



*Just Water International Limited*

Just Water International Limited

## **Half-year Report**

for the six months ended  
31 December 2008



## 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*

#### Carl Lucas

*Chief Financial Officer  
Just Water International Limited*

#### Brian Simpson

*General Manager  
Just Water New Zealand*

#### Jay Harraway

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

### Registered office and address for service

Shortland Chambers  
4th Floor  
70 Shortland Street  
Auckland 1010

PO Box 221  
Shortland Street  
Auckland 1140  
New Zealand

### Auditors

PricewaterhouseCoopers

### JWI on the web

[www.jwi.co.nz](http://www.jwi.co.nz)  
[www.justwater.co.nz](http://www.justwater.co.nz)  
[www.aquacool.co.nz](http://www.aquacool.co.nz)  
[www.clearwaterfilters.com.au](http://www.clearwaterfilters.com.au)

### Just Water New Zealand

114 Rockfield Road  
Penrose  
Auckland 1061

Private Bag 92811  
Penrose  
Auckland 1642  
New Zealand

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

*Just Water New Zealand is a division  
of Just Water International Limited and  
includes the Aqua-Cool brand.*

### Clearwater Filter Systems (Aust) Pty Limited

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

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

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

### Bankers

Bank of New Zealand Limited  
National Australia Bank Limited

### Solicitors

Harmos Horton Lusk  
Wadsworth Ray Lawyers

### Share registry

Link Market Services  
138 Tancred Street  
PO Box 384  
Ashburton 7740  
New Zealand

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



<b>Chairman's and Chief Executive's review</b>	2-4
--	-----

## **Just Water International Limited and Group**

### **Financial statements** for the six months ended 31 December 2008

Consolidated income statement	6
Consolidated balance sheet	7
Consolidated statement of changes in equity	8
Consolidated cash flow statement	9
Notes to the financial statements	10-14

### First-half 2009 announcement

Just Water International Limited presents its half-year results for the six months to 31 December 2008.

Overall, given the economic climate, the directors are satisfied with progress, as reflected in the consolidated summary results below:

<b>Revenue</b>	\$18.152 million, versus \$16.243 million for the comparable half-year, an increase of 11.8%.
<b>EBITDA</b>	\$4.797 million, versus \$2.204 million for the comparable half-year, an increase of 117.7%.
<b>EBIT</b>	\$2.723 million, versus \$0.727 million for the comparable half-year, an increase of 274.6%
<b>NPAT</b>	\$1.336 million, versus a loss of \$0.186 million for the comparable half-year, an increase of 818.3%.

**Net Dividend** 1.60 cents per share

The result reflects a continuing improvement in the performance of the Australian subsidiary, but the business in New Zealand has required restructuring to maintain a satisfactory level of profitability.

### New Zealand

The New Zealand revenue of \$11.849 million is a 9.1% increase over the previous corresponding half-year.

The New Zealand EBITDA of \$3.767 million shows a marginal decrease over the previous corresponding half-year, and New Zealand net profit after tax of \$1.538 million is a 17.4% decrease over the previous corresponding half-year.

The dispenser base in New Zealand grew by 1,488 units over this six-month period bringing the total to 47,115 units. In the previous corresponding half-year dispensers grew by 2,773 units.

The directors feel that there is still good growth potential left in the New Zealand marketplace, and management is working to take advantage of the opportunities.

### Australia

The Australian revenue of \$6.730 million is a 16.9% increase over the previous corresponding half-year.

The Australian EBITDA of \$1.457 million is contrasted with the previous corresponding half-year loss of \$1.218 million.

There was a marginal increase in the dispenser base in Australia bringing the total to 17,104 units. In the previous corresponding half-year dispensers grew by 1,466 units.

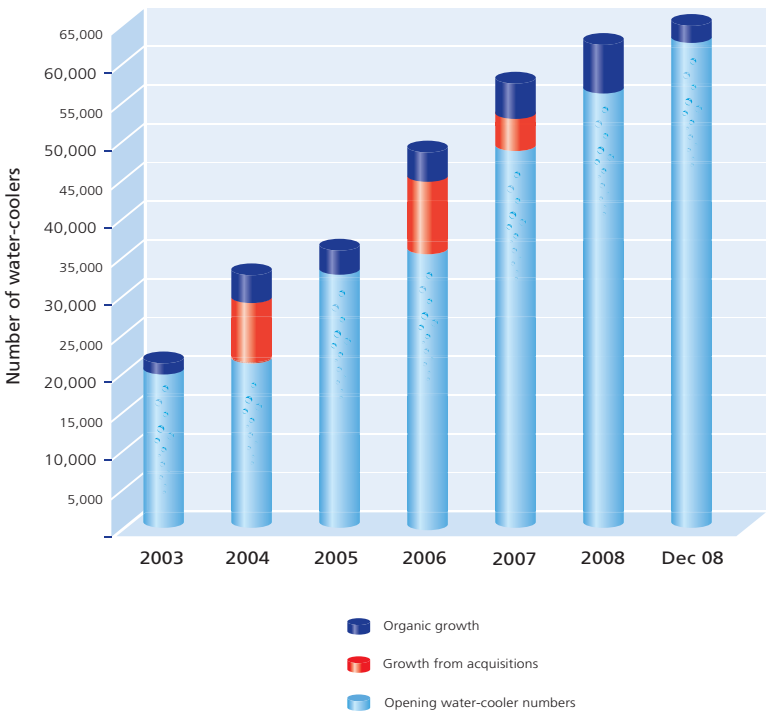
The Australian results are excellent in comparison to the previous year, but still require further improvement before the directors will be totally satisfied.



## Water-cooler numbers at 30 June annually and 31 December 2008

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

Year ended June	New Zealand					Australia					Total at year end
	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	9.8%	48,411
2007	38,371	-	2,185	40,556	5.7%	10,040	3,940	1,062	15,042	49.8%	55,598
2008	40,556	188	4,883	45,627	12.5%	15,042	-	1,967	17,009	13.1%	62,636
Dec 08 (6 mths)	45,627	-	1,488	47,115	3.3%	17,009	-	95	17,104	0.6%	64,219



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

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

### Dividend

JWI has declared a fully-imputed dividend of 2.388 cents (net 1.60 cents), payable on 9 April 2009.

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

A Dividend Reinvestment Plan was instituted in 2007, and was well accepted by shareholders. This Plan will continue for payment of this interim dividend.

### Capital raising

A capital raising was undertaken during the period:

1. A private placement of 1,666,667 shares at 42 cents per share raised \$700,000 and was completed on 10 October 2008.
2. A private placement of 1,190,476 shares at 42 cents per share raised a further \$500,000 and was completed on 20 November 2008 after approval of shareholders.
3. All shareholders were invited to participate in a Share Purchase Plan (SPP) to purchase up to 12,500 shares at 40 cents per share. This was well supported by shareholders, and was completed on 8 December 2008, with a further \$243,023 being raised.

Shares on issue for JWI, after this three stage capital raising, increased by 3,464,700 to 83,048,240.

We thank our shareholders for their continued support.

### Staff

The current economic situation has affected JWI, and its staff. We have needed to establish a cost structure to match our revenues, and this has meant restructuring in both countries. Our staff have responded to these difficult times admirably, and we thank them for their acceptance of these changed conditions.

Carl Lucas has been acting Chief Financial Officer for the last six months. He has done an outstanding job in this role, and was appointed Chief Financial Officer of Just Water International Limited in February 2009.

Yours sincerely



Jim McLay  
Chairman



Tony Falkenstein  
Chief Executive



### Just Water International Limited Consolidated income statement (unaudited) For the six months ended 31 December 2008

	Group 6 months ended 31 December 2008 \$'000	Group 6 months ended 31 December 2007 \$'000
Revenue	17,325	16,166
Other operating income	827	77
<b>Income</b>	<b>18,152</b>	<b>16,243</b>
Employee costs	(6,835)	(7,422)
Changes in inventories of finished goods and consumables	(2,369)	(2,809)
Other expenses	(4,151)	(3,808)
<b>Earnings before interest, tax, depreciation and amortisation</b>	<b>4,797</b>	<b>2,204</b>
Depreciation	(1,949)	(1,349)
Amortisation	(125)	(128)
<b>Earnings before interest and tax</b>	<b>2,723</b>	<b>727</b>
Interest expense	(1,168)	(982)
<b>Profit before income tax</b>	<b>1,555</b>	<b>(255)</b>
Income tax expense	(219)	69
<b>Profit attributable to shareholders of the company</b>	<b>1,336</b>	<b>(186)</b>
<b>Earnings per share for profit attributable to the shareholders of the company</b>		
Basic earnings per share (cents)	1.7	(0.2)
Diluted earnings per share (cents)	1.7	(0.2)
Dividend per share (cents)	3.6	3.6

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





**Just Water International Limited**  
**Consolidated balance sheet (unaudited)**  
 As at 31 December 2008

	Note	Group as at 31 December 2008 \$'000	Group as at 31 December 2007 \$'000	Group as at 30 June 2008 \$'000
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents		931	873	507
Trade and other receivables		3,696	4,065	4,169
Inventories		2,136	2,076	2,483
<b>Total current assets</b>		<b>6,763</b>	<b>7,014</b>	<b>7,159</b>
<b>Non-current assets</b>				
Property, plant and equipment		16,728	13,529	15,465
Intangible assets		28,487	28,296	29,016
Deferred tax asset		3,956	2,235	3,223
<b>Total non-current assets</b>		<b>49,171</b>	<b>44,060</b>	<b>47,704</b>
<b>Total assets</b>		<b>55,934</b>	<b>51,074</b>	<b>54,863</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Interest-bearing liabilities		18,334	13,021	18,323
Trade and other payables		3,664	3,505	4,365
Current tax payables		554	32	349
Deferred income		2,416	4,174	3,722
<b>Total current liabilities</b>		<b>24,968</b>	<b>20,732</b>	<b>26,759</b>
<b>Non-current liabilities</b>				
Interest-bearing liabilities		6,184	7,974	6,574
Deferred income		1,300	1,907	1,376
Deferred tax liabilities		995	459	643
<b>Total non-current liabilities</b>		<b>8,479</b>	<b>10,340</b>	<b>8,593</b>
<b>Total liabilities</b>		<b>33,447</b>	<b>31,072</b>	<b>35,352</b>
<b>Net assets</b>		<b>22,487</b>	<b>20,002</b>	<b>19,511</b>
<b>EQUITY</b>				
Share capital	5	20,216	16,792	17,584
Retained earnings		2,396	3,014	2,584
Reserves		(125)	196	(657)
<b>Total equity</b>		<b>22,487</b>	<b>20,002</b>	<b>19,511</b>

For and on behalf of the board:

Jim McLay  
Chairman

26 February 2009

Ian Malcolm  
Director

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

### Just Water International Limited Consolidated statement of changes in equity (unaudited) For the six months ended 31 December 2008

	Share capital \$'000	Foreign currency translation reserve \$'000	Retained earnings \$'000	Total equity \$'000
<b>GROUP</b>				
Balance at 1 July 2007	15,762	325	4,670	20,757
Profit after tax	-	-	(186)	(186)
Foreign currency translation reserve	-	(129)	-	(129)
Total recognised income and expense for the year	-	(129)	(186)	(315)
Issue of ordinary shares	1,030	-	-	1,030
Dividend paid	-	-	(1,470)	(1,470)
Balance at 31 December 2007	16,792	196	3,014	20,002
Profit after tax	-	-	781	781
Foreign currency translation reserve	-	(853)	-	(853)
Total recognised income and expense for the year	-	(853)	781	(72)
Issue of ordinary shares	792	-	-	792
Dividend paid	-	-	(1,211)	(1,211)
Balance at 30 June 2008	17,584	(657)	2,584	19,511
Profit after tax	-	-	1,336	1,336
Foreign currency translation reserve	-	532	-	532
Total recognised income and expense for the year	-	532	1,336	1,868
Issue of options	1	-	-	1
Issue of ordinary shares	2,631	-	-	2,631
Dividend paid	-	-	(1,524)	(1,524)
Balance at 31 December 2008	20,216	(125)	2,396	22,487

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



**Just Water International Limited**  
**Consolidated cash flow statement (unaudited)**  
For the six months ended 31 December 2008

	Note	Group 6 months ended 31 December 2008 \$'000	Group 6 months ended 31 December 2007 \$'000
<b>Cash flows from operating activities</b>			
Receipts from customers		17,773	14,127
Interest received		2	20
Payments to suppliers and employees		(14,187)	(14,331)
Interest paid		(284)	(405)
Income tax paid		(521)	(615)
<b>Net cash generated from operating activities</b>	<b>6</b>	<b>2,783</b>	<b>(1,204)</b>
<b>Cash flows from investing activities</b>			
Purchases of property, plant and equipment		(3,688)	(3,156)
Proceeds from sale of property, plant and equipment		4	1,244
Purchases of intangible assets		(8)	(154)
<b>Net cash used in investing activities</b>		<b>(3,692)</b>	<b>(2,066)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issuance of ordinary shares		1,388	917
Proceeds from borrowings		996	4,011
Repayment of borrowings		(502)	-
Dividends paid to company's shareholders		(386)	(1,470)
<b>Net cash used in financing activities</b>		<b>1,496</b>	<b>3,458</b>
<b>Net (decrease)/increase in cash, cash equivalents and bank overdrafts</b>		<b>587</b>	<b>188</b>
Cash and cash equivalents at the beginning of the financial year		355	321
Exchange gains/(losses) on cash and bank overdrafts		(375)	-
<b>Cash and cash equivalents at the end of year</b>		<b>567</b>	<b>509</b>

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

### **Just Water International Limited** **Notes to the financial statements** For the six months ended 31 December 2008

#### **1. GENERAL INFORMATION**

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

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

These consolidated financial statements have been approved for issue by the board of directors on 26 February 2009.

#### **2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

##### **2.1. Statement of compliance**

The financial statements have been prepared in accordance with Generally Accepted Accounting Practice (GAAP) in New Zealand. The financial statements have been prepared in accordance with New Zealand International Accounting Standard (NZ IAS) 34 – Interim Financial Reporting. The Group has designated itself as a profit-oriented entity for the purposes of complying with NZ International Financial Reporting Standards. The financial statements also comply with International Accounting Standard 34 – Interim Financial Reporting.

The accounting policies used in the preparation of the interim financial statements for the six months ended 31 December 2008 are consistent with those used in the preparation of the financial statements for the year ended 30 June 2008 and the interim financial statements should be read in conjunction with the financial statements for the year ended 30 June 2008.

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

##### **2.2. Basis of preparation**

###### **2.2.1. Entities reporting**

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

###### **2.2.2. Statutory base**

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



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

#### 2.2.3. Historical cost convention

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

#### 2.2.4. Financial instruments

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

### 3. CRITICAL ACCOUNTING ESTIMATES

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

#### 3.1. Estimated impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment.

#### 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 2008 \$'000	Australia 6 months ended 31 December 2008 \$'000	Eliminations 6 months ended 31 December 2008 \$'000	Group 6 months ended 31 December 2008 \$'000
Rental income	7,296	3,549	-	10,845
Sales and service income	4,124	2,356	-	6,480
Other operating income	429	825	(427)	827
<b>Income</b>	<b>11,849</b>	<b>6,730</b>	<b>(427)</b>	<b>18,152</b>
Earnings before interest, tax, depreciation and amortisation	3,767	1,457	(427)	4,797
Depreciation	(1,319)	(630)	-	(1,949)
Amortisation	(11)	(114)	-	(125)
<b>Earnings before interest and tax</b>	<b>2,437</b>	<b>713</b>	<b>(427)</b>	<b>2,723</b>
Interest expense	(238)	(1,357)	427	(1,168)
<b>Profit/(loss) before income tax</b>	<b>2,199</b>	<b>(644)</b>	<b>-</b>	<b>1,555</b>
Income tax expense	(661)	442	-	(219)
<b>Profit/(loss) attributable to shareholders of the company</b>	<b>1,538</b>	<b>(202)</b>	<b>-</b>	<b>1,336</b>
Total tangible assets	31,764	11,799	(16,116)	27,447
Total assets	37,017	35,033	(16,116)	55,934
Total liabilities	7,313	36,719	(10,585)	33,447



#### 4. SEGMENT INFORMATION (CONTINUED)

	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
<b>Income</b>	<b>10,863</b>	<b>5,756</b>	<b>(377)</b>	<b>16,242</b>
Earnings before interest, tax, depreciation and amortisation	3,799	(1,218)	(377)	2,204
Depreciation	(876)	(473)	-	(1,349)
Amortisation	(1)	(127)	-	(127)
<b>Earnings before interest and tax</b>	<b>2,922</b>	<b>(1,818)</b>	<b>(377)</b>	<b>727</b>
Interest expense	(364)	(995)	377	(982)
<b>Profit/(loss) before income tax</b>	<b>2,558</b>	<b>(2,813)</b>	<b>-</b>	<b>(255)</b>
Income tax expense	(696)	765	-	69
<b>Profit/(loss) attributable to shareholders of the company</b>	<b>1,862</b>	<b>(2,048)</b>	<b>-</b>	<b>(186)</b>
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

### 5. SHARE CAPITAL

#### Movements in ordinary share capital:

	Number of Shares	Share Capital \$'000
Ordinary shares on issue 1 July 2007	74,160,567	15,762
Shares issued		
- Shares issued under Dividend Reinvestment Plan	2,575,523	1,709
- Shares issued in lieu of directors' fees	166,643	113
Ordinary shares on issue as at 30 June 2008	76,902,733	17,584
Shares issued		
- Shares issued under Private Placement	2,857,143	1,186
- Shares issued under Dividend Reinvestment Plan	2,420,807	1,138
- Shares issued under Share Purchase Plan	607,557	203
- Shares issued in lieu of directors' fees	260,000	104
Fair value of options issued to directors and employees	-	1
Ordinary shares on issue as at 31 December 2008	83,048,240	20,216

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

The Group issued 2,420,807 shares on 10 October 2008 to various shareholders of JWI under the Dividend Reinvestment Plan. The fair value of the shares issued amounted to \$1.138m.

The Group issued 607,557 shares on 12 December 2008 to various shareholders of JWI under the Share Purchase Plan. The fair value of the shares issued, after deducting related costs, amounted to \$0.203m.

The Group issued 260,000 shares on 9 December 2008 to the directors of Just Water International Limited in lieu of directors' fees for the year, to the value of \$0.104m.





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

	Group 6 months ended 31 December 2008 \$'000	Group 6 months ended 31 December 2007 \$'000
Profit for the year	1,336	(186)
Adjustments for		
Tax	(176)	(342)
Depreciation	1,949	1,349
Amortisation	125	128
(Gain)/loss on sale of property, plant and equipment	175	2
Share options issued	1	-
Shares issued in lieu of directors fees	104	113
Provision for doubtful debts	6	56
Movement in deferred income	(1,382)	(1,519)
Changes in working capital (excluding the effects of acquisition)		
Inventories	347	397
Trade and other receivables	999	(632)
Trade and other payables	(701)	(570)
Cash generated from operations	2,783	(1,204)





 **Just Water**

*Just Water International Limited*

