

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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Auckland 1010

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Shortland Street
Auckland 1140
New Zealand

Auditors

PricewaterhouseCoopers

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www.justwater.co.nz
www.aquacool.co.nz
www.clearwaterfilters.com.au

Just Water New Zealand and Aqua-Cool

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*Just Water New Zealand and Aqua-Cool
are divisions 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

Bank of New Zealand Limited
National Australia Bank Limited

Solicitors

Harmos Horton Lusk
Wadsworth Ray Lawyers

Share Registry

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138 Tancred Street
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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) |

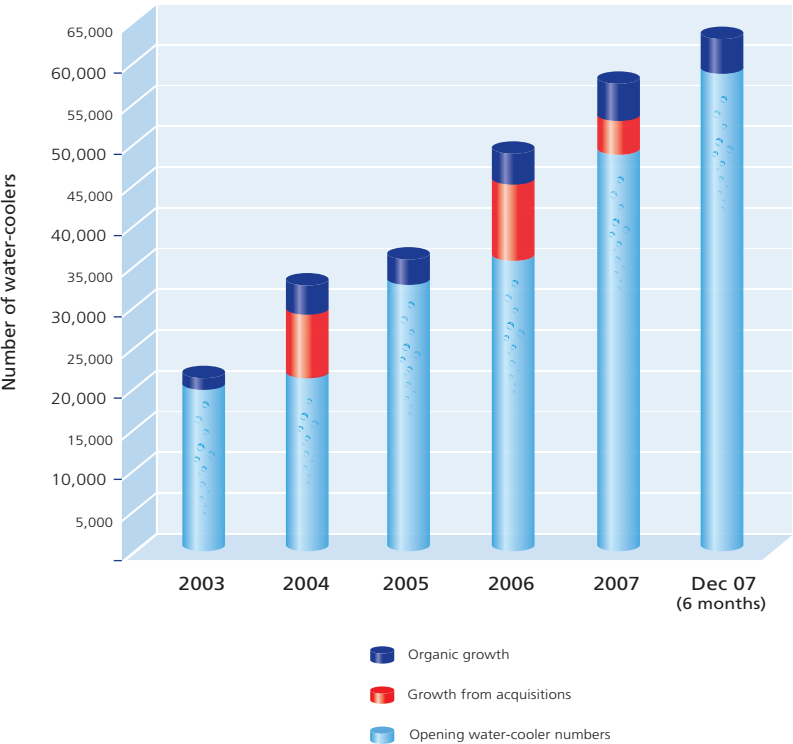
| | New Zealand 6 months ended 31 December 2006 | Australia 6 months ended 31 December 2006 | Group total 6 months ended 31 December 2006 (after consolidation) |
|------------------------|---|---|--|
| | \$'000 | \$'000 | \$'000 |
| Rental income | 6,811 | 2,355 | 9,166 |
| Sales income | 3,377 | 2,622 | 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 |



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 International Limited

