

 **Just Water**

*Just Water International Limited*

# 2013

**Annual Report**



## Directory

### Directors

**Paul Connell** (Independent)  
*Chairman*

**Tony Falkenstein** (Executive)

**Simone Iles** (Independent)

**Ian Malcolm** (Non-Executive)

### Executive management

**Tony Falkenstein**

*Chief Executive Officer*

*Just Water International Limited*

**Eldon Roberts**

*Chief Financial Officer*

*Just Water International Limited*

**Jay Harraway**

*General Manager*

*Just Water New Zealand*

**Peter Molloy**

*General Manager*

*Clearwater Filter Systems (Aust) Pty Limited*

### Registered office and address for service

Unit 1, 36 Sale Street  
Victoria Quarter Precinct  
Auckland 1010  
New Zealand  
PO Box 221  
Shortland Street  
Auckland 1140  
New Zealand

### Auditors

PricewaterhouseCoopers

### JWI on the web

[www.jwi.co.nz](http://www.jwi.co.nz)  
[www.justwater.co.nz](http://www.justwater.co.nz)  
[www.justwaterfilters.co.nz](http://www.justwaterfilters.co.nz)  
[www.aquacool.co.nz](http://www.aquacool.co.nz)  
[www.justplants.co.nz](http://www.justplants.co.nz)  
[www.creativeimages.net.nz](http://www.creativeimages.net.nz)  
[www.clearwaterfilters.com.au](http://www.clearwaterfilters.com.au)  
[www.justwaterfilters.com.au](http://www.justwaterfilters.com.au)  
[www.thewatercoolercompany.com.au](http://www.thewatercoolercompany.com.au)  
[www.purerain.com.au](http://www.purerain.com.au)

### Just Water New Zealand

#### Just Plants Limited

114 Rockfield Road  
Penrose  
Auckland 1061  
New Zealand  
Private Bag 92811  
Penrose  
Auckland 1642  
New Zealand  
Tel +64-9 630 1300  
Fax +64-9 630 9300

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

*Just Plants Limited is a wholly-owned subsidiary of Just Water International Limited.*

#### Clearwater Filter Systems (Aust) Pty Limited

Unit 40, 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 the Just Water Limited Partnership*

### Bankers

ASB Bank Limited  
Bank of New Zealand Limited  
National Australia Bank Limited  
Westpac Banking Corporation Limited

### Solicitors

Harmos Horton Lusk  
Daniel Overton & Goulding

### Share registry

Link Market Services  
138 Tancred Street  
PO Box 384  
Ashburton 7740  
New Zealand  
Tel +64-3 308 8887  
Fax +64-3 308 1311

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### 2013 AGM

The 2013 Annual Meeting of Shareholders of Just Water International Limited is to be held at 11.00am on Thursday 24th October 2013 at Meeting Room 2C, EMA Offices, 159 Khyber Pass Road, Grafton, Auckland.



Paul Connell



Tony Falkenstein



Simone Iles



Ian Malcolm



Eldon Roberts



Jay Harraway



Peter Molloy

## Chairman's and Chief Executive's review



Paul Connell & Tony Falkenstein

### Just Water International Limited Results for year ended 30 June 2013

Just Water International Limited (JWI) presents its full year results for the year ended 30 June 2013.

#### Consolidated result

	2013 \$'000	2012 \$'000	% change
Operating Revenue	27,892	29,931	(7%)
EBITDA	7,349	8,187	(10%)
Depreciation & Amortisation	(4,005)	(4,543)	12%
EBIT	3,344	3,644	(8%)
Interest	(1,235)	(1,571)	21%
Net profit before tax	2,109	2,073	2%
Tax	(391)	(317)	(23%)
NPAT	1,718	1,756	(2%)

(Net of elimination entries)

This was another year of consolidation, with a continued focus on debt reduction. Revenue decreased as competitors reduced prices in an effort to try and entice current customers away from Just Water.

Despite the fall in revenue, net profit before tax has increased by almost 2% over the previous year. This is as a result of on-going cost control, lower depreciation and interest savings through the reduction of debt. EBITDA and EBIT include a small net positive exchange gain.

Operating and investing cash flow totalled \$3.3 million for the year, compared to \$3.2 million in the previous year. As a result we have been able to reduce total bank borrowings during the year by NZ\$3.3 million. This is after paying NZ\$0.648 million for the acquisition of 'Pure Rain' on 28 June 2013. In the previous year we repaid bank borrowings of \$3.2 million after paying NZ\$0.900 million for the acquisition of the business of Just Plants.

The assets of 'Pure Rain', a water filter business based in Brisbane, were acquired on 28 June 2013, and this business is being absorbed into the Clearwater operation. It is a good fit for Clearwater and strengthens its residential business with about 3,000 new accounts.

After balance date, Just Water announced the unconditional acquisition of the assets of 'Aquaman', a Brisbane-based water cooler business. This business will add over 500 customers to Clearwater's cooler base.

The Company has reduced debt by \$10 million over the last 3 years, and the directors believe that it is now in a position to realise opportunities to further expand the operations of the Group in both New Zealand and Australia. With the appointment of a new CEO, and our Founder taking on a more strategic role, the directors believe that it has the people, financial resources and systems to grow the business without undue pressure.

#### Diversity

The Company does not have a formal diversity policy however does not discriminate in terms of gender, race, colour or religion

in the appointment of directors, management or staff. At balance date the composition of directors and officers was:

2013	Male	Female
Non-executive directors	2	1
Key management - New Zealand	2	4
- Australia	3	1
<b>Total</b>	<b>7</b>	<b>6</b>

2012	Male	Female
Non-executive directors	2	1
Key management - New Zealand	4	5
- Australia	3	2
<b>Total</b>	<b>9</b>	<b>8</b>

#### New Zealand

	2013 \$'000	2012 \$'000	% change
Operating Revenue	18,491	19,705	(6%)
EBITDA	5,341	5,797	(8%)
Depreciation & Amortisation	(2,960)	(3,323)	11%
EBIT	2,381	2,474	(4%)

(Net of elimination entries)

The New Zealand operation's EBIT reduced by 4% in difficult trading conditions. The primary driver for the reduced profitability was the ongoing reduction in revenue. The exchange gain was only \$0.03 million this year so had a minimal effect on EBIT.

The overall base of contracts, from which recurring income occurs, was 36,095 at year end. This is a 4.0% reduction for the year and continues the trend of reducing the customer churn rate which was 6.3% last year. We are pleased that this indicator shows that we are on the right track. The Board will not be satisfied until we show growth in the customer base.

A price war manifests itself particularly in New Zealand, as our competitors continue to discount deeply. Our objective is to achieve profitable growth; which can be challenging when competitors continually drive market profitability down with price discounts.

The Company is still the only 'large' bottled water company in New Zealand that has all its bottling plants certified to the stringent ABWI International standards, and the only company that complies. The Company believes that organisations changing to a 'non-certified' supplier are taking a corporate risk with the health of their staff and customers. Recent events in other market sectors re-emphasises the need to have people, systems and processes in place to minimise any risk to consumers. We actively encourage customers of the industry to ask detailed questions about water quality and processing standards before choosing their supplier.

The Company has undertaken various initiatives during the year. The 'Just Water Filter' has been sold online, and through various other channels such as kitchen designers and plumbers. Filters

continue to be a core part of our business in Australia and we firmly believe that the New Zealand market will further develop in this sector.

The Company continues to publicise the issue of obesity, and has successfully created debate in the community. Just Water's "free" water cooler campaign in lower socio economic areas has had a positive influence on soft drink consumption. We continue to champion the reduction in consumption of sugar saturated soft drinks to responsible levels to address the urgent issue of type 2 diabetes and premature death through the over consumption of sugar saturated drinks.

## Australia

	2013 \$'000	2012 \$'000	% change
Operating Revenue	9,401	10,226	(8%)
EBITDA	2,008	2,390	(16%)
Depreciation & Amortisation	(1,045)	(1,220)	14%
EBIT	963	1,170	(18%)

*(Net of elimination entries)*

The Australian operations also reduced profitability as a result of aggressive discounting by competitors in the key corporate market. As noted below the quantity of rental and service contracts increased for the first time in many years, but at a lower yield.

Before the acquisition mentioned above, the number of contracts from which recurring income is received increased to 10,509. This is an increase of 3% for the year compared to the previous year reduction of 0.6% and reinforces the Board's belief that there continues to be growth opportunities available in Australia. Pricing remains very competitive with on-going pressure on average monthly rental value.

The Company continues to expand its online sales channel using the Just Water Filter – [www.justwaterfilters.com.au](http://www.justwaterfilters.com.au), and online water cooler product under the name "The Watercooler Company" – [www.thewatercoolercompany.com.au](http://www.thewatercoolercompany.com.au).

## Dividend

There will be no dividend in the current year, as the Company focuses on debt reduction, profitability and growing the business.

## Audit

Just Water International Limited's accounts have been audited and an unqualified audit opinion was given.

## Board and Chief Executive

Ian Malcolm has been a director of Just Water International Limited since it listed on the NZAX in June 2004. In accordance with the Prospectus, whereby directors do not seek re-election after a fixed term, Ian Malcolm has now retired as a director. He will still be closely aligned to the Company through his involvement as a trustee of the major shareholder, Tony Falkenstein.

After a careful selection process, the board is recommending Brian Harry Rosenberg as a director to replace Ian Malcolm. Brian Rosenberg is currently a director of Visique Management

Company Limited and Visique 2009 Limited. He was previously a director of Corporate Express in New Zealand and brings extensive commercial experience to the Board.

As advised, a new Chief Executive, Ian Ormiston, has been appointed to replace Tony Falkenstein, the Founder of the Company, and will start in his new position in September 2013. Ian brings a wealth of experience in both the Australian and New Zealand markets, in particular with Les Mills International Ltd, where he remains a director.

Tony Falkenstein will continue on the Board as 'Founder Director', and will remain involved in the strategic growth of the Company.

## Bank facilities

The Company has complied with all bank covenants at 30 June 2013. Net bank debt at year end was \$15.5 million (June 2012 \$18.9 million). Debt has decreased by \$3.3 million over the past year. The Company has an unutilised funding facility of \$3.9 million as at 30 June 2013 (June 2012: \$5.4m), and thus has funding capability in place for growth and exploring further acquisitions. During the year the Company voluntarily requested the bank to reduce the facility by a further \$2.5 million in order to reduce on-going facility fees. Since balance date a further \$1.5 million has been reduced for the same reason.

## Receivables

At 30 June there continued to be in excess of \$80 million of expected future rental income stream which is not recognised in the financial statements. Expected future rental income streams have been calculated on the basis of average customer life. This calculation of future receivables is used as part of the monitoring of compliance for our bank covenants.

## Summary

Overall trading conditions continue to remain challenging in both countries. The Company continued to reduce debt as a prime objective, but has successfully taken a far more aggressive approach to protecting its customer base.

The recent acquisitions of Pure Rain and Aquaman are significant in terms of fuelling the growth in Australia, and the Company will be investigating further opportunities.

The directors are pleased with progress over the last year. The Company is in a sound position both financially and people-wise, giving it the foundation on which to expand.

## Staff and Shareholders

The directors wish to acknowledge the efforts of the management team and all staff for their efforts throughout the year.

Yours sincerely



**Paul Connell**  
Chairman



**Tony Falkenstein**  
Chief Executive

## Group overview

### Group overview

Just Water International Limited (the Company) operates in New Zealand and Australia, and is principally in the business of supplying water-coolers, drinking water and filters for the home and office.

### New Zealand:

The Company's base business is the supply of water-coolers and filters to businesses and organisations nationwide. Virtually all water-coolers derive a recurring income either from monthly rental, water sales or service maintenance agreements, if the customer owns the unit.

The Company started its business in 1989, supplying the Easi-Fill water-cooler and filter. Customers filter their own water into a 15 litre bottle, which is then placed on the cooler ready for drinking.

In 2001, the Company acquired an office water delivery company, Cool Water, and in 2005, acquired Aqua-Cool, the largest water delivery company in New Zealand. The business predominantly supplies micro-filtered water and filtered mineral spring water to its customers. An increasing number of customers are taking its vitamin C enhanced water, VitaBlast®.

The Company also supplies point-of-use water-coolers under its brand name Direct Connect®. No bottle is required for these water-coolers, which are plumbed directly into the mains and water passes through a filter before reaching the water-cooler.

In 2008, Just Water launched a Home Delivery programme through its Aqua-Cool division. The business now has over 6,000 clients taking a minimum of one bottle of water per fortnight.

The Company also services water-coolers (which customers own) to Drinksafe™ International standards.

The Company has always sold water filters, generally for home use, and in the second half of 2011, it launched the 'Just Water Filter', which it is mainly selling online. The advantage of this filter is that it filters all the cold water coming through the standard kitchen mixer tap and therefore no ugly additional spout requiring a hole in the bench top is needed. As customers buy a new Just Water Filter, they automatically enter Just Water's Filter Replacement Programme, which gives the Company a recurring income from the sale of filter cartridges, and ensures continued water quality for customers.

In August 2011, the Company acquired a corporate plant hire business, Creative Images (which was subsequently renamed Just Plants), which will further extend its reach in the office services market. The Company has taken this opportunity to lessen its dependence on water-coolers.

### Australia:

The Company acquired Clearwater Filter Systems in 2005 to take advantage of the expected growth in point-of-use water-coolers in Australia. Clearwater has its Head Office in Sydney with branch offices in Brisbane and Melbourne.

Clearwater supplies a different type of Easi-Fill water-cooler from New Zealand, with a filter inside the bottle. The customer fills the bottle through an opening in the top.

The major product is the Office Spring® point-of-use cooler. Clearwater previously sold its rental agreements at a discount to a third party financier. Clearwater now keeps rental agreements in its own accounts and reduces finance costs by using bank funding as required.

Clearwater runs a very successful residential division and it has accumulated a base of about 9,000 residential customers. It supplies filter changes on an annual basis as well as up-selling new filters, when the current one becomes obsolete.

As in New Zealand, the Company has also launched the 'Just Water Filter' online, and this is expected to provide a recurring revenue stream from its filter replacement programme, as it does now in the residential division

In 2013, Clearwater announced two acquisitions. Prior to balance date, it acquired Pure Rain, a Queensland filter company, which has been added to Clearwater's domestic filter business.

After balance date Clearwater announced the acquisition of Aquaman, effective 30 September. This will add 500 water-coolers to Clearwater's base of coolers.

### Outlook:

Just Water International Ltd is an entrepreneurial company, which will continue to take opportunities as they arise.



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## 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 Plants Limited, JWA Holdings Limited, Just Water Australia Pty Limited, Just Water Victoria Pty Limited and Just Water Limited Partnership, which constitute the JWI Group. The board is responsible for the overall corporate governance of the Group.

The Board is committed to ensuring that the Company adheres to the best practice governance principles and maintains the highest ethical standards. The best practice principles which the Company considers in its governance approach are the New Zealand Exchange (NZX) Listing Rules, and the New Zealand Exchange Corporate Governance Best Practice Code (collectively the "Principles").

### The board

#### Composition and responsibilities

At present the board comprises four directors (including the chairperson), of which three are non-executive directors. The Executive Director is Tony Falkenstein, the Chief Executive of the Company. A summary of the skills and experience of each board member can be found on the Company's website at [www.jwi.co.nz](http://www.jwi.co.nz). Having reviewed the position, the Company considers that the board comprises an appropriate mix of skills, expertise and independence.

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

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

Paul Connell	Six
Tony Falkenstein	Six
Simone Iles	Six
Ian Malcolm	Six

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

- direction, development and approval of corporate strategies and the annual budget;
- monitoring financial performance including approval of the annual and half-year financial reports, and liaison with the Group's auditors;
- ensuring effective management of the Group's assets;
- appointment of and assessment of the performance of the Chief Executive;
- monitoring managerial performance; and

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

#### Independence of directors

For a director to be considered independent, the fundamental consideration, in the opinion of the board, is that the director be independent of the Executive and not have any relationship that could, or could be perceived to, interfere materially with the director's exercise of their unfettered and independent judgement. The factors that are considered when assessing whether a non-executive director is independent include, but are not limited to, the following:

- is not a substantial shareholder, or an associate of a substantial shareholder, of the Company holding more than five percent of the Company's listed voting securities;
- has not within the last three years been employed in an executive capacity by the Company or been a director after ceasing to hold such an appointment;
- is not a principal or an employee of a professional advisor to the Company and its entities whose billings exceed 10 percent of the advisor's total revenues;
- is not a significant supplier or customer of the Company, a significant supplier being defined as one whose revenues from the Company exceed 10 percent of the supplier's total revenue;
- has no material contractual relationship with the Company;
- has not served on the board for a period which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interest of the Company; and
- has no other interest or relationship that could interfere with the director's ability to act in the best interests of the Company and independently of management.

Based on the above assessments, the Company considers that two of the current four directors are independent, namely Paul Connell and Simone Iles. The remaining directors have been considered not to be independent as follows:

- Tony Falkenstein – is the Chief Executive Officer and is also an associate of a substantial security holder, namely The Harvard Group Limited;
- Ian Malcolm – is a principal of a professional advisor to the Company and is also an associate of a substantial security holder, namely The Harvard Group Limited.

#### Code of Ethics

JWI expects its directors, employees and contractors to act legally and ethically. The JWI Code of Ethics sets out clear expectations of ethical decision-making and personal behaviours to be adhered to at all times. The Code addresses, amongst other things:

- conflicts of interest, including dealings in company shares;

- receipt and use of company information and assets;
- expected behaviours; and
- processes for reporting breaches of the Code of Ethics, legal obligations or other policies of the Company.

The full content of the Code of Ethics can be found on the Company's website at [www.jwi.co.nz](http://www.jwi.co.nz). Directors, employees and contractors are encouraged to disclose inappropriate, unethical or unsafe activities within the company. At the date of this Annual Report no serious instances of unethical behaviour have been reported.

## Management of the Group

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

## Constitution

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; and
- 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 [www.companies.govt.nz](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. The Company's audit and remuneration committee charters are available to view at [www.jwi.co.nz](http://www.jwi.co.nz).

## 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;
- company processes for the management of business/ financial risk;
- compliance with significant applicable legal, ethical and regulatory requirements;
- 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 Principles:

- solely of non-executive directors, at least 50% of whom are independent;
- at least one director who is a chartered accountant; and
- a chairperson who is a non-executive director and a chartered accountant, and who is not the chairperson 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, were:

Ian Malcolm (Chair)	Three
Paul Connell	Three
Simone Iles	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 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; and
- 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 fees payable to non-executive directors are determined by the remuneration committee, with the current total maximum remuneration payable to the directors of the Company being \$104,000 per annum as approved by ordinary resolution at the 2006 annual meeting of shareholders. The Company pays its non-executive directors in cash.

The remuneration committee at the date of this document comprises solely of non-executive directors and the chairperson of the committee is an independent director.

The remuneration committee meets as required, and met once during the financial year.

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

Simone Iles (Chair)	One
Paul Connell	One
Ian Malcolm	One

### Reporting and continuous disclosure obligations

The Company is committed to ensuring integrity and timeliness in its financial reporting and in providing information to the market and shareholders which reflects a considered view on the present and future prospects of the Company.

Continuous disclosure obligations of NZX require all listed companies to advise the market about any material events and developments as soon as the Company becomes aware of them. The Company has policies and a monitoring programme in place to ensure that it complies with these obligations on an ongoing basis and ensures timely communication of material items to shareholders through NZX or directly, as appropriate.

### Risk management

The Company has in place a risk management plan to identify and address areas of significant business 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 that are designed to:

- optimise the return and to protect the interests of the Company stakeholders;
- safeguard the Company's assets and maintain its reputation;
- improve the Company's operating performance; and
- fulfill the Company's strategic objectives.

### Shareholder relations

The Company values its dialogue with institutional and private investors and is committed to giving all shareholders comprehensive, timely and equal access to information about

its activities. The board aims to ensure that shareholders are informed of all information necessary to assess the board's performance. They do so through a communication strategy which includes:

- periodic and continuous disclosure to NZX;
- information provided to analysts and media;
- annual and half-yearly reports distributed to all shareholders;
- the annual shareholders' meeting; and
- the Company's website.

In accordance with the New Zealand Companies Act and NZX Listing Rules, the Company is no longer required to automatically mail a hard copy of its annual or half-yearly reports to shareholders. Even though these reports will be available electronically, shareholders can request a hard copy of the report to be mailed to them free of charge. The notice of meeting is circulated at least 10 days before the meeting and is also posted on the Company's website.

Shareholders are provided with notes on all the resolutions proposed through the notice of meeting each year. Directors are available at the annual shareholder meetings to answer shareholder questions. The board encourages full participation of shareholders to ensure a high level of accountability and identification with the Company's strategies and goals.

## Stakeholder interests

The Group aims to manage its business in a way that will produce positive outcomes for all stakeholders including the public, customers, team members, suppliers and shareholders.

The intention is to monitor progress towards business sustainability in which we seek to assess and actively improve the social and environmental characteristics of the business. This is a goal to which the Company is strategically committed and which it seeks to integrate more fully into its day-to-day operations. The following table summarises the interaction we have with our key stakeholders:

STAKEHOLDER	INTERACTION	KEY INTERESTS	HOW WE RESPOND
Customers	<ul style="list-style-type: none"> <li>Customer interaction through customer service staff, cooler and water delivery staff and account managers</li> <li>Website</li> </ul>	<ul style="list-style-type: none"> <li>Cost, reliability and access to quality products and services</li> <li>Customer service and satisfaction</li> <li>Company reputation</li> </ul>	<ul style="list-style-type: none"> <li>Treat all customers fairly and with respect</li> <li>Aim to provide the highest level of customer service and satisfaction</li> </ul>
Employees	<ul style="list-style-type: none"> <li>Staff newsletters and other communications</li> <li>Staff committees</li> <li>Regular staff conferences</li> <li>Fun evenings and other social events</li> </ul>	<ul style="list-style-type: none"> <li>Work/life balance</li> <li>Being regarded and respected as a responsible employer</li> <li>Competitive rates of pay</li> <li>Having happy and satisfied employees</li> </ul>	<ul style="list-style-type: none"> <li>Monitor staff work levels, performance and feedback</li> <li>Keep employees well informed about our business</li> <li>Deliver market based remuneration</li> </ul>
Shareholders	<ul style="list-style-type: none"> <li>Annual meetings</li> <li>Board representatives</li> <li>Reports and publications</li> <li>Market announcements</li> <li>Website</li> </ul>	<ul style="list-style-type: none"> <li>Sustainable earnings</li> <li>Growth</li> <li>Shareholder value</li> </ul>	<ul style="list-style-type: none"> <li>Considered economic investments and decisions</li> <li>Deliver sustainable shareholder returns</li> </ul>

## Statutory report of the directors

The directors present to shareholders the tenth 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 2013.

### Business activities

The Group's sole business activities during the financial year continued unchanged, being the rental and supply of equipment, predominantly point-of-use water-coolers and bottled drinking-water to customers in New Zealand and Australia.

### Consolidated financial results

This financial year, the JWI Group maintained profitability compared to the prior year with net profit before tax (NPBT) of \$2.1 million (2012: \$2.1 million). This was achieved on a turnover of \$27.9 million (2012: \$29.9 million), a decrease of 7 percent.

Shareholders' equity at 30 June 2013 totalled \$6.7 million (2012: \$5.4 million), an increase of 23 percent. Total assets were \$27.2 million (2012: \$30.0 million). Total interest-bearing borrowings decreased from \$19.3 million to \$16.0 million.

### Dividend

No dividend was paid during the year (2012: nil). The directors have agreed that no dividend will be declared for the 2013 financial year.

### Donations

During the year ended 30 June 2013 the JWI Group made donations totalling \$28,985 supporting the McGrath Foundation to increase breast care awareness in communities across Australia (2012: \$24,247).

### Directors

The persons holding office as directors of the Company as at 30 June 2013 were as follows:

Paul Connell (Chairman)

Tony Falkenstein

Simone Iles

Ian Malcolm

### Remuneration of directors

Directors' remuneration paid during the year was as follows:

	GROUP		PARENT	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
P Connell (Chairman – appointed October 2011)	52	35	52	35
D C McKinnon (Chairman – retired October 2011)	-	17	-	17
I D Malcolm	26	26	26	26
S J Iles	26	26	26	26
P J Dash (Retired October 2011)	-	9	-	9
A E Falkenstein (Executive Director – Salary)	217	249	217	249

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:

\$000	GROUP	
	2013	2012
100-110	3	5
110-120	2	1
120-130	1	1
130-140	1	1
140-150	-	1
150-160	2	1
160-170	1	1
170-180	-	1
200-210	1	-
210-220	1	-
220-230	1	1
240-250	-	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*

During the year ended 30 June 2013 the JWI Group has transacted with organisations in which a director has an interest. These transactions have been carried out on a commercial arms-length basis and are as follows:

- Bartercard Exchange Limited, a company of which Tony Falkenstein and Ian Malcolm are directors and indirect shareholders, charged Bartercard fees to JWI during the financial year to the value of \$101,554 (2012: \$99,437).
- MHK Chartered Accountants Limited, a company of which Ian Malcolm is a director and a shareholder, provided accounting compliance and accounting services to the JWI Group during the financial year to the value of \$89,650 (2012: \$164,570).

## 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

There were no acquisitions and disposals of equity securities by directors of the JWI Group during the year ended 30 June 2013.

## 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:



Paul Connell  
Chairman



Tony Falkenstein  
Chief Executive

3 September 2013



## **Independent Auditors' Report**

to the shareholders of Just Water International Limited

### **Report on the Financial Statements**

We have audited the financial statements of Just Water International Limited ("the Company") on pages 14 to 51, which comprise the balance sheets as at 30 June 2013, the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and the notes to the financial statements that include a summary of significant accounting policies and other explanatory information for both the Company and the Group. The Group comprises the Company and the entities it controlled at 30 June 2013 or from time to time during the financial year.

### **Directors' Responsibility for the Financial Statements**

The Directors are responsible for the preparation of these financial statements in accordance with generally accepted accounting practice in New Zealand and that give a true and fair view of the matters to which they relate and for such internal controls as the Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand) and International Standards on Auditing. These standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider the internal controls relevant to the Company and the Group's preparation of financial statements that give a true and fair view of the matters to which they relate, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company and the Group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the overall presentation of the financial statements.

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

Other than in our capacity as auditors we have no relationship with, or interests in, Just Water International Limited or any of its subsidiaries.

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## Independent Auditors' Report

Just Water International Limited

### Opinion

In our opinion, the financial statements on pages 14 to 51:

- (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 the Group as at 30 June 2013 and their financial performance and cash flows for the year then ended.

### Report on Other Legal and Regulatory Requirements

We also report in accordance with Sections 16(1)(d) and 16(1)(e) of the Financial Reporting Act 1993. In relation to our audit of the financial statements for the year ended 30 June 2013:

- (i) we have obtained all the information and explanations that we have required; and
- (ii) in our opinion, proper accounting records have been kept by the Company as far as appears from an examination of those records.

### Restriction on Distribution or Use

This report is made solely to the Company's shareholders, as a body, in accordance with Section 205(1) of the Companies Act 1993. Our audit work has been undertaken so that we might state to the Company's shareholders those matters which we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders, as a body, for our audit work, for this report or for the opinions we have formed.

*PricewaterhouseCoopers*

Chartered Accountants  
3 September 2013

Auckland

**Just Water International Limited**  
**Statements of Comprehensive Income**  
**For the year ended 30 June 2013**

	NOTE	GROUP YEAR ENDED 30 JUNE 2013 \$'000	GROUP YEAR ENDED 30 JUNE 2012 \$'000	PARENT YEAR ENDED 30 JUNE 2013 \$'000	PARENT YEAR ENDED 30 JUNE 2012 \$'000
Revenue	8	27,856	29,757	17,895	18,944
Other operating income	9	36	174	1,117	1,291
<b>Income</b>		<b>27,892</b>	<b>29,931</b>	<b>19,012</b>	<b>20,235</b>
Employee costs	10	(10,826)	(11,512)	(7,015)	(7,375)
Changes in inventories of finished goods and consumables		(245)	(360)	(106)	29
Purchases of finished goods and consumables		(2,973)	(2,895)	(1,291)	(1,149)
Other expenses	10	(6,499)	(6,977)	(4,362)	(4,906)
<b>Earnings before interest, tax, depreciation and amortisation</b>		<b>7,349</b>	<b>8,187</b>	<b>6,238</b>	<b>6,834</b>
Depreciation	16	(3,715)	(4,140)	(2,634)	(2,908)
Amortisation	17	(290)	(403)	(290)	(402)
<b>Earnings before interest and tax</b>		<b>3,344</b>	<b>3,644</b>	<b>3,314</b>	<b>3,524</b>
Interest expense		(1,235)	(1,571)	(1,047)	(1,286)
<b>Profit before income tax</b>		<b>2,109</b>	<b>2,073</b>	<b>2,267</b>	<b>2,238</b>
Income tax expense	11	(391)	(317)	(305)	(268)
<b>Profit after income tax</b>		<b>1,718</b>	<b>1,756</b>	<b>1,962</b>	<b>1,970</b>
<b>Other comprehensive income. Items that may be reclassified subsequently to profit or loss</b>					
Foreign currency translation differences for foreign operations		(455)	(173)	-	-
<b>Total comprehensive income</b>		<b>1,263</b>	<b>1,583</b>	<b>1,962</b>	<b>1,970</b>
<b>Earnings per share for profit attributable to the shareholders of the Parent</b>					
Basic and diluted earnings per share (cents)	29	1.9	2.0		

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

**Just Water International Limited**  
**Balance Sheets**  
**As at 30 June 2013**

	NOTE	GROUP 30 JUNE 2013 \$'000	GROUP 30 JUNE 2012 \$'000	PARENT 30 JUNE 2013 \$'000	PARENT 30 JUNE 2012 \$'000
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and cash equivalents	12	76	97	4	2
Trade and other receivables	13	3,247	3,659	19,374	19,211
Current tax receivables		-	202	-	220
Inventories	14	960	1,205	328	434
<b>Total current assets</b>		<b>4,283</b>	<b>5,163</b>	<b>19,706</b>	<b>19,867</b>
<b>Non-current assets</b>					
Property, plant and equipment	16	8,404	10,483	5,581	7,020
Investment in subsidiaries	26	-	-	8,377	8,377
Intangible assets	17	11,238	11,018	5,328	5,660
Deferred tax asset	15	3,283	3,404	400	271
<b>Total non-current assets</b>		<b>22,925</b>	<b>24,905</b>	<b>19,686</b>	<b>21,328</b>
<b>Total assets</b>		<b>27,208</b>	<b>30,068</b>	<b>39,392</b>	<b>41,195</b>
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Interest bearing liabilities	19	737	1,066	353	994
Trade and other payables	18	2,518	2,854	1,399	1,698
Current tax payable		226	-	235	-
Deferred income		1,701	2,200	243	317
<b>Total current liabilities</b>		<b>5,182</b>	<b>6,120</b>	<b>2,230</b>	<b>3,009</b>
<b>Non-current liabilities</b>					
Interest bearing liabilities	19	15,217	18,261	15,044	18,010
Deferred income		48	230	-	-
Deferred tax liabilities	15	62	23	-	22
<b>Total non-current liabilities</b>		<b>15,327</b>	<b>18,514</b>	<b>15,044</b>	<b>18,032</b>
<b>Total liabilities</b>		<b>20,509</b>	<b>24,634</b>	<b>17,274</b>	<b>21,041</b>
<b>Net assets</b>		<b>6,699</b>	<b>5,434</b>	<b>22,118</b>	<b>20,154</b>
<b>EQUITY</b>					
Share capital	20	22,490	22,488	22,490	22,488
Accumulated losses		(15,078)	(16,796)	(372)	(2,334)
Foreign currency translation reserve		(713)	(258)	-	-
<b>Total equity</b>		<b>6,699</b>	<b>5,434</b>	<b>22,118</b>	<b>20,154</b>

For and on behalf of the board:



**Paul Connell**  
Chairman



**Ian Malcolm**  
Director

**3 September 2013**

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

**Just Water International Limited**  
**Statements of Changes in Equity**  
**For the year ended 30 June 2013**

	NOTE	SHARE CAPITAL \$'000	FOREIGN CURRENCY TRANSLATION RESERVE \$'000	ACCUMULATED LOSSES \$'000	TOTAL EQUITY \$'000
<b>GROUP</b>					
<b>Balance at 1 July 2011</b>		<b>22,487</b>	<b>(85)</b>	<b>(18,552)</b>	<b>3,850</b>
Profit after tax		-	-	1,756	1,756
Foreign currency translation reserve		-	(173)	-	(173)
<b>Total comprehensive income/(loss) for the year</b>		<b>-</b>	<b>(173)</b>	<b>1,756</b>	<b>1,583</b>
Fair value of options issued	20	1	-	-	1
<b>Balance at 30 June 2012</b>		<b>22,488</b>	<b>(258)</b>	<b>(16,796)</b>	<b>5,434</b>
Profit after tax		-	-	1,718	1,718
Foreign currency translation reserve		-	(455)	-	(455)
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>(455)</b>	<b>1,718</b>	<b>1,263</b>
Fair value of options issued	20	2	-	-	2
<b>Balance at 30 June 2013</b>		<b>22,490</b>	<b>(713)</b>	<b>(15,078)</b>	<b>6,699</b>
<b>PARENT</b>					
<b>Balance at 1 July 2011</b>		<b>22,487</b>	<b>-</b>	<b>(4,304)</b>	<b>18,183</b>
Profit after tax		-	-	1,970	1,970
<b>Total comprehensive income/(loss) for the year</b>		<b>-</b>	<b>-</b>	<b>1,970</b>	<b>1,970</b>
Fair value of options issued	20	1	-	-	1
<b>Balance at 30 June 2012</b>		<b>22,488</b>	<b>-</b>	<b>(2,334)</b>	<b>20,154</b>
Profit after tax		-	-	1,962	1,962
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>-</b>	<b>1,962</b>	<b>1,962</b>
Fair value of options issued	20	2	-	-	2
<b>Balance at 30 June 2013</b>		<b>22,490</b>	<b>-</b>	<b>(372)</b>	<b>22,118</b>

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

**Just Water International Limited**  
**Cash Flow Statements**  
For the year ended 30 June 2013

	NOTE	GROUP YEAR ENDED 30 JUNE 2013 \$'000	GROUP YEAR ENDED 30 JUNE 2012 \$'000	PARENT YEAR ENDED 30 JUNE 2013 \$'000	PARENT YEAR ENDED 30 JUNE 2012 \$'000
<b>Cash flows from operating activities</b>					
Receipts from customers		27,344	28,981	18,546	18,734
Interest received		2	9	1	7
Payments to suppliers and employees		(20,065)	(20,791)	(12,534)	(12,903)
Interest paid		(1,235)	(1,571)	(1,047)	(1,286)
Income tax paid		(61)	(303)	-	(265)
Purchases of non-current assets held for rental		(2,049)	(1,852)	(1,312)	(1,222)
<b>Net cash generated from operating activities</b>	27	<b>3,936</b>	<b>4,473</b>	<b>3,654</b>	<b>3,065</b>
<b>Cash flows from investing activities</b>					
Acquisition of subsidiary	24	(648)	(900)	-	-
Purchases of property, plant and equipment		(341)	(387)	(236)	(142)
Proceeds from sale of property, plant and equipment		311	33	192	53
Purchases of intangible assets		-	(18)	-	(18)
Loans to related parties		-	-	-	(267)
<b>Net cash used in investing activities</b>		<b>(678)</b>	<b>(1,272)</b>	<b>(44)</b>	<b>(374)</b>
<b>Cash flows from financing activities</b>					
Proceeds from borrowings		840	967	51	900
Repayment of borrowings		(4,560)	(4,000)	(3,781)	(3,619)
<b>Net cash used in financing activities</b>		<b>(3,720)</b>	<b>(3,033)</b>	<b>(3,730)</b>	<b>(2,719)</b>
<b>Net increase/(decrease) in cash, cash equivalents and bank overdrafts</b>		<b>(462)</b>	<b>168</b>	<b>(120)</b>	<b>(28)</b>
Cash and cash equivalents at the beginning of the year		59	(111)	(36)	(8)
Exchange (losses)/gains on cash and bank overdrafts		(5)	2	-	-
<b>Cash and cash equivalents at the end of year</b>	12	<b>(408)</b>	<b>59</b>	<b>(156)</b>	<b>(36)</b>

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

# Just Water International Limited

## Notes to the Financial Statements

### For the year ended 30 June 2013

#### 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 Just Plants Limited, Clearwater Filter Systems (Aust) Pty Limited (Clearwater), JWA Holdings Limited, Just Water Australia Pty Limited (JW Australia), Just Water Victoria Pty Limited (JW Victoria) and the Just Water Limited Partnership.

These financial statements have been approved for issue by the board of directors on 3 September 2013.

#### 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) and other applicable financial reporting standards. The Group has designated itself as a profit-oriented entity for the purposes of complying with NZ IFRS. The financial statements 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. The Consolidated annual statements for the 'Group' are for the economic entity comprising Just Water International Ltd and its subsidiaries.

###### 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.

###### 2.2.4 Going concern

The financial statements have been prepared on a going concern basis. As at 30 June 2013 the Group had negative working capital. The directors have assessed the financial performance of the Group including forecast cash flows and are satisfied that the going concern assumption remains appropriate.

#### 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 2013 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 entities over which the Group 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 Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

The excess of the consideration transferred and the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the statements of comprehensive income.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Investments in subsidiaries held by the Parent are accounted for at cost less impairment.

## 2.4 Segment reporting

Operating segments are reported upon in a manner consistent with the internal reporting used for allocating resources and assessing performance.

## 2.5 Foreign currency translation

### 2.5.1 Functional and presentation currency

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

### 2.5.2 Transaction and balances

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

### 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 statement of comprehensive income 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 income

The Group sells water and other products. Sales of goods are recognised when a Group entity delivers a product to the customer.

### 2.6.2 Rental income

Rental income relates to the rental of water-coolers to customers. Rental income is recognised over the period of rental contracts, including any rent free periods.

### 2.6.3 Service income

Service income shown in the statement of comprehensive income 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 date in the ordinary course of business.

### 2.6.4 Interest income

Interest income is recognised on an accruals basis using the effective interest method.

### 2.6.5 Dividend income

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

### 2.6.6 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 year is the tax payable on the current year'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

# Just Water International Limited

## Notes to the Financial Statements

### For the year ended 30 June 2013

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 Group 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.

Current tax asset of one entity in the 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 statements of comprehensive income have been prepared so that all components are stated exclusive of GST. All items in the balance sheets are stated net of GST, with the exception of receivables and payables, which include GST invoiced. All items in the cash flow statements are stated inclusive of GST.

## 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 interest-bearing liabilities. 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 profit and loss component of the statements of comprehensive income 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 profit and loss component of the statements of comprehensive income 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 PPE in the balance sheets. 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 non-financial 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 sheets.

## 2.12 Trade receivables

Trade receivables are recognised initially at fair value plus transaction costs 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 Group will not be able to collect all amounts due according to the original terms of receivables. Evidence of impairment may include a worsened ageing and indications that the debtors are experiencing significant financial difficulty, default or delays in payments. 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 movement in the provision is recognised in the profit and loss component of the statements of comprehensive income.

## 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

The Group classifies its financial assets as loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

### 2.14.1 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 Group 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 date which are classified as noncurrent assets. Loans and receivables include cash and cash equivalents and receivables in the balance sheets.

## 2.15 Property, plant and equipment

Items of property, plant and equipment (PPE) are shown at cost less subsequent depreciation and 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.

Initial commission costs incurred in negotiating and arranging cooler contracts are capitalised and recognised as an expense over the average cooler contract term.

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 profit and loss component of the statements of comprehensive income during the financial period in which they are incurred.

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

Rental equipment	2 – 8 years
Motor vehicles	4 – 5 years
Office equipment	3 – 11 years
Furniture and fittings	8 years
Plant and equipment	4 – 7 years
Leasehold improvements	5 – 12 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 assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance 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 profit and loss component of the statements of comprehensive income. 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.

Negative goodwill arising on an acquisition is recognised directly in the profit and loss component of the statements of comprehensive income.

### 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.

Amortisation is charged to the profit and loss component of the statements of comprehensive income 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 date or where there are indicators of impairment.

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,

# **Just Water International Limited**

## **Notes to the Financial Statements**

### **For the year ended 30 June 2013**

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.

#### **2.18 Trade and other payables**

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are generally paid within normal terms of trade. Trade payables are recognised initially at fair value less transaction costs 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 profit and loss component of the statement of comprehensive income 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 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.

#### **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 balance date are recognised in other payables in respect of employees' services up to the balance 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 balance 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 when the options are exercised.

##### **2.21.4 Short-term employee benefits**

Employee entitlements to salaries and wages, annual leave and sick leave to be settled within 12 months of the balance date represent present obligations resulting from employees' services provided up to the balance 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.

#### **2.23 Comparatives**

Certain comparative information has been reclassified in order to provide a more appropriate basis for comparison. Under notes 16 and 17 Customer Contracts have been transferred to Rental Equipment. The value of reclassifications was \$0.269 million.

### **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 Parent by the weighted average number of ordinary shares outstanding during the financial year.

#### **3.2 Diluted earnings per share**

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

## 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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 Goodwill

The Group tests annually whether goodwill has suffered any impairment in accordance with the accounting policy stated in note 2.16.1. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates (note 17).

### 4.2 Deferred tax

The utilisation of the deferred tax asset relating to temporary differences is dependent on future tax profits in excess of the profits arising from the reversal of existing taxable temporary differences. Income tax losses are reviewed annually for each tax jurisdiction to ensure it is probable that these losses will be utilised based on current forecasts. If it is not probable they will be utilised, the losses are derecognised (note 15).

### 4.3 Receivables

Management regularly reviews the receivables ledger and makes provision against those balances that management believes are not collectible (note 13).

### 4.4 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. Deferred income tax is determined using the tax rate (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. 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.

### 4.5 Coolers

Management regularly reviews the status of cooler rental agreements and provide for coolers where these are deemed not recoverable from customers.

## 5. STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED STANDARDS THAT HAVE BECOME EFFECTIVE

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for the Group's accounting periods beginning on or after 1 July 2012. Adoption of these standards did not have any material impact on the Group's financial statements. These are detailed as below.

### 5.1 NZ IAS 1 Amendment to Presentation of Items of Other Comprehensive Income (effective 1 July 2012)

The amendment requires entities to separate items presented in other comprehensive income into two groups, based on whether they may be recycled to profit or loss in the future. This did not affect the measurement of any of the items recognised in the balance sheet or the statements of financial performance.

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

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for the Group's accounting periods beginning on or after 1 July 2013 or later periods, but which the Group has not early adopted. These standards are not expected to significantly affect the Group. The Group is yet to assess the full impact of these standards and intends to adopt these as soon as they become effective.

### 6.1 NZ IFRS 9: Financial Instruments (effective from annual periods beginning on or after 1 January 2015)

The standard replaces part of NZ IAS 39 and establishes two primary measurement categories for financial assets and liabilities: amortised cost and fair value. Classification depends on an entity's business model and the contractual cash flow characteristics of the financial asset.

### 6.2 NZ IFRS 10: Consolidated Financial Statements (effective from annual periods beginning on or after 1 January 2013)

The standard introduces a single definition of control that applies to all entities. It focuses on the need to have both power and rights or exposure to variable returns before control is present.

### 6.3 NZ IFRS 12: Disclosure of Interests in other Entities (effective from annual periods beginning on or after 1 January 2013)

The standard sets out the required disclosures for entities reporting under NZ IFRS 10 and NZ IFRS 11, and replaces the disclosure requirements currently found in IAS 28.

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**6.4 NZ IFRS 13: Fair value measurement (effective from annual periods beginning on or after 1 January 2013)**

The standard explains how to measure fair value and aims to enhance fair value disclosures.

There are no other NZ IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

## 7. SEGMENT INFORMATION

An operating segment is a component of an entity that engages in business activities, which earns revenue and incurs expenses and for which the chief operating decision maker (CODM) reviews the operating results on a regular basis and makes decisions on resource allocation. The Group has determined its CODM to be the Board of Directors on the basis that it is this group which determines the allocation of resources to segments and assesses their performance.

The operating segments of the Group have been determined based on the components of the Group that the CODM monitors in making decisions about operating matters. Such components have been identified on the basis of internal reports that the CODM reviews regularly in order to allocate resources and to assess the performance of the Group.

The Group is organised into two reportable operating segments, namely New Zealand and Australia, reflecting the different geographical markets within which the Group operates.

The following is an analysis of the Group's revenue and results by reportable segment.

	NOTE	NEW ZEALAND 2013 \$'000	AUSTRALIA 2013 \$'000	ELIMINATIONS 2013 \$'000	GROUP TOTAL 2013 \$'000
Rental income	8	11,047	6,074	-	17,121
Sales and service income	8	7,413	3,322	-	10,735
Other operating income	9	172	5	(141)	36
<b>Income</b>		<b>18,632</b>	<b>9,401</b>	<b>(141)</b>	<b>27,892</b>
<b>Earnings before interest, tax, depreciation and amortisation</b>		<b>5,482</b>	<b>2,008</b>	<b>(141)</b>	<b>7,349</b>
Depreciation	16	(2,670)	(1,045)	-	(3,715)
Amortisation	17	(290)	-	-	(290)
<b>Earnings before interest and tax</b>		<b>2,522</b>	<b>963</b>	<b>(141)</b>	<b>3,344</b>
Interest expense		(1,188)	(188)	141	(1,235)
<b>Profit before income tax</b>		<b>1,334</b>	<b>775</b>	<b>-</b>	<b>2,109</b>
Income tax expense	11	(411)	20	-	(391)
<b>Profit attributable to shareholders of the Parent</b>		<b>923</b>	<b>795</b>	<b>-</b>	<b>1,718</b>
Total assets		31,585	12,260	(16,637)	27,208
Total liabilities		35,591	3,218	(18,300)	20,509
Total cost to acquire assets to be used for more than one period		2,245	724	-	2,969

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**7. SEGMENT INFORMATION CONTINUED**

	NOTE	NEW ZEALAND 2012 \$'000	AUSTRALIA 2012 \$'000	ELIMINATIONS 2012 \$'000	GROUP TOTAL 2012 \$'000
Rental income		11,759	6,707	-	18,466
Sales and service income		7,775	3,742	(226)	11,291
Other operating income		335	3	(164)	174
<b>Income</b>		<b>19,869</b>	<b>10,452</b>	<b>(390)</b>	<b>29,931</b>
<b>Earnings before interest, tax, depreciation and amortisation</b>		<b>5,961</b>	<b>2,390</b>	<b>(164)</b>	<b>8,187</b>
Depreciation		(2,920)	(1,111)	-	(4,031)
Amortisation		(403)	(109)	-	(512)
<b>Earnings before interest and tax</b>		<b>2,638</b>	<b>1,170</b>	<b>(164)</b>	<b>3,644</b>
Interest expense		(1,287)	(448)	164	(1,571)
<b>Profit before income tax</b>		<b>1,351</b>	<b>722</b>	<b>-</b>	<b>2,073</b>
Income tax expense		(328)	11	-	(317)
<b>Profit attributable to shareholders of the parent</b>		<b>1,023</b>	<b>733</b>	<b>-</b>	<b>1,756</b>
Total assets		56,117	13,227	(39,276)	30,068
Total liabilities		39,113	3,821	(18,300)	24,634
Total cost to acquire assets to be used for more than one period		2,008	1,080	-	3,088

**8. REVENUE**

	GROUP YEAR ENDED 30 JUNE 2013 \$'000	GROUP YEAR ENDED 30 JUNE 2012 \$'000	PARENT YEAR ENDED 30 JUNE 2013 \$'000	PARENT YEAR ENDED 30 JUNE 2012 \$'000
Rental income	17,121	18,466	10,444	11,287
Sales income	7,932	8,364	6,417	6,366
Service income	2,803	2,927	1,034	1,291
<b>Total revenue</b>	<b>27,856</b>	<b>29,757</b>	<b>17,895</b>	<b>18,944</b>

## 9. OTHER OPERATING INCOME

	GROUP YEAR ENDED 30 JUNE 2013 \$'000	GROUP YEAR ENDED 30 JUNE 2012 \$'000	PARENT YEAR ENDED 30 JUNE 2013 \$'000	PARENT YEAR ENDED 30 JUNE 2012 \$'000
Foreign exchange gains – realised	19	148	19	148
Foreign exchange gains – unrealised	15	17	15	17
Interest income	2	9	1,083	1,126
<b>Total other operating income</b>	<b>36</b>	<b>174</b>	<b>1,117</b>	<b>1,291</b>

## 10. EXPENSES

	GROUP YEAR ENDED 30 JUNE 2013 \$'000	GROUP YEAR ENDED 30 JUNE 2012 \$'000	PARENT YEAR ENDED 30 JUNE 2013 \$'000	PARENT YEAR ENDED 30 JUNE 2012 \$'000
Directors' fees	104	113	104	113
Donations	29	24	-	1
Exchange losses – realised	1	11	-	-
Net loss on disposal of property, plant and equipment and intangibles	270	698	201	414
Operating lease payments	1,013	1,084	617	693
Auditors' fees				
Fees paid to the auditors of the Parent (PWC New Zealand)				
Statutory audit	165	153	99	91
Half-year review	13	12	13	12
Employee costs				
Wages and salaries	10,824	11,511	7,014	7,374
Share options granted to directors and employees	2	1	1	1
<b>Total employee costs</b>	<b>10,826</b>	<b>11,512</b>	<b>7,015</b>	<b>7,375</b>

# Just Water International Limited

## Notes to the Financial Statements

### For the year ended 30 June 2013

#### 11. INCOME TAX EXPENSE

	GROUP YEAR ENDED 30 JUNE 2013 \$'000	GROUP YEAR ENDED 30 JUNE 2012 \$'000	PARENT YEAR ENDED 30 JUNE 2013 \$'000	PARENT YEAR ENDED 30 JUNE 2012 \$'000
Current tax	490	273	456	156
Deferred tax (note 15)	(99)	228	(151)	112
Exchange differences (note 15)	-	(184)	-	-
<b>Income tax expense</b>	<b>391</b>	<b>317</b>	<b>305</b>	<b>268</b>

The current income tax in New Zealand for the year was calculated using the rate of 28% (2012: 28%). The current income tax in Australia is 30% (2012: 30%).

Income tax expense is attributable to:

Profit before income tax expense	2,109	2,073	2,267	2,238
Tax calculated at domestic tax rates applicable to profits in the respective countries	590	580	635	627
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:				
Tax losses from Group company	-	-	(293)	(574)
Prior period tax losses utilised	(427)	(178)	-	267
Expenses not deductible for tax purposes	16	10	14	8
Prior period adjustments	212	(95)	(51)	(60)
<b>Income tax expense</b>	<b>391</b>	<b>317</b>	<b>305</b>	<b>268</b>

#### Imputation credit account

<b>Balance at end of year</b>	<b>2,415</b>	<b>2,129</b>	<b>2,320</b>	<b>2,085</b>
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#### Imputation credits

Imputation credits available for subsequent reporting periods based on a tax rate of 28% (2012: 28%)	2,415	2,129	2,320	2,085
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The above amounts represent the balance of the imputation account as at the end of the reporting period, adjusted for:

- Imputation credits that will arise from the payment of the amount of the provision for income tax;
- Imputation debits that will arise from the payment of dividends recognised as a liability at the reporting date; and
- Imputation credits that will arise from the receipt of dividends recognised as receivables at the reporting date.

The consolidated amounts include imputation credits that would be available to the parent entity if subsidiaries paid dividends.

#### 12. CASH AND CASH EQUIVALENTS

	GROUP AS AT 30 JUNE 2013 \$'000	GROUP AS AT 30 JUNE 2012 \$'000	PARENT AS AT 30 JUNE 2013 \$'000	PARENT AS AT 30 JUNE 2012 \$'000
Cash in hand	5	5	2	2
Short-term bank deposits	71	92	2	-
<b>Total cash and cash equivalents</b>	<b>76</b>	<b>97</b>	<b>4</b>	<b>2</b>

Cash and bank equivalents include the following for the purposes of the cash flow statement:

Cash and cash equivalents	76	97	4	2
Bank overdrafts (see note 19)	(484)	(38)	(160)	(38)
<b>Total cash and bank overdraft</b>	<b>(408)</b>	<b>59</b>	<b>(156)</b>	<b>(36)</b>

### 13. TRADE AND OTHER RECEIVABLES

	GROUP AS AT 30 JUNE 2013 \$'000	GROUP AS AT 30 JUNE 2012 \$'000	PARENT AS AT 30 JUNE 2013 \$'000	PARENT AS AT 30 JUNE 2012 \$'000
Trade receivables	3,191	3,916	1,713	2,093
Provision for doubtful receivables	(189)	(478)	(177)	(407)
<b>Net trade receivables</b>	<b>3,002</b>	<b>3,438</b>	<b>1,536</b>	<b>1,686</b>
Related-party receivables (note 23)	-	-	17,702	17,373
Prepayments	245	221	136	152
<b>Trade and other receivables</b>	<b>3,247</b>	<b>3,659</b>	<b>19,374</b>	<b>19,211</b>

#### Bad and doubtful trade receivables

The Group has recognised a net loss of \$0.3 million (2012: \$0.5 million) in respect of bad and doubtful trade receivables during the year ended 30 June 2013. The Parent has recognised a net loss of \$0.3 million (2012: \$0.5 million) in respect of bad and doubtful trade receivables during the year ended 30 June 2013. The loss has been included in 'other expenses' in the statement of comprehensive income.

As at 30 June 2013, trade receivables of \$2.8 million (2012: \$2.9 million) were either due but not impaired or past due but not impaired for the Group and trade receivables of \$1.4 million (2012: \$1.5 million) were either due but not impaired or past due but not impaired for the Parent. Based on previous collection history management considers these amounts to be recoverable. The ageing analysis of these trade receivables is as follows:

	GROUP AS AT 30 JUNE 2013 \$'000	GROUP AS AT 30 JUNE 2012 \$'000	PARENT AS AT 30 JUNE 2013 \$'000	PARENT AS AT 30 JUNE 2012 \$'000
1-30 days	2,321	2,626	1,105	1,313
30-60 days	510	202	269	184
90+ days	11	25	9	16
<b>Total</b>	<b>2,842</b>	<b>2,853</b>	<b>1,383</b>	<b>1,513</b>

As at 30 June 2013, trade receivables of \$0.3 million (2012: \$1.1 million) were either partially or fully impaired and provided for by the Group and trade receivables of \$0.3 million (2012: \$0.6 million) were either partially or fully impaired and provided for by the Parent. The amount of the provision was \$0.2 million (2012: \$0.5 million) for the Group and \$0.2 million (2012: \$0.4 million) for the Parent. The individually impaired receivables relate to customers, which are in unexpected economic conditions. It was assessed that a portion of the receivables is expected to be recovered. The ageing of these receivables is as follows:

	GROUP AS AT 30 JUNE 2013 \$'000	GROUP AS AT 30 JUNE 2012 \$'000	PARENT AS AT 30 JUNE 2013 \$'000	PARENT AS AT 30 JUNE 2012 \$'000
1-30 days	44	29	44	29
30-60 days	38	310	38	31
90+ days	267	724	248	520
<b>Total</b>	<b>349</b>	<b>1,063</b>	<b>330</b>	<b>580</b>

	GROUP AS AT 30 JUNE 2013 \$'000	GROUP AS AT 30 JUNE 2012 \$'000	PARENT AS AT 30 JUNE 2013 \$'000	PARENT AS AT 30 JUNE 2012 \$'000
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#### Movement in the provision for doubtful trade receivables is as follows:

Balance at the beginning of the year	478	785	407	673
Additional provision recognised	277	520	262	515
Receivables written off during the year as uncollectable	(566)	(827)	(492)	(781)
<b>Balance at end of the year</b>	<b>189</b>	<b>478</b>	<b>177</b>	<b>407</b>

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**14. INVENTORIES**

	GROUP AS AT 30 JUNE 2013 \$'000	GROUP AS AT 30 JUNE 2012 \$'000	PARENT AS AT 30 JUNE 2013 \$'000	PARENT AS AT 30 JUNE 2012 \$'000
Finished goods	390	662	217	279
Consumables	570	543	111	155
<b>Total inventories</b>	<b>960</b>	<b>1,205</b>	<b>328</b>	<b>434</b>

Write-downs of inventories to net realisable value recognised as an expense during the year ended 30 June 2013 amounted to \$0.0 million (2012: \$0.1 million) for the Group and \$0.0 million (2012: \$0.1 million) for the Parent. The expense has been included in 'changes in inventories of finished goods and consumables' in the statements of comprehensive income.

**15. DEFERRED TAX**

	GROUP AS AT 30 JUNE 2013 \$'000	GROUP AS AT 30 JUNE 2012 \$'000	PARENT AS AT 30 JUNE 2013 \$'000	PARENT AS AT 30 JUNE 2012 \$'000
<b>Deferred tax asset/(liability)</b>				
Beginning of the year	3,381	3,425	249	361
Statement of comprehensive income charge (note 11)	99	(228)	151	(112)
Exchange differences (note 11)	(259)	184	-	-
<b>End of the year</b>	<b>3,221</b>	<b>3,381</b>	<b>400</b>	<b>249</b>
<b>Deferred tax assets:</b>				
Deferred tax asset to be recovered after more than 12 months	2,592	2,790	-	-
Deferred tax asset to be recovered within 12 months	691	614	400	271
<b>Total deferred tax assets</b>	<b>3,283</b>	<b>3,404</b>	<b>400</b>	<b>271</b>
<b>Deferred tax liabilities:</b>				
Deferred tax liability to be recovered after more than 12 months	(62)	(23)	-	(22)
Deferred tax liability to be recovered within 12 months	-	-	-	-
<b>Total deferred tax liabilities</b>	<b>(62)</b>	<b>(23)</b>	<b>-</b>	<b>(22)</b>

The Group also has unrecognised tax effected losses in Australia of \$0.7 million as at 30 June 2013 (2012: \$1.3 million).

## 15. DEFERRED TAX CONTINUED

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	PROPERTY, PLANT & EQUIPMENT \$'000	TOTAL \$'000
<b>Deferred tax assets:</b>				
<b>GROUP</b>				
At 30 June 2011	2,996	690	-	3,686
Credited/(charged) to the statement of comprehensive income	(372)	(94)	-	(466)
Exchange differences	166	18	-	184
At 30 June 2012	2,790	614	-	3,404
Credited/(charged) to the statement of comprehensive income	45	(253)	346	138
Exchange differences	(243)	(16)	-	(259)
At 30 June 2013	2,592	345	346	3,283

	CUSTOMER CONTRACTS \$'000	PROPERTY, PLANT & EQUIPMENT \$'000	OTHER \$'000	TOTAL \$'000
<b>Deferred tax liabilities:</b>				
<b>GROUP</b>				
At 30 June 2011	(36)	(225)	-	(261)
Credited/(charged) to the statement of comprehensive income	13	225	-	238
At 30 June 2012	(23)	-	-	(23)
Credited/(charged) to the statement of comprehensive income	15	-	(54)	(39)
At 30 June 2013	(8)	-	(54)	(62)

	TAX LOSSES RECOGNISED \$'000	ACCRUALS \$'000	PROPERTY, PLANT & EQUIPMENT \$'000	TOTAL \$'000
<b>Deferred tax assets:</b>				
<b>PARENT</b>				
At 30 June 2011	267	370	-	637
Credited/(charged) to the statement of comprehensive income	(267)	(99)	-	(366)
At 30 June 2012	-	271	-	271
Credited/(charged) to the statement of comprehensive income	-	(104)	233	129
At 30 June 2013	-	167	233	400

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**15. DEFERRED TAX CONTINUED**

	CUSTOMER CONTRACTS \$'000	PROPERTY, PLANT & EQUIPMENT \$'000	OTHER \$'000	TOTAL \$'000
<b>Deferred tax liabilities:</b>				
<b>PARENT</b>				
At 30 June 2011	-	(276)	-	(276)
Credited/(charged) to the statement of comprehensive income	-	254	-	254
At 30 June 2012	-	(22)	-	(22)
Credited/(charged) to the statement of comprehensive income	-	22	-	22
At 30 June 2013	-	-	-	-

**16. PROPERTY, PLANT AND EQUIPMENT**

	LEASEHOLD IMPROVEMENTS \$'000	RENTAL EQUIPMENT \$'000	MOTOR VEHICLES <sup>2</sup> \$'000	PLANT AND OFFICE EQUIPMENT \$'000	TOTAL \$'000
<b>GROUP</b>					
<b>As at 30 June 2011</b>					
Cost	906	25,117	1,627	3,669	31,319
Accumulated depreciation	(324)	(14,824)	(926)	(2,340)	(18,414)
<b>Net book amount</b>	<b>582</b>	<b>10,293</b>	<b>701</b>	<b>1,329</b>	<b>12,905</b>
<b>Year ended 30 June 2012</b>					
Opening net book amount	582	10,293	701	1,329	12,905
Foreign currency movement in opening balance	(1)	13	(5)	(2)	5
Additions <sup>1</sup>	16	1,852	224	147	2,239
Disposals <sup>1</sup>	(3)	(521)	(2)	-	(526)
Depreciation charge	(121)	(3,223)	(274)	(522)	(4,140)
<b>Closing net book amount</b>	<b>473</b>	<b>8,414</b>	<b>644</b>	<b>952</b>	<b>10,483</b>
<b>As at 30 June 2012</b>					
Cost	911	25,108	1,602	3,654	31,275
Accumulated depreciation	(438)	(16,694)	(958)	(2,702)	(20,792)
<b>Net book amount</b>	<b>473</b>	<b>8,414</b>	<b>644</b>	<b>952</b>	<b>10,483</b>
<b>Year ended 30 June 2013</b>					
Opening net book amount	473	8,414	644	952	10,483
Foreign currency movement in opening balance	(1)	(280)	(16)	29	(268)
Additions <sup>1</sup>	5	2,049	236	100	2,390
Acquisition of business (refer note 24)	-	-	17	3	20
Disposals <sup>1</sup>	(6)	(422)	(74)	(4)	(506)
Depreciation charge	(135)	(2,847)	(257)	(476)	(3,715)
<b>Closing net book amount</b>	<b>336</b>	<b>6,914</b>	<b>550</b>	<b>604</b>	<b>8,404</b>
<b>As at 30 June 2013</b>					
Cost	904	23,464	1,557	3,711	29,636
Accumulated depreciation	(568)	(16,550)	(1,007)	(3,107)	(21,232)
<b>Net book amount</b>	<b>336</b>	<b>6,914</b>	<b>550</b>	<b>604</b>	<b>8,404</b>

## 16. PROPERTY, PLANT AND EQUIPMENT CONTINUED

	LEASEHOLD IMPROVEMENTS \$'000	RENTAL EQUIPMENT \$'000	MOTOR VEHICLES <sup>2</sup> \$'000	PLANT AND OFFICE EQUIPMENT \$'000	TOTAL \$'000
<b>PARENT</b>					
<b>As at 30 June 2011</b>					
Cost	790	16,833	1,061	3,170	21,854
Accumulated depreciation	(286)	(10,072)	(606)	(1,980)	(12,944)
<b>Net book amount</b>	<b>504</b>	<b>6,761</b>	<b>455</b>	<b>1,190</b>	<b>8,910</b>
<b>Year ended 30 June 2012</b>					
Opening net book amount	504	6,761	455	1,190	8,910
Additions <sup>1</sup>	8	1,222	44	90	1,364
Disposals <sup>1</sup>	(3)	(343)	-	-	(346)
Depreciation charge	(99)	(2,182)	(185)	(442)	(2,908)
<b>Closing net book amount</b>	<b>410</b>	<b>5,458</b>	<b>314</b>	<b>838</b>	<b>7,020</b>
<b>As at 30 June 2012</b>					
Cost	789	16,702	1,075	3,249	21,815
Accumulated depreciation	(379)	(11,244)	(761)	(2,411)	(14,795)
<b>Net book amount</b>	<b>410</b>	<b>5,458</b>	<b>314</b>	<b>838</b>	<b>7,020</b>
<b>Year ended 30 June 2013</b>					
Opening net book amount	410	5,458	314	838	7,020
Foreign currency movement in opening balance	-	-	-	42	42
Additions <sup>1</sup>	4	1,312	180	52	1,548
Disposals <sup>1</sup>	-	(346)	(45)	(4)	(395)
Depreciation charge	(118)	(1,931)	(170)	(415)	(2,634)
<b>Closing net book amount</b>	<b>296</b>	<b>4,493</b>	<b>279</b>	<b>513</b>	<b>5,581</b>
<b>As at 30 June 2013</b>					
Cost	792	16,924	1,041	3,293	22,050
Accumulated depreciation	(496)	(12,431)	(762)	(2,780)	(16,469)
<b>Net book amount</b>	<b>296</b>	<b>4,493</b>	<b>279</b>	<b>513</b>	<b>5,581</b>

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

2. Finance leases: Motor vehicles for the Group include items capitalised under finance leases with a cost of \$0.7 million (2012: \$0.6 million), together with accumulated depreciation of \$0.3 million (2012: \$0.2 million). Motor vehicles for the Parent include items capitalised under finance leases with a cost of \$0.2 million (2012: \$0.2 million), together with accumulated depreciation of \$0.0 million (2012: \$0.1 million).

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*Notes to the Financial Statements*  
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**17. INTANGIBLE ASSETS**

	SOFTWARE \$'000	GOODWILL \$'000	PATENTS AND TRADEMARKS \$'000	TOTAL \$'000
<b>GROUP</b>				
<b>As at 30 June 2011</b>				
Cost	1,894	28,253	91	30,238
Accumulated amortisation	(1,055)	(18,300)	(55)	(19,410)
<b>Net book amount</b>	<b>839</b>	<b>9,953</b>	<b>36</b>	<b>10,828</b>
<b>Year ended 30 June 2012</b>				
Opening net book amount	839	9,953	36	10,828
Foreign currency movement in opening balance	-	(256)	-	(256)
Additions	18	831	-	849
Amortisation charge	(395)	-	(8)	(403)
<b>Closing net book amount</b>	<b>462</b>	<b>10,528</b>	<b>28</b>	<b>11,018</b>
<b>As at 30 June 2012</b>				
Cost	1,907	28,828	74	30,809
Accumulated amortisation	(1,445)	(18,300)	(46)	(19,791)
<b>Net book amount</b>	<b>462</b>	<b>10,528</b>	<b>28</b>	<b>11,018</b>
<b>Year ended 30 June 2013</b>				
Opening net book amount	462	10,528	28	11,018
Foreign currency movement in opening balance	(42)	(28)	-	(70)
Acquisition of business (refer note 24)	-	580	-	580
Amortisation charge	(282)	-	(8)	(290)
<b>Closing net book amount</b>	<b>138</b>	<b>11,080</b>	<b>20</b>	<b>11,238</b>
<b>As at 30 June 2013</b>				
Cost	1,754	29,380	74	31,208
Accumulated amortisation	(1,616)	(18,300)	(54)	(19,970)
<b>Net book amount</b>	<b>138</b>	<b>11,080</b>	<b>20</b>	<b>11,238</b>

## 17. INTANGIBLE ASSETS CONTINUED

	SOFTWARE \$'000	GOODWILL \$'000	PATENTS AND TRADEMARKS \$'000	TOTAL \$'000
<b>PARENT</b>				
<b>As at 30 June 2011</b>				
Cost	1,894	5,171	73	7,138
Accumulated amortisation	(1,055)	-	(39)	(1,094)
<b>Net book amount</b>	<b>839</b>	<b>5,171</b>	<b>34</b>	<b>6,044</b>
<b>Year ended 30 June 2012</b>				
Opening net book amount	839	5,171	34	6,044
Additions	18	-	-	18
Amortisation charge	(395)	-	(7)	(402)
<b>Closing net book amount</b>	<b>462</b>	<b>5,171</b>	<b>27</b>	<b>5,660</b>
<b>As at 30 June 2012</b>				
Cost	1,907	5,171	73	7,151
Accumulated amortisation	(1,445)	-	(46)	(1,491)
<b>Net book amount</b>	<b>462</b>	<b>5,171</b>	<b>27</b>	<b>5,660</b>
<b>Year ended 30 June 2013</b>				
Opening net book amount	462	5,171	27	5,660
Foreign currency movement in opening balance	(42)	-	-	(42)
Amortisation charge	(282)	-	(8)	(290)
<b>Closing net book amount</b>	<b>138</b>	<b>5,171</b>	<b>19</b>	<b>5,328</b>
<b>As at 30 June 2013</b>				
Cost	1,754	5,171	73	6,998
Accumulated amortisation	(1,616)	-	(54)	(1,670)
<b>Net book amount</b>	<b>138</b>	<b>5,171</b>	<b>19</b>	<b>5,328</b>

### Impairment tests for goodwill

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

	GROUP AS AT 30 JUNE 2013 \$'000	GROUP AS AT 30 JUNE 2012 \$'000	PARENT AS AT 30 JUNE 2013 \$'000	PARENT AS AT 30 JUNE 2012 \$'000
New Zealand	6,002	6,002	5,171	5,171
Australia	5,078	4,526	-	-
<b>Total goodwill</b>	<b>11,080</b>	<b>10,528</b>	<b>5,171</b>	<b>5,171</b>

# Just Water International Limited

## Notes to the Financial Statements

### For the year ended 30 June 2013

#### 17. INTANGIBLE ASSETS CONTINUED

The recoverable amount of all CGUs has been determined based on value in use calculations. These calculations use cash flow projections based on financial forecasts approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below. The growth rates do not exceed the long term average growth rates for the industry in which the CGUs operate.

The key assumptions used for value-in-use calculations in 2013 are as follows:

	NEW ZEALAND	AUSTRALIA
Growth rate	1.0%	2.5%
Discount rate – pre-tax	12.6%	11.3%

The key assumptions used for value-in-use calculations in 2012 are as follows:

	NEW ZEALAND	AUSTRALIA
Growth rate	1.0%	2.5%
Discount rate – pre-tax	13.1%	13.5%

The growth rate is based on past performance and management's expectations of market developments.

At balance date the Directors do not expect that a reasonably possible change in key assumptions would result in value-in-use falling below carrying value.

#### 18. TRADE AND OTHER PAYABLES

	GROUP AS AT 30 JUNE 2013 \$'000	GROUP AS AT 30 JUNE 2012 \$'000	PARENT AS AT 30 JUNE 2013 \$'000	PARENT AS AT 30 JUNE 2012 \$'000
Trade payables	1,984	1,375	1,086	884
Accrued expenses	534	1,479	313	814
<b>Total trade and other payables</b>	<b>2,518</b>	<b>2,854</b>	<b>1,399</b>	<b>1,698</b>

#### 19. INTEREST-BEARING LIABILITIES

	GROUP AS AT 30 JUNE 2013 \$'000	GROUP AS AT 30 JUNE 2012 \$'000	PARENT AS AT 30 JUNE 2013 \$'000	PARENT AS AT 30 JUNE 2012 \$'000
<b>Non-current</b>				
Bank loans	15,000	18,000	15,000	18,000
Other loans/finance leases	217	261	44	10
<b>Total non-current interest-bearing liabilities</b>	<b>15,217</b>	<b>18,261</b>	<b>15,044</b>	<b>18,010</b>
<b>Current</b>				
Bank overdraft	484	38	160	38
Bank loans	160	862	160	862
Other loans/finance leases	93	166	33	94
<b>Total current interest-bearing liabilities</b>	<b>737</b>	<b>1,066</b>	<b>353</b>	<b>994</b>

## 19. INTEREST-BEARING LIABILITIES CONTINUED

The Group is subject to a number of covenants under its banking agreements. During the year the Group complied with all of the required covenants.

The Group currently has banking facilities with the Bank of New Zealand Limited for a period expiring on 31 October 2014 (2012: 31 October 2014), with the exception of \$8.0 million which has already been extended to 31 October 2016 (2012: \$8.0 million extended to 31 October 2016). The facilities are intended to be renegotiated before the expiry of the current arrangement. The net bank facility drawn as at year end was \$15.6 million (2012: \$18.9 million), the undrawn banking facility at year end was \$3.9 million (2012: \$5.4 million).

During the year a \$2.5 million voluntary reduction in the Group banking facility was effected in order to reduce facility fee expenditure, in addition to the regular reduction of \$0.1 million per month. Subsequent to year end a further \$1.5 million voluntary reduction has also been requested by the Company.

The Group has a number of assets subject to finance leases (refer to note 16) which have been classified as 'Other loans' as above.

### Assets pledged as security

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

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
<b>Group</b>				
<b>At 30 June 2013</b>				
Bank overdraft	484	-	-	484
Bank loans	4,160	3,000	8,000	15,160
Other loans	58	36	216	310
<b>At 30 June 2012</b>				
Bank overdraft	38	-	-	38
Bank loans	11,362	2,500	5,000	18,862
Other loans	60	36	331	427
<b>Parent</b>				
<b>At 30 June 2013</b>				
Bank overdraft	160	-	-	160
Bank loans	4,160	3,000	8,000	15,160
Other loans	29	4	43	76
<b>At 30 June 2012</b>				
Bank overdraft	38	-	-	38
Bank loans	11,362	2,500	5,000	18,862
Other loans	58	36	10	104

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

	GROUP AS AT 30 JUNE 2013	GROUP AS AT 30 JUNE 2012	PARENT AS AT 30 JUNE 2013	PARENT AS AT 30 JUNE 2012
Bank overdraft	6.73% - 12.12%	6.7% - 13.7%	6.73%	6.7%
Bank loans	5.34% - 6.69%	4.9% - 7.2%	5.34% - 6.69%	4.9% - 7.2%
Other loans	3.9% - 11.5%	7.4% - 11.5%	5.35% - 11.5%	7.8% - 11.5%

# Just Water International Limited

## Notes to the Financial Statements

### For the year ended 30 June 2013

## 20. SHARE CAPITAL

	PARENT AND GROUP 30 JUNE 2013 SHARES	PARENT AND GROUP 30 JUNE 2012 SHARES	PARENT AND GROUP 30 JUNE 2013 \$'000	PARENT AND GROUP 30 JUNE 2012 \$'000
Ordinary shares, issued and fully-paid	89,477,174	89,477,174	22,490	22,488

All ordinary shares rank equally with one vote attached to each fully-paid ordinary share. Shares have no par value. The Company is 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.

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
<b>Ordinary shares on issue as at 30 June 2011</b>	<b>89,477,174</b>	<b>22,487</b>
Shares issued		
Fair value of options issued to directors and employees	-	1
<b>Ordinary shares on issue as at 30 June 2012</b>	<b>89,477,174</b>	<b>22,488</b>
Shares issued		
Fair value of options issued to directors and employees	-	2
<b>Ordinary shares on issue as at 30 June 2013</b>	<b>89,477,174</b>	<b>22,490</b>

### Options

Share options are granted to directors and to selected employees. The exercise price is determined by adding a 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, in whole or in part, from the option grant date to the option expiry date which varies per employee 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 the Company unless special circumstances exist. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

	Parent and Group 2013		Parent and Group 2012	
	Average exercise price in \$ per share	Options (thousands)	Average exercise price in \$ per share	Options (thousands)
Outstanding at 1 July	0.35	400	0.72	415
Granted	-	-	0.12	250
Lapsed	0.72	(150)	0.72	(265)
<b>Outstanding at 30 June</b>	<b>0.12</b>	<b>250</b>	<b>0.35</b>	<b>400</b>

No options were exercised during the year ended 30 June 2013 (2012: nil).

## 20. SHARE CAPITAL CONTINUED

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

	Expiry date	Exercise price	Options (thousands)	
			2013	2012
	30/09/2012	0.72	-	150
	30/11/2014	0.12	250	250
<b>Outstanding at 30 June</b>			<b>250</b>	<b>400</b>

### Fair value of share options granted

The assessed fair value at grant date of options granted during the year ended 30 June 2012 was 0.12 cents per option. The fair value at grant date is independently determined using a Black-Scholes option pricing model.

The significant inputs into the model was a share price of \$0.10 at the grant date, exercise price shown above, standard deviation of expected share price returns of 30 percent, dividend yield of 13 percent, option life of three years, and annual risk-free interest-rate of four percent. 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.

## 21. DIVIDENDS

No dividends were paid during the year ended 30 June 2013 (2012: nil).

Subsequent to year end the board of directors resolved not to pay a final dividend for the year ended 30 June 2013.

## 22. COMMITMENTS

### Capital commitments

Capital expenditure contracted for as at balance date but not recognised in the financial statements are as follows:

	GROUP AS AT 30 JUNE 2013 \$'000	GROUP AS AT 30 JUNE 2012 \$'000	PARENT AS AT 30 JUNE 2013 \$'000	PARENT AS AT 30 JUNE 2012 \$'000
Plant and Equipment purchases	-	40	-	24

### Lease commitments: Group as lessee

#### Operating leases

The Group leases various offices and warehouses under non-cancellable operating leases. 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	Three years	Two of three years each
Hamilton offices/warehouse	Six years	Two of three years each
Wellington offices/warehouse	Twelve years	Nil
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

# Just Water International Limited

## Notes to the Financial Statements

### For the year ended 30 June 2013

## 22. COMMITMENTS CONTINUED

The Group also leases various plant and machinery under cancellable operating leases. The Group 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 2013 \$'000	GROUP AS AT 30 JUNE 2012 \$'000	PARENT AS AT 30 JUNE 2013 \$'000	PARENT AS AT 30 JUNE 2012 \$'000
Within one year	944	952	567	559
Later than one year but not later than five years	1,578	2,341	907	1,102
Later than five years	499	630	499	630
<b>Commitments not recognised in the financial statements</b>	<b>3,021</b>	<b>3,923</b>	<b>1,974</b>	<b>2,291</b>

### Finance leases

The Group leases various motor vehicles under non-cancellable finance leases.

The finance lease rentals are payable as follows:

	GROUP AS AT 30 JUNE 2013 \$'000	GROUP AS AT 30 JUNE 2012 \$'000	PARENT AS AT 30 JUNE 2013 \$'000	PARENT AS AT 30 JUNE 2012 \$'000
Within one year	94	96	32	94
Later than one year but not later than five years	216	331	43	10
Later than five years	-	-	-	-
<b>Total finance leases recognised in the financial statements</b>	<b>310</b>	<b>427</b>	<b>75</b>	<b>104</b>

### Lease commitments: As lessors

#### Operating leases

The Group leases assets to third parties under non-cancellable operating leases. No contingent rents are recognised as income in the period. Generally lease payments receivable arise from rental contracts of water-coolers which are contracted for a three-year period and most contracts automatically roll over for further periods. The amounts below only include receivables within the initial three-year period.

Expected minimum lease receipts in relation to non-cancellable operating leases are receivable as follows:

	GROUP AS AT 30 JUNE 2013 \$'000	GROUP AS AT 30 JUNE 2012 \$'000	PARENT AS AT 30 JUNE 2013 \$'000	PARENT AS AT 30 JUNE 2012 \$'000
Within one year	13,584	14,061	9,424	10,141
Later than one year but not later than five years	10,076	10,796	7,667	8,165
Later than five years	-	-	-	-
<b>Receipts not recognised in the financial statements</b>	<b>23,660</b>	<b>24,857</b>	<b>17,091</b>	<b>18,306</b>

## 23. RELATED PARTIES

The Group's ultimate parent is the Harvard Group, which owns 60.28% of the company's shares. The remaining 39.72% is widely held. The Group's ultimate controlling parties are Mr. Ian Malcolm and Mr. Tony Falkenstein.

The Group and Parent have related-party transactions with its subsidiaries (refer note 26) 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. Details of these transactions are below.

The Parent has a number of loans and advances outstanding from subsidiaries and other related parties at balance date (refer note 13). These advances do not have fixed repayment terms and all advances between related parties are unsecured. During the year the Parent charged interest of \$1,047,790 (2012: \$1,077,312) to JWA Holdings Limited and interest of \$33,640 to Just Plants Limited (2012: \$42,043).

During the year Just Water Australia Pty Limited received management fees of \$37,453 (2012: \$38,483) from Just Water Limited Partnership. Just Water Australia Pty Limited is a 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.

Bartercard Exchange Limited, a company of which Tony Falkenstein and Ian Malcolm are directors and indirect shareholders, charged Bartercard fees to the Parent during the financial year to the value of \$101,554 (2012: \$99,437). As at balance date the Parent had a trade payable balance of \$5,603 (2012: \$6,525) and a Bartercard trade balance asset of \$451,797 (2012: \$472,475). As at balance date Just Plants had a Bartercard trade balance Liability of \$1,307 (2012: nil).

MHK Chartered Accountants 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 \$89,650 (2012: \$164,570). Ian Malcolm is also a director and shareholder of the Parent. As at balance date the Group had a trade payable balance of nil (2012: \$7,682).

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

	PARENT 30 JUNE 2013 \$'000	PARENT 30 JUNE 2012 \$'000
<b>Related-party receivables</b>		
JWA Holdings Limited	16,489	16,056
Just Plants Limited	761	845
Bartercard Exchange Limited	452	472
<b>Total related-party receivables</b>	<b>17,702</b>	<b>17,373</b>
<b>Trade payables</b>		
Bartercard Exchange Limited	(6)	(7)
MHK Chartered Accountants Limited	-	(8)
<b>Total trade payables</b>	<b>(6)</b>	<b>(15)</b>

Key management compensation is as follows:

	GROUP 30 JUNE 2013 \$'000	GROUP 30 JUNE 2012 \$'000	PARENT 30 JUNE 2013 \$'000	PARENT 30 JUNE 2012 \$'000
Short-term benefits	2,146	2,164	1,377	1,354
Share-based payments	2	1	2	1
<b>Total key management compensation</b>	<b>2,148</b>	<b>2,165</b>	<b>1,379</b>	<b>1,355</b>

The number of key managers and directors for the year ended 30 June 2013 for the Group was 16 (2012: 17) and was 12 (2012: 12) for the Parent.

# Just Water International Limited

## Notes to the Financial Statements

### For the year ended 30 June 2013

#### 24. BUSINESS COMBINATIONS

##### Acquisition of Pure Rain Water Purification Systems

On 28 June 2013 Clearwater Filter Systems (Aust) Pty Ltd acquired the business assets of Pure Rain Water Purification Systems.

The investment is consistent with the Group's strategy to further develop its presence in the Australian markets. The new business has a strong presence in the Brisbane market providing water purification services. The addition of the Pure Rain business to the Group will enable the Group to increase its involvement in the Australian market.

	GROUP 30 JUNE 2013 \$'000
<b>Purchase consideration:</b>	
- Cash paid	648
<b>Total purchase consideration</b>	<b>648</b>

The fair value of the assets and liabilities (determined on a provisional basis) arising from the acquisition are as follows:

	ACQUIREE'S CARRYING AMOUNT \$'000
Inventories	48
Property, plant and equipment	20
<b>Total assets acquired</b>	<b>68</b>
<b>Fair value of net assets acquired</b>	<b>68</b>
Goodwill	580
<b>Total purchase consideration</b>	<b>648</b>

## 24. BUSINESS COMBINATIONS CONTINUED

### Acquisition of Creative Images Corporate Plant Hire

On 1 August 2011 the Group acquired 100 percent the business of Creative Images Corporate Plant Hire, a Wellington-based plant rental company operating in New Zealand. The acquisition was made by Creative Images Hire Limited (this company was renamed to Just Plants Limited on 1 May 2012), a wholly owned subsidiary of Just Water International Limited.

As a result of the acquisition, the Group is expected to increase its presence in these markets. It also expects to reduce costs through economies of scale. The goodwill of \$0.831 million arising from the acquisition is attributable to the profitability of the acquired business and the expected synergies from combining the operations of Just Plants with that of the Group.

The acquired business contributed revenues of \$0.590 million and net profit after tax of \$0.152 million to the Group for the period from 1 August 2011 to 30 June 2012. If the acquisition had occurred on 1 July 2012 the acquired business would have contributed revenue of \$0.643 million and net profit after tax of \$0.166 million.

Details of the purchase consideration are as follows:

	GROUP 30 JUNE 2012 \$'000
<b>Purchase consideration:</b>	
- Cash paid	900
<b>Total purchase consideration</b>	<b>900</b>

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

	FAIR VALUE GROUP \$'000	ACQUIREE'S CARRYING AMOUNT GROUP \$'000
Property, plant and equipment	69	69
<b>Total assets acquired</b>	<b>69</b>	<b>69</b>
<b>Fair value of net assets acquired</b>	<b>69</b>	<b>69</b>
Goodwill	831	831
<b>Total purchase consideration</b>	<b>900</b>	<b>900</b>
<b>Reconciliation to statement of cash flows</b>		
Cash paid		900
less cash and cash equivalents acquired		-
<b>Total purchase consideration</b>	<b>-</b>	<b>900</b>

Acquisition-related costs of \$0.003 million have been charged to other expenses in the consolidated statements of comprehensive income.

# Just Water International Limited

## Notes to the Financial Statements

### For the year ended 30 June 2013

## 25. FINANCIAL RISK MANAGEMENT

The Group'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 percent with all other variables held constant against the Australian dollar.

	CARRYING AMOUNT \$'000	- 10 % PROFIT & EQUITY \$'000	+ 10 % PROFIT & EQUITY \$'000
<b>GROUP</b>			
<b>As at 30 June 2013</b>			
<b>Financial assets</b>			
Cash and cash equivalents	76	2	(2)
Trade and other receivables	3,002	67	(67)
<b>Total loans and receivables</b>	<b>3,078</b>	<b>69</b>	<b>(69)</b>
<b>Financial liabilities</b>			
Trade and other payables excluding employee benefits	2,518	(181)	181
Interest-bearing liabilities	15,954	(22)	22
<b>Total financial liabilities at amortised cost</b>	<b>18,472</b>	<b>(203)</b>	<b>203</b>
<b>Total increase/(decrease)</b>		<b>(134)</b>	<b>134</b>
<b>As at 30 June 2012</b>			
<b>Financial assets</b>			
Cash and cash equivalents	97	7	(7)
Trade and other receivables	3,438	102	(102)
<b>Total loans and receivables</b>	<b>3,535</b>	<b>109</b>	<b>(109)</b>
<b>Financial liabilities</b>			
Trade and other payables excluding employee benefits	2,146	(84)	84
Interest-bearing liabilities	19,327	(118)	118
<b>Total financial liabilities at amortised cost</b>	<b>21,473</b>	<b>(202)</b>	<b>202</b>
<b>Total increase/(decrease)</b>		<b>(93)</b>	<b>93</b>

## 25. FINANCIAL RISK MANAGEMENT CONTINUED

	CARRYING AMOUNT \$'000	- 10 % PROFIT & EQUITY \$'000	+ 10 % PROFIT & EQUITY \$'000
<b>PARENT</b>			
<b>As at 30 June 2013</b>			
<b>Financial assets</b>			
Cash and cash equivalents	4	-	-
Trade and other receivables	19,238	-	-
<b>Total loans and receivables</b>	<b>19,242</b>	<b>-</b>	<b>-</b>
<b>Financial liabilities</b>			
Trade and other payables excluding employee benefits	1,464	-	-
Interest-bearing liabilities	15,397	(16)	16
<b>Total financial liabilities at amortised cost</b>	<b>16,861</b>	<b>(16)</b>	<b>16</b>
<b>Total increase/(decrease)</b>		<b>(16)</b>	<b>16</b>
<b>As at 30 June 2012</b>			
<b>Financial assets</b>			
Cash and cash equivalents	2	-	-
Trade and other receivables	19,059	-	-
<b>Total loans and receivables</b>	<b>19,061</b>	<b>-</b>	<b>-</b>
<b>Financial liabilities</b>			
Trade and other payables excluding employee benefits	1,296	-	-
Interest-bearing liabilities	19,004	(86)	86
<b>Total financial liabilities at amortised cost</b>	<b>20,300</b>	<b>(86)</b>	<b>86</b>
<b>Total increase/(decrease)</b>		<b>(86)</b>	<b>86</b>

### Concentrations of foreign currency exposure

The following table shows the Group's exposure to Australian dollars as at the balance date.

	NZD \$'000	AUD \$'000	TOTAL \$'000
<b>GROUP</b>			
<b>As at 30 June 2013</b>			
Cash and cash equivalents	51	25	76
Trade and other receivables	1,942	1,060	3,002
Trade and other payables	1,440	1,078	2,518
Interest-bearing liabilities	15,422	532	15,954
<b>As at 30 June 2012</b>			
Cash and cash equivalents	23	74	97
Trade and other receivables	2,347	1,091	3,438
Trade and other payables	1,011	1,135	2,146
Interest-bearing liabilities	18,141	1,186	19,327

**Just Water International Limited**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2013**

**25. FINANCIAL RISK MANAGEMENT CONTINUED**

	NZD \$'000	AUD \$'000	TOTAL \$'000
<b>PARENT</b>			
<b>As at 30 June 2013</b>			
Cash and cash equivalents	4	-	4
Trade and other receivables	19,238	-	19,238
Trade and other payables	1,464	-	1,464
Interest-bearing liabilities	15,238	160	15,398
<b>As at 30 June 2012</b>			
Cash and cash equivalents	2	-	2
Trade and other receivables	19,211	-	19,211
Trade and other payables	1,698	-	1,698
Interest-bearing liabilities	18,142	862	19,004

**(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. As at 30 June 2013 the Group did not have any interest rate swaps (2012: nil). During 2013 and 2012, the Group's borrowings at variable rate were denominated in New Zealand Dollars and Australian Dollars.

	CARRYING AMOUNT \$'000	- 1 % PROFIT & EQUITY \$'000	+ 1 % PROFIT & EQUITY \$'000
<b>GROUP</b>			
<b>As at 30 June 2013</b>			
<b>Financial liabilities</b>			
Interest-bearing liabilities	15,954	278	(278)
<b>Total increase/(decrease)</b>		<b>278</b>	<b>(278)</b>
<b>As at 30 June 2012</b>			
<b>Financial liabilities</b>			
Interest-bearing liabilities	19,327	312	(312)
<b>Total increase/(decrease)</b>		<b>312</b>	<b>(312)</b>
<b>PARENT</b>			
<b>As at 30 June 2013</b>			
<b>Financial liabilities</b>			
Interest-bearing liabilities	15,397	264	(264)
<b>Total increase/(decrease)</b>		<b>264</b>	<b>(264)</b>
<b>As at 30 June 2012</b>			
<b>Financial liabilities</b>			
Interest-bearing liabilities	19,004	275	(275)
<b>Total increase/(decrease)</b>		<b>275</b>	<b>(275)</b>

## 25. 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 Group's financial risk policy, limits on customer exposures have been set and are monitored on a regular basis. The Group 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:

	2013 \$'000	2012 \$'000
<b>GROUP</b>		
New Zealand	1,937	2,485
Australia	1,065	953
<b>Total</b>	<b>3,002</b>	<b>3,438</b>
<b>PARENT</b>		
New Zealand	1,536	1,686
Australia	-	-
<b>Total</b>	<b>1,536</b>	<b>1,686</b>

### (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 balance date to the contractual maturity date. Balances due within 12 months equal their carrying balances.

	NOTE	LESS THAN 1 YEAR \$'000	BETWEEN 1 AND 2 YEARS \$'000	BETWEEN 2 AND 5 YEARS \$'000	OVER 5 YEARS \$'000
<b>GROUP</b>					
<b>As at 30 June 2013</b>					
Trade and other payables	18	2,518	-	-	-
Bank overdraft	12	484	-	-	-
Bank borrowings	19	300	15,713	-	-
Other loans	19	96	129	116	-
<b>As at 30 June 2012</b>					
Trade and other payables	18	2,146	-	-	-
Bank overdraft	12	38	-	-	-
Bank borrowings	19	1,285	19,736	-	-
Other loans	19	329	160	256	-
<b>PARENT</b>					
<b>As at 30 June 2013</b>					
Trade and other payables	18	1,464	-	-	-
Bank overdraft	12	160	-	-	-
Bank borrowings	19	141	15,713	-	-
Other loans	19	25	52	-	-
<b>As at 30 June 2012</b>					
Trade and other payables	18	1,296	-	-	-
Bank overdraft	12	38	-	-	-
Bank borrowings	19	-	-	19,736	-
Other loans	19	100	10	-	-

# Just Water International Limited

## Notes to the Financial Statements

### For the year ended 30 June 2013

## 25. FINANCIAL RISK MANAGEMENT CONTINUED

### (d) Capital risk

The Group's capital comprises of ordinary shares, retained earnings and other reserves. 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. This is monitored by the Board at every board meeting.

The gearing ratio for the Group at 30 June is:

	2013 \$'000	2012 \$'000
Total borrowings	15,954	19,327
Total cash	76	97
Net debt	15,878	19,230
Total equity	6,699	5,434
Total capital	22,577	24,664
Gearing ratio	0.70	0.78

Refer to note 19 for consideration of debt covenants.

### (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.

## 26. 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 %	
			2013	2012
Just Plants Limited	New Zealand	Ordinary	100	100
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

27. RECONCILIATION OF NET PROFIT/(LOSS) AFTER INCOME TAX TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	GROUP YEAR ENDED 30 JUNE 2013 \$'000	GROUP YEAR ENDED 30 JUNE 2012 \$'000	PARENT YEAR ENDED 30 JUNE 2013 \$'000	PARENT YEAR ENDED 30 JUNE 2012 \$'000
<b>Profit for the year</b>	<b>1,718</b>	<b>1,756</b>	<b>1,962</b>	<b>1,970</b>
<b>Adjustments for</b>				
Depreciation	3,715	4,140	2,634	2,908
Amortisation	290	403	290	402
Interest received (non-cash)	-	-	(1,082)	(1,119)
Loss on sale of property, plant and equipment	270	698	201	413
Share options issued	2	1	2	1
Provision for doubtful debts	(289)	(307)	(230)	(266)
<b>Changes in working capital</b>				
Inventories	245	239	106	(150)
Trade and other receivables	668	590	1,149	299
Trade and other payables	(541)	(292)	(296)	(32)
Provision for tax	428	(91)	455	(109)
Deferred tax	160	105	(151)	112
Movement in deferred income	(681)	(917)	(74)	(142)
Purchases of non-current assets held for rental	(2,049)	(1,852)	(1,312)	(1,222)
<b>Cash generated from operations</b>	<b>3,936</b>	<b>4,473</b>	<b>3,654</b>	<b>3,065</b>

# Just Water International Limited

## Notes to the Financial Statements

### For the year ended 30 June 2013

#### 28. EVENTS OCCURRING AFTER BALANCE SHEET DATE

Subsequent to year end management requested a \$1.5 million reduction to the Group banking facility (refer to note 19).

##### Acquisition of Aquaman Australia Pty Ltd

On 21 August 2013 Just Water International Ltd acquired the business assets of Aquaman Australia Pty Limited.

The investment is consistent with Just Water International's strategy to develop its presence in the Australian markets. The new business has a strong presence in the Brisbane market providing water purification services. The addition of the Aquaman Australia Pty Ltd business to the Just Water International Limited group will enable the group to increase its involvement in the Australian market.

	GROUP 30 JUNE 2013 \$'000
<b>Purchase consideration:</b>	
- Cash paid	439
<b>Total purchase consideration</b>	<b>439</b>

The fair value of the assets and liabilities (determined on a provisional basis) arising from the acquisition are as follows:

	ACQUIREE'S CARRYING AMOUNT \$'000
Inventories	58
<b>Total assets acquired</b>	<b>58</b>
<b>Fair value of net assets acquired</b>	<b>58</b>
Provisional goodwill	381
<b>Total purchase consideration</b>	<b>439</b>

The consideration paid is subject to adjustment of working capital items up to the date of acquisition. The company is working with the Vendor to finalise the consideration amount in accordance with the terms of the Sale and Purchase Agreement.

## 29. EARNINGS PER SHARE

	GROUP YEAR ENDED 30 JUNE 2013 \$'000	GROUP YEAR ENDED 30 JUNE 2012 \$'000
<b>Basic earnings per share</b>		
Profit from operations attributable to the ordinary equity holders of the Company	1,718	1,756
	GROUP YEAR ENDED 30 JUNE 2013 CENTS	GROUP YEAR ENDED 30 JUNE 2012 CENTS
Basic and diluted earnings per share	1.9	2.0
<b>Reconciliations of weighted average number of shares used in calculating earnings per share</b>		
	GROUP YEAR ENDED 30 JUNE 2013 \$'000	GROUP YEAR ENDED 30 JUNE 2012 \$'000
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	89,477	89,477
Adjustments for calculation of diluted earnings per share:		
Options	250	400
<b>Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share</b>	<b>89,727</b>	<b>89,877</b>

### Information concerning the classification of securities

#### Options

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

## Statutory disclosures in relation to shareholders

### TOP 20 LARGEST HOLDINGS LIST AS AT THURSDAY 29 AUGUST 2013

HOLDER NAME	TOTAL	%
1 ASB Nominees Limited as bare trustees for The Harvard Group Limited	52,699,055	58.90%
2 Springfresh Marketing Pty Ltd as trustee for Dash Family Staff Super Fund	5,654,320	6.32%
3 Accident Compensation Corporation Limited	2,000,000	2.24%
4 Anthony Edwin Falkenstein and Ian Donald Malcolm as bare trustees for Anthony Edwin Falkenstein and Leon Fourie	2,000,000	2.24%
5 Anthony Edwin Falkenstein and Christopher Roy Saunders	2,000,000	2.24%
6 Anthony Edwin Falkenstein and Gregory Paul Whittred	2,000,000	2.24%
7 Anthony Edwin Falkenstein and Ian Donald Malcolm	1,268,000	1.42%
8 Heather Jeanette Falkenstein and Ian Donald Malcolm	1,268,000	1.42%
9 The Harvard Group Limited	1,237,287	1.38%
10 Custodial Services Limited	1,056,500	1.18%
11 ACE Finance Limited	1,022,422	1.14%
12 John Scott Stewart Richardson	872,623	0.98%
13 Anthony Edwin Falkenstein	796,310	0.89%
14 Clyde Christopher Cooper and Farida Clyde Cooper	500,000	0.56%
15 Anthony Henry Kandziora	500,000	0.56%
16 Eldon David Roberts	418,143	0.47%
17 Russell John Field and Anthony James Palmer	350,000	0.39%
18 Brian Arthur Kelly, Roxanne Elizabeth Marie Kelly and Jason Morice Kelly	312,880	0.35%
19 Jillian Dawn Reid and Ian Donald Malcolm	300,000	0.34%
20 Cunnack Company Pty Limited	298,914	0.33%
<b>Total</b>	<b>76,554,454</b>	<b>85.59%</b>

### 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 29 August 2013, the substantial security holders were as follows:

SUBSTANTIAL SECURITY HOLDERS	NUMBER OF SHARES HELD	%
Anthony Edwin Falkenstein	63,318,652	70.77%
Ian Donald Malcolm	57,066,893	63.78%
The Harvard Group Limited	53,936,342	60.28%
Springfresh Marketing Pty Limited	5,654,320	6.32%

### EQUITY SECURITIES HELD AS AT 30 JUNE 2013

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 2013.

DIRECTOR	BENEFICIAL INTERESTS	NON-BENEFICIAL INTERESTS	TOTAL NUMBER OF SHARES IN WHICH RELEVANT INTERESTS HELD
Anthony Edwin Falkenstein	57,318,652	6,000,000	63,318,652
Ian Donald Malcolm	294,551	56,772,342	57,066,893
Simone Justine Iles	162,050	-	162,050

### HOLDING RANGE AS AT 29 AUGUST 2013

RANGE OF EQUITY HOLDINGS	NUMBER OF HOLDERS	NUMBER OF SHARES HELD	%
1-1,000	274	54,859	0.06
1,001-5,000	209	556,556	0.62
5,001-10,000	114	866,417	0.97
10,001-100,000	202	5,997,261	6.70
100,001 and over	50	82,002,081	91.65
<b>Totals</b>	<b>849</b>	<b>89,477,174</b>	<b>100.00</b>

## Notice of meeting

Notice is given that the Annual Meeting of Shareholders of Just Water International Limited (the "Company") will be held on Thursday 24 October 2013 at 11:00 am in Meeting Room 2C, EMA Offices, 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 2013, 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

That Brian Harry Rosenberg be elected as a director of the Company.

#### D. 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 2013, having been made available or circulated by the share registry, will be tabled for discussion and questions.

### Resolution 2: Auditors' remuneration

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

### Resolution 3: Election of directors

Ian Donald Malcolm retires by rotation in accordance with the Company's constitution, and will not be putting his name forward for re-election.

A nomination has been received for Brian Harry Rosenberg to be elected as a director and the board supports this nomination.

Brian Rosenberg is currently a director of Visique Management Company Limited and Visique 2009 Limited, and brings extensive commercial experience to the board.

### VOTING RESTRICTIONS

None.

## Instructions regarding proxies

1. All shareholders are entitled to attend and, subject to the restrictions described in the section entitled "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 Tuesday 22 October 2013 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.



**Paul Connell**  
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 **Meeting Room 2C, EMA Offices, 159 Khyber Pass Road, Grafton, Auckland** on **Thursday 24 October 2013** 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 for the Company for the year ended 30 June 2013, 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

Brian Harry Rosenberg be elected as a director of the Company.



Signed this \_\_\_\_\_ day of \_\_\_\_\_ **2013**

\_\_\_\_\_ Signature

\_\_\_\_\_ Signature

**Note:** Completed proxies must be received by the Company's Share Registrar no later than **11.00am** on **Tuesday 22 October 2013** 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 the best!*

Drink2at

 **Just Water**

*Just Water International Limited*

