Just Water

Just Water International Limited

2009 Annual Report

Just Water International Limited

Directory

Directors

Sir Don McKinnon (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

Carl Lucas
Chief Financial 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.clearwaterfilters.com.au

Just Water New Zealand

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Penrose
Auckland 1061

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New Zealand

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Fax +64-9 630 9300

Just Water New Zealand is a division 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
Westpac Banking Corporation 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

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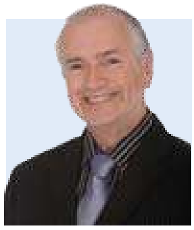
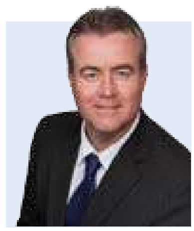

Ian Malcolm


Phil Dash


Simone Iles


Carl Lucas


Jay Harraway


Brian Simpson

2009 AGM

The 2009 Annual Meeting of Shareholders of Just Water International Limited is to be held at 11.00am on Wednesday 28th October 2009 at Room C, Employers and Manufacturers Association, 159 Khyber Pass Road, Grafton, Auckland.

Chairman's and Chief Executive's review

Sir Don McKinnon

Tony Falkenstein

Just Water International Limited Results for year ended 30 June 2009

Just Water International Limited (JWI) presents its full year results for the year ended 30 June 2009.

The directors are pleased with progress, as reflected in the consolidated results. EBIT of $4.590 million (2008: $3.085 million) increased by 49% over the previous year and EBITDA of $9.118 million (2008: $6.274 million) by 45%. After tax profit was $1.804 million (2008: $0.595 million), an increase of 203%.

Consolidated result

	2009 $'000	2008 $'000	% change
Income	36,600	33,911	8%
EBITDA	9,118	6,274	45%
EBIT	4,590	3,085	49%
EBT	2,394	1,022	134%
NPAT	1,804	595	203%

The result reflects a successful year in terms of expanding the base of water-coolers in New Zealand, and the restructuring in Australia has set an excellent base for the profit improvement to continue.

New Zealand

	2009 $'000	2008 $'000	% change
Income	24,101	22,705	6%
EBITDA	6,972	6,914	1%
EBIT	4,027	5,005	-20%
EBT	4,456	5,050	-12%
NPAT	3,215	3,418	-6%

Depreciation and amortisation increased from $3.2 million in 2008 to $4.5 million in the current year. This is as a result of the increase in the base of water-coolers. Depreciation on our new ERP system was only charged for the last three months of the year, but it will increase the depreciation charge in 2010 by about $600,000.

Australia

	2009 $'000	2008 $'000	% change
Income	12,499	11,206	12%
EBITDA	2,146	(640)	n/a
EBIT	563	(1,920)	n/a
EBT	(2,062)	(4,028)	49%
NPAT	(1,411)	(2,823)	50%

At last we can report that our major challenges in Australia are behind us, and we believe the improved performance over the last year will continue.

Future growth

Since we floated the Company, we have maintained that the growth in our base of water-coolers determined the future short and mid-term profitability. However, this has become far less relevant as a result of the growing importance of sales in the residential sector in both countries. This has a greater impact on short term profitability.

Directors

During the year, Hon Jim McLay resigned to take up an appointment as New Zealand's Permanent Representative to the United Nations.

Mr McLay led the Company through the IPO in June 2004 as Chairman, and his experience and vision has been instrumental to the success of the IPO and continued progress of the Company. The current directors, management and staff have been honoured to have Mr McLay as Chairman for the last five years, and wish him well in his new career.

We have been fortunate to secure Sir Don McKinnon to replace him; Don is a man who has served the last eight years as the Commonwealth Secretary-General, following a 21-year career in New Zealand politics.

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 is equivalent to a gross dividend of 5.34 cents per share. This maintains the dividend paid in the previous year.

The Dividend Reinvestment Plan will continue for payment of this dividend.

Bank facilities

The bank has a requirement that our EBIT must cover interest by 2.5 times (2008:1.5 times). Our actual interest rate cover, (before one-off costs) at June 2009 was 2.4 times. We expect earnings in 2010 will remedy this breach. The bank regards the breach as minor and does not require action. Our EBITDA to interest ratio is still a healthy 4.2 times (2008: 3.0 times).

Staff

The directors wish to acknowledge the efforts of all employees in a period of substantial change. It recognises the pressure that the restructuring in both countries in a time of economic uncertainty, and the installation of a new ERP system in New Zealand, has caused, and thanks them for their ongoing support.

Yours sincerely

Sir Don McKinnon
Chairman

Tony Falkenstein
Chief Executive

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 division Just Water New Zealand and its trading subsidiaries Clearwater Filter Systems (Aust) Pty Limited, Just Water Australia Pty Limited and Just Water Victoria 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 nine times during the year under review. The number of meetings attended by the board members was:

Sir Don McKinnon (Chair – Appointed June 2009)	Three
Jim McLay (Chair – Retired June 2009)	Seven
Phil Dash	Nine
Tony Falkenstein	Nine
Simone Iles	Nine
Ian Malcolm	Nine

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	Three
Simone Iles	Two
Sir Don McKinnon (Appointed June 2009)	None
Jim McLay (Retired June 2009)	Three

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 three times in the financial year.

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

Simone Iles (Chair)	Three
Phil Dash	Three
Sir Don McKinnon (Appointed June 2009)	One
Jim McLay (Retired June 2009)	Three
Ian Malcolm	Three

Statutory report of the directors

The directors present to shareholders the sixth 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 2009.

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 $4.590 million (2008: $3.085 million). This was achieved on a turnover of $36.600 million (2008: $33.911 million), an increase of eight percent.

Shareholders' equity at 30 June 2009 totaled $22.059 million (2008: $19.511 million), an increase of 13 percent. Total assets were $56.866 million (2008: $54.863 million). Total interest-bearing borrowings increased from $24.897 million to $26.113 million.

Dividend

A fully-imputed interim net dividend of $2.853 million was paid during the year (2008: $2.681 million). This dividend was paid as a final, fully-imputed 2008 dividend in October 2008 of 2.955 cents gross per share, and an interim 2009 dividend in April 2009 of 2.388 cents gross per share. Directors have agreed a final dividend for the 2009 financial year of 2.955 cents (gross) per share, fully imputed, totaling $1.692 million net, for payment on 16 October 2009, with the shares going ex-dividend on 29 September 2009. This totals 5.343 cents per share fully-imputed gross dividend in respect of the June 2009 year earnings, which is the same level of dividend as paid for the June 2008 year.

Donations

The JWI Group believes that good citizenship of corporations and individuals can make a real difference in the community. For 13 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, $42,000 (2008: $35,000) 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.

Directors

The persons holding office as directors of the Company as at 30 June 2009 were as follows:

Sir Don McKinnon (Chairman)
Phil Dash
Tony Falkenstein
Simone Iles
Ian Malcolm

The persons who ceased to hold office as directors of the Company during the year ended 30 June 2009 were as follows:

Jim McLay – retired June 2009

Remuneration of directors

Directors' remuneration paid during the year was as follows:

	GROUP		PARENT	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
J K McLay (Chairman) – retired June 2009	52	52	52	52
I D Malcolm	26	26	26	26
J R Cunnack – retired October 2007	-	9	-	9
S J Iles – appointed February 2008	26	11	26	11
P J Dash – Director Fees	26	26	26	26
P J Dash – Director Fee (A$25k)	31	29	-	-
A E Falkenstein (executive director) – Salary	179	60	179	60

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	2009	2008
100-110	1	2
110-120	2	1
120-130	-	2
130-140	1	4
140-150	1	2
150-160	3	-
180-190	2	2
200-210	1	-
220-230	1	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 2009 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 $218,130 (2008: $153,675).
- 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 $5,543 (2008: $20,765).
- 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 $46,051 (2008: $41,380).

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:

- Ordinary shares were issued to non-executive directors in lieu of directors' fees and some non-executive directors have agreed to take their 2009/10 directors fees by way of equity, such shares being planned for issue in January 2010 subject to approval by the shareholders. The shares issued to non-executive directors in lieu of directors' fees for the 2008/09 year is as follows:

DIRECTOR NAME	DATE OF TRANSACTION	NUMBER OF ORDINARY SHARES ACQUIRED/ (DISPOSED)	CONSIDERATION
James Kenneth McLay	9 December 2008	130,000	$ 52,000
Philip John Dash	9 December 2008	65,000	$ 26,000
Simone Justine Iles	9 December 2008	65,000	$ 26,000

- During the 2008/09 year share transactions took place in which a director of JWI had a relevant interest; the details of these share transfers are shown in the table below:

SHAREHOLDER NAME	DIRECTOR NAME	NATURE OF RELEVANT INTEREST	DATE OF TRANSACTION	NUMBER OF ORDINARY SHARES ACQUIRED / (DISPOSED)	CONSIDERATION	TYPE OF TRANSACTION
The Harvard Group Limited	Anthony Edwin Falkenstein Ian Donald Malcolm	Directors and indirect shareholders	September 2008	48,500	$ 21,102	On market share purchases
The Harvard Group Limited	Anthony Edwin Falkenstein Ian Donald Malcolm	Directors and indirect shareholders	October 2008	1,785,126	$ 839,009	Issue of shares under DRP in lieu of a cash dividend
The Harvard Group Limited	Anthony Edwin Falkenstein Ian Donald Malcolm	Directors and indirect shareholders	October 2008	90,215	$ 38,781	On market share purchases
The Harvard Group Limited	Anthony Edwin Falkenstein Ian Donald Malcolm	Directors and indirect shareholders	November 2008	9,785	$ 4,012	On market share purchases
The Harvard Group Limited	Anthony Edwin Falkenstein Ian Donald Malcolm	Directors and indirect shareholders	November 2008	1,190,476	$ 500,000	Issue of shares under a private placement
The Harvard Group Limited	Anthony Edwin Falkenstein Ian Donald Malcolm	Directors and indirect shareholders	December 2008	12,500	$ 5,000	Issue of shares under a private placement
The Harvard Group Limited	Anthony Edwin Falkenstein Ian Donald Malcolm	Directors and indirect shareholders	March 2009	282,573	$ 103,281	On market share purchases

SHAREHOLDER NAME	DIRECTOR NAME	NATURE OF RELEVANT INTEREST	DATE OF TRANSACTION	NUMBER OF ORDINARY SHARES ACQUIRED / (DISPOSED)	CONSIDERATION	TYPE OF TRANSACTION
The Harvard Group Limited	Anthony Edwin Falkenstein Ian Donald Malcolm	Directors and indirect shareholders	April 2009	166,890	$ 66,156	On market share purchases
The Harvard Group Limited	Anthony Edwin Falkenstein Ian Donald Malcolm	Directors and indirect shareholders	April 2009	1,888,820	$ 731,918	Issue of shares under DRP in lieu of a cash dividend
J K McLay Limited	James Kenneth McLay	Director and shareholder	October 2008	22,916	$10,771	Issue of shares under DRP in lieu of a cash dividend
J K McLay Limited	James Kenneth McLay	Director and shareholder	December 2008	12,500	$ 5,000	Issue of shares under DRP in lieu of a cash dividend
J K McLay Limited	James Kenneth McLay	Director and shareholder	April 2009	20,337	$ 7,881	Issue of shares under DRP in lieu of a new cash dividend
Springfresh Marketing Pty Limited as trustee of the Dash Family Trust	Philip John Dash	Trustee and beneficiary	October 2008	138,373	$ 65,035	Issue of shares under DRP in lieu of a cash dividend
Springfresh Marketing Pty Limited as trustee of the Dash Family Trust	Philip John Dash	Trustee and beneficiary	December 2008	300,000	Nil	Off market share transfer between related parties
Springfresh Marketing Pty Limited as trustee of the Dash Family Trust	Philip John Dash	Trustee and beneficiary	April 2009	128,949	$ 49,968	Issue of shares under DRP in lieu of a cash dividend
Springfresh Marketing Pty Limited as trustee of the Dash Family Trust Staff Superannuation Fund	Philip John Dash	Trustee and beneficiary	September 2008	1,113,500	Nil	Off market share transfer between related parties
Springfresh Marketing Pty Limited as trustee of the Dash Family Trust Staff Superannuation Fund	Philip John Dash	Trustee and beneficiary	October 2008	76,972	$ 36,177	Issue of shares under DRP in lieu of a cash dividend
Springfresh Marketing Pty Limited as trustee of the Dash Family Trust Staff Superannuation Fund	Philip John Dash	Trustee and beneficiary	April 2009	81,304	$ 31,505	Issue of shares under DRP in lieu of a cash dividend

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:

Sir Don McKinnon
Chairman
3 September 2009

Tony Falkenstein
Chief Executive

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 2009 and their financial position as at that date. This information is stated in accordance with the accounting policies set out on pages 14 to 19.

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 2009 and their financial performance and cash flows for the year ended on that date.

Auditors' Responsibilities

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

Basis of Opinion

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

(a) the significant estimates and judgements made by the Directors in the preparation of the financial statements; and

(b) whether the accounting policies are appropriate to the circumstances of the Company and Group, consistently applied and adequately disclosed.

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

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

PRICEWATERHOUSECOOPERS

Auditors' Report

Just Water International Limited

Emphasis of Matter

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of disclosure made in Note 20 to the financial statements, concerning the availability of the Group's banking facilities.

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 2009 and their financial performance and cash flows for the year ended on that date.

Our audit was completed on 3 September 2009 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 2009

	NOTE	GROUP YEAR ENDED 30 JUNE 2009 $'000	GROUP YEAR ENDED 30 JUNE 2008 $'000	PARENT YEAR ENDED 30 JUNE 2009 $'000	PARENT YEAR ENDED 30 JUNE 2008 $'000
Revenue	8	35,451	33,550	24,094	19,535
Other operating income	9	1,149	361	716	1,042
Income		**36,600**	**33,911**	**24,810**	**20,577**
Employee costs	10	(13,863)	(14,142)	(7,745)	(6,494)
Changes in inventories of finished goods and consumables		(767)	10	(475)	400
Purchases of finished goods and consumables		(3,585)	(5,676)	(1,541)	(2,829)
Other expenses		(9,267)	(7,829)	(6,322)	(4,530)
Earnings before interest, tax, depreciation and amortisation	10	**9,118**	**6,274**	**8,727**	**7,124**
Depreciation	17	(4,168)	(2,827)	(2,810)	(1,570)
Amortisation	18	(360)	(362)	(135)	(93)
Earnings before interest and tax		**4,590**	**3,085**	**5,782**	**5,461**
Interest expense	10	(2,196)	(2,063)	(437)	(653)
Profit before income tax		**2,394**	**1,022**	**5,345**	**4,808**
Income tax expense	11	(590)	(427)	(1,241)	(1,328)
Profit attributable to shareholders of the company		**1,804**	**595**	**4,104**	**3,480**
Earnings per share for profit attributable to the shareholders of the company					
Basic earnings per share (cents)	30	2.2	0.8	5.0	4.6
Diluted earnings per share (cents)	30	2.2	0.8	5.0	4.6
Dividend per share (cents)		3.6	3.6	3.6	3.6

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 2009

	NOTE	GROUP AS AT 30 JUNE 2009 $'000	GROUP AS AT 30 JUNE 2008 $'000	PARENT AS AT 30 JUNE 2009 $'000	PARENT AS AT 30 JUNE 2008 $'000
ASSETS					
Current assets					
Cash and cash equivalents	12	953	507	400	453
Trade and other receivables	13	4,316	4,169	31,272	10,761
Inventories	14	1,716	2,483	510	985
Total current assets		**6,985**	**7,159**	**32,182**	**12,199**
Non-current assets					
Property, plant and equipment	17	16,571	15,227	11,739	9,805
Investment in subsidiaries		-	-	8,377	8,377
Intangible assets	18	29,791	29,254	6,399	5,494
Deferred tax asset	16	3,519	3,223	458	305
Total non-current assets		**49,881**	**47,704**	**26,973**	**23,981**
Total assets		**56,866**	**54,863**	**59,155**	**36,180**
LIABILITIES					
Current liabilities					
Interest-bearing liabilities	20	25,804	18,323	23,472	5,000
Trade and other payables	19	3,804	4,365	2,192	2,713
Current tax payables	15	351	349	351	349
Deferred income		3,104	3,722	464	562
Total current liabilities		**33,063**	**26,759**	**26,479**	**8,624**
Non-current liabilities					
Interest-bearing liabilities	20	309	6,574	228	-
Deferred income		777	1,376	-	-
Deferred tax liabilities	16	658	643	540	451
Total non-current liabilities		**1,744**	**8,593**	**768**	**451**
Total liabilities		**34,807**	**35,352**	**27,247**	**9,075**
Net assets		**22,059**	**19,511**	**31,908**	**27,105**
EQUITY					
Share capital	21	21,136	17,584	21,136	17,584
Retained earnings		1,535	2,584	10,772	9,521
Reserves		(612)	(657)	-	-
Total equity		**22,059**	**19,511**	**31,908**	**27,105**

For and on behalf of the board:

Sir Don McKinnon
Chairman

Ian Malcolm
Director

3 September 2009

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 2009

	NOTE	SHARE CAPITAL $'000	FOREIGN CURRENCY TRANSLATION RESERVE $'000	RETAINED EARNINGS $'000	TOTAL EQUITY $'000
GROUP					
Balance at 1 July 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	-	-	(2,678)	(2,678)
Supplementary dividend paid	22	-	-	(40)	(40)
Foreign investor tax credits	22	-	-	37	37
Balance at 30 June 2008		**17,584**	**(657)**	**2,584**	**19,511**
Profit after tax		-	-	1,804	1,804
Foreign currency translation reserve		-	45	-	45
Total recognised income and expense for the year		**-**	**45**	**1,804**	**1,849**
Issue of options	21	1	-	-	1
Issue of ordinary shares	21	3,551	-	-	3,551
Dividend paid	22	-	-	(2,851)	(2,851)
Supplementary dividend paid	22	-	-	(39)	(39)
Foreign investor tax credits	22	-	-	37	37
Balance at 30 June 2009		**21,136**	**(612)**	**1,535**	**22,059**
PARENT					
Balance at 1 July 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	-	-	(2,678)	(2,678)
Supplementary dividend paid	22	-	-	(40)	(40)
Foreign investor tax credits	22	-	-	37	37
Balance at 30 June 2008		**17,584**	**-**	**9,521**	**27,105**
Profit after tax		-	-	4,104	4,104
Total recognised income and expense for the year		**-**	**-**	**4,104**	**4,104**
Issue of options	21	1	-	-	1
Issue of ordinary shares	21	3,551	-	-	3,551
Dividend paid	22	-	-	(2,851)	(2,851)
Supplementary dividend paid	22	-	-	(39)	(39)
Foreign investor tax credits	22	-	-	37	37
Balance at 30 June 2009		**21,136**	**-**	**10,772**	**31,908**

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 2009

	NOTE	GROUP YEAR ENDED 30 JUNE 2009 $'000	GROUP YEAR ENDED 30 JUNE 2008 $'000	PARENT YEAR ENDED 30 JUNE 2009 $'000	PARENT YEAR ENDED 30 JUNE 2008 $'000
Cash flows from operating activities					
Receipts from customers		35,275	29,814	24,235	16,427
Interest received		6	59	5	127
Payments to suppliers and employees		(27,587)	(28,028)	(15,038)	(11,169)
Interest paid		(531)	(729)	(437)	(653)
Income tax paid		(1,305)	(1,597)	(1,305)	(1,101)
Net cash generated from/(used in) operating activities	28	**5,858**	**(481)**	**7,460**	**3,631**
Cash flows from investing activities					
Acquisition of subsidiary, net of cash acquired		-	(170)	-	(170)
Amalgamation of subsidiary, inclusive of cash acquired	25	-	-	-	80
Purchases of property, plant and equipment		(6,580)	(6,700)	(4,909)	(3,708)
Proceeds from sale of property, plant and equipment		404	1,730	144	1,588
Purchases of intangible assets		(1,291)	(25)	(1,291)	(25)
Loan repayments received from related parties		-	-	-	11,405
Loans to related parties		-	-	(20,750)	-
Net cash (used in)/generated from investing activities		**(7,467)**	**(5,165)**	**(26,806)**	**9,170**
Cash flows from financing activities					
Proceeds from issuance of ordinary shares		1,381	-	1,381	-
Proceeds from borrowings		18,647	18,145	18,699	-
Repayment of borrowings		(16,904)	(11,373)	-	(11,373)
Dividends paid to Company's shareholders	22	(787)	(972)	(787)	(972)
Net cash generated from/(used in) financing activities		**2,337**	**5,800**	**19,293**	**(12,345)**
Net increase/(decrease) in cash, cash equivalents and bank overdrafts		**728**	**154**	**(53)**	**456**
Cash and cash equivalents at the beginning of the financial year		355	317	453	(3)
Exchange losses on cash and bank overdrafts		(130)	(116)	-	-
Cash and cash equivalents at the end of year	12	**953**	**355**	**400**	**453**

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 financial statements have been approved for issue by the board of directors on 3 September 2009.

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 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.

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 2009 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 Group'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 Group. 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 Group 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 Group 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 Group 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 Group 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 Group 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 (2008: nil).

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 Group'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 proceeds, 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 Group's shareholders after certain adjustments. The Group 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 Basic earnings per share

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

3.2 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

There are a number of new standards, amendments and interpretations to existing standards which are mandatory to accounting periods beginning on or after 1 January 2009 however many of these will not be applicable to the Group. The new standards, amendments and interpretations to existing standards which may be applicable to the Group and have been published and are mandatory to the Group's accounting periods beginning on or after 1 January 2009 or later periods but which the Group has not early adopted, are 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. These may result in some minor disclosure changes.

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.

6.4 Amendments to IAS 27: Consolidated and separate financial statements (mandatory for reporting periods beginning on or after 1 July 2009)

The revised standard requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in profit or loss. The Group will apply IAS 27 (Revised) prospectively to transactions with non-controlling interests from 1 July 2009.

6.5 Amendments to NZ IFRS 2: Share-based payments (mandatory for reporting periods beginning on or after 1 January 2009)

The amended standard deals with vesting conditions and cancellations. It clarifies that vesting conditions are service conditions and performance conditions only. Other features of a share-based payment are not vesting conditions. These features would need to be included in the grant date fair value for transactions with employees and others providing similar services; they would not impact the number of awards expected to vest or valuation thereof subsequent to grant date. All cancellations, whether by the entity or by other parties, should receive the same accounting treatment. The Group will apply IFRS 2 (Amendment) from 1 January 2009. It is not expected to have a material impact on the Group's financial statements.

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 2009 $'000	AUSTRALIA 2009 $'000	ELIMINATIONS 2009 $'000	GROUP TOTAL 2009 $'000
Rental income	8	14,590	7,142	-	21,732
Sales and service income	8	9,505	4,600	(386)	13,719
Other operating income	9	872	1,143	(866)	1,149
Income		**24,967**	**12,885**	**(1,252)**	**36,600**
Earnings before interest, tax, depreciation and amortisation	10	**7,838**	**2,146**	**(866)**	**9,118**
Depreciation	17	(2,810)	(1,358)	-	(4,168)
Amortisation	18	(135)	(225)	-	(360)
Earnings before interest and tax		**4,893**	**563**	**(866)**	**4,590**
Interest expense	10	(437)	(2,625)	866	(2,196)
Profit/(loss) before income tax		**4,456**	**(2,062)**	**-**	**2,394**
Income tax expense	11	(1,241)	651	-	(590)
Profit/(loss) attributable to shareholders of the company		**3,215**	**(1,411)**	**-**	**1,804**
Total tangible assets		52,167	10,517	(35,608)	27,075
Total assets		58,565	33,909	(35,608)	56,866
Total liabilities		26,906	7,901	-	34,807
Total cost to acquire assets to be used for more than one period		1,394	73	-	1,467

7 SEGMENT INFORMATION CONTINUED

	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	(1,816)	(1,011)	-	(2,827)
Amortisation	18	(93)	(269)	-	(362)
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

8 REVENUE

	GROUP YEAR ENDED 30 JUNE 2009 $'000	GROUP YEAR ENDED 30 JUNE 2008 $'000	PARENT YEAR ENDED 30 JUNE 2009 $'000	PARENT YEAR ENDED 30 JUNE 2008 $'000
Rental income	21,732	21,631	14,590	13,301
Sales income	10,147	9,011	7,863	4,828
Service income	3,572	2,908	1,641	1,406
Total income	35,451	33,550	24,094	19,535

9 OTHER OPERATING INCOME

	GROUP YEAR ENDED 30 JUNE 2009 $'000	GROUP YEAR ENDED 30 JUNE 2008 $'000	PARENT YEAR ENDED 30 JUNE 2009 $'000	PARENT YEAR ENDED 30 JUNE 2008 $'000
Net gain on disposal of property, plant and equipment	-	175	-	175
Foreign exchange gains (net)	1,143	127	-	42
Interest income	6	59	716	825
Total	1,149	361	716	1,042

10 EXPENSES

	GROUP YEAR ENDED 30 JUNE 2009 $'000	GROUP YEAR ENDED 30 JUNE 2008 $'000	PARENT YEAR ENDED 30 JUNE 2009 $'000	PARENT YEAR ENDED 30 JUNE 2008 $'000
Directors' fees	130	124	130	124
Donations	42	35	42	35
Interest and finance charges paid/payable	2,196	2,063	437	653
Net loss on disposal of property, plant and equipment	812	382	272	166
Minimum lease payments in respect to operating leases	1,195	931	611	406
Auditors' fees				
Audit services provided by principal auditors				
Statutory audit	191	127	86	87
Half-year review	11	16	-	-
Employee costs				
Wages and salaries	13,862	14,142	7,744	6,494
Share options granted to directors and employees	1	-	1	-
Total employee costs	13,863	14,142	7,745	6,494

11 INCOME TAX EXPENSE

	GROUP YEAR ENDED 30 JUNE 2009 $'000	GROUP YEAR ENDED 30 JUNE 2008 $'000	PARENT YEAR ENDED 30 JUNE 2009 $'000	PARENT YEAR ENDED 30 JUNE 2008 $'000
Current tax	871	2,025	1,305	1,501
Deferred tax (note 16)	(281)	(1,598)	(64)	(173)
Income tax expense	**590**	**427**	**1,241**	**1,328**

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:

Income tax expense is attributable to:				
Profit before income tax expense	2,394	1,022	5,345	4,808
Tax calculated at domestic tax rates applicable to profits in the respective countries	718	452	1,604	1,587
Tax effect of amounts which are not deductible/ (taxable) in calculating taxable income:				
Tax losses from Group company	-	-	(266)	(237)
Expenses not deductible for tax purposes	23	(35)	14	(47)
Prior period adjustments	(151)	(12)	(111)	(2)
Corporate tax rate change	-	22	-	27
Income tax expense	**590**	**427**	**1,241**	**1,328**

The Group also has unrecognised tax effected losses in Australia of $756,797 as at 30 June 2009 (2008: $443,708).

Imputation credit account				
Balance at beginning of year	1,988	2,391	1,988	1,247
Amalgamation adjustment	-	-	-	1,354
Income tax paid	1,316	916	1,316	701
Refunds received	(3)	(20)	(3)	(16)
Other	(43)	20	(43)	21
Imputation credits attached to dividends paid	(1,404)	(1,319)	(1,404)	(1,319)
Balance at end of year	**1,854**	**1,988**	**1,854**	**1,988**
Imputation credit available to shareholders of the parent company				
Through the parent	1,854	1,988	1,854	1,988
Through subsidiaries	-	-	-	-

12 CASH AND CASH EQUIVALENTS

	GROUP AS AT 30 JUNE 2009 $'000	GROUP AS AT 30 JUNE 2008 $'000	PARENT AS AT 30 JUNE 2009 $'000	PARENT AS AT 30 JUNE 2008 $'000
Cash at bank and in hand	4	4	1	1
Short-term bank deposits	949	503	399	452
Total cash and cash equivalents	**953**	**507**	**400**	**453**
Cash and bank overdrafts include the following for the purposes of the cash flow statement:				
Cash and cash equivalents	953	507	400	453
Bank overdrafts (see note 20)	-	(152)	-	-
Total cash and bank overdraft	**953**	**355**	**400**	**453**

13 TRADE AND OTHER RECEIVABLES

	GROUP AS AT 30 JUNE 2009 $'000	GROUP AS AT 30 JUNE 2008 $'000	PARENT AS AT 30 JUNE 2009 $'000	PARENT AS AT 30 JUNE 2008 $'000
Trade receivables	5,068	4,211	3,616	2,489
Provision for doubtful receivables	(968)	(547)	(793)	(448)
Net trade receivables	**4,100**	**3,664**	**2,823**	**2,041**
Related-party receivables (note 24)	-	-	28,268	8,229
Prepayments	216	505	181	491
Trade and other receivables	**4,316**	**4,169**	**31,272**	**10,761**

Bad and doubtful trade receivables

The Group has recognised a loss of $463,302 (2008: $130,428) in respect of bad and doubtful trade receivables during the year ended 30 June 2009. The Parent has recognised a loss of $373,078 (2008: $117,372) in respect of bad and doubtful trade receivables during the year ended 30 June 2009. 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 2009	923	921	1,056	2,900
30 June 2008	813	492	678	1,983
PARENT				
30 June 2009	544	774	779	2,097
30 June 2008	517	297	482	1,296

As at 30 June 2009 Group trade receivables of $968,000 (2008: $547,000) were past due and considered impaired and Group trade receivables of $1,129,000 (2008: $1,436,000) were past due but not considered impaired.

As at 30 June 2009 Parent trade receivables of $793,000 (2008: $448,000) were past due and considered impaired and Parent trade receivables of $1,304,000 (2008: $884,000) were past due but not considered impaired.

13 TRADE AND OTHER RECEIVABLES CONTINUED

	GROUP AS AT 30 JUNE 2009 $'000	GROUP AS AT 30 JUNE 2008 $'000	PARENT AS AT 30 JUNE 2009 $'000	PARENT AS AT 30 JUNE 2008 $'000
Movement in the provision for doubtful trade receivables are as follows:				
Balance at the beginning of the year	547	137	448	37
Additional provision recognised	884	540	718	528
Receivables written off during the year as uncollectable	(463)	(130)	(373)	(117)
Balance at end of the year	**968**	**547**	**793**	**448**

14 INVENTORIES

	GROUP AS AT 30 JUNE 2009 $'000	GROUP AS AT 30 JUNE 2008 $'000	PARENT AS AT 30 JUNE 2009 $'000	PARENT AS AT 30 JUNE 2008 $'000
Finished goods	780	1,234	245	532
Consumables	936	1,249	265	453
Total inventories	**1,716**	**2,483**	**510**	**985**

Inventory expense

Write-downs of inventories to net realisable value recognised as an expense during the year ended 30 June 2009 amounted to $218,473 (2008: $600,130). 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 2009 $'000	GROUP AS AT 30 JUNE 2008 $'000	PARENT AS AT 30 JUNE 2009 $'000	PARENT AS AT 30 JUNE 2008 $'000
Tax receivable/(payable)	(351)	(349)	(351)	(349)

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 2009 $'000	GROUP AS AT 30 JUNE 2008 $'000	PARENT AS AT 30 JUNE 2009 $'000	PARENT AS AT 30 JUNE 2008 $'000
Deferred tax asset/(liability)				
Beginning of the year	2,580	982	(146)	(175)
Acquisition/amalgamation of subsidiary	-	-	-	(144)
Income statement charge (note 11)	302	1,548	64	173
Exchange differences	(21)	50	-	-
End of the year	2,861	2,580	(82)	(146)

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 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
Charged/(credited) to the income statement	40	177	101	318
Exchange differences	(22)	-	-	(22)
At 30 June 2009	2,631	571	317	3,519

	CUSTOMER CONTRACTS $'000	ACCELERATED DEPRECIATION $'000	OTHER $'000	TOTAL $'000
Deferred tax liabilities:				
GROUP				
At 1 July 2007	(269)	(440)	-	(709)
Charged/(credited) to the income statement	71	(5)	-	66
At 30 June 2008	(198)	(445)	-	(643)
Charged/(credited) to the income statement	67	(82)	-	(15)
At 30 June 2009	(131)	(527)	-	(658)

16 DEFERRED TAX CONTINUED

	TAX LOSSES RECOGNISED $'000	ACCRUALS $'000	OTHER $'000	TOTAL $'000
Deferred tax assets:				
PARENT				
At 1 July 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
Charged/(credited) to the income statement	-	71	82	153
At 30 June 2009	-	212	246	458

	CUSTOMER CONTRACTS $'000	ACCELERATED DEPRECIATION $'000	OTHER $'000	TOTAL $'000
Deferred tax liabilities:				
PARENT				
At 1 July 2007	-	(229)	(21)	(250)
Acquisition of subsidiary	-	(191)	(5)	(196)
Charged/(credited) to the income statement	-	(31)	26	(5)
At 30 June 2008	-	(451)	-	(451)
Charged/(credited) to the income statement	-	(89)	-	(89)
At 30 June 2009	-	(540)	-	(540)

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 2007								
Cost or valuation	1,285	665	12,291	1,066	1,347	1,404	190	18,248
Accumulated depreciation and impairment	(39)	(177)	(3,417)	(446)	(773)	(455)	(71)	(5,378)
Net book amount	**1,246**	**488**	**8,874**	**620**	**574**	**949**	**119**	**12,870**
Year ended 30 June 2008								
Opening net book amount	1,246	488	8,874	620	574	949	119	12,870
Foreign currency movement in opening balance	-	21	357	40	40	13	6	477
Additions[1]	-	393	5,366	301	177	141	96	6,474
Acquisition of business (refer note 26)	-	-	170	-	-	-	-	170
Disposals[1]	(1,285)	(160)	(441)	(13)	(1)	(26)	(11)	(1,937)
Depreciation charge	39	(84)	(2,221)	(198)	(211)	(129)	(23)	(2,827)
Closing net book amount	**-**	**658**	**12,105**	**750**	**579**	**948**	**187**	**15,227**
As at 30 June 2008								
Cost or valuation	-	830	18,200	1,359	1,652	1,676	292	24,009
Accumulated depreciation and impairment	-	(172)	(6,095)	(609)	(1,073)	(728)	(105)	(8,782)
Net book amount	**-**	**658**	**12,105**	**750**	**579**	**948**	**187**	**15,227**
Year ended 30 June 2009								
Opening net book amount	-	658	12,105	750	579	948	187	15,227
Foreign currency movement in opening balance	-	(4)	(105)	(9)	(12)	(3)	(1)	(134)
Additions[1]	-	131	5,241	465	210	663	27	6,737
Disposals[1]	-	-	(1,007)	(23)	(28)	(30)	(3)	(1,091)
Depreciation charge	-	(101)	(3,055)	(292)	(328)	(355)	(37)	(4,168)
Closing net book amount	**-**	**684**	**13,179**	**891**	**421**	**1,223**	**173**	**16,571**
As at 30 June 2009								
Cost or valuation	-	956	21,256	1,615	1,220	2,516	278	27,841
Accumulated depreciation and impairment	-	(272)	(8,077)	(724)	(799)	(1,293)	(105)	(11,270)
Net book amount	**-**	**684**	**13,179**	**891**	**421**	**1,223**	**173**	**16,571**

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 2007								
Cost or valuation	1,285	283	5,786	258	449	109	76	8,246
Accumulated depreciation and impairment	(39)	(101)	(1,576)	(183)	(359)	(102)	(39)	(2,399)
Net book amount	**1,246**	**182**	**4,210**	**75**	**90**	**7**	**37**	**5,847**
Year ended 30 June 2008								
Opening net book amount	1,246	182	4,210	75	90	7	37	5,847
Additions[1]	-	189	2,858	160	67	130	78	3,482
Acquisition of business (refer note 25)	-	-	170	-	-	-	-	170
Amalgamation adjustment	-	318	1,884	286	141	790	36	3,455
Disposals[1]	(1,285)	(160)	(116)	(6)	(1)	-	(11)	(1,579)
Depreciation charge	39	(39)	(1,293)	(105)	(90)	(71)	(11)	(1,570)
Closing net book amount	**-**	**490**	**7,713**	**410**	**207**	**856**	**129**	**9,805**
As at 30 June 2008								
Cost or valuation	-	599	11,954	894	990	1,366	184	15,987
Accumulated depreciation and impairment	-	(109)	(4,241)	(484)	(783)	(510)	(55)	(6,182)
Net book amount	**-**	**490**	**7,713**	**410**	**207**	**856**	**129**	**9,805**
Year ended 30 June 2009								
Opening net book amount	-	490	7,713	410	207	856	129	9,805
Additions[1]	-	131	3,751	465	112	663	25	5,147
Disposals[1]	-	-	(357)	(22)	-	(24)	-	(403)
Depreciation charge	-	(55)	(2,033)	(191)	(181)	(327)	(23)	(2,810)
Closing net book amount	**-**	**566**	**9,074**	**662**	**138**	**1,168**	**131**	**11,739**
As at 30 June 2009								
Cost or valuation	-	729	14,818	1,163	644	2,358	209	19,921
Accumulated depreciation and impairment	-	(163)	(5,744)	(501)	(506)	(1,190)	(78)	(8,182)
Net book amount	**-**	**566**	**9,074**	**662**	**138**	**1,168**	**131**	**11,739**

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 2007					
Cost or valuation	687	27,066	169	1,606	29,528
Accumulated amortisation and impairment	(585)	-	(34)	(538)	(1,157)
Net book amount	**102**	**27,066**	**135**	**1,068**	**28,371**
Year ended 30 June 2008					
Opening net book amount	102	27,066	135	1,068	28,371
Foreign currency movement in opening balance	-	996	6	(8)	994
Additions	242	-	9	-	251
Amortisation charge	(87)	-	(29)	(246)	(362)
Closing net book amount	**257**	**28,062**	**121**	**814**	**29,254**
As at 30 June 2008					
Cost or valuation	928	28,062	184	1,603	30,777
Accumulated amortisation and impairment	(671)	-	(63)	(789)	(1,523)
Net book amount	**257**	**28,062**	**121**	**814**	**29,254**
Year ended 30 June 2009					
Opening net book amount	257	28,062	121	814	29,254
Adjustments to opening balances	-	-	-	-	-
Foreign currency movement in opening balance	-	(133)	-	(10)	(143)
Additions	1,134	-	1	-	1,135
Disposals	(82)	-	(13)	-	(95)
Amortisation charge	(128)	-	(32)	(200)	(360)
Closing net book amount	**1,181**	**27,929**	**77**	**604**	**29,791**
As at 30 June 2009					
Cost or valuation	1,573	27,929	180	1,593	31,275
Accumulated amortisation and impairment	(392)	-	(103)	(989)	(1,484)
Net book amount	**1,181**	**27,929**	**77**	**604**	**29,791**

18 INTANGIBLE ASSETS CONTINUED

	SOFTWARE $'000	GOODWILL $'000	PATENTS AND TRADEMARKS $'000	CUSTOMER CONTRACTS $'000	TOTAL $'000
PARENT					
As at 1 July 2007					
Cost or valuation	652	-	53	-	705
Accumulated amortisation and impairment	(551)	-	-	-	(551)
Net book amount	**101**	**-**	**53**	**-**	**154**
Year ended 30 June 2008					
Opening net book amount	101	-	53	-	154
Additions	242	-	9	-	251
Amalgamation Adjustment	-	5,171	11	-	5,182
Amortisation charge	(87)	-	(6)	-	(93)
Closing net book amount	**256**	**5,171**	**67**	**-**	**5,494**
As at 30 June 2008					
Cost or valuation	894	5,171	73	-	6,138
Accumulated amortisation and impairment	(638)	-	(6)	-	(644)
Net book amount	**256**	**5,171**	**67**	**-**	**5,494**
Year ended 30 June 2009					
Opening net book amount	256	5,171	67	-	5,494
Additions	1,134	-	1	-	1,135
Disposals	(82)	-	(13)	-	(95)
Amortisation charge	(128)	-	(7)	-	(135)
Closing net book amount	**1,180**	**5,171**	**48**	**-**	**6,399**
As at 30 June 2009					
Cost or valuation	1,572	5,171	73	-	6,816
Accumulated amortisation and impairment	(392)	-	(25)	-	(417)
Net book amount	**1,180**	**5,171**	**48**	**-**	**6,399**

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 2009 $'000	GROUP AS AT 30 JUNE 2008 $'000	PARENT AS AT 30 JUNE 2009 $'000	PARENT AS AT 30 JUNE 2008 $'000
New Zealand	5,171	5,171	5,171	5,171
Australia	22,758	22,891	-	-
Total goodwill	**27,929**	**28,062**	**5,171**	**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 average growth rate of 3 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 10.94 percent. The value-in-use calculation supports the carrying amount of the recorded goodwill at year end.

The directors do not expect that a reasonably possible change in key assumptions would result in value-in-use falling below carrying value.

19 TRADE AND OTHER PAYABLES

	GROUP AS AT 30 JUNE 2009 $'000	GROUP AS AT 30 JUNE 2008 $'000	PARENT AS AT 30 JUNE 2009 $'000	PARENT AS AT 30 JUNE 2008 $'000
Trade payables	1,688	1,967	950	1,476
Related-party payables (note 24)	-	250	-	-
Accrued expenses	2,116	2,148	1,242	1,237
Total trade and other payables	3,804	4,365	2,192	2,713

20 INTEREST-BEARING LIABILITIES

	GROUP AS AT 30 JUNE 2009 $'000	GROUP AS AT 30 JUNE 2008 $'000	PARENT AS AT 30 JUNE 2009 $'000	PARENT AS AT 30 JUNE 2008 $'000
Non-current				
Commercial bills	-	6,388	-	-
Other loans	309	186	228	-
Total non-current interest-bearing liabilities	309	6,574	228	-
Current				
Bank overdraft	-	152	-	-
Commercial bills	25,603	18,118	23,373	5,000
Other loans	201	53	99	-
Total current interest-bearing liabilities	25,804	18,323	23,472	5,000

The Group will renegotiate its bank facilities in the 2010 financial year to re-finance its maturing borrowings. It expects to fix these facilities for varying periods at commercial interest rates.

The Group is subject to a number of debt covenants under its banking agreements. These covenants include a requirement to maintain a minimum ratio of earnings before interest and tax compared to net interest expense.

At 30 June 2009, the Group's earnings were some $200,000 below the level required to meet this ratio requirement. Accordingly the Group had technically breached this covenant.

Subsequent to balance date on 24 August 2009, the Group's bank confirmed that it would not take any action with regard to this breach, however it reserved the right to take appropriate action at a later date should non-compliance continue.

Accordingly, in compliance with accounting rules, all amounts owing to the Group's bank have been classified as current liabilities in the balance sheet.

Having regard to the Group's trading performance and cash flows, the directors are confident that the Group will comply with its banking covenants in 2010 and therefore all of the Group's banking facilities will not need to be repaid in the next financial year despite its classification as a current debt in the balance sheet.

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 $'000	6-12 MONTHS $'000	OVER 1 YEAR $'000	TOTAL $'000
Group				
At 30 June 2009				
Commercial bills	25,603	-	-	25,603
Other loans	79	122	309	510
At 30 June 2008				
Bank overdraft	152	-	-	152
Commercial bills	15,563	2,555	6,388	24,506
Other loans	28	25	186	239
Parent				
At 30 June 2009				
Commercial bills	23,373	-	-	23,373
Other loans	49	50	228	327
At 30 June 2008				
Commercial bills	5,000	-	-	5,000

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

	GROUP AS AT 30 JUNE 2009	GROUP AS AT 30 JUNE 2008	PARENT AS AT 30 JUNE 2009	PARENT AS AT 30 JUNE 2008
Bank overdraft	-	11.39% - 14.53%	-	-
Commercial bills	4.90% - 10.10%	8.54% - 10.35%	4.90% - 10.10%	10.10% - 10.35%
Other loans	4.06% - 15.34%	4.06% - 15.34%	-	-

21 SHARE CAPITAL

	PARENT AND GROUP 30 JUNE 2009 SHARES	PARENT AND GROUP 30 JUNE 2008 SHARES	PARENT AND GROUP 30 JUNE 2009 $'000	PARENT AND GROUP 30 JUNE 2008 $'000
Ordinary shares, issued and fully-paid	85,443,016	76,902,733	21,136	17,584

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 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**
Shares issued		
- Shares issued under Private Placement	2,857,143	1,186
- Shares issued under Dividend Reinvestment Plan	4,815,583	2,066
- Shares issued under Share Purchase Plan	607,557	195
- Share issued in lieu of directors' fees	260,000	104
Fair value of options issued to directors and employees	-	1
Ordinary shares on issue as at 30 June 2009	**85,443,016**	**21,136**

The Group issued 1,666,667 and 1,190,476 shares on 10 October 2008 and 20 November 2008 respectively to various shareholders of JWI under a private placement. The fair value of the shares issued, after deducting related costs, amounted to $1.186m.

The Group issued 2,420,807 and 2,394,776 shares on 10 October 2008 and 9 April 2009 respectively to various shareholders of JWI under the Dividend Reinvestment Plan. The fair value of the shares issued amounted to $2.066m.

The Group issued 607,557 shares on 12 December 2008 to various shareholders of JWI under the Share Purchase Plan. The fair value of the shares issued, after deducting related costs, amounted to $195,000.

The Group issued 260,000 shares in December 2008 to the directors of Just Water International Limited in lieu of directors' fees for the year, to the value of $104,000.

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 percent 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 2009		Parent and Group 2008	
	Average exercise price in $ per share	Options (thousands)	Average exercise price in $ per share	Options (thousands)
Outstanding at 1 July	-	-	1.10	1,000
Granted	0.72	440	-	-
Lapsed	0.72	(50)	1.10	(1,000)
Outstanding at 30 June	**0.72**	**390**	**-**	**-**

All options are exercisable on grant date. No options were exercised during the year ended 30 June 2009 (2008: nil).

Share options outstanding (in thousands) at the end of the year have the following expiry date and exercise prices:

		Options (thousands)	
Expiry date	Exercise price	2009	2008
30/11/2011	0.72	390	-

Fair value of share options granted

The assessed fair value at grant date of options granted during the year ended 30 June 2009 was 0.72 cents per option (2008: nil). The fair value at grant date is independently determined using a Black-Scholes option pricing model.

The significant inputs into the model were share price of $0.45 (2008: nil) at the grant date, exercise price shown above, standard deviation of expected share price returns of 30 percent (2008: nil), dividend yield of 13 percent (2008: nil), option life disclosed above, and annual risk-free interest-rate of six percent (2008: nil). The volatility measured at the standard deviation of expected share price returns is based on statistical analysis of daily share prices over the last three years.

Expenses arising from share-based payment transactions recognised during the period as part of employee benefit expenses were as below:

	GROUP YEAR ENDED 30 JUNE 2009 $'000	GROUP YEAR ENDED 30 JUNE 2008 $'000	PARENT YEAR ENDED 30 JUNE 2009 $'000	PARENT YEAR ENDED 30 JUNE 2008 $'000
Options issued to directors and employees	1	-	1	-
Shares issued in lieu of directors fees	104	113	104	113
Total share-based expenses	**105**	**113**	**105**	**113**

22 DIVIDENDS

	GROUP YEAR ENDED 30 JUNE 2009 $'000	GROUP YEAR ENDED 30 JUNE 2008 $'000	PARENT YEAR ENDED 30 JUNE 2009 $'000	PARENT YEAR ENDED 30 JUNE 2008 $'000
Ordinary shares				
Final dividend for the year ended 30 June 2008 of 1.98 cents (2007: 1.98 cents) per fully-paid share paid on 10 October 2008 (2007: 5 October 2007)	1,523	1,468	1,523	1,468
Final supplementary dividend for the year ended 30 June 2008	22	22	22	22
Foreign investor tax credits on supplementary dividend paid for the year ended 30 June 2008	(21)	(20)	(21)	(20)
Interim dividend for the year ended 30 June 2009 of 1.60 cents (2008: 1.60 cents) per fully-paid share paid on 9 April 2009 (2008: 18 April 2008)	1,329	1,210	1,329	1,210
Interim supplementary dividend for the year ended 30 June 2009	17	18	17	18
Foreign investor tax credits on supplementary dividend paid for the year ended 30 June 2009	(17)	(17)	(17)	(17)
Total dividend	**2,853**	**2,681**	**2,853**	**2,681**
Reconciliation to statement of cash flows				
Cash paid	787	972	787	972
Shares issued under the DRP	2,066	1,709	2,066	1,709
Total dividend	**2,853**	**2,681**	**2,853**	**2,681**

Imputed dividends

The dividends are fully imputed. Supplementary dividends of $38,819 (2008: $40,154) 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 $1,691,772. The dividend will be paid on 16 October 2009 to all shareholders on the Company's register at the close of business on 29 September 2009.

23 COMMITMENTS

Capital commitments

The Group and the Parent company have no capital commitments as at 30 June 2009 (2008: 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 and renewal rights and escalation clauses based on the CPI index. On renewal, the terms of the leases are renegotiated.

A summary of the terms of the major lease agreements in place for the Group are as follows:

	INITIAL LEASE TERM	RIGHTS OF RENEWAL
Auckland offices/warehouse	Five years	Two of three years each
Hamilton offices/warehouse	Six years	Two of three years each
Brisbane offices/warehouse	Three years	One of three years
Melbourne offices/warehouse	Five years	One of three years
Sydney offices/warehouse	Five years	One of five years

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 2009 $'000	GROUP AS AT 30 JUNE 2008 $'000	PARENT AS AT 30 JUNE 2009 $'000	PARENT AS AT 30 JUNE 2008 $'000
Within one year	703	440	192	222
Later than one year but not later than five years	857	637	123	284
Later than five years	-	-	-	-
Commitments not recognised in the financial statements	1,560	1,077	315	506

24 RELATED PARTIES

The Group and Parent has related-party transactions with its subsidiaries (refer note 27) 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 nil (2008: $128,889) and $710,739 (2008: $647,902) from Aqua-Cool and JWA Holdings Limited respectively. Also during the year JWA Holdings Limited received interest of $866,449 (2008: $697,845) from Just Water Limited Partnership.

During the year Just Water Australia Pty Limited received management fees of $135,084 (2008: nil) from Just Water Limited Partnership. Just Water Australia Pty Limited is wholly-owned subsidiary of the Parent. The partners of Just Water Limited Partnership are Just Water Australia Pty Limited and JWA Holdings Limited, which is also a wholly-owned subsidiary of the Parent.

24 RELATED PARTIES CONTINUED

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 $218,130 (2008: $153,675). Ian Malcolm is also a director and shareholder of the Parent.

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 $5,543 (2008: $20,765). Ian Malcolm is also a director and shareholder of the Parent.

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 $46,051 (2008:$41,380). Phil Dash is also a director and indirect shareholder of the Parent.

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

	GROUP 30 JUNE 2009 $'000	GROUP 30 JUNE 2008 $'000	PARENT 30 JUNE 2009 $'000	PARENT 30 JUNE 2008 $'000
Trade receivables				
Clearwater Filter Systems (Aust) Pty Limited	-	-	1,688	944
Just Water Limited Partnership	-	-	155	158
Just Water Australia Pty Limited	-	-	188	-
JWA Holdings Limited	-	-	26,237	7,127
Total trade receivables	**-**	**-**	**28,268**	**8,229**
Trade payables				
Texel Holdings Limited	-	250	-	-

Key management compensation is as follows:

	GROUP 30 JUNE 2009 $'000	GROUP 30 JUNE 2008 $'000	PARENT 30 JUNE 2009 $'000	PARENT 30 JUNE 2008 $'000
Short-term benefits	1,209	1,248	508	597
Share-based payments	105	113	105	113
Total key management compensation	**1,314**	**1,361**	**613**	**710**

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:

Assets and liabilities amalgamated:	PARENT 2008 $'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 investment in amalgamated subsidiary	(1,802)
Balance recognised in statement of changes in equity	**3,461**

The assets and liabilities have been brought into the Parent's financial statements at their carrying value.

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.

(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:

	PARENT 2008 $'000
Purchase consideration:	
- Cash paid	170
Total purchase consideration	**170**

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

	FAIR VALUE 2008 $'000	ACQUIREE'S CARRYING AMOUNT 2008 $'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**

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 and cash flow interest rate 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.

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 2009					
Financial assets					
Cash and cash equivalents	953	52	-	(52)	-
Trade and other receivables	4,316	149	-	(149)	-
Financial liabilities					
Trade and other payables	3,804	(161)	-	161	-
Interest-bearing liabilities	26,113	(241)	-	241	-
Total increase/(decrease)		(201)	-	201	-
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	-

26 FINANCIAL RISK MANAGEMENT CONTINUED

	CARRYING AMOUNT $'000	- 10 % PROFIT $'000	EQUITY $'000	+ 10 % PROFIT $'000	EQUITY $'000
PARENT					
As at 30 June 2009					
Financial assets					
Cash and cash equivalents	400	-	-	-	-
Trade and other receivables	31,272	184	-	(184)	-
Financial liabilities					
Trade and other payables	2,192	-	-	-	-
Interest-bearing liabilities	23,700	-	-	-	-
Total increase/(decrease)		184	-	(184)	-
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)	-

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	437	516	953
Trade and other receivables	2,830	1,486	4,316
Trade and other payables	2,193	1,611	3,804
Interest-bearing liabilities	23,700	2,413	26,113
PARENT			
Cash and cash equivalents	400	-	400
Trade and other receivables	29,429	1,843	31,272
Trade and other payables	2,192	-	2,192
Interest-bearing liabilities	23,700	-	23,700

26 FINANCIAL RISK MANAGEMENT CONTINUED

(ii) 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 2009 was to maintain approximately 33 percent of its borrowings at fixed rate using interest rate swaps to achieve this when necessary. As at 30 June 2009 the Group did not have any interest rate swaps (2008: nil). During 2009 and 2008, the Group's borrowings at variable rate were denominated in New Zealand Dollars and Australian Dollars.

	CARRYING AMOUNT $'000	- 1 % PROFIT $'000	EQUITY $'000	+ 1 % PROFIT $'000	EQUITY $'000
GROUP					
As at 30 June 2009					
Financial assets					
Cash and cash equivalents	953	-	-	-	-
Trade and other receivables	4,316	-	-	-	-
Financial liabilities					
Trade and other payables	3,804	-	-	-	-
Interest-bearing liabilities	26,113	22	-	(22)	-
Total increase/(decrease)		**22**	**-**	**(22)**	**-**
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)**	**-**

	CARRYING AMOUNT $'000	- 1 % PROFIT $'000	EQUITY $'000	+ 1 % PROFIT $'000	EQUITY $'000
PARENT					
As at 30 June 2009					
Financial assets					
Cash and cash equivalents	400	(7)	-	7	-
Trade and other receivables	31,272	-	-	-	-
Financial liabilities					
Trade and other payables	2,192	-	-	-	-
Interest-bearing liabilities	23,700	4	-	(4)	-
Total increase/(decrease)		**(3)**	**-**	**3**	**-**
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**	**-**

26 FINANCIAL RISK MANAGEMENT CONTINUED

(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 customer 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:

	2009 $'000	2008 $'000
GROUP		
New Zealand	2,825	2,051
Australia	1,275	1,613
Total	**4,100**	**3,664**
PARENT		
New Zealand	2,823	2,041
Australia	-	-
Total	**2,823**	**2,041**

(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.

	NOTE	LESS THAN 1 YEAR $'000	BETWEEN 1 AND 2 YEARS $'000	BETWEEN 2 AND 5 YEARS $'000	OVER 5 YEARS $'000
GROUP					
As at 30 June 2009					
Trade and other payables		3,804	-	-	-
Bank borrowings	20	27,798	-	-	-
Other loans		244	199	167	-
As at 30 June 2008					
Trade and other payables		4,365	-	-	-
Bank overdraft		152	-	-	-
Bank borrowings	20	18,258	7,004	-	-
Other loans		67	113	92	-
PARENT					
As at 30 June 2009					
Trade and other payables		507	-	-	-
Bank borrowings	20	25,568	-	-	-
Other loans		131	131	143	-
PARENT					
As at 30 June 2008					
Trade and other payables		2,713	-	-	-
Bank borrowings	20	5,086	-	-	-

26 FINANCIAL RISK MANAGEMENT CONTINUED

(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.

The gearing ratio at 30 June is:

	2009 $'000	2008 $'000
Total borrowings	26,113	24,897
Total cash	953	507
Net debt	25,160	24,390
Total equity	22,059	19,511
Total capital	47,219	43,901
Gearing ratio	0.53	0.56

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.

At 30 June 2009, the Group's earnings were some $200,000 below the level required to meet the interest cover ratio requirement. Accordingly the Group had technically breached this covenant.

Subsequent to balance date on 24 August 2009, the Group's bank confirmed that it would not take any action with regard to this breach, however it reserved the right to take appropriate action at a later date should non-compliance continue.

(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 % 2009	 2008
Aqua-Cool Limited[1]	New Zealand	Ordinary	-	-
Cool Water Company Limited[1]	New Zealand	Ordinary	-	-
JWA Holdings Limited	New Zealand	Ordinary	100	100
Clearwater Filter Systems (Aust) Pty Limited	Australia	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

[1] 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.

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

	GROUP 30 JUNE 2009 $'000	GROUP 30 JUNE 2008 $'000	PARENT 30 JUNE 2009 $'000	PARENT 30 JUNE 2008 $'000
Profit for the year	1,804	595	4,104	3,480
Adjustments for				
Tax	(279)	(829)	(62)	483
Depreciation	4,168	2,909	2,810	1,652
Amortisation	360	280	135	11
Loss/(gain) on sale of property, plant and equipment	812	207	272	(9)
Share options issued	1	-	1	-
Shares issued in lieu of directors fees	104	113	104	113
Provision for doubtful debts	422	410	345	412
Movement in deferred income	(1,217)	(2,502)	(98)	156
Changes in working capital (excluding the effects of acquisition)				
Inventories	767	(10)	475	(195)
Trade and other receivables	(524)	(1,946)	(106)	(3,893)
Trade and other payables	(560)	292	(520)	1,421
Cash generated from operations	5,858	(481)	7,460	3,631

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

	GROUP 30 JUNE 2009 $'000	GROUP 30 JUNE 2008 $'000	PARENT 30 JUNE 2009 $'000	PARENT 30 JUNE 2008 $'000
Net book amount	1,186	1,937	403	1,579
(Loss)/gain on sale of property, plant and equipment	(812)	(207)	(272)	9
Proceeds from sale of property, plant and equipment	374	1,730	131	1,588

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

Subsequent to year end the board of directors have resolved to pay a dividend; refer to note 22 for details.

30 EARNINGS PER SHARE

	GROUP YEAR ENDED 30 JUNE 2009 $'000	GROUP YEAR ENDED 30 JUNE 2008 $'000	PARENT YEAR ENDED 30 JUNE 2009 $'000	PARENT YEAR ENDED 30 JUNE 2008 $'000
Basic earnings per share				
Profit from operations attributable to the ordinary equity holders of the company	1,804	595	4,104	3,480
Diluted earnings per share				
Profit from operations attributable to the ordinary equity holders of the company	1,804	595	4,104	3,480

Reconciliations of earnings used in calculating earnings per share:

	GROUP YEAR ENDED 30 JUNE 2009 CENTS	GROUP YEAR ENDED 30 JUNE 2008 CENTS	PARENT YEAR ENDED 30 JUNE 2009 CENTS	PARENT YEAR ENDED 30 JUNE 2008 CENTS
Basic earnings per share	2.2	0.8	5.0	4.6
Diluted earnings per share	2.2	0.8	5.0	4.6

	GROUP YEAR ENDED 30 JUNE 2009 CENTS	GROUP YEAR ENDED 30 JUNE 2008 CENTS	PARENT YEAR ENDED 30 JUNE 2009 CENTS	PARENT YEAR ENDED 30 JUNE 2008 CENTS
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	81,867	75,471	81,867	75,471
Adjustments for calculation of diluted earnings per share: Options	390	-	390	-
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	**82,257**	**75,471**	**82,257**	**75,471**

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.

31 NZX WAIVERS

The following waivers from the NZX Listing Rules (Listing Rules) were applicable as at balance date:

Dividend Reinvestment Plan

On 8 April 2009, the Company obtained a waiver from Listing Rule 7.10.1 to allow shares to be allotted, pursuant to its Dividend Reinvestment Plan (DRP), later than five business days after applications to participate in the DRP are required to be submitted.

Applications to participate in the DRP are required to be submitted by the record date (being 5pm on the date fixed by the board to determine shareholders' entitlements to a distribution). Under the terms of the DRP, the issue price per share is determined with reference to the 10 business days following the record date for the relevant distribution, or if no sales of ordinary shares occur on those 10 business days, then the weighted average sale price will be the last reported sale price for a share on the NZAX. On the strict application of Listing Rule 7.10.1, shares to be allocated under the DRP would need to be allocated within five business days following the record date, which would be before the price for which the shares had been determined.

The waiver was granted subject to the following conditions:

(a) that the Company allots shares pursuant to the DRP on the same day that dividends are paid to shareholders who do not elect to participate in the DRP.

(b) that the Company allots shares pursuant to the DRP within13 business days of the record date.

(c) that if the DRP does not proceed to allotment, and monies are returned to participants, the Company will refund any such monies to those who have elected to participate in the DRP at the same time as unit holders who do not elect to participate in the DRP.

Statutory disclosures in relation to shareholders

TOP 20 LARGEST HOLDINGS LIST AS AT THURSDAY 2 SEPTEMBER 2009

	HOLDER NAME	TOTAL	%
1	ASB Nominees Limited as bare trustees for The Harvard Group Limited	45,783,248	53.583%
2	New Zealand Central Securities Depository Limited	5,452,437	6.381%
3	Springfresh Marketing Pty Ltd	3,251,911	3.806%
4	Springfresh Marketing Pty Ltd as trustee for Dash Family Staff Super Fund	2,050,372	2.400%
5	The Harvard Group Limited	2,017,311	2.361%
6	Anthony Edwin Falkenstein and Ian Donald Malcolm as bare trustees for Anthony Edwin Falkenstein and Andrew Codling	2,000,000	2.341%
7	Anthony Edwin Falkenstein and Christopher Roy Saunders	2,000,000	2.341%
8	Anthony Edwin Falkenstein and Barry Harrison Spicer	2,000,000	2.341%
9	Anthony Edwin Falkenstein and Ian Donald Malcolm	1,268,000	1.484%
10	Heather Jeanette Falkenstein and Ian Donald Malcolm	1,268,000	1.484%
11	ACE Finance Limited	965,874	1.130%
12	Morris West Limited	900,000	1.053%
13	Christopher Peter Huljich and Colin Gordon Powell	570,354	0.668%
14	J T Maxwell & Company Ltd	555,000	0.650%
15	Investment Custodial Services Limited as bare trustee for J K McLay Limited	512,856	0.600%
16	Clyde Christopher Cooper and Farida Clyde Cooper	500,000	0.585%
17	Anthony Henry Kandziora	500,000	0.585%
18	Custodial Services Limited	363,423	0.425%
19	Geoffrey Donald Campbell and Rowan John Chapman	359,582	0.421%
20	James Ian Urquhart	350,000	0.410%
Total		**72,668,368**	**85.049%**

EQUITY SECURITIES HELD AS AT 30 JUNE 2009

In accordance with NZAX Listing Rule 10.5.5(c) the following table identifies the equity securities in which each director has a relevant interest as at 30 June 2009.

DIRECTOR	NUMBER OF SHARES IN WHICH RELEVANT INTERESTS HELD
Anthony Edwin Falkenstein	56,386,559
Ian Donald Malcolm	50,931,110
Philip John Dash	5,302,283
Simone Justine Iles	65,000

HOLDING RANGE AS AT 2 SEPTEMBER 2009

RANGE OF EQUITY HOLDING	NUMBER OF HOLDERS	NUMBER OF SHARES HELD	%
1-1,000	283	60,541	0.071
1,001-5,000	255	696,736	0.815
5,001-10,000	144	1,135,950	1.329
10,001-100,000	219	6,413,158	7.506
100,001 and over	46	77,136,631	90.279
Totals	**948**	**85,443,016**	**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 2 September 2009, the substantial security holders were as follows:

SUBSTANTIAL SECURITY HOLDERS	NUMBER OF SHARES HELD	%
Anthony Edwin Falkenstein	56,386,559	65.99%
Ian Donald Malcolm	50,931,110	59.61%
The Harvard Group Limited	47,800,559	55.94%
Springfresh Marketing Pty Limited	5,302,283	6.21%

Notice of Meeting

Notice is given that the Annual Meeting of Shareholders of Just Water International Limited (the "Company") will be held on **Wednesday 28 October 2009 at 11:00 am in Room C, Employers and Manufacturers Association, 159 Khyber Pass Road, Grafton, Auckland.**

BUSINESS

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

A. Resolution 1: Annual Report

The Annual Report of the Company for the year ended 30 June 2009, including the Auditors' Report, be received.

B. Resolution 2: Auditors' remuneration

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

C. Resolution 3: Election of director

Sir Donald Charles McKinnon be elected as a director of the Company.

D. Resolution 4: Re-election of director

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

E. Resolution 5: Issue of ordinary shares to directors in lieu of cash remuneration

The board is authorised to:

i) issue fully-paid ordinary shares in the Company to eligible directors 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 basis 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 2009.

F. Resolution 6: Issue of options to non-executive directors

The issue of 50,000 options to each non-executive director of the Company, being Philip John Dash, Sir Donald Charles McKinnon, and Simone Justine Iles 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.

G. Resolution 7: Retrospective approval to issue of shares to Ian Donald Malcolm

The issue of a total of 134,551 shares to Ian Donald Malcolm as payment in lieu of his directors' fees at various times between 9 June 2004 and 6 December 2007, on the basis set out in the explanatory notes to the Notice of Meeting, be retrospectively approved for the purposes of the Takeovers Code (Just Water International Limited) Exemption Notice 2009.

H. Resolution 8: Retrospective approval to issue of shares to the trustees of the Malcolm Education and Lifestyle Trust

The issue of 40,000 shares to the trustees of the Malcolm Education & Lifestyle Trust on 2 March 2006, on the basis set out in the explanatory notes to the Notice of Meeting, be retrospectively approved for the purposes of the Takeovers Code (Just Water International Limited) Exemption Notice 2009.

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 at the Annual Meeting is an ordinary resolution. 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 2009, having been made available or 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.

Resolutions 3 and 4: Election and re-election of directors

Two directors, Sir Donald Charles McKinnon and Philip John Dash retire in accordance with the Company's constitution, and being eligible, offer themselves for election (in the case of Sir Don McKinnon) and for re-election (in the case of Phil Dash) at the annual meeting.

Sir Don McKinnon was appointed as a director of the Company by the board in June 2009 in place of James Kenneth McLay who resigned in June 2009 to take up an appointment as New Zealand's Permanent Representative to the United Nations. The Company's constitution provides 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 Sir Don McKinnon to be elected as a director and the board supports this nomination.

Sir Don McKinnon is a former deputy Prime Minister, Minister of Foreign Affairs, Leader of the House, Secretary-General of the Commonwealth, and recently was knighted by the Queen becoming a Knight Grand Cross of the Royal Victorian Order.

Sir Don McKinnon was made a member of the Order of New Zealand (ONZ) in the 2008 New Year's Honours list for services to New Zealand. The order is New Zealand's highest honour and ordinary membership is limited to 20 living individuals.

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 25 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.

The board unanimously recommends shareholders vote in favour of the election of Sir Don McKinnon and the re-election of Phil Dash.

Resolution 5: 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 part or all of their annual remuneration as directors in the form of ordinary shares issued by the Company:

DIRECTOR	TOTAL NUMBER OF EQUITY SECURITIES HELD AT 30 JUNE 2009 IN OWN NAME OR AS A BENEFICIAL INTEREST	SHAREHOLDING AS AT 30 JUNE 2009 (%)
Sir Donald Charles McKinnon	Nil	Nil
Philip John Dash	5,302,283	6.21 %
Simone Justine Iles	65,000	0.08 %

Sir Don McKinnon has elected to receive half of his annual remuneration as director in the form of ordinary shares in the Company (the other half will be paid to him in cash). No cash remuneration will be paid by the Company to Phil Dash or Simone Iles 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 Rules 3.4.1 and 7.3.7.

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 be equal to the Volume Weighted Average Price ("VWAP") of the Company's ordinary shares traded through, or trades included as reported on, the NZAX Market over the 20 business days immediately before the date that the issue occurs; and

(b) on other terms not inconsistent with this resolution and the NZAX Listing Rules 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 2009. 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 268,965. 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 $0.38 per share (being the current price per share), the maximum number of shares issued to each director, and in aggregate, would be as follows:

Director	Number of shares
Sir Donald Charles McKinnon	68,421
Philip John Dash	68,421
Simone Justine Iles	68,421
Total	**205,263**

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

The shares will be issued to directors after the end of each half-year period to which the remuneration relates. If any director ceases to be a director prior to 31 December 2009 or 30 June 2010, the fees paid to that director (in the form of newly-issued shares) will be proportionate to the period (in months, rounded up to the nearest month) for which the director has held office.

Resolution 6: Issue of options to non-executive directors

Approval of the issue of the 50,000 options to each non-executive director of the Company, being Philip John Dash, Sir Donald Charles McKinnon, and Simone Justine Iles, is required under NZAX Listing Rule 7.3.1.

The directors are of the opinion that being 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 the director, by notice in writing to the Company, on or before 30 September 2012.
2. The director is required to be a director at the earliest of that date, the date of the 2012 annual meeting, or the date the director is required to retire and is not eligible for re-election under the Company's rotation policy.
3. Each option will entitle the director, 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 the director 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 the director and/or trusts for 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 shareholders, the exercise price will be reduced by the board according to the formula prescribed by the 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 2009.

The exercise price of $0.72 per share is 106% higher than the last sale price at the date the Board resolved to issue the options, of $0.35 per share traded on the NZAX Market. That exercise price is also 71% higher than the last sale price at 15 September 2009 of $0.42 per share traded on the NZAX Market.

The board believes that the consideration for, and terms of issue of, the proposed options to each of the non-executive directors are fair and reasonable to the Company and to all existing shareholders.

The board recommends that the issue of 50,000 options each to Philip John Dash, Sir Donald Charles McKinnon, and Simone Justine Iles be approved.

Resolution 7: Retrospective approval to issue of shares to Ian Donald Malcolm

The issue of a total of 134,551 shares to Ian Donald Malcolm as payment in lieu of his directors' fees at various times between 9 June 2004 and 6 December 2007 is required by the Takeovers Panel to be retrospectively approved by shareholders in accordance with the Takeovers Code (Just Water International Limited) Exemption Notice 2009.

The dates of the allotments and the number of shares allotted to Ian Malcolm were as follows:

ALLOTMENT DATE	NUMBER OF SHARES ALLOTTED
9 June 2004	44,000
28 November 2005	27,455
29 November 2006	24,640
6 December 2007	38,456

Because Ian Malcolm was, at the time of each of the allotments, an associate of Tony Falkenstein (who is the holder or controller of more than 50% of the voting rights in the Company), the allotments resulted in Ian Malcolm becoming the holder or controller of an increased percentage of voting rights in the Company in breach of rule 6(1) of the Takeovers Code (the "Code").

Ian Malcolm sought, and was granted, retrospective exemptions from rule 6(1) of the Code in respect of the allotments, subject to the condition that (amongst other things), the approval of shareholders to the allotments is obtained.

The Takeovers Code (Just Water International Limited) Exemption Notice 2009 requires certain information in respect of each of the allotments to be contained in, or to accompany, this notice of meeting. This information is set out in Schedule 1.

Resolution 8: Retrospective approval to issue of shares to the trustees of the Malcolm Education and Lifestyle Trust

The issue of 40,000 shares to Ian Donald Malcolm, Pamela Joy Malcolm and Barbara Kay Astill as the trustees of the Malcolm Education & Lifestyle Trust (the "MELT Trustees") on 2 March 2006 is required by the Takeovers Panel to be retrospectively approved by shareholders in accordance with the Takeovers Code (Just Water International Limited) Exemption Notice 2009.

On 2 March 2006, 40,000 shares were allotted to the MELT Trustees as a result of the exercise of 40,000 options held by Ian Malcolm (who had assigned the benefit of the options to the MELT Trustees).

Because the MELT Trustees were, at the time of each of the allotment, associates of Tony Falkenstein (who is the holder or controller of more than 50% of the voting rights in the Company), the allotment resulted in the MELT Trustees becoming the holders or controllers of an increased percentage of voting rights in the Company in breach of rule 6(1) of the Code.

The MELT Trustees sought, and were granted, retrospective exemptions from rule 6(1) of the Code in respect of the allotment, subject to the condition that (amongst other things), the approval of shareholders to the allotment is obtained.

The Takeovers Code (Just Water International Limited) Exemption Notice 2009 requires certain information in respect of the allotment to be contained in, or to accompany, this notice of meeting. This information is set out in Schedule 2.

VOTING RESTRICTIONS

Directors of the Company and any person who is an Associated Person of a director cannot vote on Resolution 5.

Philip John Dash, Sir Donald Charles McKinnon, and Simone Justine Iles and any person who is an Associated Person of any of them cannot vote on Resolution 6.

Ian Donald Malcolm and any person who was, at the time of any of the allotments described in the explanatory notes to Resolution 7, an Associate of his cannot vote on Resolution 7.

Ian Donald Malcolm, Pamela Joy Malcolm, and Barbara Kay Astill and any person who was, at the time of the allotment described in the explanatory notes to Resolution 8, an Associate of any of them cannot vote on Resolution 8.

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

"Associate" has the meaning given to that term in the Takeovers Code.

Schedule 1

The following information is required by the Takeovers Code (Just Water International Limited) Exemption Notice 2009 for each of the allotments of shares to Ian Malcolm in respect of which approval is sought in Resolution 7:

1. Full particulars of the voting securities that were allotted to Ian Malcolm

DATE OF ALLOTMENT	09/06/2004	28/11/2005	29/11/2006	06/12/2007
Number of voting securities allotted to Ian Malcolm	44,000	27,455	24,640	38,456
Percentage of the aggregate of all voting securities on issue at the time of the allotment and all voting securities that were allotted in the allotment that that number represents*	0.07%	0.04%	0.03%	0.05%
Percentage of all voting securities that were held or controlled by Ian Malcolm after completion of the allotment*	0.07%	0.11%	0.03%	0.18%
Aggregate percentage of all voting securities that were held or controlled by Ian Malcolm and by his associates after completion of the allotment*	75.94%	75.23%	67.39%	66.72%

2. The consideration for the allotments and the manner in which that consideration was determined

DATE OF ALLOTMENT	09/06/2004	28/11/2005	29/11/2006	06/12/2007
Consideration for the allotments and how that consideration was determined	$22,000	$25,000	$26,000	$26,000
	Based on the price at which shares were offered to the public under the Company's initial public offering (being $0.50 per share).	Based on the Volume Weighted Average Price ("VWAP") for the 20 trading days immediately following the date of the 2005 annual meeting.	Based on the VWAP for the 20 trading days immediately following the date of the 2006 annual meeting.	Based on the VWAP for the 20 trading days immediately following the date of the 2007 annual meeting.

3. The reason for the allotments

The allotments of shares to Ian Malcolm were made to him in lieu of his directors' fees for the relevant financial year.

4. Allotments permitted under the Takeovers Code

The allotments, if approved, will be permitted under an exemption from rule 6 of the Takeovers Code. If the allotments are not approved, Ian Malcolm is required to dispose of 134,551 voting securities, either on-market or off-market, to a person who is not an associate (as that term is defined in the Takeovers Code) of his.

5. Statements by directors

(a) **Impact on price and liquidity of the Company's shares:** The consequence of the resolution not being approved is likely to be a downwards impact on the Company's share price. The Company's shares are relatively illiquid. The average daily volume of sales over the last three months is 4,304 shares. Over the last month, there have only been seven days where the Company's shares have been traded. As at 15 September 2009, there are no buyers for shares but sellers for 56,155 shares at $0.42 and $0.48. If 134,551 shares were to be sold on-market, the market would be relatively "flooded", therefore having a negative impact on the share price.

(b) **Directors' recommendation:** Sir Don McKinnon, Simone Iles and Philip Dash recommend that shareholders approve the allotments to Ian Malcolm for the following reasons:

(i) the breaches of the Code were inadvertent; and

(ii) the allotments represented a very small percentage of the total number of voting securities on issue at the time of the allotments and therefore had no real effect on other shareholders of the Company.

(c) **Abstentions:** Ian Malcolm abstains from making the recommendation set out in paragraph 5(b) above as the approvals sought under Resolution 7 are in respect of allotments to him and Tony Falkenstein abstains from making that recommendation as Ian Malcolm is an associate of his.

**Allotments were also made on the same day to other directors in lieu of cash payment of their directors' fees, but these have been excluded from the calculation of Ian Malcolm's control percentage for the purposes of this Schedule 1 (but if included, would have had the effect of fractionally diluting Ian Malcolm's control percentage).*

Schedule 2

The following information is required by the Takeovers Code (Just Water International Limited) Exemption Notice 2009 for the allotment of shares to Ian Malcolm, Pamela Malcolm and Barbara Astill as trustees of the Malcolm Education and Lifestyle Trust (the "MELT Trustees") in respect of which approval is sought in Resolution 8:

1. Full particulars of the voting securities that were allotted to the MELT Trustees

DATE OF ALLOTMENT	02/03/2006
The number of voting securities allotted to the MELT Trustees	40,000
The percentage of the aggregate of all voting securities on issue at the time of the allotment and all voting securities that were allotted in the allotment that that number represents*	0.06%
The percentage of all voting securities that were held or controlled by the MELT Trustees after completion of the allotment*	0.34%
The aggregate percentage of all voting securities that were held or controlled by the MELT Trustees and by his associates after completion of the allotment*	71.44%

2. The consideration for the allotment and the manner in which that consideration was determined

The consideration for the allotment was $24,000. The option exercise price had been determined on 7 May 2004, which was prior to the Company's shares being listed on the NZAX market (on 15 June 2004). The option exercise price was determined at $0.60, being a 20% premium above the price at which shares were offered to the public under the initial public offering.

3. The reason for the allotment

The shares were allotted to the MELT Trustees as a result of the exercise of 40,000 options held by Ian Malcolm, who had assigned the benefit of those options to the MELT Trustees on 5 May 2005.

4. Allotment permitted under the Takeovers Code

The allotment, if approved, will be permitted under an exemption from rule 6 of the Takeovers Code. If the allotment is not approved, the MELT Trustees are required to procure Melt Investments Limited (as corporate trustee of the Malcolm Education and Lifestyle Trust and holder of the shares on behalf of the MELT Trustees) to dispose of 40,000 voting securities, either on-market or off-market, to a person who is not an associate (as that term is defined in the Takeovers Code) of the MELT Trustees or of Melt Investments Limited.

5. Statements by directors

(a) **Impact on price and liquidity of the Company's shares:** The consequence of the resolution not being approved is likely to be a downwards impact on the Company's share price. The Company's shares are relatively illiquid. The average daily volume of sales over the last three months is 4,304 shares. Over the last month, there have only been seven days where the Company's shares have been traded. As at 15 September 2009, there are no buyers for shares but sellers for 56,155 shares at $0.42 and $0.48. If 40,000 shares were to be sold on-market, the market would be relatively "flooded", therefore having a negative impact on the share price.

(b) **Directors' recommendation:** Sir Don McKinnon, Simone Iles and Philip Dash recommend that shareholders approve the allotment to the MELT Trustees for the following reasons:

(i) the breach of the Code was inadvertent; and

(ii) the allotment represented a very small percentage of the total number of voting securities on issue at the time of the allotment and therefore had no real effect on other shareholders of the Company.

(c) **Abstentions:** Ian Malcolm abstains from making the recommendation set out in paragraph 5(b) above as the approval sought under Resolution 8 are in respect of an allotment to him in his capacity as one of the MELT Trustees and Tony Falkenstein abstains from making that as Ian Malcolm is an associate of his.

**Allotments were also made on the same day to other directors/executives as part of the exercise of options held by them, but these have been excluded from the calculation of the MELT Trustees' control percentage for the purposes of this Schedule 2 (but if included, would have had the effect of fractionally diluting the MELT Trustees' control percentage).*

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 company 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. A proxy granted by a company or other body corporate must be signed by a duly authorised officer or attorney who has express or implied authority to do so.
9. Completed proxies must be received by the Company's Share Registrar no later than 11:00am on Monday 26 October 2009 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.

Sir Don McKinnon
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 **Room C, Employers and Manufacturers Association, 159 Khyber Pass Road, Grafton, Auckland** on **Wednesday 28 October 2009 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 The Annual Report the Company for the year ended 30 June 2009, including the Auditors' Report, be received.	☐	☐
2. Auditors' remuneration The Company's board of directors be authorised to fix the auditors' remuneration.	☐	☐
3. Election of director Sir Donald Charles McKinnon be elected as a director of the Company.	☐	☐
4. Re-election of director Philip John Dash be re-elected as a director of the Company.	☐	☐
5. Issue of ordinary shares to directors in lieu of cash remuneration The board is authorised to: i) issue fully-paid ordinary shares in the Company to eligible directors 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 basis 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 2009.	☐	☐
6. Issue of options to non-executive directors The issue of 50,000 options to each non-executive director of the Company, being Philip John Dash, Sir Donald Charles McKinnon, and Simone Justine Iles 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.	☐	☐
7. Retrospective approval to issue of shares to Ian Donald Malcolm The issue of a total of 134,551 shares to Ian Donald Malcolm as payment in lieu of his directors' fees at various times between 9 June 2004 and 6 December 2007, on the basis set out in the explanatory notes to the Notice of Meeting, be retrospectively approved for the purposes of the Takeovers Code (Just Water International Limited) Exemption Notice 2009.	☐	☐
8. Retrospective approval to issue of shares to the trustees of the Malcolm Education and Lifestyle Trust The issue of 40,000 shares to the trustees of the Malcolm Education & Lifestyle Trust on 2 March 2006, on the basis set out in the explanatory notes to the Notice of Meeting, be retrospectively approved for the purposes of the Takeovers Code (Just Water International Limited) Exemption Notice 2009.	☐	☐

Signed this _______ day of ______________ 2009

______________________________ Signature ______________________________ Signature

Note: Completed proxies must be received by the Company's Share Registrar no later than **11.00am on Monday 26 October 2009** at the following address:

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

Just Water

Just Water International Limited