



Just Water International Limited

Half-year Report

for the six months ended
31 December 2007



Just Water International Limited

Directory

Directors

Jim McLay (Independent)
Chairman

Phil Dash (Non-Executive)

Tony Falkenstein (Executive)

Simone Iles (Independent)

Ian Malcolm (Non-Executive)

Executive Management

Tony Falkenstein

*Chief Executive Officer
Just Water International Limited*

Maureen Ibrahim

*Chief Financial Officer
Just Water International Limited*

Brian Simpson

*General Manager
Just Water New Zealand*

Jay Harraway

*General Manager
Clearwater Filter Systems (Aust)
Pty Limited*

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New Zealand

Auditors

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www.aquacool.co.nz
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*Just Water New Zealand and Aqua-Cool
are divisions of Just Water International
Limited.*

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

Bankers

Bank of New Zealand Limited
National Australia Bank Limited

Solicitors

Harmos Horton Lusk
Wadsworth Ray Lawyers

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First-half 2008 announcement

Just Water International Limited presents its half-year results for the six months to 31 December 2007.

New Zealand

The New Zealand revenue of \$10.863 million is a 4 percent increase over the previous corresponding half-year.

The New Zealand EBITDA of \$3.799 million is 17 percent above the previous corresponding half-year, and New Zealand net profit after tax of \$1.862 million is 25 percent above the previous corresponding half-year.

The dispenser base in New Zealand grew by 2,773 units over this six-month period bringing the total to 43,329. In the previous corresponding half-year dispensers grew by 749. The increased growth was boosted by a home delivery programme introduced during the year. Growth in the dispenser base is expected to continue through the year.

Over the six month period the Company integrated its two New Zealand divisions, Aqua-Cool and Just Water New Zealand, moving them both into the same premises. This took effect from 1 December, and is intended to result in cost efficiencies.

Australia

The Australian revenue of NZ\$5.756 million is a 15 percent increase over the previous corresponding half-year.

EBITDA was a loss of NZ\$1.218 million, and although higher than the EBITDA loss last year of NZ\$0.239 million, has declined from the second-half of 2007 loss of NZ\$1.593 million. This decline is expected to continue further in the second half of 2008.

For the six month period the base of dispensers grew by 1,466 units, and now stands at 18,779. In the previous corresponding half-year dispensers grew by 1,140.

The Australian results are just acceptable. The Company has committed itself to a growth path and the eight percent increase in dispenser numbers in the six months to December 2007 is satisfactory in all the circumstances. As we take most of the costs of growth to account in the accounting period in which it is incurred, there will always be a lag between dispenser growth and profits. However we are looking for higher dispenser growth and lower costs and have restructured the business in Australia to achieve this objective. A new General Manager has been appointed. Recent figures confirm that we can expect future results to improve as a result of this restructure.

As part of this restructure the Chief Operating Officer left the Company, and will not be replaced. The Chief Executive, Tony Falkenstein, has taken over those responsibilities.





Consolidated result

The consolidated net loss before tax is \$255,000 compared to a profit of \$893,000 for the previous corresponding half-year.

	New Zealand 6 months ended 31 December 2007	Australia 6 months ended 31 December 2007	Group total 6 months ended 31 December 2007 (after consolidation)
	\$'000	\$'000	\$'000
Rental income	7,191	3,592	10,783
Sales income	3,228	2,154	5,382
Other income	444	10	77
Total income	10,863	5,756	16,242
EBITDA	3,799	(1,218)	2,204
EBIT	2,922	(1,818)	727
Interest expense	364	995	982
Profit before taxation	2,558	(2,813)	(255)
Taxation expense	696	(765)	(69)
Net profit	1,862	(2,048)	(186)

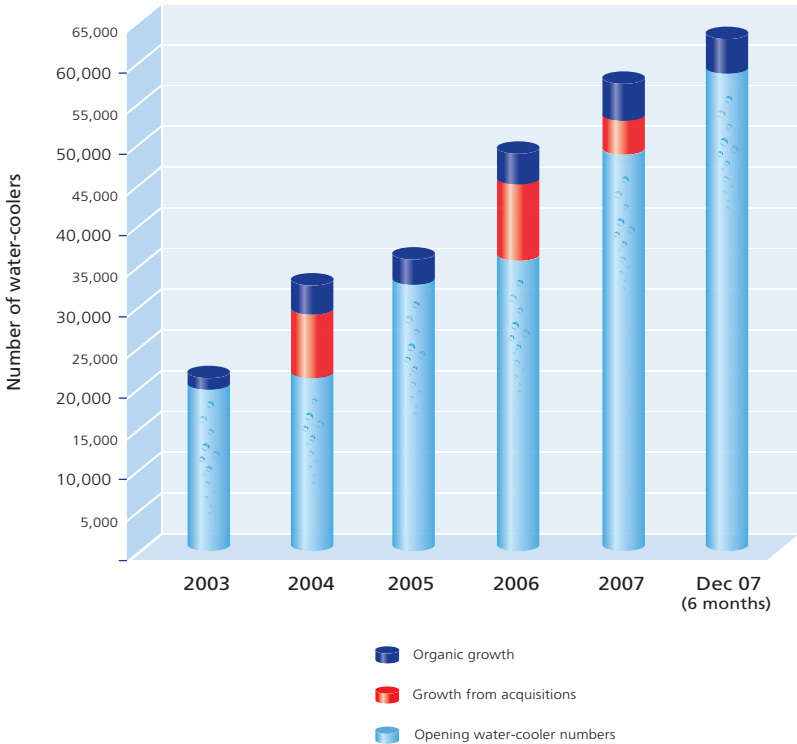
	New Zealand 6 months ended 31 December 2006	Australia 6 months ended 31 December 2006	Group total 6 months ended 31 December 2006 (after consolidation)
	\$'000	\$'000	\$'000
Rental income	6,811	2,355	9,166
Sales income	3,377	2,622	5,999
Other income	288	46	20
Total income	10,476	5,023	15,185
EBITDA	3,244	(239)	2,717
EBIT	2,555	(584)	1,683
Interest expense	310	768	790
Profit before taxation	2,245	(1,352)	893
Taxation expense	761	(310)	451
Net profit	1,484	(1,042)	442

Chairman's and Chief Executive's review (continued)

Water-cooler numbers at 30 June annually and 31 December 2007

Note – this includes all water-coolers (but excludes residential dispensers) for which recurring income is received by either rental or service contracts, plus water-coolers to which water is delivered regularly.

New Zealand						Australia						Total at year end
Year ended June	Opening cooler numbers	Growth from acquisitions	Organic growth	Closing coolers	% increase	Opening cooler numbers	Growth from acquisitions	Organic growth	Closing coolers	% increase		
2000				17,256								17,256
2001	17,256	-	1,403	18,659	8.1%							18,659
2002	18,659	-	1,275	19,934	6.8%							19,934
2003	19,934	-	1,340	21,274	6.7%							21,274
2004	21,274	7,595	3,599	32,468	52.6%							32,468
2005	32,468	-	3,099	35,567	9.5%							35,567
2006	35,567	-	2,804	38,371	7.9%	-	9,147	893	10,040			48,411
2007	38,371	-	2,185	40,556	5.7%	10,040	3,940	3,333	17,313	72.4%		57,869
Dec07 (6 mths)	40,556	188	2,585	43,329	6.8%	17,313	-	1,466	18,779	8.5%		62,108



This Key Performance Indicator (KPI) determines the future success of Just Water. The greater the increase in the base of dispensers in the marketplace, the greater the assurance of future profitability, even if the short-term investment cost is high.





Dividend

JWI has declared a fully-imputed dividend of 2.388 cents (net 1.60 cents), payable on 18 April 2008.

The directors have continued to elect to pay dividends on the basis of the results of the New Zealand operations while the base of dispensers in Australia is built to achieve profitability. On that basis, the dividend declared is the same as last year's interim dividend.

A Dividend Reinvestment Plan was instituted at the time of the final dividend of 2007 and was well accepted by shareholders. This Plan will continue for payment of this interim dividend.

Staff

The Chief Financial Officer also left the Company in February to pursue personal business interests, and will continue to act in a consulting role.

The Company thanks its shareholders and employees for their support as it continues to increase its share of the Australasian markets.

Yours sincerely

Jim McLay
Chairman

Tony Falkenstein
Chief Executive

Just Water International Limited Consolidated income statement (unaudited) For the six months ended 31 December 2007

	Group 6 months ended 31 December 2007 \$'000	Group 6 months ended 31 December 2006 \$'000
Revenue	16,166	15,165
Other operating income	77	20
Income	16,243	15,185
Employee costs	(7,422)	(6,642)
Changes in inventories of finished goods and consumables	(2,809)	(2,284)
Other expenses	(3,808)	(3,542)
Earnings before interest, tax, depreciation and amortisation	2,204	2,717
Depreciation	(1,349)	(880)
Amortisation	(128)	(154)
Earnings before interest and tax	727	1,683
Interest expense	(982)	(790)
Profit/(loss) before income tax	(255)	893
Income tax benefit/(expense)	69	(451)
Profit/(loss) attributable to shareholders of the company	(186)	442
Earnings per share for profit attributable to the shareholders of the company		
Basic earnings per share (cents)	(0.2)	0.6
Diluted earnings per share (cents)	(0.2)	0.6

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





Just Water International Limited
Consolidated balance sheet (unaudited)
 As at 31 December 2007

	Note	Group as at 31 December 2007 \$'000	Group as at 31 December 2006 \$'000	Group as at 30 June 2007 \$'000
ASSETS				
Current assets				
Cash and cash equivalents		873	1,081	321
Trade and other receivables		4,065	3,483	3,615
Current tax receivables		-	348	420
Inventories		2,076	2,164	2,473
Total current assets		7,014	7,076	6,829
Non-current assets				
Property, plant and equipment		13,529	11,458	12,964
Intangible assets		28,296	22,329	28,277
Deferred tax asset		2,235	255	1,691
Total non-current assets		44,060	34,042	42,932
Total assets		51,074	41,118	49,761
LIABILITIES				
Current liabilities				
Interest-bearing liabilities		13,021	10,146	16,620
Trade and other payables		3,505	3,748	4,075
Current tax liabilities		32	-	-
Deferred income		4,174	3,553	4,400
Total current liabilities		20,732	17,447	25,095
Non-current liabilities				
Interest-bearing liabilities		7,974	-	-
Deferred income		1,907	1,844	3,200
Deferred tax liabilities		459	97	709
Total non-current liabilities		10,340	1,941	3,909
Total liabilities		31,072	19,388	29,004
Net assets		20,002	21,730	20,757
EQUITY				
Share capital	5	16,792	15,709	15,762
Retained earnings		3,014	5,867	4,670
Reserves		196	154	325
Total equity		20,002	21,730	20,757

For and on behalf of the board:

Jim McLay
 Chairman
 29 February 2008

Ian Malcolm
 Director

The accompanying notes to the 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 (unaudited) For the six months ended 31 December 2007

	Share capital \$'000	Foreign currency translation reserve \$'000	Retained earnings \$'000	Total equity \$'000
GROUP				
Balance at 1 July 2006	12,524	(131)	6,872	19,265
Issue of options	40	-	-	40
Issue of ordinary shares	3,145	-	-	3,145
Foreign currency translation reserve	-	285	-	285
Total recognised income for the year	-	-	442	442
Dividend paid	-	-	(1,447)	(1,447)
Balance at 31 December 2006	15,709	154	5,867	21,730
Issue of options	53	-	-	53
Foreign currency translation reserve	-	171	-	171
Total recognised income for the year	-	-	(9)	(9)
Dividend paid	-	-	(1,188)	(1,188)
Balance at 30 June 2007	15,762	325	4,670	20,757
Issue of ordinary shares	1,030	-	-	1,030
Foreign currency translation reserve	-	(129)	-	(129)
Total recognised income for the year	-	-	(186)	(186)
Dividend paid	-	-	(1,470)	(1,470)
Balance at 31 December 2007	16,792	196	3,014	20,002

The accompanying notes to the 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 (unaudited)
For the six months ended 31 December 2007

	Note	Group at at 31 December 2007 \$'000	Group at at 31 December 2006 \$'000
Cash flows from operating activities			
Cash generated from operations		(204)	1,974
Interest paid		(405)	(790)
Interest received		20	20
Income tax paid		(615)	(636)
Net cash generated from operating activities	6	(1,204)	568
Cash flows from investing activities			
Acquisition of subsidiary, net of cash acquired		-	(3,701)
Purchases of property, plant and equipment		(3,156)	(1,704)
Proceeds from sale of property, plant and equipment		1,244	-
Purchases of intangible assets		(154)	(4)
Net cash used in investing activities		(2,066)	(5,409)
Cash flows from financing activities			
Proceeds from issuance of ordinary shares		917	600
Proceeds from borrowings		4,011	5,677
Dividends paid to company's shareholders		(1,470)	(1,447)
Net cash used in financing activities		3,458	4,830
Net increase/(decrease) in cash, cash equivalents and bank overdrafts		188	(11)
Cash and cash equivalents at the beginning of the financial year		321	1,092
Cash and cash equivalents at the end of year		509	1,081

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

Just Water International Limited **Notes to the financial statements** For the six months ended 31 December 2007

1. GENERAL INFORMATION

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

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

These consolidated interim financial statements have been approved for issue by the board of directors on 29 February 2008.

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

2.1. Statement of compliance

The interim financial statements have been prepared in accordance with NZ IAS 34 Interim Financial Reporting. The consolidated interim financial statements do not include all of the information required for full annual financial statements.

The accounting policies are consistent with those used in the June 2007 financial report.

2.2. Basis of preparation

2.2.1. Entities reporting

On 1 November 2007 Aqua-Cool Limited (trading subsidiary) and Cool Water Company Limited (non-trading subsidiary) were amalgamated into JWI by way of a formal short-form amalgamation.

2.2.2. Statutory base

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

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

2.2.3. Historical cost convention

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





3. CRITICAL ACCOUNTING ESTIMATES

The preparation of interim 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.

3.1. Estimated impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment. The next impairment test is planned for June 2008.

3.2. Income taxes

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

4. SEGMENT INFORMATION

Business segments

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

Geographical segments

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

	New Zealand 6 months ended 31 December 2007 \$'000	Australia 6 months ended 31 December 2007 \$'000	Eliminations 6 months ended 31 December 2007 \$'000	Group 6 months ended 31 December 2007 \$'000
Rental income	7,191	3,592	-	10,783
Sales and service income	3,228	2,154	-	5,382
Other operating income	444	10	(377)	77
Income	10,863	5,756	(377)	16,242
Earnings before interest, tax, depreciation and amortisation	3,799	(1,218)	(377)	2,204
Depreciation	876	473	-	1,349
Amortisation	1	127	-	128
Earnings before interest and tax	2,922	(1,818)	(377)	727
Interest expense	364	995	(377)	982
Profit/(loss) before income tax	2,558	(2,813)	-	(255)
Income tax expense/(benefit)	696	(765)	-	(69)
Profit/(loss) attributable to shareholders of the company	1,862	(2,048)	-	(186)
Total tangible assets	42,682	9,591	(29,495)	22,778
Total assets	47,909	32,660	(29,495)	51,074
Total liabilities	23,458	15,795	(8,181)	31,072





4. SEGMENT INFORMATION (CONTINUED)

	New Zealand 6 months ended 31 December 2006 \$'000	Australia 6 months ended 31 December 2006 \$'000	Eliminations 6 months ended 31 December 2006 \$'000	Group 6 months ended 31 December 2006 \$'000
Rental income	6,811	2,355	-	9,166
Sales and service income	3,377	2,622	-	5,999
Other operating income	288	46	(314)	20
Income	10,476	5,023	(314)	15,185
Earnings before interest, tax, depreciation and amortisation	3,244	(239)	(288)	2,717
Depreciation	689	191	-	880
Amortisation	-	154	-	154
Earnings before interest and tax	2,555	(584)	(288)	1,683
Interest expense	310	768	(288)	790
Profit/(loss) before income tax	2,245	(1,352)	-	893
Income tax expense/ (benefit)	761	(310)	-	451
Profit/(loss) attributable to shareholders of the company	1,484	(1,042)	-	442
Total tangible assets	29,839	5,976	(17,026)	18,789
Total assets	35,079	23,065	(17,026)	41,118
Total liabilities	12,854	16,838	(10,304)	19,388

5. SHARE CAPITAL

Movements in ordinary share capital:

	Number of shares	Share capital \$'000
Ordinary shares on issue as at 30 June 2007	74,160,567	15,762
Shares issued		
- Share issued under Dividend Reinvestment Plan	1,248,509	917
- Share issued in lieu of directors' fees	166,643	113
Ordinary shares on issue as at 31 December 2007	75,575,719	16,792

The Group issued 1,248,509 shares on 5 October 2007 to various shareholders of Just Water International Limited under the Dividend Reinvestment Plan. The ordinary shares issued have the same rights as the others shares on issue. The fair value of the shares issued amounted to \$0.917m.

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



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

	Group 6 months ended 31 December 2007 \$'000	Group 6 months ended 31 December 2006 \$'000
Profit for the year	(186)	442
Adjustments for		
Tax	(342)	56
Depreciation	1,349	880
Amortisation	128	154
(Profit)/loss on sale of property, plant and equipment	2	176
Share options issued	-	40
Shares issued in lieu of director fees	113	130
Provision for doubtful debts	56	13
Movement in deferred income	(1,519)	(1,692)
Changes in working capital (excluding the effects of acquisition)		
Inventories	397	(260)
Trade and other receivables	(632)	414
Trade and other payables	(570)	215
Cash generated from operations	(1,204)	568





 **Just Water**
Just Water International Limited

