACCELERATED DEPRECIATION $'000	OTHER $'000	TOTAL $'000
Deferred tax liabilities:				
GROUP				
At 1 July 2006	(281)	(189)	-	(470)
Acquisition of subsidiary	(72)	-	-	(72)
Charged/(credited) to the income statement	84	(251)	-	(167)
At 30 June 2007	(269)	(440)	-	(709)
Charged/(credited) to the income statement	71	(5)	-	66
At 30 June 2008	(198)	(445)	-	(643)

16. DEFERRED TAX CONTINUED

	TAX LOSSES RECOGNISED $'000	ACCRUALS $'000	OTHER $'000	TOTAL $'000
Deferred tax assets:				
PARENT				
At 1 July 2006	-	77	-	77
Charged/(credited) to the income statement	-	(2)	-	(2)
At 30 June 2007	-	75	-	75
Acquisition/amalgamation of subsidiary	-	52	-	52
Charged/(credited) to the income statement	-	14	164	178
At 30 June 2008	-	141	164	305

	CUSTOMER CONTRACTS $'000	ACCELERATED DEPRECIATION $'000	OTHER $'000	TOTAL $'000
Deferred tax liabilities:				
PARENT				
At 1 July 2006	-	(134)	(8)	(142)
Acquisition of subsidiary	-	-	-	-
Charged/(credited) to the income statement	-	(95)	(13)	(108)
At 30 June 2007	-	(229)	(21)	(250)
Acquisition/amalgamation of subsidiary	-	(191)	(5)	(196)
Charged/(credited) to the income statement	-	(31)	26	(5)
At 30 June 2008	-	(451)	-	(451)

17. PROPERTY, PLANT AND EQUIPMENT

	LAND AND BUILDINGS $'000	LEASEHOLD IMPROVEMENTS $'000	RENTAL EQUIPMENT $'000	MOTOR VEHICLES $'000	OFFICE EQUIPMENT $'000	PLANT AND EQUIPMENT $'000	FURNITURE AND FITTINGS $'000	TOTAL $'000
GROUP								
As at 1 July 2006								
Cost or valuation	1,285	590	9,003	789	1,494	1,254	135	14,550
Accumulated depreciation and impairment	(28)	(124)	(2,043)	(341)	(990)	(323)	(54)	(3,903)
Net book amount	1,257	466	6,960	448	504	931	81	10,647
Year ended 30 June 2007								
Opening net book amount	1,257	466	6,960	448	504	931	81	10,647
Foreign currency movement in opening balance	-	(12)	(144)	(5)	(2)	(4)	(1)	(168)
Additions N1	-	227	3,942	489	442	169	59	5,328
Disposals N1	-	(136)	(499)	(138)	(11)	(11)	(1)	(796)
Depreciation charge	(11)	(57)	(1,385)	(174)	(265)	(136)	(19)	(2,047)
Closing net book amount	1,246	488	8,874	620	668	949	119	12,964
As at 30 June 2007								
Cost or valuation	1,285	665	12,291	1,066	1,923	1,404	190	18,824
Accumulated depreciation and impairment	(39)	(177)	(3,417)	(446)	(1,255)	(455)	(71)	(5,860)
Net book amount	1,246	488	8,874	620	668	949	119	12,964
Year ended 30 June 2008								
Opening net book amount	1,246	488	8,874	620	668	949	119	12,964
Foreign currency movement in opening Balance	-	21	357	40	40	13	6	477
Additions N1	-	393	5,366	301	403	141	96	6,700
Acquisition of business (refer note 25)	-	-	170	-	-	-	-	170
Disposals N1	(1,285)	(160)	(441)	(13)	(1)	(26)	(11)	(1,937)
Depreciation charge	39	(84)	(2,221)	(198)	(293)	(129)	(23)	(2,909)
Closing net book amount	-	658	12,105	750	817	948	187	15,465
As at 30 June 2008								
Cost or valuation	-	830	18,200	1,359	2,454	1,676	292	24,811
Accumulated depreciation and impairment	-	(172)	(6,095)	(609)	(1,637)	(728)	(105)	(9,346)
Net book amount	-	658	12,105	750	817	948	187	15,465

17. PROPERTY, PLANT AND EQUIPMENT CONTINUED

	LAND AND BUILDINGS $'000	LEASEHOLD IMPROVEMENTS $'000	RENTAL EQUIPMENT $'000	MOTOR VEHICLES $'000	OFFICE EQUIPMENT $'000	PLANT AND EQUIPMENT $'000	FURNITURE AND FITTINGS $'000	TOTAL $'000
PARENT								
As at 1 July 2006								
Cost or valuation	1,285	238	4,343	283	950	109	63	7,271
Accumulated depreciation and impairment	(28)	(84)	(909)	(127)	(726)	(100)	(33)	(2,007)
Net book amount	1,257	154	3,434	156	224	9	30	5,264
Year ended 30 June 2007								
Opening net book amount	1,257	154	3,434	156	224	9	30	5,264
Additions N1	-	45	1,532	-	75	-	14	1,666
Disposals N1	-	-	(89)	(25)	-	-	-	(114)
Impairment charge	-	-	-	-	-	-	-	-
Depreciation charge	(11)	(17)	(667)	(56)	(115)	(2)	(7)	(875)
Closing net book amount	1,246	182	4,210	75	184	7	37	5,941
As at 30 June 2007								
Cost or valuation	1,285	283	5,786	258	1,025	109	76	8,822
Accumulated depreciation and impairment	(39)	(101)	(1,576)	(183)	(841)	(102)	(39)	(2,881)
Net book amount	1,246	182	4,210	75	184	7	37	5,941
Year ended 30 June 2008								
Opening net book amount	1,246	182	4,210	75	184	7	37	5,941
Additions N1	-	189	2,858	160	293	130	78	3,708
Acquisition of business (refer note 25)	-	-	170	-	-	-	-	170
Amalgamation adjustment	-	318	1,884	286	141	790	36	3,455
Disposals N1	(1,285)	(160)	(116)	(6)	(1)	-	(11)	(1,579)
Depreciation charge	39	(39)	(1,293)	(105)	(172)	(71)	(11)	(1,652)
Closing net book amount	-	490	7,713	410	445	856	129	10,043
As at 30 June 2008								
Cost or valuation	-	599	11,954	894	1,792	1,366	184	16,789
Accumulated depreciation and impairment	-	(109)	(4,241)	(484)	(1,347)	(510)	(55)	(6,746)
Net book amount	-	490	7,713	410	445	856	129	10,043

1. Additions and disposals relating to rental equipment represents the transfer of rental equipment to and from inventory.

18. INTANGIBLE ASSETS

	SOFTWARE $'000	GOODWILL $'000	PATENTS AND TRADEMARKS $'000	CUSTOMER CONTRACTS $'000	TOTAL $'000
GROUP					
As at 1 July 2006					
Cost or valuation	107	21,350	147	1,159	22,763
Accumulated amortisation and impairment	(61)	-	(5)	(223)	(289)
Net book amount	46	21,350	142	936	22,474
Year ended 30 June 2007					
Opening net book amount	46	21,350	142	936	22,474
Foreign currency movement in opening balance	(2)	-	(7)	-	(8)
Additions	6	-	29	207	242
Acquisition of business (refer note 25)	-	5,716	-	240	5,956
Amortisation charge	(42)	-	(29)	(315)	(386)
Closing net book amount	8	27,066	135	1,068	28,277
As at 30 June 2007					
Cost or valuation	111	27,066	169	1,606	28,952
Accumulated amortisation and impairment	(103)	-	(34)	(538)	(675)
Net book amount	8	27,066	135	1,068	28,277
Year ended 30 June 2008					
Opening net book amount	8	27,066	135	1,068	28,277
Foreign currency movement in opening balance	-	996	6	(8)	994
Additions	16	-	9	-	25
Amortisation charge	(5)	-	(29)	(246)	(280)
Closing net book amount	19	28,062	121	814	29,016
As at 30 June 2008					
Cost or valuation	126	28,062	184	1,603	29,975
Accumulated amortisation and impairment	(107)	-	(63)	(789)	(959)
Net book amount	19	28,062	121	814	29,016

18. INTANGIBLE ASSETS CONTINUED

	SOFTWARE $'000	GOODWILL $'000	PATENTS AND TRADEMARKS $'000	CUSTOMER CONTRACTS $'000	TOTAL $'000
PARENT					
As at 30 June 2007					
Cost or valuation	70	-	37	-	107
Accumulated amortisation and impairment	(60)	-	-	-	(60)
Net book amount	10	-	37	-	47
Year ended 30 June 2007					
Opening net book amount	10	-	37	-	47
Additions	6	-	16	-	22
Amortisation charge	(9)	-	-	-	(9)
Closing net book amount	7	-	53	-	60
As at 30 June 2007					
Cost or valuation	76	-	53	-	129
Accumulated amortisation and impairment	(69)	-	-	-	(69)
Net book amount	7	-	53	-	60
Year ended 30 June 2008					
Opening net book amount	7	-	53	-	60
Additions	16	-	9	-	25
Amalgamation adjustment	-	5,171	11	-	5,182
Amortisation charge	(5)	-	(6)	-	(11)
Closing net book amount	18	5,171	67	-	5,256
As at 30 June 2008					
Cost or valuation	92	5,171	73	-	5,336
Accumulated amortisation and impairment	(74)	-	(6)	-	(80)
Net book amount	18	5,171	67	-	5,256

Impairment tests for goodwill

Goodwill is allocated to the company's cash-generating units (CGUs) identified according to business segment and country of operation. A segment-level summary of the goodwill allocation is presented below.

	GROUP AS AT 30 JUNE 2008 $'000	GROUP AS AT 30 JUNE 2007 $'000	PARENT AS AT 30 JUNE 2008 $'000	PARENT AS AT 30 JUNE 2007 $'000
New Zealand	5,171	5,171	5,171	-
Australia	22,891	21,895	-	-
	28,062	27,066	5,171	-

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period. The growth rate of two percent does not exceed the long-term average growth rate for the business in which the CGU operates. Cash flows are discounted at a pre-tax discount rate of 16.5 percent. The value-in-use calculation supports the carrying amount of the recorded goodwill at year end.

19. TRADE & OTHER PAYABLES

	GROUP AS AT 30 JUNE 2008 $'000	GROUP AS AT 30 JUNE 2007 $'000	PARENT AS AT 30 JUNE 2008 $'000	PARENT AS AT 30 JUNE 2007 $'000
Trade payables	1,967	2,170	1,476	314
Related-party payables (note 24)	250	241	-	-
Accrued expenses and provisions	2,148	1,664	1,237	831
Total trade and other payables	4,365	4,075	2,713	1,145

20. INTEREST-BEARING LIABILITIES

	GROUP AS AT 30 JUNE 2008 $'000	GROUP AS AT 30 JUNE 2007 $'000	PARENT AS AT 30 JUNE 2008 $'000	PARENT AS AT 30 JUNE 2007 $'000
Non-current				
Commercial bills	6,388	-	-	-
Other loans	186	208	-	-
Total non-current interest-bearing liabilities	6,574	208	-	-
Current				
Bank overdraft	152	4	-	4
Commercial bills	18,118	16,373	5,000	16,373
Other loans	53	35	-	-
Total current interest-bearing liabilities	18,323	16,412	5,000	16,377

The Group will renegotiate its bank facilities in the 2009 financial year to re-finance its maturing borrowings. It expects to fix these facilities for varying periods at commercial interest rates. The Group continues to meet all of its debt servicing and covenant requirements.

Assets pledged as security

The bank loans and overdraft are secured by a floating debenture over the Group assets.

20. INTEREST-BEARING LIABILITIES CONTINUED

The exposure of the Group's borrowings to interest-rate changes and the contractual repricing dates are as follows:

	6 MONTHS OR LESS	6-12 MONTHS	OVER 1 YEAR	TOTAL
Group				
At 30 June 2008				
Bank overdraft	152	-	-	152
Commercial bills	15,563	2,555	6,388	24,506
Other loans	28	25	186	239
At 30 June 2007				
Bank overdraft	4	-	-	4
Commercial bills	16,373	-	-	16,373
Other loans	19	16	208	243
Parent				
At 30 June 2008				
Commercial bills	5,000	-	-	5,000
At 30 June 2007				
Bank overdraft	4	-	-	4
Commercial bills	16,373	-	-	16,373

The effective interest rates at the balance sheet were as follows :

	GROUP AS AT 30 JUNE 2008 $'000	GROUP AS AT 30 JUNE 2007 $'000	PARENT AS AT 30 JUNE 2008 $'000	PARENT AS AT 30 JUNE 2007 $'000
Bank overdraft	11.39% - 14.53%	10.82%	-	10.82%
Commercial bills	8.54% - 10.35%	9.35% - 11.03%	10.10% - 10.35%	9.35% - 9.70%
Other loans	4.06% - 15.34%	3.31% - 15.61%	-	-

21. SHARE CAPITAL

	PARENT AND GROUP 30 JUNE 2008 SHARES	PARENT AND GROUP 30 JUNE 2007 SHARES	PARENT AND GROUP 30 JUNE 2008 $'000	PARENT AND GROUP 30 JUNE 2007 $'000
Ordinary shares, issued and fully-paid	76,902,733	74,160,567	17,584	15,762

All ordinary shares rank equally with one vote attached to each fully-paid ordinary share. On 15 June 2004 the Company was listed on the NZAX – the secondary market of the New Zealand Stock Exchange.

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number and amounts paid on the shares held.

On a show of hands every holder of ordinary shares, present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Movements in ordinary share capital:

	NUMBER OF SHARES	SHARE CAPITAL $'000
Ordinary shares on issue 1 July 2006	70,353,766	12,524
Shares issued		
- Tranche 2 payment (refer note 25)	2,683,601	2,415
- Share options exercised	1,000,000	600
- Share issued in lieu of directors' fees	123,200	130
Fair value of options issued to directors and employees	-	93
Ordinary shares on issue as at 30 June 2007	**74,160,567**	**15,762**
Shares issued		
- Shares issued under Dividend Reinvestment Plan	2,575,523	1,709
- Share issued in lieu of directors' fees	166,643	113
Ordinary shares on issue as at 30 June 2008	**76,902,733**	**17,584**

The Group issued 1,248,509 and 1,327,014 shares on 5 October 2007 and 18 April 2008 respectively to various shareholders of JWI under the Dividend Reinvestment Plan. The fair value of the shares issued amounted to $1.709m.

The Group issued 166,643 shares in December 2007 to the directors of Just Water International Limited in lieu of directors' fees for the year, to the value of $112,667.

21. SHARE CAPITAL CONTINUED

Options

Share options are granted to directors and to selected employees. The issue price is determined by adding a 20 per cent margin to the market value of the shares at the time the directors resolve to issue options. The exercise price of the granted options is as below. Employee share options are able to be exercised over a period of time which varies per employee with a final exercise date as below. The exercise price as below may be beneath the actual share price on the exercise date. Options are conditional on the employees' remaining in the employment of JWI unless special circumstances exist. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

	Parent and Group 2008		Parent and Group 2007	
	Average exercise price in $ per share	Options (thousands)	Average exercise price in $ per share	Options (thousands)
At 1 July	1.10	1,000	0.67	1,200
Granted	-	-	1.10	1,700
Forfeited	-	-	-	-
Exercised	-	-	0.60	(1,000)
Exercised	-	-	1.00	(200)
Lapsed	1.10	(1,000)	1.00	(700)
At 30 June	**-**	**-**	**1.10**	**1,000**

22. DIVIDENDS

	GROUP YEAR ENDED 30 JUNE 2008 $'000	GROUP YEAR ENDED 30 JUNE 2007 $'000	PARENT YEAR ENDED 30 JUNE 2008 $'000	PARENT YEAR ENDED 30 JUNE 2007 $'000
Ordinary shares				
Final dividend for the year ended 30 June 2007 of 1.98 cents (2006: 1.98 cents) per fully-paid share paid on 5 October 2007 (2006: 6 October 2006)	1,470	1,446	1,470	1,446
Interim dividend for the year ended 30 June 2008 of 1.60 cents (2007: 1.60 cents) per fully-paid share paid on 18 April 2008 (2007: 20 April 2007)	1,211	1,189	1,211	1,189
Total dividend	**2,681**	**2,635**	**2,681**	**2,635**
Reconciliation to statement of cash flows				
Cash paid	971	2,635	971	2,635
Shares issued under the DRP	1,710	-	1,710	-
Total dividend	**2,681**	**2,635**	**2,681**	**2,635**

Imputed dividends

The dividends are fully imputed. Supplementary dividends of $40,154 (2007: $42,008) were paid to shareholders not tax-resident in New Zealand for which the Company received a foreign investor tax credit entitlement.

Subsequent to year end the board of directors resolved to pay a final dividend of 1.98 cents per ordinary share, a total of $1,522,674. The dividend will be paid on 10 October 2008 to all shareholders on the Company's register at the close of business on 3 October 2008.

23. COMMITMENTS

Capital commitments

The Group and the Parent company have no capital commitments as at 30 June 2008 (2007: nil).

Lease commitments: Company as lessee

Operating leases

The Company leases various offices and warehouses under non-cancellable operating leases expiring within two to five years. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated.

The Company also leases various plant and machinery under cancellable operating leases. The Company is required to give six months notice for termination of these leases.

Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:

	GROUP AS AT 30 JUNE 2008 $'000	GROUP AS AT 30 JUNE 2007 $'000	PARENT AS AT 30 JUNE 2008 $'000	PARENT AS AT 30 JUNE 2007 $'000
Within one year	440	581	222	51
Later than one year but not later than five years	637	1,130	284	56
Later than five years	-	-	-	-
Commitments not recognised in the financial statements	1,077	1,711	506	107

24. RELATED PARTIES

The Group and Parent has related-party transactions with its subsidiaries and with its directors and key management. Key management includes personnel within subsidiary companies with the authority and responsibility for planning, directing and controlling the activities of that entity.

The Parent has a number of loans and advances outstanding from subsidiaries and other related parties at balance date. These advances do not have fixed repayment terms and all advances between related parties are unsecured. During the year the Parent received interest of $128,889 (2007: $371,040), $155,977 (2007: nil) and $647,902 (2007: $457,535) from Aqua-Cool, Just Water New Zealand and JWA Holdings Limited respectively. Also during the year JWA Holdings Limited received interest of $697,845 (2007: $603,730) from Just Water Limited Partnership.

Mabee Halstead & Kiddle Limited, a company of which Ian Malcolm is a director and a shareholder, provided accounting compliance and accounting services to the Group during the financial year to the value of $153,675 (2007: $155,939).

Axis Direct Limited, a company of which Ian Malcolm is a director and a shareholder, supplied computer hardware and network support services to the Just Water Group during the financial year to the value of $20,765 (2007: $13,154).

Springfresh Marketing Pty Limited, a company of which Phil Dash is a director and a shareholder, provided management services to the Just Water Group during the financial year to the value of $41,380 (2007: nil).

24. RELATED PARTIES CONTINUED

The following related-party balances are held by the Group at balance date:

	GROUP 30 JUNE 2008 $'000	GROUP 30 JUNE 2007 $'000	PARENT 30 JUNE 2008 $'000	PARENT 30 JUNE 2007 $'000
Trade receivables				
Aqua-Cool Limited	-	-	-	4,111
Clearwater Filter Systems (Aust) Pty Limited	-	-	944	9,232
Just Water Limited Partnership	-	-	158	137
Just Water Victoria Pty Limited	-	-	-	374
JWA Holdings Limited	-	-	7,127	6,479
Total trade receivables	-	-	8,229	20,333
Trade payables				
Texel Holdings Limited	250	241	-	-

Key management compensation is as follows:

	GROUP 30 JUNE 2008 $'000	GROUP 30 JUNE 2007 $'000	PARENT 30 JUNE 2008 $'000	PARENT 30 JUNE 2007 $'000
Short-term benefits	1,248	1,729	597	945
Termination benefits	-	121	-	-
Share-based payments	-	93	-	93
Total key management compensation	1,248	1,943	597	1,038

25. BUSINESS COMBINATIONS

(a)

On 30 November 2007 Aqua-Cool Limited and Cool Water Company Limited were amalgamated into the Parent. Until the date of amalgamation, Aqua-Cool Limited and Cool Water Company Limited had been wholly owned subsidiaries of the Parent. Under the amalgamation the Parent took control of all of the assets of Aqua-Cool Limited and Cool Water Company Limited and assumed responsibility for their liabilities. Aqua-Cool Limited and Cool Water Company Limited have been removed from the New Zealand register of companies.

Summary of the effect of the amalgamation of Aqua-Cool Limited and Cool Water Company Limited

Details of the net assets acquired and goodwill are as follows:

	PARENT
Assets and liabilities amalgamated:	$'000
Bank balances	80
Net current assets	745
Trade payables	(86)
Property, plant and equipment	3,455
Acquired intangible assets	5,182
Borrowings	(4,113)
Carrying amount of shares in amalgamated subsidiary	(1,802)
Balance recognised in statement of movements in equity	3,461

The assets and liabilities have been brought into the Parent's financial statements at their fair value which in this instance was equal to the carrying amount of the assets.

The operating results of Aqua-Cool Limited and Cool Water Company Limited after the amalgamation are included in the income statement of the Parent since 30 November 2007. The balance on amalgamation has been recognised in the statement of changes in equity of the Parent. The comparatives for the Parent have not been adjusted for the amalgamation.

(b)

On 30 August 2007 the Group acquired the business of Water4U Limited, a water-cooler rental company operating in New Zealand. The acquisition was made by, and the business was entirely merged into, Just Water New Zealand.

The acquired business contributed revenues of $0.060m and net profit after tax of $0.052m to the Group for the period from 30 August 2007 to 30 June 2008. If the acquisition had occurred on 1 July 2007 the acquired business would have contributed revenues of $0.072m and net profit after tax of $0.063m.

Details of the net assets acquired are as follows:

	$'000
Purchase consideration:	
- Cash paid	170
Total purchase consideration	170

The assets and liabilities arising from the acquisition are as follows:

	Fair Value $'000	Acquiree's Carrying Amount $'000
Property, plant and equipment	170	170
Net assets acquired	170	170
Reconciliation to statement of cash flows		
Cash paid (including direct costs relating to the acquisition)		170
less cash and cash equivalents acquired		-
Total purchase consideration		170

(c)

On 1 May 2007, the Group acquired the business of Operation Water Pty Limited, a water-cooler rental company operating in Australia, which had operated as a franchisee of Clearwater Filter Systems (Aust) Pty Limited (Clearwater) for the past ten years. The acquisition was made by, and the business was entirely merged into, Clearwater.

The acquired business contributed revenues of $0.250m and net profit after tax of $0.046m to the Group for the period from 1 May 2007 to 30 June 2007. If the acquisition had occurred on 1 July 2006 the acquired business would have contributed revenues of $1.498m and net profit after tax of $0.277m.

Details of the net assets acquired and goodwill are as follows:

	$'000
Purchase consideration:	
- Cash paid	2,486
Total purchase consideration	2,486
Fair value of net liabilities acquired	(3,230)
Goodwill arising on acquisition	5,716

25. BUSINESS COMBINATIONS CONTINUED

The goodwill is attributable to the high profitability of the acquired business.
The assets and liabilities arising from the acquisition are as follows:

	Fair Value $'000	Acquiree's Carrying Amount $'000
Inventories	101	101
Customer contracts	240	-
Deferred tax liability	(72)	-
Unearned income	(3,499)	(3,499)
Net liabilities acquired	**(3,230)**	**(3,398)**

Reconciliation to statement of cash flows	
Cash paid (including direct costs relating to the acquisition)	2,486
less cash and cash equivalents acquired	-
Total purchase consideration	**2,486**

(d)
On 31 October 2005, the Group acquired 100 percent of the share capital in Clearwater Filter Systems (Aust) Pty Limited (Clearwater), a water-cooler rental company operating in Australia. The shares in Clearwater are held by Just Water Limited Partnership (JWLP), a Limited Partnership registered in Victoria, Australia, with Just Water Australia Pty Limited as the General Partner (99 percent) and JWA Holdings Limited as the Limited Partner (one percent). JWA Holdings Limited is a New Zealand company incorporated in 2004, previously a non-trading company (Just C Limited, name changed 26 September 2005) and is a 100 percent subsidiary of Just Water International Limited. Just Water Australia Pty Limited is an Australian company and is also a 100 percent subsidiary of Just Water International Limited.

The acquired business contributed revenues of $7.244m and net profit after tax of $0.424m to the Group for the period from 1 November 2005 to 30 June 2006. If the acquisition had occurred on 1 July 2005 the acquired business would have contributed revenues of $10.471m and net profit after tax of $0.723m.

The shares in Clearwater are held by Just Water Limited Partnership (JWLP), a Limited Partnership registered in Victoria, Australia, with Just Water Australia Pty Limited as the General Partner and JWA Holdings Limited as the Limited Partner. JWA Holdings Limited is a New Zealand company incorporated in 2004, previously a non-trading company (Just C Limited, name changed 26 September 2005) and is a 100 percent subsidiary of Just Water International Limited. Just Water Australia Pty Limited is an Australian company and is also a 100 percent subsidiary of Just Water International Limited.

The initial capital contributions to the Limited Partnership by JWA Holdings Limited and Just Water Australia Pty Limited were $3.465m and $0.035m respectively. The maximum liability of JWA Holdings Limited as Limited Partner is $4.0m.

Details of the net assets acquired and goodwill are as follows:

	$'000
Purchase consideration:	
- Cash paid	4,474
- Direct costs relating to the acquisition	235
- Fair value of shares issued (see note 22)	3,031
- Deferred payment	4,095
- Fair value of shares to be issued with Tranche 2 payment	2,730
Total purchase consideration	**14,565**
Fair value of net liabilities acquired	(1,344)
Goodwill arising on acquisition	**15,909**

The deferred payment related to Tranche 2 cash which was paid in September 2006. The payment was discounted to its net present value using a discount rate of 7.75 percent. Discount was amortised in the income statement over the settlement period.

The make up of this final payment is as follows:

Purchase consideration:	$'000
- Cash paid	3,838
- Fair value of shares issued with Tranche 2 payment	2,415
Total Tranche 2 consideration	**6,253**

The goodwill is attributable to the high profitability of the acquired business. The fair value of the shares issued was based on the published share price.

The assets and liabilities arising from the acquisition are as follows:

	Fair Value $'000	Acquiree's Carrying Amount $'000
Cash and cash-equivalents	259	259
Property, plant and equipment	1,715	1,715
Inventories	609	609
Receivables and prepayments	1,062	1,062
Future tax benefit	276	276
Acquired intangible assets	107	107
Customer contracts	1,159	-
Payables	(745)	(745)
Unearned income	(5,654)	(5,315)
Hire purchase liabilities	(132)	(132)
Net liabilities acquired	**(1,344)**	**(2,164)**

The fair value of deferred revenue at acquisition date has been increased by $0.339m with a corresponding increase in goodwill. The 2006 comparative information is restated to reflect this adjustment as the 2006 acquisition was reported provisionally only.

Reconciliation to statement of cash flows	
Cash paid (including direct costs r@TOSCOtoscoelating to the acquisition)	4,709
less cash and cash equivalents acquired	(259)
Total purchase consideration	**4,450**

26. FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

Risk management is carried out by the board with responsibility delegated through to the audit committee. The audit committee identifies and evaluates financial risks in close co-operation with the Group's operating units. The board provides principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

(a) Market risk

(i) Foreign exchange risk

The Group is exposed to foreign currency risk as a result of purchases and borrowings in foreign currencies. To manage this risk, each operating unit considers their foreign currency obligation on a monthly basis and forward cover is able to be taken if deemed appropriate. The Group considers no cover is required in respect of borrowings in foreign currencies as this is naturally hedged by the investment in the Australian entities.

The table below summarises the impact of increases/decreases of foreign exchange rates on the Group's post tax profit for the year and on equity. The analysis is based on the assumption that the New Zealand dollar had increased/decreased by 10% with all other variables held constant.

	CARRYING AMOUNT $'000	- 10 % PROFIT $'000	EQUITY $'000	+ 10 % PROFIT $'000	EQUITY $'000
GROUP					
As at 30 June 2008					
Financial assets					
Cash and cash equivalents	507	2	-	(2)	-
Trade and other receivables	4,169	172	-	(172)	-
Financial liabilities					
Trade and other payables	4,365	(165)	-	165	-
Interest-bearing liabilities	24,897	(1,975)	-	1,975	-
Total increase/(decrease)		(1,966)	-	1,966	-
As at 30 June 2007					
Financial assets					
Cash and cash equivalents	321	24	-	(24)	-
Trade and other receivables	3,615	135	-	(135)	-
Financial liabilities					
Trade and other payables	4,075	(241)	-	241	-
Interest-bearing liabilities	16,620	(24)	-	24	-
Total increase/(decrease)		(106)	-	106	-

	CARRYING AMOUNT $'000	- 10 % PROFIT $'000	EQUITY $'000	+ 10 % PROFIT $'000	EQUITY $'000
PARENT					
As at 30 June 2008					
Financial assets					
Cash and cash equivalents	453	-	-	-	-
Trade and other receivables	10,761	110	-	(110)	-
Financial liabilities					
Trade and other payables	2,713	-	-	-	-
Interest-bearing liabilities	5,000	-	-	-	-
Total increase/(decrease)		110	-	(110)	-
As at 30 June 2007					
Financial assets					
Cash and cash equivalents	1	-	-	-	-
Trade and other receivables	21,555	974	-	(974)	-
Financial liabilities					
Trade and other payables	1,145	-	-	-	-
Interest-bearing liabilities	16,377	(887)	-	887	-
Total increase/(decrease)		87	-	(87)	-

Concentrations of foreign currency exposure

The following table shows the concentration of foreign currencies that the balances of the Group and Parent are denominated in.

	NZD	AUD	TOTAL
GROUP			
Cash and cash equivalents	488	19	507
Trade and other receivables	2,445	1,724	4,169
Trade and other payables	2,714	1,651	4,365
Interest-bearing liabilities	5,152	19,745	24,897
PARENT			
Cash and cash equivalents	453	-	453
Trade and other receivables	9,659	1,102	10,761
Trade and other payables	2,713	-	2,713
Interest-bearing liabilities	5,000	-	5,000

(ii) Price risk

The Group and Parent are not exposed to price risk.

(iii) Cash flow and fair value interest rate risk

The Group's main interest rate risk arises from long term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. Group policy at June 2008 was to maintain approximately 33 percent of its borrowings at fixed rate using interest rate swaps to achieve this when necessary. During 2008 and 2007, the Group's borrowings at variable rate were denominated in New Zealand Dollars and Australian Dollars.

26. FINANCIAL RISK MANAGEMENT CONTINUED

	CARRYING AMOUNT $'000	- 1 % PROFIT $'000	EQUITY $'000	+ 1 % PROFIT $'000	EQUITY $'000
GROUP					
As at 30 June 2008					
Financial assets					
Cash and cash equivalents	507	(1)	-	1	-
Trade and other receivables	4,169	-	-	-	-
Financial liabilities					
Trade and other payables	4,365	-	-	-	-
Interest-bearing liabilities	24,897	21	-	(21)	-
Total increase/(decrease)		20	-	(20)	-
As at 30 June 2007					
Financial assets					
Cash and cash equivalents	321	(1)	-	1	-
Trade and other receivables	3,615	-	-	-	-
Financial liabilities					
Trade and other payables	4,075	-	-	-	-
Interest-bearing liabilities	16,620	11	-	(11)	-
Total increase/(decrease)		10	-	(10)	-

	CARRYING AMOUNT $'000	- 1 % PROFIT $'000	EQUITY $'000	+ 1 % PROFIT $'000	EQUITY $'000
PARENT					
As at 30 June 2008					
Financial assets					
Cash and cash equivalents	453	(10)	-	10	-
Trade and other receivables	10,761	-	-	-	-
Financial liabilities					
Trade and other payables	2,713	-	-	-	-
Interest-bearing liabilities	5,000	8	-	(8)	-
Total increase/(decrease)		(2)	-	2	-
As at 30 June 2007					
Financial assets					
Cash and cash equivalents	1	(9)	-	9	-
Trade and other receivables	21,555	-	-	-	-
Financial liabilities					
Trade and other payables	1,145	-	-	-	-
Interest-bearing liabilities	16,377	7	-	(7)	-
Total increase/(decrease)		(2)	-	2	-

(b) Credit risk

Credit risk is managed on a regular basis. Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted. As part of the Company's financial risk policy, limits on exposures have been set and are monitored on a regular basis. Credit risk is therefore not significant. The Company does not require any collateral or security to support financial instruments due to the quality of the financial institutions dealt with.

The Group's exposure to credit risk for trade receivables as at 30 June by geographic region is as follows:

	2008 $'000	2007 $'000
GROUP		
New Zealand	2,051	2,226
Australia	1,613	1,252
Total	3,664	3,478
PARENT		
New Zealand	2,041	1,141
Australia	-	-
Total	2,041	1,141

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Less than 1 year $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000
As at 30 June 2008				
Trade and other payables	4,365	-	-	-
Bank overdraft	152	-	-	-
Bank borrowings	18,118	6,388	-	-
Other loans	53	104	82	-
As at 30 June 2007				
Trade and other payables	4,075	-	-	-
Bank overdraft	4	-	-	-
Bank borrowings	16,373	-	-	-
Other loans	35	46	147	15

(d) Capital risk

The Group's capital comprises of ordinary shares and retained earnings. The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total external borrowings (including 'borrowings' and 'trade and other payables' as shown in the balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the balance sheet plus net debt.

26. FINANCIAL RISK MANAGEMENT CONTINUED

The gearing ratio at 30 June is:

	2008 $'000	2007 $'000
Total borrowings	24,897	16,620
Total cash	507	321
Net debt	24,390	16,299
Total equity	19,511	20,757
Total capital	43,901	37,056
Gearing ratio	0.56	0.44

There are a number of external bank covenants in place relating to debt facilities. These covenants are calculated monthly and reported to the banks semi-annually. The principal covenants relating to capital management are shareholders funds minimum requirement, interest cover ratio and future receivables cover minimum requirement. There have been no breaches of these covenants or events of review for the current or prior period.

(e) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. Refer to the accounting policies for fair value estimation methods. The carrying value less impairment provision of trade receivables and payables is a reasonable approximation of their fair values due to their short term nature.

27. SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries:

NAME OF ENTITY	COUNTRY OF INCORPORATION	CLASS OF SHARES	EQUITY HOLDINGS % 2008	EQUITY HOLDINGS % 2007
Aqua-Cool Limited	New Zealand	Ordinary	-	100
Cool Water Company Limited	New Zealand	Ordinary	-	100
JWA Holdings Limited	New Zealand	Ordinary	100	100
Just Water Australia Pty Limited	Australia	Ordinary	100	100
Just Water Limited Partnership	Australia	Ordinary	100	100
Just Water Victoria Pty Limited	Australia	Ordinary	100	100
Clearwater Filter Systems (Aust) Pty Limited	Australia	Ordinary	100	100

28. RECONCILIATION OF PROFIT AFTER INCOME TAX TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	GROUP 30 JUNE 2008 $'000	GROUP 30 JUNE 2007 $'000	PARENT 30 JUNE 2008 $'000	PARENT 30 JUNE 2007 $'000
Profit for the year	595	433	3,480	2,848
Adjustments for				
Tax	(829)	(912)	483	(171)
Depreciation	2,909	2,047	1,652	875
Amortisation	280	386	11	9
(Gain)/loss on sale of property, plant and equipment	207	291	(9)	5
Fair value gains on derivative financial instruments	-	507	-	507
Share options issued	-	93	-	93
Shares issued in lieu of directors fees	113	130	113	130
Provision for doubtful debts	410	80	411	28
Movement in deferred income	(2,502)	(2,989)	156	-
Changes in working capital (excluding the effects of acquisition)				
Inventories	(10)	(468)	(195)	221
Trade and other receivables	(1,946)	374	(3,893)	1,291
Trade and other payables	292	345	1,422	(589)
Cash generated from operations	(481)	317	3,631	5,247

In the cash flow statement, proceeds from sale of property, plant and equipment comprise:

	GROUP 30 JUNE 2008 $'000	GROUP 30 JUNE 2007 $'000	PARENT 30 JUNE 2008 $'000	PARENT 30 JUNE 2007 $'000
Net book amount	1,937	796	1,579	114
(Gain)/loss on sale of property, plant and equipment	(207)	(291)	9	(5)
Proceeds from sale of property, plant and equipment	1,730	505	1,588	109

Non-cash transactions

The principal non-cash transactions were the issue of shares under the Dividend Reinvestment Plan and to directors in lieu of directors fees.

29. EVENTS OCCURRING AFTER BALANCE SHEET DATE

There were no material events occurring after balance date (2007: nil).

30. EARNINGS PER SHARE

	GROUP YEAR ENDED 30 JUNE 2008 $'000	GROUP YEAR ENDED 30 JUNE 2007 $'000	PARENT YEAR ENDED 30 JUNE 2008 $'000	PARENT YEAR ENDED 30 JUNE 2007 $'000
Basic earnings per share				
Profit from operations attributable to the ordinary equity holders of the company	595	433	3,480	2,848
Diluted earnings per share				
Profit from operations attributable to the ordinary equity holders of the company	595	433	3,480	2,848

Reconciliations of earnings used in calculating earnings per share

	GROUP YEAR ENDED 30 JUNE 2008 CENTS	GROUP YEAR ENDED 30 JUNE 2007 CENTS	PARENT YEAR ENDED 30 JUNE 2008 CENTS	PARENT YEAR ENDED 30 JUNE 2007 CENTS
Basic earnings per share	0.8	0.6	4.6	3.9
Diluted earnings per share	0.8	0.6	4.6	3.8

	GROUP YEAR ENDED 30 JUNE 2008 CENTS	GROUP YEAR ENDED 30 JUNE 2007 CENTS	PARENT YEAR ENDED 30 JUNE 2008 CENTS	PARENT YEAR ENDED 30 JUNE 2007 CENTS
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	75,471	73,506	75,471	73,506
Adjustments for calculation of diluted earnings per share: Options	-	1,000	-	1,000
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	**75,471**	**74,506**	**75,471**	**74,506**

Information concerning the classification of securities

Options

Options granted to employees are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share to the extent to which they are dilutive. The options have not been included in the determination of basic earnings per share.

Statutory disclosures in relation to shareholders

TOP 20 LARGEST HOLDINGS LIST AS AT MONDAY 25 AUGUST 2008

	HOLDER NAME	TOTAL	%
1	ASB Nominees Limited as bare trustees for The Harvard Group Limited	42,178,424	54.846%
2	New Zealand Central Securities Depository Limited	4,939,792	6.423%
3	Springfresh Marketing Pty Ltd	4,419,589	5.747%
4	Anthony Edwin Falkenstein and Ian Donald Malcolm as bare trustees for Anthony Edwin Falkenstein and Andrew Codling	2,000,000	2.601%
5	Anthony Edwin Falkenstein and Christopher Roy Saunders	2,000,000	2.601%
6	Anthony Edwin Falkenstein and Barry Harrison Spicer	2,000,000	2.601%
7	Anthony Edwin Falkenstein and Ian Donald Malcolm	1,268,000	1.649%
8	Heather Jeanette Falkenstein and Ian Donald Malcolm	1,268,000	1.649%
9	ACE Finance Limited	878,082	1.142%
10	Springfresh Marketing Pty Ltd as trustee for Dash Family Staff Super Fund	692,096	0.900%
11	Christopher Peter Huljich and Colin Gordon Powell	570,354	0.742%
12	Morris West Limited	550,000	0.715%
13	Custodial Services Limited	504,000	0.655%
14	Anthony Henry Kandziora	500,000	0.650%
15	J T Maxwell and Company Ltd	350,000	0.455%
16	James Ian Urquhart	350,000	0.455%
17	Investment Custodial Services Limited as bare trustee for J K McLay Limited	335,869	0.437%
18	Jillian Dawn Reid and Ian Donald Malcolm	300,000	0.390%
19	Cunnack Company Pty Limited	298,914	0.389%
20	Frederick Bryson Richards	255,610	0.332%
Total		65,658,730	85.379%

EQUITY SECURITIES HELD AS AT 30 JUNE 2008

In accordance with NZAX Listing Rule 1.5.3 the following table identifies the equity securities in which each director has a relevant interest as at 30 June 2008.

DIRECTOR	IN OWN NAME AND BENEFICIAL INTEREST	AS INDEPENDENT TRUSTEE	TOTAL EQUITY SECURITIES HELD AT 30 JUNE 2008
Anthony Edwin Falkenstein	43,643,674	6,000,000	50,911,674
Ian Donald Malcolm	42,620,225	2,836,000	45,456,225
Philip John Dash	5,111,685	-	5,111,685
James Kenneth McLay	335,869	-	335,869

HOLDING RANGE AS AT 25 AUGUST 2008

RANGE OF EQUITY HOLDING	NUMBER OF HOLDERS	NUMBER OF SHARES HELD	%
1-1,000	295	69,811	0.091
1,001-5,000	268	758,272	0.986
5,001-10,000	154	1,198,998	1.559
10,001-100,000	208	5,774,231	7.508
100,001 and over	42	69,101,421	89.856
Totals	967	76,902,733	100.000

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 25 August 2008, the substantial security holders were as follows:

SUBSTANTIAL SECURITY HOLDER	NUMBER OF SHARES HELD	%
Anthony Edwin Falkenstein	50,911,674	66.20%
Ian Donald Malcolm	45,456,225	59.11%
The Harvard Group Limited	42,325,674	55.04%
Springfresh Marketing Pty Limited	5,111,685	6.65%

Notice of meeting

Notice is given that the Annual Meeting of Shareholders of Just Water International Limited (the "Company") will be held on **Friday 31st October 2008 at 11:00 am** in **Guineas Room 3, Ellerslie Convention Centre at Ellerslie Race Course, 80-100 Ascot Ave, Greenlane East, Auckland.**

BUSINESS

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

A. Resolution 1: Annual Report

That the Annual Report of the Company for the year ended 30 June 2008, including the Auditors' Report, be received.

B. Resolution 2: Auditors' remuneration

That the Company's board of directors be authorised to fix the auditors' remuneration.

C. Resolution 3: Re-election of director

That Simone Justine Iles be re-elected as a director of the Company.

D. Resolution 4: Re-election of director

That Philip John Dash be re-elected as a director of the Company.

E. Resolution 5: Re-election of director

That Ian Donald Malcolm be re-elected as a director of the Company.

F. Resolution 6: Issue of ordinary shares to directors in lieu of cash remuneration

That the board is authorised to:

i) issue fully-paid ordinary shares in the Company to any person who holds office as a director of the Company, at an aggregate issue price not exceeding the aggregate amount of directors' remuneration approved by shareholders, in lieu of the directors receiving their remuneration in cash, on the terms set out in the explanatory notes to the Notice of Meeting; and

ii) take all actions, do all things and execute all documents necessary or considered expedient by the board to give effect to such issue of shares,

such ordinary shares when issued to rank equally in all respects with the then issued ordinary shares in the Company except they shall not rank for any dividend in respect of the Company's financial year ended 30 June 2008.

G. Resolution 7: Issue of options to a director

The issue of 40,000 options to Simone Iles, a director of the Company, in accordance with the terms and on the basis set out in the explanatory notes to the Notice of Meeting, be approved for the purposes of NZAX Listing Rule 7.3.1(a).

H. Resolution 8: Issue of shares to The Harvard Group Limited and to the Falkenstein Unitec Business School Charitable Trust as part of a private placement

The issue of:

a) 1,190,476 ordinary shares to The Harvard Group Limited; and

b) 238,095 ordinary shares to the Falkenstein Unitec Business School Charitable Trust,

at an issue price of $0.42 per share, in accordance with the terms and on the basis set out in the explanatory notes to the Notice of Meeting, be approved for the purposes of NZAX Listing Rule 7.3.1(a).

I. General business:

To transact such other business as may properly be brought before the meeting in accordance with the Company's constitution.

Explanatory notes in relation to the proposed resolutions are set out on the following pages.

Explanatory notes to resolutions

Each of the resolutions to be considered, and if thought fit, to be passed, at the Annual Meeting are ordinary resolutions. An ordinary resolution means a resolution that is approved by a simple majority of the votes of those shareholders entitled to vote and voting on the resolution.

Resolution 1: Annual Report

The Annual Report for 2008, having been circulated by the share registry, is tabled for discussion and questions.

Resolution 2: Auditors' remuneration

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 3, 4 and 5: Re-election of directors

Three directors, Simone Justine Iles, Philip John Dash and Ian Donald Malcolm, retire in accordance with the Company's constitution, and being eligible, offer themselves for re-election at the Annual Meeting.

Simone Iles was appointed as a director of the Company by the board in February 2008 in place of Renny Cunnack who retired in 2007. The Company's constitution states that directors appointed by the board will only remain as directors until the next annual meeting of the Company. A nomination has been received for Simone Iles to be reappointed as a director and the board supports this resolution.

Simone has spent many years in the marketing, direct marketing and advertising industries in both the NZ and UK markets. She currently holds the position of General Manager Marketing and Strategic Planning for the Briscoe group. Simone is concurrently the Chairman of the Marketing Association where she has held a number of executive positions over the last 6 years.

Phil Dash retires by rotation and offers himself for re-election at the Annual Meeting.

Phil Dash has been founder and CEO of two private companies over the last 22 years, taking them from start up to become industry leaders in their respective fields. He was appointed as a director of the Company by the board after the acquisition of the Australian companies Clearwater Filter Systems Pty Limited and Clearwater Filter Systems Franchising (Aust) Pty Limited in November 2005, and was the founder, and previously CEO, of Clearwater Filter Systems Pty Limited.

Ian Malcolm retires by rotation and offers himself for re-election at the Annual Meeting.

Ian Malcolm has been on the board of the Company during and subsequent to the listing of the Company on the NZAX in 2004. He is in public practice as a Chartered Accountant with Mabee Halstead & Kiddle Ltd, a long-established and well-respected chartered accounting firm in Central Auckland, and has extensive industry knowledge as well as experience in the finance and ICT industries.

The board unanimously recommends shareholders vote in favour of the re-election of Simone Iles, Phil Dash and Ian Malcolm.

Resolution 6: Issue of ordinary shares to directors in lieu of cash remuneration

The current total aggregate remuneration payable to directors of the Company in New Zealand, as approved by ordinary resolution at the 2006 annual meeting of shareholders of the Company, is $130,000.

The following directors (who currently hold or have an interest in the number of ordinary shares set out next to their name) have elected to receive their remuneration as directors in the form of ordinary shares issued by the Company:

DIRECTOR	TOTAL EQUITY SECURITIES HELD AT 30 JUNE 2008 IN OWN NAME AND BENEFICIAL INTEREST	SHAREHOLDING AS AT 30 JUNE 2008
James Kenneth McLay	335,869	0.44%
Philip John Dash	5,111,685	6.65%
Simone Justine Iles	nil	nil

No cash remuneration will be paid by the Company to the above directors in their non-executive capacities. The issue of ordinary shares to directors as remuneration is required to be approved by an ordinary resolution of shareholders pursuant to NZAX Listing Rule 7.3.1.

The directors are of the opinion that having their remuneration related to Company performance over time is consistent with their commitment to the Company and their goal to create long-term value for shareholders.

The number of shares issued to each director will be determined by the board:

a) by dividing the aggregate amount of the relevant director's remuneration by the issue price for each share. The issue price of each share will be determined by the board and will not be less than the Volume Weighted Average Price **("VWAP")** per share of the Company's ordinary shares traded through, or trades included as reported on, the NZAX Market in the 20 trading days immediately following the date of the Annual Meeting; and

b) on other terms not inconsistent with this resolution as deemed appropriate by the board.

The ordinary shares to be issued to directors will rank equally in all respects with the then issued ordinary shares in the Company except they shall not rank for any dividend in respect of the Company's financial year ended 30 June 2008. There are no restrictions on the transfer of the shares by directors.

The maximum number of shares that may be issued to the directors under this resolution will be, 300,000 shares, being a maximum of 150,000 shares to James Kenneth McLay and 75,000 shares each to Philip John Dash and Simone Justine Iles.

The actual number of shares that are issued will depend on the price of each share as determined in accordance with paragraph (a) above.

For example, at a VWAP of $0.42 per share (being the price per share under the Share Purchase Plan), the maximum number of shares issued to each director, and in aggregate, would be as follows:

DIRECTOR NAME	NUMBER OF SHARES
James Kenneth McLay	123,810
Philip John Dash	61,905
Simone Justine Iles	61,905
TOTAL	247,620

The above numbers may change depending on the price at which the shares are issued (refer to paragraph (a) above).

If any director ceases to be a director prior to 30 June 2009, the fees paid to that director (in the form of newly-issued shares) will be deemed to have accrued on a monthly basis and that director will be required to repay to the Company, in cash, a pro-rated amount of the aggregate issue price of the new shares issued to that director in lieu of cash remuneration. The shares will be issued to directors within 12 months after the date of the Annual Meeting.

Resolution 7: Issue of options to a director

Approval of the issue of the 40,000 options to Simone Iles is required under NZAX Listing Rule 7.3.1(a) as Simone Iles is a director of the Company.

The directors are of the opinion that having new directors incentivised in the form of options related to Company performance over time is consistent with their commitment to the Company and their goal to create long-term value for shareholders.

A summary of the principal terms of the options and the shares to be issued on exercise of the options is set out below:

1. The options may be exercised wholly or in part by Simone Iles, by notice in writing to the Company, on 30 September 2011.
2. Simone Iles is required to be a director at that date, or at the date of the 2011 AGM should that be held prior to 30 September 2011.
3. Each option will entitle Simone Iles, upon exercise of the option, to subscribe for one ordinary share in the Company at an exercise price of $0.72 per share payable in cash.
4. The shares to be issued upon the exercise of the options will rank equally in all respects with all other issued ordinary shares in the Company at the date of issue, except for any dividend in respect of which the record date for payment of the dividend occurred prior to, or occurs within one month after, the issue date of the shares.
5. The options will not entitle Simone Iles to attend or vote at any meeting of the Company's shareholders, participate in any dividends or other distributions authorised by the board or participate in the distribution of surplus assets upon the liquidation of the Company.
6. The options will not be transferable without the prior written consent of the board and then only to a limited category of relatives of Simone Iles and/or trusts for her or their benefit.
7. If an option is not exercised before the end of the option exercise period, it will lapse.
8. If before the exercise or lapse of an option:
   a) the Company makes a pro-rata rights issue to share–holders, the exercise price will be reduced by the board according to the formula prescribed by Simone Iles' share option deed so as to take into account the market price of the shares and the subscription price of the shares under the rights issue; or
   b) the Company makes a bonus issue of securities, subdivides, consolidates or buys back its shares, the exercise price will be adjusted in a fair and equitable manner to take account of the relevant event.

No consideration is payable for the options. Subject to this resolution being passed, it is intended that the options be issued on 1 November 2008.

The exercise price of $0.72 per share is 20% higher than the last sale price, at the date the Board resolved to issue the options, of $0.60 per share traded on the NZAX Market. That exercise price is also 53.19% higher than the last sale price at 30 September 2008 of $0.47 per share traded on the NZAX Market.

The board believes that the consideration for, and terms of issue of, the proposed options to Simone Iles are fair and reasonable to the Company and to all existing shareholders.

The board recommends that the issue of 40,000 options to Simone Iles be approved.

Resolution 8: Issue of shares to The Harvard Group Limited and to the Falkenstein Unitec Business School Charitable Trust as part of a private placement

The Company is proposing to make a private placement of ordinary shares to raise up to $1,500,000, which could result in up to 3,571,429 new shares being issued. The Harvard Group Limited ("**Harvard**") and the Falkenstein Unitec Business School Charitable Trust (the "**Trust**") wish to participate in that placement by subscribing for up to 1,190,476 and 238,095 ordinary shares respectively.

On the date of issue, the shareholdings of Harvard and the Trust in the Company will increase by 0.52% and 0.26% respectively. If the entire $1,500,000 is raised through the private placement, Harvard will have contributed 33.33%, and the Trust will have contributed 6.7%, of the total capital raised.

The Company announced capital raising by way of the private placement together with a share purchase plan ("**SPP**") in

August 2008. The proceeds received under these capital raising initiatives will be used for the continuing expansion of, in particular, plumbed-in coolers in the Australian market, the financing of new water bottling plants for expansion in New Zealand, retiring debt, and working capital.

Approval of the issue of ordinary shares to Harvard and to the Trust is required under NZAX Listing Rule 7.3.1(a) as Harvard and the Trust are Associated Persons (as defined in the NZAX Listing Rules) of Anthony Falkenstein, a director of the Company. Mr. Falkenstein is also a director of Harvard.

The shares will be issued to Harvard and the Trust at a price of $0.42 per share. This is the same price at which the Company proposes to issue shares to other persons under the private placement, and is also the same price at which shares will be offered to all shareholders in the Company under the SPP.

The issue of shares to the Trust is subject to the approval of the Takeovers Panel (if required).

A summary of the principal terms of the shares to be issued (if approved by the shareholders) is set out below:

1. Up to 1,190,476 ordinary shares are to be issued to Harvard, and 238,095 ordinary shares are to be issued to the Trust, at an issue price of $0.42 per share.
2. The issue of the ordinary shares is intended to take place within 10 days after the date of this annual meeting.
3. Each ordinary share issued to Harvard and to the Trust will rank equally in all respects with all other issued ordinary shares in the Company at the date of issue.
4. Each ordinary share will confer on Harvard and the Trust the right to attend and vote at any meeting of the Company's shareholders, to participate in any dividends or other distributions authorised by the board and to participate in the distribution of surplus assets upon a liquidation of the Company.

Other shares to be issued under the private placement will be issued on the same terms.

The board believes that the consideration for, and the terms of issue of, the proposed ordinary shares to Harvard and to the Trust are fair and reasonable to the Company and to all existing shareholders.

The board recommends that the issue of 1,190,476 ordinary shares to Harvard and 238,095 ordinary shares to the Trust be approved.

VOTING RESTRICTIONS

Directors of the Company and any person who is an Associated Person of a director cannot vote on Resolution 6.

Simone Iles and any person who is an Associated Person of Simone Iles cannot vote on Resolution 7.

The Harvard Group Limited and the Falkenstein Unitec Business School Charitable Trust and any person who is an Associated Person of either of them cannot vote on Resolution 8.

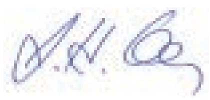
"Associated Person" has the meaning given to that term in the NZAX Listing Rules.

Instructions regarding proxies

1. All shareholders are entitled to attend and, subject to the voting restrictions set out in the explanatory notes to the Notice of Meeting, to vote at the meeting.
2. A shareholder entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of the shareholder.
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 should act on a resolution, the proxy will exercise his or her discretion as to whether to vote and, if so, how. However, a proxy will be prohibited from exercising discretionary proxies given to him or her in respect of a resolution in which that proxy is disqualified from voting (refer to the section entitled "Voting Restrictions" for disqualified persons). In such instances, the proxy is only able to exercise proxies where the shareholder has provided him or her with an express instruction as to how to exercise that shareholder's vote. Express instructions exclude instructions that give the proxy discretion to exercise that shareholder's vote as the proxy sees fit.
6. Joint holders must all sign the proxy form.
7. If the proxy is signed under a power of attorney, this must be produced for noting by the Company, if not already noted. A certificate of non-revocation of the power of attorney must be attached.
8. A corporation that is a shareholder may appoint a person to attend the meeting and vote on its behalf, in the same manner as that in which it could appoint a proxy. Companies appointing a proxy must do so under the signature of two directors or have an authority produced for noting by the Company.
9. Completed proxies must be received by the Company's Share Registrar no later than 11.00am on Wednesday 29 October 2008 at the following address:

The Share Registrar
Just Water International Limited
c/o Link Market Services
PO Box 384
Ashburton 7740
New Zealand

By order of the board.



Hon. Jim McLay
Chairman

Proxy form

CSN Holder Number FAX RETURN +64 3 308 1311

I/We ______________________________
(Name)

of ______________________________
(Place)

being a shareholder of **Just Water International Limited** (the "**Company**"), 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 in the **Guineas Room 3, Ellerslie Convention Centre at Ellerslie Race Course, 80-100 Ascot Ave, Greenlane East, Auckland** on **Friday 31st October 2008 at 11:00 am,** and at any adjournment thereof.

Unless otherwise directed as below, the proxy will vote as he or she thinks fit (unless the proxy is prohibited from exercising discretionary proxies given to them in respect of the resolution), or abstain from voting. A proxy will be prohibited from exercising discretionary proxies given to him or her in respect of a resolution in which that proxy is interested or disqualified from voting (refer to the section in the attached Notice of Meeting entitled "Voting Restrictions" for disqualified persons). In such instances, the proxy is only able to exercise proxies where the shareholder has provided him or her with an express instruction as to how to exercise that shareholder's vote. Express instructions exclude instructions that give the proxy discretion to exercise that shareholder's vote as the proxy sees fit. Should the shareholder(s) wish to direct the proxy how to vote, the following should be completed:

RESOLUTIONS:	FOR	AGAINST
1. Annual Report That the Annual Report the Company for the year ended 30 June 2008, including the Auditors' Report, be received.	☐	☐
2. Auditors' remuneration That the Company's board of directors be authorised to fix the auditors' remuneration.	☐	☐
3. Re-election of director That Simone Justine Iles be re-elected as a director of the Company.	☐	☐
4. Re-election of director That Philip John Dash be re-elected as a director of the Company.	☐	☐
5. Re-election of director That Ian Donald Malcolm be re-elected as a director of the Company.	☐	☐
6. Issue of ordinary shares to directors in lieu of cash remuneration That the board is authorised to: i) issue fully-paid ordinary shares in the Company to any person who holds office as a director of the Company, at an aggregate issue price not exceeding the aggregate amount of directors' remuneration approved by shareholders, in lieu of the directors receiving their remuneration in cash, on the terms set out in the explanatory notes to the Notice of Meeting; and ii) take all actions, do all things and execute all documents necessary or considered expedient by the board to give effect to such issue of shares, such ordinary shares when issued to rank equally in all respects with the then issued ordinary shares in the Company except they shall not rank for any dividend in respect of the Company's financial year ended 30 June 2008	☐	☐
7. Issue of options to a director That the issue of 40,000 options to Simone Iles, a director of the Company, in accordance with the terms and on the basis set out in the explanatory notes to the Notice of Meeting, be approved for the purposes of NZAX Listing Rule 7.3.1(a).	☐	☐
8. Issue of shares to The Harvard Group Limited and to the Falkenstein Unitec Business School Charitable Trust as part of a private placement That the issue of: i) 1,190,476 ordinary shares to The Harvard Group Limited; and ii) 238,095 ordinary shares to the Falkenstein Unitec Business School Charitable Trust, at an issue price of $0.42 per share, in accordance with the terms and on the basis set out in the explanatory notes to the Notice of Meeting, be approved for the purposes of NZAX Listing Rule 7.3.1(a).	☐	☐

Signed this _______ day of ______________ 2008

______________________ Signature ______________________ Signature

Completed proxies must be received by the Company's Share Registrar no later than **11.00am on Wednesday 29 October 2008** at the following address:

The Share Registrar, Just Water International Limited c/o Link Market Services, PO Box 384 Ashburton 7740, New Zealand

Notes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Just the best!
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Just Water

Just Water International Limited