Just Water

Just Water International Limited

2018

Annual Report

Just Water International Limited

Directory

Directors

Hilary Poole (Chair)

Tony Falkenstein (Executive)

Ian Malcolm (Non-Executive)

Executive management

Tony Falkenstein

Chief Executive Officer

Eldon Roberts

Chief Operating Officer and Chief Financial Officer

Warren Drinkwater

General Manager (Hometech Limited)

Just Water New Zealand

103 Hugo Johnston Drive

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

Hometech Limited

Registered office and address for service

128 St Georges Bay Rd

Parnell

Auckland 1010

New Zealand

P O Box 221

Shortland Street

Auckland 1140

New Zealand

Auditors

PricewaterhouseCoopers

JWI on the web

www.jwi.co.nz

www.justwater.co.nz

www.justwaterfilters.co.nz

www.aquacool.co.nz

www.melambra.com

www.dolphinwater.co.nz

www.hometech.co.nz

www.solatube.co.nz

Bankers

Bank of New Zealand Limited

ASB Bank Limited

Solicitors

Harmos Horton Lusk

Daniel Overton & Goulding

Share registry

Link Market Services

Level 11, Deloitte Centre

80 Queen Street

Auckland

New Zealand

Po Box 91976

Auckland 1142

New Zealand

Tel +64-9 375 5999

Fax +64-9 375 5990

Contents

Tony Falkenstein

Ian Malcolm

Hilary Poole

Eldon Roberts

Just Water International Limited

Chair and Chief Executive's review

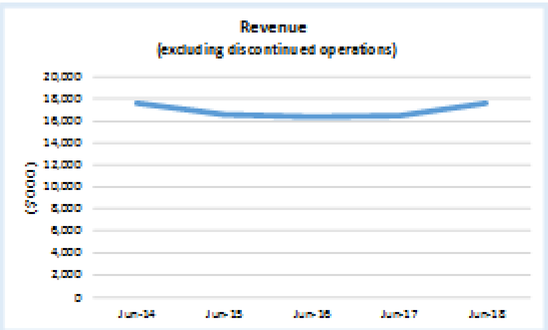
The directors of Just Water International Limited (JWI) present the financial results for the year ended 30 June 2018. This incorporates the financial results of Just Water New Zealand, the equity accounting for the net profit after tax from the 51% shareholding in Hometech Ltd for the second half of the year and the financial results from the business operations of Dolphin Water Products Ltd acquired on the 31st May 2018.

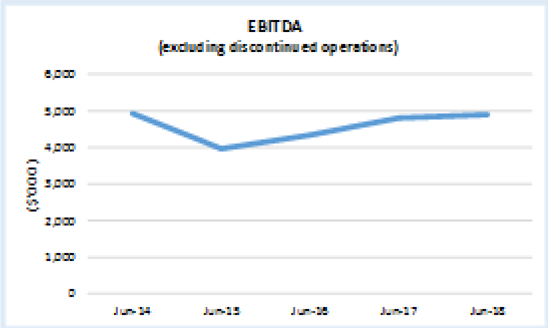
Key highlights extracted from the Statement of Comprehensive Income (refer to page 19):

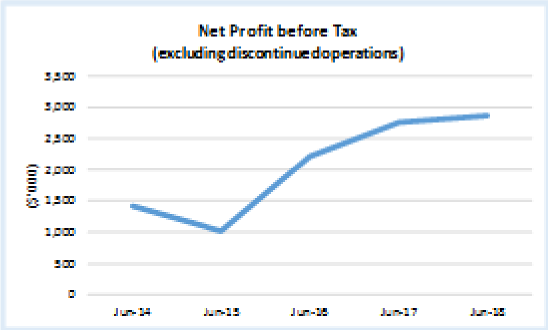
Results

	Current year $'000	Previous year $'000	% change
Operating Revenue	17,575	16,446	7%
Acquistion Costs	(138)	-	
EBITDA	4,892	4,790	2%
Depreciation & Amortisation	(2,075)	(1,956)	(6%)
EBIT	2,817	2,834	(1%)
Interest	(177)	(80)	(121%)
Equity income from associates	221	-	
Net profit before tax	2,861	2,754	4%
Net profit after tax	2,106	2,047	3%
Gain on asset revaluation	-	343	
Total comprehensive income	2,106	2,390	(12%)

Net profit before tax increased by 4% over the prior year to $2,861,000 after incurring acquisition costs of $138,000, accounting for the equity share of income from Hometech Ltd of $221,000 (after tax) and increased interest costs of $97,000. The equity income from the 51% share of Hometech for the six months included substantial restructuring and other one-off costs to establish a base for growth in the future. Going forward the financial results of Hometech will be consolidated 100% into the Group as Just Water International Ltd acquired a 100% shareholding on the 29th June 2018.



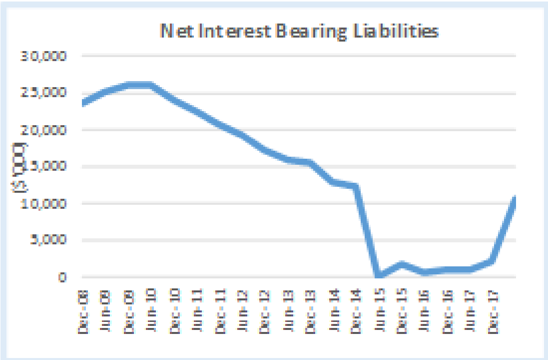




The above key indicators all showed growth over the prior year.

Debt

Net interest-bearing liabilities include cash and cash equivalents and interest-bearing liabilities. The graph below details the net interest-bearing liabilities for the Group over the past ten years.

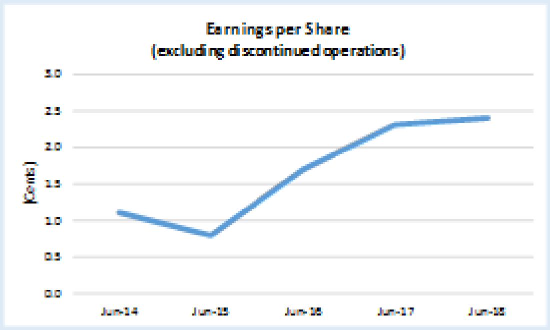


Net interest-bearing liabilities increased as a result of the acquisition of Hometech Ltd for $8.136m and the acquisition of the business operations of Dolphin Water Products Ltd for $0.385m during the six-month period ended 30 June 2018.

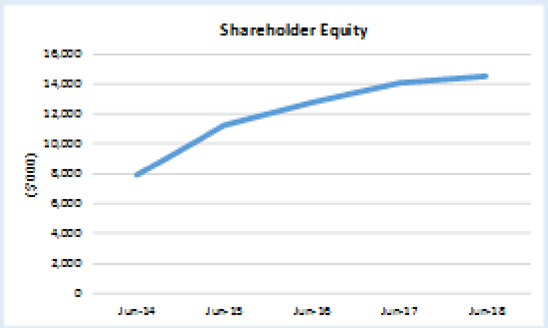
Shareholder Returns

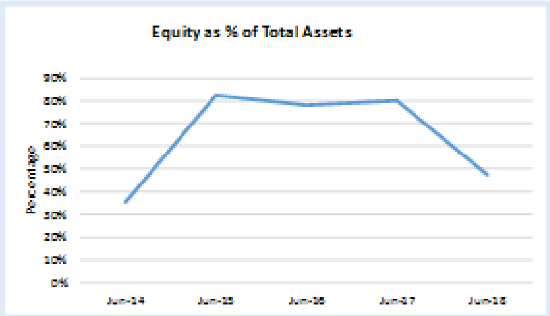
Earnings per share increased from 2.3 cents per share to 2.4 cents per share.

Just Water International Limited



Shareholder equity has steadily increased from $11,221,000 to $14,522,000 over the last 4 years. During the past year the debt to equity ratio increased from 18/82 to 52/48 due to the two acquisitions noted above. The directors believe the company is conservatively geared relative to the scale of operations across the two business units.





Dividends

Free cashflow increased from $819,000 for the year ended 30 June 2017 to $1,304,000 for the year ended 30 June 2018. As a result the directors are pleased to recommend that a fully-imputed dividend of 2.2 cents per share be declared for the current year. The record date for the dividend will be 2nd November 2018 and the payment date will be the 16th November 2018.

Dividend Reinvestment Plan

The company operates a dividend reinvestment plan. The Harvard Group has advised it will not be participating in the dividend reinvestment plan.

Acquisitions and New Opportunities

The Company continues to pursue new opportunities for growth, both organically, and by acquisition.

During the past six months ended 30 June 2018 the Company acquired 51% of the shares in Hometech Ltd on the 3rd January 2018, and then acquired the remaining 49% on 29th June 2018. The business has since been restructured, resulting in a proportionate charge of $113,000 incurred for redundancy & inventory obsolescence provisions included in the net equity earnings for the six-month period of $221,000.

On the 31st May 2018 the Company acquired the business operations of Dolphin Water Products Ltd, a business similar to Just Water. This was a relatively straight forward acquisition and was easily assimilated within Just Water's current operations.

The Company is looking at other opportunities which will be announced in due course.

Hometech Ltd

The Company's acquisition of Hometech is a solid step in the plan to grow the business operations of JWI. Hometech is a similar size to Just Water, has been operating for over 25 years and is the New Zealand distributor and installer of ventilation and natural lighting products.

Hometech is focused on providing healthier homes, with its premium Solatube daylighting products, home ventilation systems, and attic stairs. The General Manager is Warren Drinkwater, and he leads a team of 30 staff, with branches in Auckland and Wellington and has a well-trained national distribution and installer network.

The company has established relationships with Housing New Zealand, Auckland International Airport, architects and residential builders nationwide.

The business has been structured to give it a strong foundation for future growth and the directors will continue to pursue both the addition of premium products to distribute through its current channels and look to acquire further businesses that leverage the existing capabilities of Hometech and Just Water.

Bank Covenants

The Company has complied with all bank covenants during the year to 30 June 2018.

Expected Future Income Rental Streams

As noted in previous annual reports a significant portion of the Just Water operations is a subscription rental and service business. At 30 June 2018, there was approximately $80 million expected future rental income stream which is not recognised in the consolidated financial statements.

Consistent with prior disclosures, expected future rental income streams have been calculated based on the last month's rental income multiplied by the average customer life, which exceeds seven years.

Audit

The Company's accounts have been audited and an unqualified audit opinion was given.

Health & Safety

The ongoing health and safety of the Just Water team members, contracting parties and visitors is a critical input into the Company's operations. Directors and management continue to ensure health and safety training and compliance is always a high priority across the culture and operations of the company.

Board

In April 2018 Hilary Poole was appointed an independent director of JWI. Brendan Wood subsequently resigned as a director in June 2018 and in the same month Hilary was appointed as Chair. In accordance with the constitution Hilary will hold office until the Annual Meeting and will offer herself for re-election at that time.

Hilary has twenty years of experience in a variety of leadership and governance roles within the finance, food, education, sporting and not for profit sectors in New Zealand, Australia and London.

Upon completion of the full acquisition of Hometech in June 2018, Ian Malcolm and Hilary Poole were also elected to the board of Hometech with Hilary also appointed to the position of Chair.

In August 2018, Richard Carver was appointed an independent director of Hometech. Richard is Managing Director and co-owner of Jennian Homes, as well as serving on several boards relating to the building industry.

We would like to thank our fellow directors, Ian Malcolm and Brendan Wood, with a further special thanks to Brendan for his strong commitment to the company during his four years of service. With this small Board, we have been able to make decisions quickly and ensure excellent governance processes.

Shareholders

As a board, we are committed to keeping our shareholders informed on the activities of the company. To that end all shareholders for whom we have current email addresses were sent a shareholder newsletter in July 2018, and this practice will continue along with our half year and annual reports and annual shareholder meeting. This is also available on our website - www.jwi.co.nz.

In addition, we aim to continue small meetings of shareholders around the country each year. Recently a meeting was held in Wellington, and all shareholders in the area were invited to meet the Chair and directors of JWI and Hometech.

NZX

The Company has advised the NZX that it intends to move from the NZAX to the NZX Main Board from 1 January 2019. Generally, the Company already complies with the Main Board listing requirements, although an additional independent director will need to be appointed prior to the move.

The Company will be seeking ways to create more liquidity in its stock, to ensure that shareholders can buy or sell parcels of shares at will.

Just Water Team

The directors wish to acknowledge the excellent team culture which has played a major part in achieving the result for the year. The Just Water team has shown absolute commitment in every part of the Company, and the directors thank them for their dedication.

Yours sincerely,

Hilary Poole	Tony Falkenstein
Chair	Chief Executive

Just Water International Limited

Group overview

Group Overview

Just Water International Ltd (JWI) operates in New Zealand and is principally in the business of supplying water-coolers, drinking water and filters for the home and office. In 2018, it acquired Hometech Ltd, a business dedicated to healthy homes.

The Company now operates two key business operations:

1. Just Water New Zealand – a focus on healthy living through the supply of water, 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.

2. Hometech - a focus on healthy homes including the supply of customized ventilation systems, Solatube daylighting products and attic stairs to both consumers through approved licensees and contractors direct to consumers and Government.

Outlook:

Just Water International Ltd is an entrepreneurial company, which will continue to actively seek out further growth opportunities.


Just Water
• Free Delivery
• Refreshing
• Convenient
justwater.co.nz


Just Water
Trust
Service
Respect
Integrity

Corporate governance statement

The board of Just Water International Limited (the 'Company') has been appointed by the shareholders to guide and monitor the business of the 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 NZX Corporate Governance Best Practice Code (collectively the "Principles").

The board

Composition and responsibilities

At present the board comprises three directors (including the chair), of which two are non-executive directors. The Executive Director is Tony Falkenstein. The Chair is Hilary Poole. Having reviewed the position, the Company considers that the board comprises an appropriate mix of skills, expertise and independence.

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

A E Falkenstein	4
I D Malcolm	4
B Wood (resigned April 2018)	3
H Poole (appointed April 2018)	1

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 the Company 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 judgment. 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;
- or been a director after ceasing to hold such an appointment; has not within the last three years been employed in an executive capacity by the Company
- 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 Brendan Wood (resigned April 2018) was an independent director, and Hilary Poole is an independent director.

Tony Falkenstein and Ian Malcolm are considered not to be independent as they are associates of a substantial security holder, namely The Harvard Group Limited.

Code of Ethics

The Company expects its directors, employees and contractors to act legally and ethically. The Company Code of Ethics sets out clear expectations of ethical decision-making and personal behaviors 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 behaviors; 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. 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 behavior 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.

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.

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 2013 in respect of the group financial accounting practices, policies, and controls;
- to review and make appropriate enquiry into the audit of the consolidated 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 auditors, counsel and other committee advisors.

In line with the Principles it comprises:

- solely of non-executive directors, at least 50% of whom are independent;
- at least one director who has the appropriate financial knowledge for the role; and
- a chairperson who is a non-executive director 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:

I D Malcolm	3
B Wood (resigned June 2018)	2
H Poole (appointed April 2018)	1

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 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 $130,000 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.

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

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

A E Falkenstein	1
I D Malcolm	1

B Wood (resigned June 2018)	1
H Poole (appointed July 2018)	-

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;
- 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.

NZX Waiver

Just Water International was granted a waiver by NZX Regulation on 31 May 2018 from NZX Main Board Listing Rule 9.2.1 so that it is not required to obtain shareholder approval to allow JWI to purchase the remaining 49% of the shares in Hometech without seeking shareholder approval. The waiver is available on the NZX website:

www.nzx.com/companies/JWI/announcements.

Just Water International Limited

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	• Customer interaction through customer service staff, cooler and water delivery staff and account managers • Website	• Cost, reliability and access to quality products and services • Customer service and satisfaction • Company reputation	• Treat all customers fairly and with respect • Aim to provide the highest level of customer service and satisfaction
Employees	• Staff newsletters and other communications • Staff committees • Regular staff conferences • Regular staff satisfaction surveys • Fun evenings and other social events	• Work/life balance • Being regarded and respected as a responsible employer • Competitive rates of pay • Having happy and satisfied employees	• Monitor staff work levels, performance and feedback • Keep employees well informed about our business • Deliver market based remuneration
Shareholders	• Annual meetings • Board representatives • Reports and publications • Market announcements • Website	• Sustainable earnings • Growth • Shareholder value	• Considered economic investments and decisions • Deliver sustainable shareholder returns

Statutory report of the directors

The directors present to shareholders the thirteenth annual report and audited consolidated financial statements of Just Water International Limited (JWI) and Group since floating on the NZAX in May 2004, covering the year ended 30 June 2018.

Business activities

The Group's 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.

Consolidated financial results

The JWI Group net earnings before income tax, from operations, was $2.9 million compared with $2.8 million 2017. This was achieved on a turnover of $17.6 million (2017: $16.4 million).

Shareholders' equity at 30 June 2018 totaled $14.5 million (2017: $14.1 million), an increase of 3 percent. Total assets were $30.4 million (2016: $17.7 million). Total interest-bearing liabilities increased from $0.7 million to $10.9 million.

Dividend

A dividend was paid during the year (2017 2.0 cents). The directors have recommended that a dividend of 2.2 cents per share payable ex dividend 2 November 2018 on 16 November 2018 will be declared for the 2018 financial year.

Donations

During the year ended 30 June 2018 the JWI Group made donations totaling $1,050 supporting Breast Cancer Research Trust to increase breast care awareness in communities across New Zealand (2017: $876).

Directors

The persons holding office as directors of the Company as at 30 June 2018 were as follows:

Tony Falkenstein

Ian Malcolm

Hilary Poole

Remuneration of directors

Directors' remuneration paid during the year as follows:

		GROUP	
		2018 $'000	2017 $'000
Board of Directors	A E Falkenstein	-	-
	I D Malcolm	40	40
	B Wood (resigned June 2018)	17	18
	H Poole (appointed April 2018)	10	-
Audit and Risk Committee	I D Malcolm	See above	See above
	B Wood	See above	See above
	H Poole	See above	See above
Remuneration Committee	A E Falkenstein	See above	See above
	I D Malcolm	See above	See above
	B Wood	See above	See above
	H Poole	See above	See above

Executive directors do not receive director's fees.

Other remuneration of directors

	2018 $'000	2017 $'000
A E Falkenstein (CEO Management Fees)	240	240
I D Malcolm (Accountancy Fees)	27	10

Some of the above are paid to companies on behalf of the named directors, further details of these are disclosed in note 24.

Remuneration of employees

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

	GROUP	
$'000	2018	2017
100-110	4	3
111-120	2	2
121-130	3	1
131-140	1	1

141-150	1	1
271-280	1	-
281-290	-	1

Auditors

In accordance with Section 211(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 consolidated financial statements.

Interests register

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

During the year ended 30 June 2018 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:

- MHK Chartered Accountants and Greenlion 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 $27,758 (2017: $9,600).
- Pure SEO Limited, a company of which Tony Falkenstein and Ian Malcolm are directors and indirect shareholders, provided internet search engine optimisation services to the Just Water Group during the financial year to the value of $12,600 (2017: $15,600).
- Daniel Overton & Goulding, a partnership of which Brendan Wood is a partner, provided legal services to the Just Water Group during the year to the value of $4,240 (2017: $3,826).
- The Harvard Group Ltd, a company of which Tony Falkenstein and Ian Malcolm are directors and indirect shareholders, charged management fees for Tony Falkenstein to the Just Water Group during the financial year to the value of $240,000 (2017: $240,000).
- Hometech Ltd, a company of which Tony Falkenstein, Ian Malcolm and Hilary Poole are directors, was charged management fees from Just Water International Ltd during the financial year to the value of $25,200 (2017: $0).

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.

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:

Hilary Poole

Chair

Independent auditor's report

To the shareholders of Just Water International Limited

The consolidated financial statements comprise:

- the consolidated balance sheet as at 30 June 2018;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated cash flow statement for the year then ended; and
- the notes to the consolidated financial statements, which include a statement of significant accounting policies.

Our opinion

In our opinion, the consolidated financial statements of Just Water International Limited (the Company), including its subsidiaries (the Group), present fairly, in all material respects, the financial position of the Group as at 30 June 2018, its financial performance and its cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and International Financial Reporting Standards (IFRS).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs NZ) and International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

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

We are independent of the Group in accordance with Professional and Ethical Standard 1 (Revised) *Code of Ethics for Assurance Practitioners* (PES 1) issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our firm carries out other services for the Group in the areas of agreed upon procedures on the half year report and tax advisory services. The provision of these other services has not impaired our independence as auditor of the Group.

PricewaterhouseCoopers, 188 Quay Street, Private Bag 92162, Auckland 1142, New Zealand
T: +64 9 355 8000, F: +64 9 355 8001, pwc.co.nz

Our audit approach

Overview

An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement.

Overall Group materiality: $0.13 million, which represents approximately 5% of profit before tax.

We chose profit before tax as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured by users, and is a generally accepted benchmark.

We have determined that there is one key audit matter:

- Business combinations - Hometech acquisition

Materiality

The scope of our audit was influenced by our application of materiality.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the consolidated financial statements as a whole as set out above. These, together with qualitative considerations, helped us to determine the scope of our audit, the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the consolidated financial statements as a whole.

Audit scope

We designed our audit by assessing the risks of material misstatement in the consolidated financial statements and our application of materiality. As in all of our audits, we also addressed the risk of management override of internal controls including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Business combinations – Hometech acquisition The Group acquired Hometech in two steps during the current financial year (refer note 26). On 3 January 2018 the Group purchased 51% of the shares of Hometech for $4.1 million and on 29 June 2018 the Group purchased the remaining 49% of the shares of Hometech for $4.1 million. In accounting for the transaction judgement was applied by management including: - the treatment of Hometech as an associate following the acquisition of 51% of the shares on 3 January 2018 and resulting equity accounting until control was obtained on 29 June 2018; - determining the fair value of the assets and liabilities acquired on 29 June 2018 including any separately identifiable intangible assets; - valuing material customer contracts identified on the basis of the net present value of expected future cash flows over the expected remaining life of the contracts; and - valuing the previously held equity interest of 51% at fair value at 29 June 2018. The financial significance of the purchase price of $8.1 million and judgement inherent in the stepped acquisition made this a key audit matter.	We assessed the accounting treatment of the acquisition by: • reading management's assessment to understand the key terms and conditions of the stepped acquisition as well as the key assumptions and judgements applied by management; • gaining an understanding of the valuation approach and methodology undertaken by management to identify separately identifiable intangible assets and value the assets and liabilities acquired; • reconciling forecasted cash flows of the identified customer contracts with the approved budget by the Directors; • engaging our in-house valuation expert to: 1. assess the valuation approach and methodology undertaken by management for the identified customer contracts; 2. evaluate management's assumptions regarding the valuation of customer contracts including the reasonableness of the assumptions used and expected remaining life according to the contract term; • recalculating the previously held equity interest at fair value at purchase date when the Group obtained control of Hometech; There were no material exceptions noted from our testing.

Information other than the financial statements and auditor's report

The Directors are responsible for the annual report. Our opinion on the consolidated financial statements does not cover the other information included in the annual report and we do not, express any form of assurance conclusion on the other information.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the consolidated financial statements

The Directors are responsible, on behalf of the Company, for the preparation and fair presentation of the consolidated financial statements in accordance with NZ IFRS and IFRS, and for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs NZ and ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the External Reporting Board's website at:

https://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-1/

This description forms part of our auditor's report.

Who we report to

This report is made solely to the Company's shareholders, as a body. Our audit work has been undertaken so that we might state those matters which we are required to state to them in an auditor's 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.

The engagement partner on the audit resulting in this independent auditor's report is Keren Blakey.

For and on behalf of:

PricewaterhouseCoopers

Chartered Accountants
7 September 2018

Auckland

Just Water International Limited

Consolidated statement of comprehensive income

For the year ended 30 June 2018

	NOTE	GROUP YEAR ENDED 30 JUNE 2018 $'000	GROUP YEAR ENDED 30 JUNE 2017 $'000
Operating revenue	8	17,575	16,446
Other operating income	9	2	-
Income		**17,577**	**16,446**
Employee costs	10	(6,830)	(6,277)
Changes in inventories of finished goods and consumables		(9)	2
Purchases of finished goods and consumables	14	(1,394)	(1,345)
Other expenses	10	(4,314)	(4,036)
Acquisition costs	10	(138)	-
Profit before interest, tax, depreciation and amortisation		**4,892**	**4,790**
Depreciation	16	(1,432)	(1,353)
Amortisation	18	(643)	(603)
Profit before interest and tax		**2,817**	**2,834**
Interest expense		(177)	(80)
Equity income in associates (post tax)	26	221	-
Profit before income tax		**2,861**	**2,754**
Income tax expense	11	(755)	(707)
Profit after income tax		**2,106**	**2,047**
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Gain on revaluation of land	16	-	343
Total comprehensive income		**2,106**	**2,390**
Profit per share for profit attributable to the shareholders of the Parent			
Basic and diluted earnings per share (cents)	30	2.4	2.3

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

Just Water International Limited

Consolidated balance sheet
As at 30 June 2018

	NOTE	GROUP AS AT 30 JUNE 2018 $'000	GROUP AS AT 30 JUNE 2017 $'000
ASSETS			
Current assets			
Cash and cash equivalents	12	12	2
Trade and other receivables	13	4,052	1,753
Inventories	14	2,065	375
Total current assets		**6,129**	**2,130**
Non-current assets			
Property, plant and equipment	16	9,869	8,976
Intangible assets	18	13,128	5,270
Deferred tax asset	15	807	743
Other assets	17	503	535
Total non-current assets		**24,307**	**15,524**
Total assets		**30,436**	**17,654**
LIABILITIES			
Current liabilities			
Bank overdraft	12	969	58
Interest bearing liabilities	20	464	616
Trade and other payables	19	4,218	2,379
Current tax payable		290	72
Deferred income		169	200
Total current liabilities		**6,110**	**3,325**
Non-current liabilities			
Interest bearing liabilities	20	9,509	228
Deferred tax liabilities	15	295	-
Total non-current liabilities		**9,804**	**228**
Total liabilities		**15,914**	**3,553**
Net assets		**14,522**	**14,101**
EQUITY			
Share capital	21	21,540	21,485
Accumulated losses		(7,361)	(7,727)
Asset revaluation reserve	16	343	343
Total equity		**14,522**	**14,101**

The Group balances as at 30th June 2018 include the assets and liabilities of Hometech (refer note 26)

For and on behalf of the Board

Hilary Poole — Chair

Tony Falkenstein — Chief Executive Officer

07 September 2018

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

Just Water International Limited

Consolidated statement of changes in equity
For the year ended 30 June 2018

	NOTE	SHARE CAPITAL $'000	ASSET REVALUATION RESERVE $'000	ACCUMULATED LOSSES $'000	TOTAL EQUITY $'000
GROUP					
Balance at 1 July 2016		**22,523**	**-**	**(9,774)**	**12,749**
Profit after tax		-	-	2,047	2,047
Other comprehensive income		-	343	-	343
Total comprehensive income for the period			**343**	**2,047**	**2,390**
Shares cancelled	21	(1,038)	-	-	(1,038)
Balance at 30 June 2017		**21,485**	**343**	**(7,727)**	**14,101**
Profit after tax		-	-	2,106	2,106
Total comprehensive income for the period		**-**	**-**	**2,106**	**2,106**
Issue of ordinary shares in relation to the Dividend Reinvestment Plan	21	58	-	-	58
Dividend paid	22	-	-	(1,740)	(1,740)
Shares cancelled	21	(3)	-	-	(3)
Balance at 30 June 2018		**21,540**	**343**	**(7,361)**	**14,522**

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

Just Water International Limited

Consolidated cash flow statement
For the year ended 30 June 2018

	NOTE	GROUP YEAR ENDED 30 JUNE 2018 $'000	GROUP YEAR ENDED 30 JUNE 2017 $'000
Cash flows from operating activities			
Receipts from customers		16,793	16,517
Interest received		2	-
Payments to suppliers and employees		(12,574)	(11,713)
Interest paid		(177)	(80)
Income tax paid		(507)	(950)
Purchases of non-current assets held for rental		(1,522)	(1,105)
Net cash generated from operating activities	28	**2,015**	**2,669**
Cash flows from investing activities			
Acquisition through business combination	26	(9,361)	-
Purchases of property		-	(813)
Purchases of plant and equipment		(586)	(1,010)
Proceeds from sale of property, plant and equipment		7	18
Purchases of intangible assets	18	(133)	(45)
Net cash used in / (from) investing activities		**(10,073)**	**(1,850)**
Cash flows from financing activities			
Proceeds from borrowings		10,130	1,950
Repayment of borrowings		(1,291)	(1,723)
Shares purchased and cancelled	21	-	(1,038)
Dividends paid to company's shareholders	22	(1,682)	-
Net cash used in financing activities		**7,157**	**(811)**
Net decrease / (increase) in cash, cash equivalents and bank overdrafts		**(901)**	**8**
Cash and cash equivalents at the beginning of the financial year		(56)	(64)
Cash and cash equivalents at the end of the period	12	**(957)**	**(56)**

Excluded from the consolidated cash flow statement for the year ended 30 June 2017 are payments for property, plant and equipment that were made by way of Bartercard transaction to the value of $222,000. (2018: Nil).

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

Notes to the Consolidated Financial Statements for the year ended 30 June 2018

1. GENERAL INFORMATION

The consolidated financial statements for the Group are for the economic entity comprising Just Water International Ltd (JWI) and its subsidiaries. The Group's principal activity is the rental and service of water coolers to customers as well as the sale of water and water products.

The Group comprised JWI, its division Just Water New Zealand, Hometech Limited, and other wholly-owned subsidiaries (refer note 26 and 27).

Just Water International Limited is a limited liability company which is domiciled and incorporated in New Zealand. The address of its registered office is 128 St Georges Bay Road, Parnell, Auckland, New Zealand.

These consolidated financial statements have been approved for issue by the board of directors on 7 September 2018.

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The significant NZ IFRS accounting policies are set out below and have been applied consistently to all periods presented in these consolidated financial statements. There is a change in accounting policies with reference to the accounting policy for property, plant and equipment (refer note 2.15).

2.1 Statement of compliance

The consolidated financial statements have been prepared in accordance with Generally Accepted Accounting Practice (GAAP) in New Zealand. The consolidated 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 for profit entity for the purposes of complying with NZ IFRS. The consolidated financial statements also comply with International Financial Reporting Standards (IFRS).

2.2 Basis of preparation

2.2.1 Statutory base

Just Water International Limited is a company registered under the Companies Act 1993 and is an FMC reporting entity under Part 7 of the Financial Markets Conduct Act 2013. The consolidated financial statements of the Group have been prepared in accordance with the requirements of Part 7 of the Financial Markets Act 2013 and the NZX Main Board Listing Rules.

2.2.2 Historical cost convention

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of land & buildings.

2.2.3 Going concern

The consolidated financial statements have been prepared on a going concern basis. The group has a working capital balance of $0.02m (2017: $1.2m negative). The directors assesses 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') as at 30 June 2018 and the results of all subsidiaries for the year then ended.

Subsidiaries are all entities over which the group has control. The group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

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.

2.3.2 Associates

Associates are all entities which the Group has significant influence but not control or joint control. This is generally the case where the group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting after initially being recognised at cost.

2.3.3 Equity method

Under the equity method of accounting, the investments are initially recognised at costs and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Groups share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures recognised as a reduction of the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the group and its associates and joint ventures are eliminated to the extent of the group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of impairment of the assets transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure constancy with the policies of the group.

2.4 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the board of directors.

2.5 Foreign currency translation

2.5.1 Functional and presentation currency

Items included in the consolidated 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 groups 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 or loss component of the statements of comprehensive income.

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 related consumer products. Hometech specializes in products for healthy homes. 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 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 stage of completion of the 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.

2.7 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 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 consolidated 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. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. Deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

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

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the 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 tax assets of one entity in the Group are 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 exclusive 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 or 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 property, plant and equipment in the balance sheet. They are depreciated over their expected useful lives on a basis consistent with similar owned property, plant and equipment. Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term. Initial costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and depreciated over the lease term on the same basis as the lease income.

2.10 Impairment of 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. Goodwill which has an indefinite useful life is not subject to amortisation and is 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 cost of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

2.11 Cash and cash equivalents

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

2.12 Trade receivables

Trade receivables are recognised initially at fair value 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 or loss component of the statements of comprehensive income.

2.13 Inventories

Inventories consist of equipment held for sale, Work in progress for partially completed installations, finished goods and consumables. Inventories are stated at the lower of cost and net realisable value. Cost is determined on a weighted average cost basis for consumables and individual purchase cost basis for coolers.

2.14 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.

Purchases and sales of financial assets are recognised on trade-date – being the date on which the Group commits to purchase or sell the asset.

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 non-current assets. Loans and receivables include cash and cash equivalents and receivables in the balance sheets.

Loans and receivables are carried at amortised cost using the effective interest method.

The Group assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired.

2.15 Property, plant and equipment

2.15.1 Land & buildings

In 2017 the Group changed its accounting policy for valuing land & buildings from the cost model to the revaluation model. Land & buildings are measured at fair value based on periodic valuations by independent external valuers, less any impairment losses recognised after the date of valuation. Valuations will be performed with sufficient regularity to ensure the carrying amount does not differ materially from fair value.

2.15.2 Revaluation surplus

Any revaluation increasing the fair value of land & buildings is credited to asset revaluation reserve in equity and any revaluation that offsets previous increases of the same asset are charged to other comprehensive income and debited to the asset revaluation reserve in equity; all other decreases are charged to the profit or loss in the Statement of Comprehensive Income. Upon disposal or de-recognition of an asset, any revaluation reserve relating to that particular asset is transferred directly to accumulated losses.

2.15.3 Other items

All other 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.

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 or 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:

Leasehold improvements	5-15 years
Rental Equipment	2-8 years
Office equipment	3-11 years
Motor vehicles	4-5 years
Plant and machinery	4-7 years
Buildings	50 years

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 or loss component of the statements of comprehensive income. Work in progress is accounted for at cost and capitalised to property, plant and equipment as projects are completed and ready for use.

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 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.

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 or 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.

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

Amortisation 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:

Software	3 - 4 years
Patents and trademarks	10 years
Customer contracts	Refer Note 26

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 and annual leave.
Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of 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 Short-term employee benefits
Employee entitlements to salary 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 Capitalised commission

Initial commission costs incurred in negotiating and arranging cooler rental contracts are capitalised and recognised as an expense over the average cooler rental contract term. Capitalised commission is amortised over a period of two or three years dependent upon the type of customer contract.

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 consolidated 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 18).

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. If it is not probable they will be utilised, the losses are de-recognised (refer note 15).

4.3 Receivables

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

4.4 Coolers

Management regularly reviews the status of cooler rental agreements and provide for coolers where these are deemed not recoverable from customers (refer note 16).

4.5 Purchase price allocation for acquisitions

During the year the company acquired the shares in Hometech Ltd and the business operations of Dolphin Water Products Ltd (refer note 26).

Management recalculated the fair value of all assets and liabilities acquired as part of the respective acquisitions, including the assessment of the value of intangible assets and useful life that can be distinguished from the goodwill premium paid as part of the acquisition price.

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

There are no 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 2017 that have a material impact on the consolidated financial statements.

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 2018 or later periods, but which the Group has not early adopted.

6.1 NZ IFRS 16: Leases (effective from periods beginning on or after 1 January 2019)

NZ IFRS 16, 'Leases', replaces the current guidance in NZ IAS 17. Under NZ IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Under NZ IAS 17, a lessee was required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). NZ IFRS 16 now requires a lessee to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. Included is an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees.

For lessors, the accounting for leases under NZ IFRS 16 is almost the same as NZ IAS 17. However, because the guidance on the definition of a lease has been updated (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard.

The standard is effective for accounting periods beginning on or after 1 January 2019. Early adoption is permitted but only in conjunction with NZ IFRS 15, 'Revenue from Contracts with Customers. The Group intends to adopt NZ IFRS 16 on its effective date and has yet to assess its full impact, due to the recent acquisition of Hometech (refer note 26).

6.2 NZ IFRS 15: Revenue from contracts with customers (effective date: periods beginning on or after 1 January 2018)

NZ IFRS 15, 'Revenue from contracts with customers' replaces NZ IAS 18 Revenue, NZ IAS 11 Construction Contracts and is effective for periods commencing on or after 1 January 2018. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer. The notion of control therefore replaces the existing notion of risks and rewards/. The most significant changes that flow from the new standard are:

- Any bundled goods or services that are distinct must be separately recognised, and any discounts or rebates on the contract must generally be allocated to the separate elements.
- The point at which revenue is able to be recognised may shift: some revenue that is currently recognised throughout the period of a contract may have to be recognised at a point in time.
- There are likely to be increased disclosures.

The Group has assessed the effect of applying the new standard on the consolidated financial statements. The Group has achieved certain milestones during the period.

Given the nature of the bundled services relating to the business rental contract and the fair values allocated to particular elements of the contracts, it is expected that the new standard will result in an impact on timing of revenue recognition. The values allocated to separate elements of the business rental contract may be recognised at a point of time or over the contract term which may differ from the current treatment.

The Group has identified the following areas for further assessment:. Costs such as commission costs may meet the definition to be capitalised as incremental costs to obtain a contract.

The standard permits either a full retrospective or a modified retrospective approach for adoption. The Group currently intends to adopt the standard using the modified retrospective approach, which means the cumulative effects (if any) of the adoption will be recognised in retained earnings and that comparatives will not be restated. For the financial year ending 30 June 2019 the group will be reporting under NZ IFRS 15.

6.3 NZ IFRS 9: Financial instruments (effective date: periods beginning on or after 1 January 2018)

NZ IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of NZ IFRS 9 was issued in September 2014. It replaces the guidance in NZ IAS 39 that relates to the classification and measurement of financial instruments. NZ IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in other comprehensive income not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in NZ IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. NZ IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under NZ IAS 39. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted. The Group will be reporting under NZ IFRS 9 for the financial year ended 30 June 2019. The Group is assessing its full impact, due to the recent acquisition of Hometech (refer note 26).

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 reporting segments going forward will be Just Water New Zealand and Hometech following the acquisition on the 29 June 2018.

The Company operates and sells its products in New Zealand. The segment information that the CODM reviews in order to allocate resources and to assess the performance of the Group is consistent with the financial information presented in the consolidated statement of comprehensive income and Note 8.

8. REVENUE

	GROUP YEAR ENDED 30 JUNE 2018 $'000	GROUP YEAR ENDED 30 JUNE 2017 $'000
Rental income	9,647	9,104
Sales income	7,221	6,592
Service income	707	750
Total revenue	**17,575**	**16,446**

9. OTHER OPERATING INCOME

	GROUP YEAR ENDED 30 JUNE 2018 $'000	GROUP YEAR ENDED 30 JUNE 2017 $'000
Interest income	2	-
Total other operating income from continuing operations	**2**	**-**

10. EXPENSES

	GROUP YEAR ENDED 30 JUNE 2018 $'000	GROUP YEAR ENDED 30 JUNE 2017 $'000
Total expenses	**12,684**	**11,656**
Included in other expenses		
Directors' fees	66	58
Donations	1	1
Net loss on disposal of property, plant and equipment and intangibles	116	90
Operating lease payments	267	316
Total employee costs	**6,830**	**6,277**
Acquisition costs		
Acquisition costs in respect of the purchase of shares in Hometech Limited	135	-
Acquisition costs in respect of the purchase of the business of Dolphin Water Products Ltd	3	-
Total acquisition costs	**138**	**-**
Auditors' fees		
During the year the following fees were paid or payable for services provided by the Group's auditors, PricewaterhouseCoopers		
Assurance services		
Audit of the consolidated financial statements	179	104
Half-year agreed upon procedures	11	9
Total assurance services	**190**	**113**
Other services		
Tax advisory services	5	-
Total other services	**5**	**-**
Total remuneration to auditor	**195**	**113**

11. INCOME TAX EXPENSE

	GROUP YEAR ENDED 30 JUNE 2018 $'000	GROUP YEAR ENDED 30 JUNE 2017 $'000
Current tax	728	603
Deferred tax (note 15)	27	104
Income tax expense	**755**	**707**

The current income tax in New Zealand for the year was calculated using the rate of 28% (2017: 28%).

Income tax expense is attributable to:

Profit before income tax expense	2,861	2,754
Tax calculated at domestic tax rates applicable to profits in the respective countries	801	771
Equity income from associates	(62)	-
Expenses not deductible for tax purposes	6	6
Prior period adjustments	10	(70)
Income tax expense	**755**	**707**
Imputation credit account		
Balance at end of year	**5,313**	**4,735**
Imputation credits		
Imputation credits available for subsequent reporting periods based on a tax rate of 28% (2017: 28%)	5,313	4,735

The above amounts represent the balance of the imputation account as at the end of the reporting period, adjusted for:

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

12. CASH AND CASH EQUIVALENTS

	GROUP AS AT 30 JUNE 2018 $'000	GROUP AS AT 30 JUNE 2017 $'000
Cash in hand	2	2
Short-term bank deposits	10	-
Total cash and cash equivalents	**12**	**2**

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

Cash and cash equivalents	12	2
Bank overdrafts (refer note 20)	(129)	(58)
Total cash and bank overdraft	**(117)**	**(56)**
Bank overdrafts through acquisition (refer note 20)	(840)	-
Total cash and bank overdraft	**(957)**	**(56)**

13. TRADE AND OTHER RECEIVABLES

	GROUP AS AT 30 JUNE 2018 $'000	GROUP AS AT 30 JUNE 2017 $'000
Trade receivables	1,839	1,943
Trade receivables from acquisitions (note 26)	2,283	-
Provision for doubtful receivables	(316)	(354)
Provision for doubtful receivables from acquisitions (note 26)	(119)	-
Net trade receivables	**3,687**	**1,589**
Prepayments and other receivables	253	164
Prepayments and other receivables from acquisitions	112	-
Trade and other receivables	**4,052**	**1,753**
Trade and other receivables	4,052	1,753
Trade and other receivables	**4,052**	**1,753**

Bad and doubtful trade receivables

The movement in provision has been included in ‘other expenses’ in the statement of comprehensive income.

	GROUP AS AT 30 JUNE 2018 $'000	GROUP AS AT 30 JUNE 2017 $'000
Movement in the provisions for doubtful trade receivables is as follows:		
Balance at the beginning of the year	354	319
Provision recognised	380	321
Receivables written off during the year as uncollectable	(418)	(286)
Provision for doubtful receivables from acquisitions (note 26)	119	-
Balance at end of the year	**435**	**354**

As at 30 June 2018, trade receivables of $581,000 (2017: $277,000) were past due but not impaired for the Group. Based on previous years collection history management considers these amounts to be recoverable. The ageing analysis of these trade receivables is as follows:

	GROUP AS AT 30 JUNE 2018 $'000	GROUP AS AT 30 JUNE 2017 $'000
1-30 days	2,794	1,157
Past due but not impaired		
30-60 days	580	247
60-90 days	1	30
90+ days	-	-
Total	**3,375**	**1,434**

13 TRADE RECEIVABLES CONTINUED

As at 30 June 2018, trade receivables of $648,000 (2017: $374,000) were either partially or fully impaired, and provided for by the Group. The amount of provision is $435,000 (2017: $354,000) for the Group. The individually impaired receivables relate to customers that are considered not recoverable. It was assessed that a portion of the receivables is expected to be recovered. The ageing analysis of these receivables is as follows

	GROUP AS AT 30 JUNE 2018 $'000	GROUP AS AT 30 JUNE 2017 $'000
1-30 days	98	65
30-60 days	54	36
60-90 days	288	131
90+ days	306	207
Total aged receivables	**746**	**439**
Prepaid suppliers	1	70
Total	**747**	**509**

14. INVENTORIES

	GROUP AS AT 30 JUNE 2018 $'000	GROUP AS AT 30 JUNE 2017 $'000
Finished goods	494	141
Consumables	1,356	234
Work in progress - acquisition of subsidiary (note 26)	216	-
Total Inventories	**2,065**	**375**

From the acquisition of Hometech included in inventories was Finished goods of $409,000 and consumables of $1,057,000.

The cost of inventories recognised as an expense in the statement of comprehensive income is $1,394,000 (2017: $1,345,000) for the Group.

Write downs of inventories to net realisable value was recognised as an expense during 2018 of $12,000 compared to an expense in 2017 of $19,000. The net movement in provision has been included in 'changes in inventories of finished goods and consumables' in the statement of comprehensive income.

15. DEFERRED TAX

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

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

15 DEFERRED TAX CONTINUED

	GROUP AS AT 30 JUNE 2018 $'000	GROUP AS AT 30 JUNE 2017 $'000
Deferred tax assets:		
Beginning of the year	743	847
Statement of comprehensive income charge (note 11)	(27)	(104)
Acquisition of subsidiary (note 26)	91	-
End of the year	**807**	**743**

Continued recognition of the deferred tax asset is subject to continued compliance with the relevant tax legislation.

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:

	NOTE	ACCRUALS $'000	PROPERTY, PLANT & EQUIPMENT $'000	TOTAL $'000
Deferred tax assets: GROUP				
At 30 June 2016		**333**	**514**	**847**
Profit or loss	11	27	(131)	(104)
At 30 June 2017		**360**	**383**	**743**
Acquisition of subsidiary	26	91	-	91
Profit or loss	11	(39)	12	(27)
At 30 June 2018		**412**	**395**	**807**

	NOTE	CUSTOMER CONTRACTS $'000	OTHER $'000	TOTAL $'000
Deferred tax liabilities: GROUP				
At 30 June 2016		**-**	**-**	**-**
Profit or loss		-	-	-
At 30 June 2017		**-**	**-**	**-**
Acquisition of subsidiary	26	295		295
Profit or loss		-	-	-
At 30 June 2018		**295**	**-**	**295**

16. PROPERTY, PLANT AND EQUIPMENT

	Leasehold Improvements	Rental Equipment	Motor Vehicles	Plant and Office Equipment	Land	Buildings	Work in Progress	TOTAL
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
GROUP								
As at 30 June 2016								
Cost	795	8,894	1,910	3,008	1,547	1,795	747	18,696
Accumulated depreciation	(760)	(6,507)	(1,215)	(2,871)	-	(27)	-	(11,380)
Net book amount	**35**	**2,387**	**695**	**137**	**1,547**	**1,768**	**747**	**7,316**
Year ended 30 June 2017								
Opening net book amount	35	2,387	695	137	1,547	1,768	747	7,316
Additions	1,021	1,092	80	1,482	-	-	-	3,675
Revaluation	-	-	-	-	343	-	-	343
Disposals	(13)	(193)	(11)	(41)	-	-	-	(258)
Capitalised to plant and office equipment	-	-	-	-	-	-	(747)	(747)
Depreciation charge	(67)	(783)	(299)	(168)	-	(36)	-	(1,353)
Closing net book amount	**976**	**2,503**	**465**	**1,410**	**1,890**	**1,732**	**-**	**8,976**
As at 30 June 2017								
Cost	1,091	8,159	1,878	3,228	1,890	1,796	-	18,042
Accumulated depreciation	(115)	(5,656)	(1,413)	(1,818)	-	(64)	-	(9,066)
Net book amount	**976**	**2,503**	**465**	**1,410**	**1,890**	**1,732**	**-**	**8,976**
Year ended 30 June 2018								
Opening net book amount	976	2,503	465	1,410	1,890	1,732	-	8,976
Additions	3	1,577	401	120	-	-	-	2,101
Acquisition of subsidiary (refer note 26)	86	-	162	92	-	-	-	340
Disposals	-	(114)	(1)	(1)	-	-	-	(116)
Depreciation charge	(90)	(759)	(346)	(201)	-	(36)	-	(1,432)
Closing net book amount	**975**	**3,207**	**681**	**1,420**	**1,890**	**1,696**	**-**	**9,869**
As at 30 June 2018								
Cost and revaluation	1,368	10,581	2,583	3,683	1,890	1,796		21,901
Accumulated depreciation	(393)	(7,374)	(1,902)	(2,263)	-	(100)	-	(12,032)
Net book amount	**975**	**3,207**	**681**	**1,420**	**1,890**	**1,696**	**-**	**9,869**

16 PROPERTY, PLANT AND EQUIPMENT CONTINUED

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

Land & buildings valuation

The external independent valuation of land and buildings was conducted by Seagar & Partners on 28 February 2017. Seagar & Partners valued the land and building at $4,600,000 in accordance with the Property Institute of New Zealand Valuation and Property Standards and the provisions of NZ IAS 16 property, plant and equipment NZ IFRS 13 Fair value measurement. The directors considered the core underlying assumptions used in the valuation and concluded there was no material change.

28 February 2017 was the first valuation of the land and buildings and the increase in fair value of $343,000 was included in other comprehensive income and included in the Asset Revaluation Reserve in equity. The carrying amount that land and buildings would have been recognised had it not been revalued was $3,342,000 (2017: $3,342,000).

NZ IFRS 13 requires the disclosure of this fair value measurement by a level of fair value hierarchy. For valuation purposes, land is considered to be a level 3 asset (disclosure value inputs) within this fair value hierarchy.

The valuation utilised both an income capitalisation approach and a sales comparison approach. The observable inputs were the rental capitalisation rate as applied to estimated rental income and the value per square metre based on comparable sales.

Finance leases: Motor vehicles for the Group include items capitalised under finance leases with a cost of $1,028,000 (2017: $1,028,000), together with accumulated depreciation of $946,000 (2017: $756,000).

17. OTHER ASSETS

	GROUP AS AT 30 JUNE 2018 $'000	GROUP AS AT 30 JUNE 2017 $'000
Opening		
Cost	1,157	1,104
Accumulated amortisation	(622)	(589)
Net book amount	**535**	**515**
Year ended 30 June		
Opening net book amount	535	515
Additions	505	510
Amortisation charge	(537)	(490)
Closing net book amount	**503**	**535**
As at 30 June		
Cost	1,118	1,157
Accumulated depreciation	(615)	(622)
Net book amount	**503**	**535**

Other assets relate to capitalised commission.

18. INTANGIBLE ASSETS

GROUP	SOFTWARE $'000	GOODWILL $'000	PATENTS AND TRADEMARKS $'000	CUSTOMER CONTRACTS $'000	TOTAL $'000
As at 30 June 2016					
Cost	2,089	5,171	63		7,323
Accumulated amortisation and impairment	(1,923)	-	(62)		(1,985)
Net book amount	**166**	**5,171**	**1**	**-**	**5,338**
Year ended 30 June 2017					
Opening net book amount	166	5,171	1		5,338
Additions	29	-	16		45
Disposals	-	-	-		-
Amortisation charge	(111)	-	(2)		(113)
Closing net book amount	**84**	**5,171**	**15**	**-**	**5,270**
As at 30 June 2017					
Cost	2,118	5,171	79		7,368
Accumulated amortisation and impairment	(2,034)	-	(64)		(2,098)
Net book amount	**84**	**5,171**	**15**	**-**	**5,270**
Year ended 30 June 2018					
Opening net book amount	84	5,171	15	-	5,270
Additions	133	-	-	-	133
Acquisition of subsidiary (refer note 26)	35	6,741	-	1,055	7,831
Amortisation charge	(105)	-	(1)	-	(106)
Closing net book amount	**147**	**11,912**	**14**	**1,055**	**13,128**
As at 30 June 2018					
Cost	2,705	11,912	79	1,055	15,751
Accumulated amortisation and impairment	(2,558)	-	(65)	-	(2,623)
Net book amount	**147**	**11,912**	**14**	**1,055**	**13,128**

Impairment tests for goodwill

Goodwill is allocated to cash-generating units (CGUs) identified as Just Water New Zealand and Hometech. A CGU summary of the goodwill allocation is presented below.

	GROUP AS AT 30 JUNE 2018 $'000	GROUP AS AT 30 JUNE 2017 $'000
Hometech	6,538	-
Just Water New Zealand	5,374	5,171
Total goodwill	**11,912**	**5,171**

18 INTANGIBLE ASSETS CONTINUED

Dolphin Water has been integrated into cash-generating units (CGU) of Just Water due to the same style of business model. (refer note 26)

The recoverable amount of the CGU 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 terminal growth rates do not exceed the 5-year average growth rates for the industry in which the CGUs operate.

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

	2018	2017
Terminal growth rate	1%	1%
Discount rate - pre-tax	10.7%	11.2%
5-year average growth rate	3.3%	1.7%

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

19. TRADE AND OTHER PAYABLES

	GROUP AS AT 30 JUNE 2018 $'000	GROUP AS AT 30 JUNE 2017 $'000
Trade payables	1,590	1,621
Trade payable (acquisition of subsidiary - note 26)	1,668	-
Related-party payables (note 24)	1	-
Accrued expenses	647	758
Accrued expenses (acquisition of subsidiary - refer note 26)	312	-
Total trade and other payables	**4,218**	**2,379**

20. INTEREST-BEARING LIABILITIES

	GROUP AS AT 30 JUNE 2018 $'000	GROUP AS AT 30 JUNE 2017 $'000
Non-current		
Bank loans	9,430	-
Bank loans from acquisition of subsidiary (note 26)	79	-
Finance leases	-	228
Total non-current interest-bearing liabilities	**9,509**	**228**
Current		
Bank overdraft	129	58
Bank overdraft from acquisition of subsidiary (note 26)	840	-
Bank loans	-	400
Bank loans from acquisition of subsidiary (note 26)	201	-
Finance leases	249	216
Finance leases from acquisition of subsidiary (note 26)	14	-
Total current interest-bearing liabilities	**1,433**	**674**

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 net bank facility drawn as at year end was $10,679,000 (2017: $458,000), the undrawn banking facility at year end was $1,476,000 (2017: $1,600,000).

The Group has a number of assets subject to finance leases (refer note 16).

Assets pledged as security

The bank loans and overdraft are secured by a floating debenture over the Group assets. There is a cross guarantee between Just Water International Ltd and Hometech.

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

	6 MONTHS OR LESS $'000	6-12 MONTHS $'000	OVER 1 YEAR $'000	TOTAL $'000
Group				
At 30 June 2018				
Bank overdraft	969	-	-	969
Bank loans	100	101	9,509	9,710
Finance leases	263	-	-	263
At 30 June 2017				
Bank overdraft	58	-	-	58
Bank loans	400	-	-	400
Finance leases	105	111	228	444

20 INTEREST BEARING LIABILITIES CONTINUED

	GROUP AS AT 30 JUNE 2017	CASH FLOWS	ACQUISITION	GROUP AS AT 30 JUNE 2018
Cash on hand	(2)	(10)	-	(12)
Long-term borrowings	-	9,430	79	9,509
Short-term borrowings	458	(329)	1,041	1,170
Lease liabilities	444	(195)	14	263
Total liabilities from financing activities	**900**	**8,896**	**1,134**	**10,930**

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

	GROUP AS AT 30 JUNE 2018	GROUP AS AT 30 JUNE 2017
Bank overdraft	6.33 - 7.23%	6.25%
Bank loans	4.69 - 5.83%	4.85 - 5.15%
Finance leases	5.85 - 8.43%	5.85%

21. SHARE CAPITAL

	GROUP 30 JUNE 2018 SHARES	GROUP 30 JUNE 2017 SHARES
Ordinary shares, issued and fully-paid	86,059,101	85,939,786

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.

21 SHARE CAPITAL CONTINUED

Movements in ordinary share capital:

	NUMBER OF SHARES	SHARE CAPITAL $'000
Ordinary shares on issue as at 1 July 2016	**89,727,174**	**22,523**
Shares cancelled	(3,787,388)	(1,038)
Ordinary shares on issue as at 30 June 2017	**85,939,786**	**21,485**
Shares cancelled	(9,192)	(3)
Shares issued under the Dividend Reinvestment Plan	128,507	58
Ordinary shares on issue as at 30 June 2018	**86,059,101**	**21,540**

22. DIVIDENDS

A dividend was paid during the year ended 30 June 2018 (2017: nil). The dividend was at 2.0 cents per share. The value of the dividend was $1,740,000 (2017: $nil). The cash portion of the dividend paid was $1,682,000.

Subsequent to year end the board of directors resolved to pay a fully imputed final dividend for the year ended 30 June 2018 of 2.2 cents per share payable to the shareholders recorded on the share register as at 2 November 2018. A dividend of $1,879,000 will be paid on 16 November 2018.

23. COMMITMENTS

Capital commitments

The Group has capital commitments and capital expenditure contracted but not recognised as at year end, these are as below.

	GROUP AS AT 30 JUNE 2018 $'000	GROUP AS AT 30 JUNE 2017 $'000
Motor vehicles	-	344
Rental equipment	88	339
Total capital commitments	**88**	**683**

All capital commitments are payable within one year.

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.

23 COMMITMENTS CONTINUED

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	Eighteen months	One of Eighteen months plus 3 years
Hamilton offices/warehouse	Three years	One of three years
Wellington offices/warehouse	Twelve years	Two of three years each
Wellington offices/warehouse	Four Years	Two of four years and two of three each
Christchurch offices/warehouse	One year	Three of one year

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 2018 $'000	GROUP AS AT 30 JUNE 2017 $'000
Within one year	452	104
Later than one year but not later than five years	1,019	361
Later than five years	404	-
Commitments not recognised in the consolidated financial statements	**1,875**	**465**

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 2018 $'000	GROUP AS AT 30 JUNE 2017 $'000
Within one year	263	216
Later than one year but not later than five years	-	228
Minimum lease payments	**263**	**444**

Lease commitments: Group as lessors

Operating leases

The Group leases assets to third parties under non-cancellable operating leases. 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.

23 COMMITMENTS CONTINUED

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

	GROUP AS AT 30 JUNE 2018 $'000	GROUP AS AT 30 JUNE 2017 $'000
Within one year	7,894	7,826
Later than one year but not later than five years	6,270	6,272
Future lease receipts not recognised in the consolidated financial statements	**14,164**	**14,098**

Hometech Ltd had entered into foreign exchange forward contracts that matured in July and August 2018. The purpose of these contracts was to hedge committed purchases of product from overseas. The difference between the market value at 30 June 2018 and the contracts was insignificant.

24. RELATED PARTIES

The Group's ultimate parent is the Harvard Group, which owns or has voting entitlements for 80.1% of the company's shares. The remaining 19.9% is widely held. The Group's ultimate controlling parties are Ian Malcolm and Tony Falkenstein.

Pure SEO Limited, a company of which Tony Falkenstein and Ian Malcolm are directors and indirect shareholders, provided internet search engine optimisation services to the Group during the financial year to the value of $12,600 (2017: $15,600). As at balance date the Group had a trade payable balance of $1,208 (2017: $0). Balances are settled in cash.

MHK Chartered Accountants and Greenlion 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 $27,758 (2017: $9,600). As at balance date the Group had a trade payable balance of $0 (2017 $0). Balances are settled in cash.

Daniel Overton & Goulding, a company of which Brendan Wood is a partner, provided legal services to the Group during the financial year to the value of $4,240 (2017: $3,826). As at balance date the Group had a trade payable balance of $0 (2017: $0). Balances are settled in cash.

The Harvard Group Ltd, a company of which Tony Falkenstein and Ian Malcolm are directors and indirect shareholders, charged management fees for Tony Falkenstein to the Group during the financial year to the value of $240,000 (2017: $240,000). As at balance date the Group had a trade payable balance of $0 (2017: $0). Balances are settled in cash.

Hometech Limited, a company a company of which Tony Falkenstein, Ian Malcolm and Hilary Poole are directors was charged management fees from Just Water International Ltd to the value of $25,200 (2017:$0). As at balance date the Group had a trade payable balance of $6,750 (2017: $0). Balances are settled in cash.

Key management compensation is as follows:

	GROUP YEAR ENDED 30 JUNE 2018 $'000	GROUP YEAR ENDED 30 JUNE 2017 $'000
Short-term benefits	685	583
Directors fees	66	58
Total key management compensation	**751**	**641**

The number of key managers and directors for the year ended 30 June 2018 for the group was 6 (2017: 6).

Outstanding balance of key management personnel entitlements as at 30 June 2018 is $113,000 (2017: $56,000). Balances are settled in cash.

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. To manage this risk, the Group considers their foreign currency obligation on a monthly basis and forward cover is able to be taken if deemed appropriate.

(ii) Cash flow and fair value interest rate risk

The Group's main interest rate risk arises from long term borrowings (refer note 20). 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 2018 the Group did not have any interest rate swaps (2017: nil). During 2018 and 2017, the Group's borrowings at variable rate were denominated in New Zealand Dollars.

		- 1 %	+ 1 %
	CARRYING AMOUNT	PROFIT & EQUITY	PROFIT & EQUITY
GROUP	$'000	$'000	$'000
As at 30 June 2018			
Financial liabilities			
Variable interest-bearing liabilities	969	(10)	10
Fixed interest-bearing liabilities	9,973	(50)	50
Total increase/(decrease)		**(60)**	**60**
As at 30 June 2017			
Financial liabilities			
Variable interest-bearing liabilities	58	-	-
Fixed interest-bearing liabilities	844	(4)	4
Total increase/(decrease)		**(4)**	**4**

(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.

25 FINANCIAL RISK MANAGEMENT CONTINUED

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

	2018	2017
	$'000	$'000
Total	**3,687**	**1,589**

(c) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and 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. The table below shows the contractual undiscounted cash flows:

	NOTE	LESS THAN 1 YEAR	BETWEEN 1 AND 2 YEARS	BETWEEN 2 AND 5 YEARS	OVER 5 YEARS
GROUP		$'000	$'000	$'000	$'000
As at 30 June 2018					
Trade and other payables	19	3,747	-	-	-
Bank overdraft	12	969	-	-	-
Bank borrowings	20	201	79	11,080	-
Finance leases	20	263	-	-	-
As at 30 June 2017					
Trade and other payables	19	2,015	-	-	-
Bank overdraft	12	58	-	-	-
Bank borrowings	20	423	-	-	-
Finance leases	20	243	201	-	-

(d) Capital Risk

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

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total external borrowings (including interest-bearing liabilities 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.

25 FINANCIAL RISK MANAGEMENT CONTINUED

The gearing ratio for the Group as at 30 June is:

	2018 $'000	2017 $'000
Total borrowings	15,160	3,281
Total cash and cash equivalents	12	2
Net debt	15,148	3,279
Total equity	14,522	14,101
Total capital	29,670	17,380
Gearing ratio	0.51	0.19

(e) Fair value estimation

Financial instruments are measured at fair value using the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2)
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3)

All the Group's financial instruments have been measured at the fair value measurement hierarchy of level 3.

Financial liabilities measured at amortised cost are fair valued using the contractual cash flows. The effects of discounting are generally insignificant.

All financial assets are classified as loans and receivables. All financial liabilities are classified measured at amortised cost. The carrying value of financial assets and liabilities approximates their fair value.

	GROUP AS AT 30 JUNE 2018 $'000	GROUP AS AT 30 JUNE 2017 $'000
Cash and cash equivalent	12	2
Trade and other receivables	3,687	1,266
Total loans and receivables	**3,699**	**1,268**

	GROUP AS AT 30 JUNE 2017 $'000	GROUP AS AT 30 JUNE 2016 $'000
Trade and other payables	3,747	2,016
Bank overdraft	969	58
Bank borrowings	9,710	400
Other loans	263	444
Financial liabilities measured at amortised cost	**14,689**	**2,918**

26. BUSINESS COMBINATIONS

Acquisition of the shares in Hometech Limited

Initial Investment

Just Water International Ltd acquired a 51% of the shares in Hometech Ltd on the 3rd January 2018 for a payment of $4.061 million. There was also deferred consideration of $0.6 million payable in annual instalments of $0.15 million on 30 June 2018, 2019, 2020 and 2021. At the same time a symmetrical Put / Call Option was entered into between the parties that could be exercised no earlier than 3rd January 2021 and no later than 3rd January 2023. This included the right for Just Water International Ltd to buy and the other shareholder the right to sell the remaining 49% of the shares in Hometech Ltd.

Acquisition

On the 20th April 2018 a second agreement was entered into between the shareholders for Just Water International Ltd to acquire the remaining 49% of the shares in Hometech Ltd on the 29th June 2018 for $4.075 million subject to receiving a waiver from the NZX to hold a shareholders meeting in respect of the transaction. This waiver was received on the 31st May 2018. As part of the second agreement the vendor of the shares waived the deferred consideration of $0.6 million. The transaction settled on the due date.

The investment is consistent with the Group's strategy to diversify its investments whilst also developing synergies in the customer base across the New Zealand market.

Hometech offices are in Auckland and Wellington. For the period 3rd January 2018 to 29 June 2018 this is an associate of Just Water International Ltd who held 51% of the shares. The financial results of Hometech have been accounted for during this period on an equity accounting basis. Just Water International Ltd shared key management decisions with the other shareholder. Management has assessed that Just Water International Ltd gained control of the company under the requirements of IFRS 10 on the 29th June 2018. The Equity income for this period recognised in the Consolidated Statement of Comprehensive Income was $221,000.

Management remeasured the previously held equity interest at fair value at the date control was obtained and the resulting fair value adjustment was insignificant. The fair value of acquired trade receivables is $2,163,000. The gross contractual amount for trade receivables due is $2,282,000, of which $119,000 is expected to be uncollectible.

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

	$'000
Purchase consideration:	
- Cash paid	8,136
Total purchase consideration	**8,136**

The provisional fair value of the assets and liabilities recognised as a result of the acquisition are as follows:

	Fair value $'000
Cash & cash equivalents	-
Receivables	2,163
Prepayments	112
Inventories	1,682
Deferred tax asset	91
Property, plant and equipment	340
Intangible assets; software	35
Intangible assets; Customer contracts	801
Total assets acquired	**5,224**

26 BUSINESS COMBINATIONS CONTINUED

	Fair value $'000
Trade and other payables	1,980
Bank Overdraft	840
Term Liabilities	294
Deferred tax liabilities	224
Provision for Taxation	67
Total liabilities acquired	**3,405**
Fair value of net assets acquired	**1,819**
Goodwill at acquisition	6,538
Share of equity accounting profits	(221)
Total purchase consideration	**8,136**

The intangible assets are amortised as follows:

- Software: 50% DV
- Customer contracts Over the period to 30 June 2019

The goodwill is attributable to the workforce and the high profitability of the acquired business. It will not be deductible for tax purposes.
Under IRFS 3, B64 (q) (ii) Hometech Ltd revenue for the 12 months ended 30 June 2018 was $17,243,000 and net profit after tax of $1,045,000.

Acquisition of the business of Dolphin Water Products Limited

On 20 April 2018, the Just Water International Ltd entered into an agreement to acquire the operating business base of Dolphin Water Products Limited including the customer base and tangible assets effective 31 May 2018. Dolphin Water Products Limited was based on the north shore of Auckland had a number of customers on water delivery and cooler rental contracts. The investment is consistent with the Group's strategy to further develop its presence in the New Zealand market.

The addition of the Dolphin Water business to the Group will enable the Group to increase its penetration in the Auckland market. The value of the transaction was $0.385 million. Settlement date was 31 May 2018.

Details of the purchase consideration, the net assets acquired and goodwill are as follows

	$'000
Purchase consideration:	
- Cash paid	385
Total purchase consideration	**385**

26 BUSINESS COMBINATIONS CONTINUED

The assets and liabilities recognised as a result of the acquisition are as follows:

	Fair value $'000
Intangible assets; Customer contracts	254
Total assets acquired	**254**
Deferred tax liability	71
Total liabilities acquired	**71**
Fair value of net assets acquired	**183**
Goodwill	202
Total purchase consideration	**385**

The intangible assets are amortised as follows:

Customer contracts Over the period of 8 years

The goodwill is attributable to the profitability of the acquired business. It will not be deductible for tax purposes.

The directors believe it is impracticable to disclose the revenue and net profit after tax of Dolphin Water Products Ltd under the disclosure requirements of IRFS 3, B64 (q) (ii) as Just Water International Ltd only acquired the customer base and intellectual property of Dolphin Water Products Limited under the terms of the sale and purchase agreement.

27. SUBSIDIARIES

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

NAME OF ENTITY	COUNTRY OF INCORPORATION	CLASS OF SHARES	EQUITY HOLDINGS % 2018	EQUITY HOLDINGS % 2017
Non-Trading				
Drinksafe International Limited	New Zealand	Ordinary	100	100
Just Water Limited	New Zealand	Ordinary	100	100
Just Water New Zealand Limited	New Zealand	Ordinary	100	100
Vitablast Limited	New Zealand	Ordinary	100	100
Melambra Limited	New Zealand	Ordinary	100	100
Melambra Gold Limited	New Zealand	Ordinary	100	100
HJD Properties Limited	New Zealand	Ordinary	100	100
Mercy Health Group Limited	New Zealand	Ordinary	100	100
Sola-tube New Zealand Limited	New Zealand	Ordinary	100	-

26 SUBSIDIARIES CONTINUED

NAME OF ENTITY	COUNTRY OF INCORPORATION	CLASS OF SHARES	EQUITY HOLDINGS % 2018	EQUITY HOLDINGS % 2017
Trading				
Hometech Limited	New Zealand	Ordinary	100	-

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

	GROUP YEAR ENDED 30 JUNE 2018 $'000	GROUP YEAR ENDED 30 JUNE 2017 $'000
Profit for the year	**2,106**	**2,047**
Adjustments for		
Depreciation	1,432	1,353
Amortisation	643	603
Loss on sale of property, plant and equipment	116	90
Provision for doubtful debts	(38)	35
Provision for tax	151	(347)
Deferred tax	(97)	104
Share of equity accounted profits of associates	(221)	-
Changes in working capital		
Inventories	(9)	1
Trade and other receivables	(366)	(5)
Trade and other payables	(149)	(113)
Movement in deferred income	(31)	6
Other adjustments		
Purchases of non-current assets held for rental	(1,522)	(1,105)
Net cash generated from operating activities	**2,015**	**2,669**

29. EVENTS OCCURRING AFTER BALANCE SHEET DATE

Subsequent to year end the board of directors resolved to pay a fully imputed final dividend for the year ended 30 June 2018 of 2.2 cents per share payable to the shareholders recorded on the share register as at 02 November 2018. The dividend will be paid on the 16 November 2018.

30. EARNINGS PER SHARE

	GROUP YEAR ENDED 30 JUNE 2018 $'000	GROUP YEAR ENDED 30 JUNE 2017 $'000
Profit from operations attributable to the ordinary equity holders of the Company	2,106	2,047
Total	**2,106**	**2,047**

	GROUP YEAR ENDED 30 JUNE 2018 CENTS	GROUP YEAR ENDED 30 JUNE 2017 CENTS
Basic and diluted earnings per share	2.4	2.3
Total	**2.4**	**2.3**

Reconciliations of weighted average number of shares used in calculating earnings per share

	GROUP YEAR ENDED 30 JUNE 2018	GROUP YEAR ENDED 30 JUNE 2017
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted earnings per share	86,016	88,574

Just Water International Limited

Statutory disclosures in relation to shareholders

TOP 20 LARGEST HOLDINGS LIST AS AT FRIDAY 24 AUGUST 2018

RANK	INVESTOR NAME	TOTAL	%
1	The Harvard Group Limited	59,371,994	69.0%
2	Springfresh Marketing Pty	5,648,620	6.6%
3	Anthony Edwin Falkenstein & Ian Donald Malcolm as bare trustees for Anthony Edwin Falkenstein & Leon Fourie	2,000,000	2.3%
4	Anthony Edwin Falkenstein & Christopher Roy Saunders	2,000,000	2.3%
5	Anthony Edwin Falkenstein & Jayne Godfrey	2,000,000	2.3%
6	Eldon David Roberts & Sheena Meryl Roberts	2,000,000	2.3%
7	Custodial Services Limited	1,681,406	2.0%
8	Anthony Edwin Falkenstein & Ian Donald Malcolm	1,268,000	1.5%
9	Heather Jeanette Falkenstein & Ian Donald Malcolm	1,268,000	1.5%
10	Ace Finance Limited	1,067,863	1.2%
11	Anthony Edwin Falkenstein	796,310	0.9%
12	Michael Anthony Kandziora	544,300	0.6%
13	Clyde Christopher Cooper & Farida Clyde Cooper	500,000	0.6%
14	Brian Arthur Kelly & Roxanne Elizabeth Marie Kelly & Jason Morice Kelly	400,000	0.5%
15	Fredrick Bryson Richards	306,668	0.4%
16	JBWERE (NZ) Nominees Limited	281,006	0.3%
17	Brian Kelly Limited	260,340	0.3%
18	Jeffrey Horn & Bernadette McCarthy	252,557	0.3%
19	Paul Nielsen & Janet Nielson & Bruce McCullough	221,283	0.3%
20	Giffney & Jones	220,850	0.3%
		82,089,197	**95.5%**

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 24 August 2018, the substantial security holders were as follows

SUBSTANTIAL SECURITY HOLDERS	NUMBER OF SHARES HELD	%
Anthony Edwin Falkenstein	68,896,832	80.1%
Ian Donald Malcolm	63,907,994	74.3%
The Harvard Group Limited	59,371,994	69.0%
Springfresh Marketing Pty Limited	5,648,620	6.6%

Under an Unincorporated Joint Venture Agreement as part of the takeover offer by The Harvard Group in 2014, The Harvard Group Ltd has the power to exercise shareholding rights for the following shareholders:

The Harvard Group, Anthony Edwin Falkenstein & Ian Donald Malcolm, Anthony Edwin Falkenstein & Christopher Roy Saunders, Anthony Edwin Falkenstein & Gregory Paul Whittred, Heather Jeannette Falkenstein & Ian Donald Malcolm.

The agreement gives The Harvard Group Ltd 80.1% of voting rights in Just Water International Ltd.

EQUITY SECURITIES HELD AS AT 30 JUNE 2018

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 2018.

DIRECTOR	BENEFICIAL INTERESTS	NON-BENEFICIAL INTERESTS	TOTAL NUMBER OF SHARES IN WHICH RELEVANT INTERESTS HELD
Anthony Edwin Falkenstein	62,896,832	6,000,000	68,896,832
Ian Donald Malcolm	-	63,907,994	63,907,994

HOLDING RANGE AS AT 24 AUGUST 2018

RANGE OF EQUITY HOLDINGS	NUMBER OF HOLDERS	ISSUED CAPITAL	ISSUED CAPITAL %
1-1,000	223	41,279	0.05%
1,001-5,000	104	276,757	0.32%
5,001-10,000	47	350,673	0.41%
10,001-50,000	49	1,009,830	1.17%
50,001-100,000	13	921,243	1.07%
Greater than 100,000	29	83,459,319	96.98%
	465	**86,059,101**	**100.0%**