Just Water

Just Water International Limited

Half-year Report

for the six months ended
31 December 2013

Directory

Directors

Paul Connell (Independent)
Chairman

Tony Falkenstein (Executive)

Simone Iles (Independent)

Brian Rosenberg (Independent)

Executive management

Ian Ormiston
Chief Executive Officer
Just Water International Limited

Eldon Roberts
Chief Financial Officer
Just Water International Limited

Peter Molloy
General Manager
Clearwater Filter Systems (Aust) Pty Limited

Registered office and address for service

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Victoria Quarter Precinct
Auckland 1010
New Zealand

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New Zealand

Auditors

PricewaterhouseCoopers

JWI on the web

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www.justwaterfilters.co.nz
www.aquacool.co.nz
www.justplants.co.nz
www.creativeimages.net.nz
www.clearwaterfilters.com.au
www.justwaterfilters.com.au
www.thewatercoolercompany.com.au
www.purerain.com.au
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Just Water New Zealand
Just Plants Limited

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

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

Clearwater Filter Systems (Aust) Pty Limited

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

Bankers

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

Solicitors

Harmos Horton Lusk
Daniel Overton & Goulding

Share registry

Link Market Services
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Just Water International Limited

Consolidated financial statements (unaudited)
for the six months ended 31 December 2013

First-half 2014 announcement

Just Water International Limited presents its unaudited half-year results for the six months to 31 December 2013.

Consolidated Income Statement

Consolidated	Current half-year (unaudited) $’000	Previous corresponding half-year (unaudited) $’000	% Change
Total Revenue	13,502	13,808	(2.2%)
EBITDA	3,652	3,439	6.2%
EBIT	1,792	1,434	25.0%
Net Profit after tax	1,064	630	68.9%

The directors and management are satisfied with the profitability result for the first six months of the year which includes a realised exchange gain of $0.249 million compared to a gain of $0.018 million in the corresponding period last year. The fundamental business issues remain with very competitive market places in both New Zealand and Australia and deep price discounting from competitors. Management continues to work on measures to combat this and improve the value proposition to its customers on both sides of the Tasman. Ongoing productivity improvements have resulted in further cost reduction during the period. Total debt remained almost the same during the period notwithstanding the New Zealand water delivery fleet was upgraded at a cost of $1.119 million and the acquisition of the business assets of Aquaman Australia Pty Limited for $0.364 million.

New Zealand

New Zealand	Current half-year (unaudited) $’000	Previous corresponding half-year (unaudited) $’000	% Change
Total Revenue	9,047	9,119	(0.8%)
EBITDA	2,650	2,452	8.1%
EBIT	1,282	932	37.6%
Net Profit after tax	529	327	61.8%

(Net of elimination entries)

Total revenue for New Zealand was slightly down on the corresponding period last year and reflects the ongoing competitive pressures in the market place.

Total revenue included a realised exchange gain of $0.249 million during the six months (December 2012 $0.018 million) as a result of a favourable conversion of an Australian dollar loan to New Zealand dollars.

The Company’s three bottling plants achieved an outstanding average of 99.8% in the annual audit by the Australasian Bottled Water Institute (ABWI), assuring customers that water from our plants is bottled under the strictest quality standards. No other ’15 litre bottle’ bottling plants in New Zealand comply with these standards.

Australia (New Zealand dollars)	Current half-year (unaudited) NZD $'000	Previous corresponding half-year (unaudited) NZD $'000	% Change
Total Revenue	4,455	4,689	(5.0%)
EBITDA	1,002	987	1.5%
EBIT	510	502	1.6%
Net Profit after tax	535	303	76.6%

(Net of elimination entries)

The Australian result has been heavily influenced by the strengthening of the New Zealand dollar against the Australian dollar during the period. The conversion rate for the corresponding period last year was 0.7856 compared to 0.8819 for the current half year. If the exchange rate effect is eliminated then the Company's Australian operations achieved a 6.7% increase in revenue and a pleasing 14.2% increase in EBIT. This has been calculated as follows:

Australia (Australian dollars)	Current half-year (unaudited) AUD $'000	Previous corresponding half-year (unaudited) AUD $'000	% Change
Total Revenue	3,929	3,684	6.7%
EBITDA	884	775	14.1%
EBIT	450	394	14.2%
Net Profit after tax	472	238	98.3%

(Net of elimination entries)

The recent acquisitions in Australia of Pure Rain Water Purification Systems and the business assets of Aquaman Australia Pty Limited have both been successfully integrated into the Company's existing operations, increasing the Company's customer base in Australia. The directors continue to review opportunities for acquisitions of a similar nature.

Dividend:

As previously advised, the directors have decided there will be no dividend in the current year.

Audit:

The financial statements for the six months ended 31 December 2013 and 31 December 2012 are unaudited. The comparative information for the year ended 30 June 2013 is audited.

Bank facilities:

The Company has complied with all bank covenants at 31 December 2013.

Total net debt at 31 December 2013 was $16.003 million (December 2012: $17.325 million, 30 June 2013 $15,954 million). Total net debt has slightly increased by $0.049 million over the past six months after the complete replacement of the New Zealand delivery fleet for $1.119 million and the Aquaman Australia acquisition in Australia totaling $0.364 million. Debt repayment will continue in the current period. The Company had an unutilised funding facility of $2.95 million at 31 December 2013 (December 2012: $3.2 million) after requesting voluntary reductions during the six months of $1.6 million in order to save ongoing facility fees. The Board is comfortable that the company has funding capability for growth and exploring further acquisitions.

Receivables:

At 31 December 2013 there continued to be in excess of $80 million future rental income stream which is not recognised in the financial statements. Expected future rental income streams have been calculated on the basis of average customer life, which is in excess of 7 years. This calculation of future receivables is used as part of the monitoring on compliance for our bank covenants.

Summary:

Overall trading conditions remain challenging in both countries. Debt reduction remains a priority, although management continue to look for new opportunities. The Company is in a sound position and continues to strengthen its balance sheet.

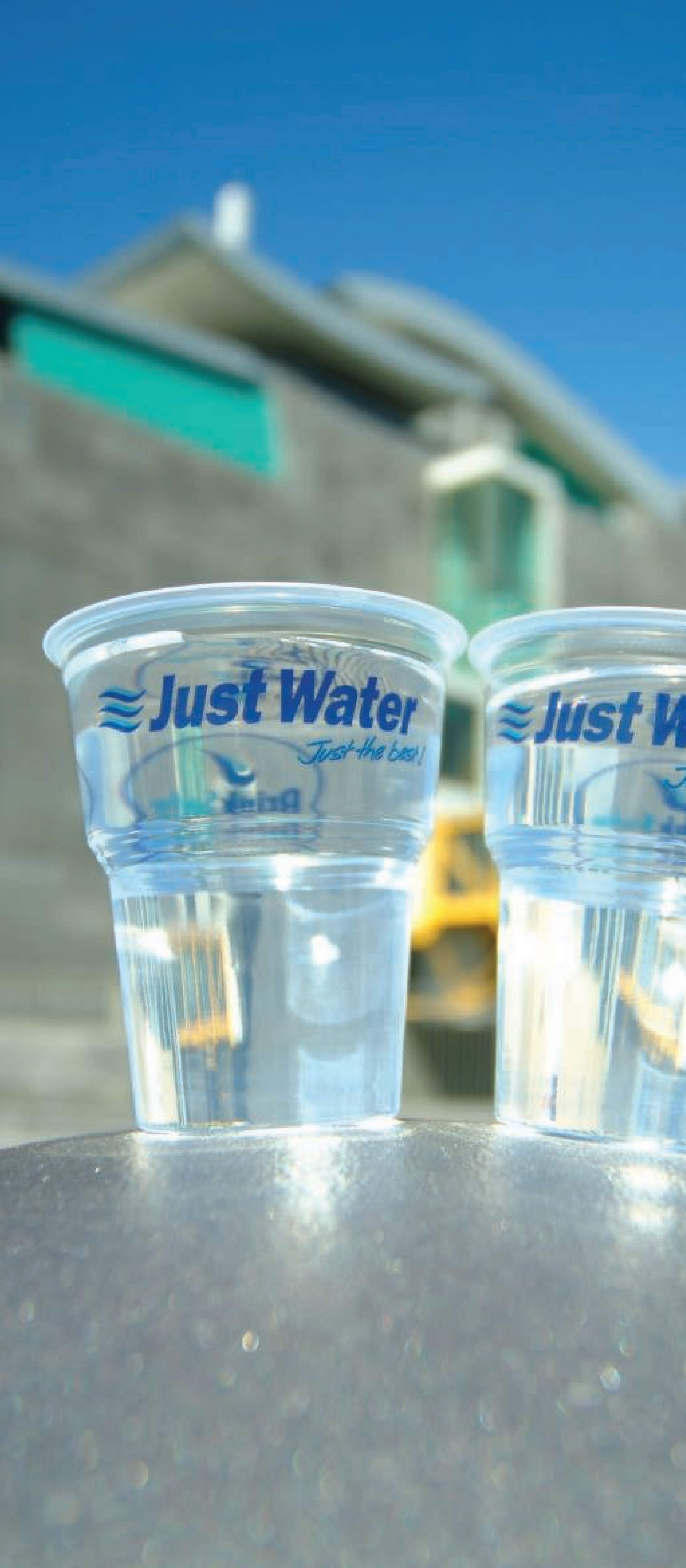
Staff and shareholders:

The directors wish to thank the staff for their efforts over the last 6 months.

Yours sincerely

Paul Connell
Chairman

Ian Ormiston
Chief Executive


Just Water
Just the best!

Just Water International Limited
Consolidated statement of comprehensive income (unaudited)
For the six months ended 31 December 2013

		Group 6 months ended 31 December 2013 $'000	Group 6 months ended 31 December 2012 $'000
Revenue		13,237	13,781
Other operating income	- Realised exchange gain	249	18
	- Other income	16	9
Income		**13,502**	**13,808**
Employee costs		(5,268)	(5,675)
Changes in inventories of finished goods and consumables		(86)	(172)
Purchases of finished goods and consumables		(1,321)	(1,380)
Other expenses		(3,175)	(3,142)
Earnings before interest, tax, depreciation, amortisation and impairment		**3,652**	**3,439**
Depreciation		(1,734)	(1,867)
Amortisation		(126)	(138)
Earnings before interest and tax		**1,792**	**1,434**
Interest expense		(560)	(677)
Profit before income tax		**1,232**	**757**
Income tax expense		(168)	(127)
Profit after income tax		**1,064**	**630**
Other comprehensive income and items that may be reclassified subsequent to Profit and Loss			
Exchange differences on translating foreign operations		(848)	19
Total comprehensive income		**216**	**649**
Earnings per share for profit attributable to the shareholders of the Parent			
Basic and diluted earnings per share (cents)		1.2	0.7

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

Just Water International Limited
Consolidated balance sheet
As at 31 December 2013

	NOTE	Group as at 31 December 2013 (unaudited) $'000	Group as at 31 December 2012 (unaudited) $'000	Group as at 30 June 2013 (audited) $'000
ASSETS				
Current assets				
Cash and cash equivalents		255	71	76
Trade and other receivables		3,295	3,339	3,247
Current tax receivables		-	70	-
Inventories		989	1,033	960
Total current assets		4,539	4,513	4,283
Non-current assets				
Property, plant and equipment		8,707	9,358	8,404
Intangible assets		10,878	11,034	11,238
Deferred tax asset		3,130	3,552	3,283
Total non-current assets		22,715	23,944	22,925
Total assets		27,254	28,457	27,208
LIABILITIES				
Current liabilities				
Interest-bearing liabilities		286	553	737
Trade and other payables		2,654	2,966	2,518
Current tax payable		142	-	226
Deferred income		1,540	2,081	1,701
Total current liabilities		4,622	5,600	5,182
Non-current liabilities				
Interest-bearing liabilities		15,717	16,772	15,217
Deferred income		-	-	48
Deferred tax liabilities		-	1	62
Total non-current liabilities		15,717	16,773	15,327
Total liabilities		20,339	22,373	20,509
Net assets		6,915	6,084	6,699
EQUITY				
Share capital	6	22,490	22,489	22,490
Accumulated losses		(14,014)	(16,166)	(15,078)
Reserves		(1,561)	(239)	(713)
Total equity		6,915	6,084	6,699

For and on behalf of the board:

Paul Connell
Chairman

Brian Rosenberg
Director

28 February 2014

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 2013

	Share capital $'000	Foreign currency translation reserve $'000	Accumulated losses $'000	Total equity $'000
GROUP				
Balance at 1 July 2012	22,488	(258)	(16,796)	5,434
Profit after tax	-	-	630	630
Foreign currency translation reserve	-	19	-	19
Total comprehensive income for the period	-	19	630	649
Fair value of options issued	1	-	-	1
Balance at 31 December 2012	22,489	(239)	(16,166)	6,084
Profit after tax	-	-	1,088	1,088
Foreign currency translation reserve	-	(474)	-	(474)
Total comprehensive income/ (loss) for the period	-	(474)	1,088	614
Fair value of options issued	1	-	-	1
Balance at 30 June 2013	22,490	(713)	(15,078)	6,699
Profit after tax	-	-	1,064	1,064
Foreign currency translation reserve	-	(848)	-	(848)
Total comprehensive income/ (loss) for the period	-	(848)	1,064	216
Fair value of options issued	-	-	-	-
Balance at 31 December 2013	22,490	(1,561)	(14,014)	6,915

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 2013

	Group 6 months ended 31 December 2013 $'000	Group 6 months ended 31 December 2012 $'000
Cash flows from operating activities		
Receipts from customers	12,945	12,695
Interest received	8	3
Payments to suppliers and employees	(9,569)	(8,890)
Interest paid	(560)	(677)
Income tax paid	(415)	(41)
Purchases of non-current assets held for rental	(1,187)	(986)
Net cash generated from operating activities	1,222	2,104
Cash flows from investing activities		
Acquisition of subsidiary	(364)	-
Purchases of property, plant and equipment	(1,177)	(205)
Proceeds from sale of property, plant and equipment	187	63
Purchases of intangible assets	(26)	-
Net cash used in investing activities	(1,380)	(142)
Cash flows from financing activities		
Proceeds from borrowings	4,411	-
Repayment of borrowings	(4,322)	(2,245)
Exchange gains/(losses) on borrowings	249	15
Net cash generated from/ (used in) financing activities	338	(2,230)
Net increase/ (decrease) in cash, cash equivalents and bank overdrafts	180	(268)
Cash and cash equivalents at the beginning of the financial year	76	59
Exchange (losses)/ gains on cash and bank overdrafts	(1)	(1)
Cash and cash equivalents at the end of the period	255	(210)

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 2013

1. GENERAL INFORMATION

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

The Group comprises JWI and its division Just Water New Zealand, and its wholly-owned subsidiaries Just Plants Limited (JP), Clearwater Filter Systems (Aust) Pty Limited (Clearwater), JWA Holdings Limited, Just Water Australia Pty Limited (JW Australia), Just Water Victoria Pty Limited (JW Victoria) and the Just Water Limited Partnership. The Company and its subsidiaries are designated as profit-oriented entities for financial reporting purposes.

These condensed consolidated financial statements have been approved for issue by the board of directors on 28 February 2014.

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

The financial statements have been prepared in accordance with Generally Accepted Accounting Practice (GAAP) in New Zealand. The financial statements have been prepared in accordance with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) and other applicable financial reporting standards. The Group has designated itself as a profit-oriented entity for the purposes of complying with NZ IFRS. The financial statements comply with International Financial Reporting Standards (IFRS).

The accounting policies used are consistent with those used in the previous Annual Report. The financial statements for the six months ended 31 December 2013 and 31 December 2012 are unaudited. The comparative information for the year ended 30 June 2013 is audited. Certain comparative information has been reclassified in order to provide a more appropriate basis for comparison.

These interim financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly these financial statements are to be read in conjunction with the Annual Report for the year ended 30 June 2013.

3. BASIS OF PREPARATION

3.1.1 Entities reporting

The Consolidated statements for the 'Group' are for the economic entity comprising Just Water International Limited and its subsidiaries.

3.1.2 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.

3.1.3 Historical cost convention

The financial statements have been prepared under the historical cost convention.

3.1.4 Going concern

The financial statements have been prepared on a going concern basis. As at 31 December 2013 the Group had negative working capital. The directors have assessed the financial performance of the Group including forecast cash flows and are satisfied that the going concern assumption remains appropriate.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

4.1 Estimated impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations.

4.2 Deferred tax

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

4.3 Receivables

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

4.4 Income taxes

The Group is subject to income taxes in two different jurisdictions. Significant judgment is required in determining the provision for income tax. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Deferred income tax is determined using the tax rate (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

4.5 Coolers

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

5. SEGMENT INFORMATION

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

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

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

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

	New Zealand 6 months ended 31 December 2013 $'000	Australia 6 months ended 31 December 2013 $'000	Eliminations 6 months ended 31 December 2013 $'000	Group 6 months ended 31 December 2013 $'000
Rental income	5,389	2,746	-	8,135
Sales and service income	3,393	1,709	-	5,102
Other operating income	336	-	(71)	265
Income	9,118	4,455	(71)	13,502
Earnings before interest, tax, depreciation, and amortisation	2,721	1,002	(71)	3,652
Depreciation	(1,242)	(492)	-	(1,734)
Amortisation	(126)	-	-	(126)
Earnings before interest and tax	1,353	510	(71)	1,792
Interest expense	(583)	(48)	71	(560)
Profit before income tax	770	462	-	1,232
Income tax expense	(241)	73	-	(168)
Profit attributable to shareholders of the Parent	529	535	-	1,064
Total assets	32,584	11,283	(16,613)	27,254
Total liabilities	17,951	2,388	-	20,339

5. SEGMENT INFORMATION CONTINUED

	New Zealand 6 months ended 31 December 2012 $'000	Australia 6 months ended 31 December 2012 $'000	Eliminations 6 months ended 31 December 2012 $'000	Group total 6 months ended 31 December 2012 $'000
Rental income	5,511	3,148	-	8,659
Sales and service income	3,583	1,674	(135)	5,122
Other operating income	91	2	(66)	27
Income	9,185	4,824	(201)	13,808
Earnings before interest, tax, depreciation and amortisation	2,518	987	(66)	3,439
Depreciation	(1,348)	(519)	-	(1,867)
Amortisation	(172)	34	-	(138)
Earnings before interest and tax	998	502	(66)	1,434
Interest expense	(559)	(184)	66	(677)
Profit before income tax	439	318	-	757
Income tax expense	(112)	(15)	-	(127)
Profit attributable to shareholders of the Parent	327	303	-	630
Total assets	53,340	12,863	(37,746)	28,457
Total liabilities	18,695	3,678	-	22,373

6. SHARE CAPITAL

Movements in ordinary share capital:

	Number of shares	Share capital $'000
Ordinary shares on issue 1 July 2012	89,477,174	22,488
Shares issued		
Fair value of options issued to directors and employees	-	2
Ordinary shares on issue as at 30 June 2013	89,477,174	22,490
Shares issued		
Fair value of options issued to directors and employees	-	-
Ordinary shares on issue as at 31 December 2013	89,477,174	22,490

7. COMMITMENTS

The Group has no capital commitments as at 31 December 2013 (Dec 2012: nil).

Lease commitments: Group as lessee

Operating leases

The Group leases various offices and warehouses under non-cancellable operating leases. The leases have varying terms and renewal rights and escalation clauses based on the CPI index. On renewal, the terms of the leases are renegotiated.

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

	Initial Lease Term	Rights of Renewal
Auckland offices/warehouse	Three years	Two of three years each
Hamilton offices/warehouse	Six years	Two of three years each
Wellington offices/warehouse	Twelve years	Nil
Brisbane offices/warehouse	Three years	Nil
Melbourne offices/warehouse	Five years	One of three years
Sydney offices/warehouse	Five years	One of five years

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 6 months ended 31 December 2013 $'000	Group 6 months ended 31 December 2012 $'000
Within one year	876	997
Later than one year but not later than five years	1,164	1,843
Later than five years	420	560
Commitments not recognised in the financial statements	2,460	3,400

Finance leases

The group leases various motor vehicles under non-cancellable finance leases. The finance lease rentals are payable as follows:

	Group 6 months ended 31 December 2013 $'000	Group 6 months ended 31 December 2012 $'000
Within one year	407	108
Later than one year but not later than five years	983	222
Total finance leases recognised in the financial statements	1,390	330

7. COMMITMENTS CONTINUED

Operating leases

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

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

	Group 6 months ended 31 December 2013 $'000	Group 6 months ended 31 December 2012 $'000
Within one year	12,793	13,783
Later than one year but not later than five years	10,190	10,136
Receipts not recognised in the financial statements	22,983	23,919

8. RELATED PARTIES

The Group has related party transactions with its subsidiaries and with its directors and key management. Key management includes personnel within subsidiary companies with the authority and responsibility for planning, directing and controlling the activities of the Group. Details of these transactions are below.

Bartercard Exchange Limited, a company of which Tony Falkenstein and Ian Malcolm are directors and indirect shareholders, charged Bartercard fees to the Parent during the period to the value of $40,766 (Dec 2012: $44,923). As at balance date JWI had a trade payable balance of $6,580 (Dec 2012: $8,216) and a Bartercard trade balance asset of $393,899 (Dec 2012: $377,349). As at balance date Just Plants had a Bartercard trade balance liability of $912 (Dec 2012: $772).

MHK Chartered Accountants Limited, a company of which Ian Malcolm is a director and a shareholder, provided accounting compliance and accounting services to the Group during the period to the value of $23,483 (Dec 2012: $77,740). Ian Malcolm was a director of JWI until the 24th October 2013 and remains a shareholder via trusteeships held in shareholder entities.

Pure SEO Limited, a company of which Tony Falkenstein is a shareholder, provided search engine services to the Group during the period to the value of $16,850 (Dec 2012: $nil). Tony Falkenstein is also a director and shareholder of JWI. As at balance date the Group had a trade payable balance of $3,278 (Dec 2012: nil).

Certain other entities of which the Directors are related parties trade with the Group on an arm's length basis.

8. RELATED PARTIES CONTINUED

Key management compensation is as follows:

	Group 6 months ended 31 December 2013 $'000	Group 6 months ended 31 December 2012 $'000
Short-term benefits	1,051	1,124
Share-based payments	-	1
Total key management compensation	1,051	1,125

The number of key managers for the six months ended 31 December 2013 for the Group was 17 (Dec 2012: 18).

9. FINANCIAL RISK MANAGEMENT

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, and ensuring 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.

	Less Than 1 Year $'000	Between 1 and 2 Years $'000	Between 2 and 5 Years $'000	Over 5 Years $'000
GROUP				
As at 31 December 2013				
Trade and other payables	1,363	-	-	-
Bank overdraft	6	-	-	-
Bank borrowings	4,859	9,649	2,268	-
Finance loans	280	1,073	65	-
As at 31 December 2012				
Trade and other payables	1,900	-	-	-
Bank overdraft	281	-	-	-
Bank borrowings	302	9,448	9,980	-
Finance loans	186	154	233	-

Employee entitlements and GST payable do not meet the definition of a financial liability and have been excluded from the table above.

Fair value estimation

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

10. BUSINESS COMBINATIONS

On 21 August 2013 Clearwater Filter Systems (Aust) Pty Ltd acquired the business assets of Aquaman Australia Pty Limited with a settlement date of 30 September 2013.

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

Details of the purchase consideration acquired are as follows:

	Group 2013 $'000
Purchase consideration:	
- Cash paid	364
Total purchase consideration	364

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

		Acquiree's carrying amount group $'000
Inventories		55
Property, plant and equipment		208
Other Receivables		32
Total assets acquired		295
Deferred revenue		(81)
Total liabilities acquired		(81)
Total value of net assets acquired		214
Provisional Goodwill		150
Total purchase consideration		364

Acquisition-related costs of $0.016 million have been charged to other expenses in the consolidated statement of comprehensive income for the six months to 31 December 2013.

10. BUSINESS COMBINATIONS CONTINUED

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

	Group 2013 $'000
Purchase consideration:	
- Cash paid	648
Total purchase consideration	648

Inventories	48
Property, plant and equipment	20
Total value of net assets acquired	68
Provisional Goodwill	580
Total purchase consideration	648

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

	Group 6 months ended 31 December 2013 $'000	Group 6 months ended 31 December 2012 $'000
Profit for the year	1,064	630
Adjustments for		
Depreciation	1,734	1,867
Amortisation	126	138
Loss on sale of property, plant and equipment	130	112
Provision for doubtful debts	(40)	(301)
Changes in working capital		
Inventories	(29)	172
Trade and other receivables	(515)	(185)
Trade and other payables	141	1,214
Provision for tax	(84)	(38)
Deferred tax	91	(170)
Movement in deferred income	(209)	(349)
Purchases for non-current assets held for rental	(1,187)	(986)
Cash generated from operations	1,222	2,104

Notes

Just Water

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