Just Water

Just Water International Limited

2014

Annual Report

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

Registered office and address for service

Unit 1, 36 Sale Street
Victoria Quarter Precinct
Auckland 1010
New Zealand

PO Box 221
Shortland Street
Auckland 1140
New Zealand

Auditors

PricewaterhouseCoopers

JWI on the web

www.jwi.co.nz
www.justwater.co.nz
www.justwaterfilters.co.nz
www.aquacool.co.nz
www.clearwaterfilters.com.au
www.justwaterfilters.com.au
www.thewatercoolercompany.com.au
www.purerain.com.au
www.aquaman.com.au

Just Water New Zealand

114 Rockfield Road
Penrose
Auckland 1061
New Zealand

Private Bag 92811
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Auckland 1642
New Zealand

Tel +64-9 630 1300
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Just Water New Zealand is a division of Just Water International Limited.

Clearwater Filter Systems (Aust) Pty Limited

Unit 40, Building F, Lane Cove Business Park
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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 the Just Water Limited Partnership

Bankers

Bank of New Zealand Limited
National Australia Bank Limited

Solicitors

Harmos Horton Lusk
Daniel Overton & Goulding

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

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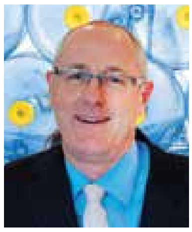
Paul Connell

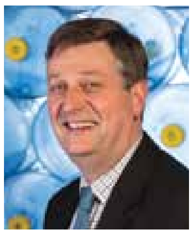
Tony Falkenstein

Simone Iles



Brian Rosenberg

Ian Ormiston



Eldon Roberts

2014 AGM

The 2014 Annual Meeting of Shareholders of Just Water International Limited is to be held at 11.00am on Thursday 23 October 2014 in Browns Room, The Mercure Hotel, 8 Customs Street, Auckland.

Chairman's and Chief Executive's review

Paul Connell & Ian Ormiston

The Directors of Just Water International Limited and its subsidiaries (the "Group") present the Group's full year results for the year ended 30 June 2014.

Consolidated result

	2014 $'000	2013 $'000	% change
Operating Revenue	26,748	27,892	(4%)
EBITDA	6,951	7,349	(5%)
Depreciation & Amortisation	(3,577)	(4,005)	11%
EBIT	3,374	3,344	1%
Interest	(1,042)	(1,235)	16%
Net profit before tax	2,332	2,109	11%
Tax	(186)	(391)	52%
NPAT	2,146	1,718	25%

(Net of elimination entries)

Net profit before tax for the year ended 30 June 2014 was $2,332,000 up 11% on the previous year. This was largely a result of close cost management, productivity improvements and lower depreciation charges over the year. The Group's overall result continued to be impacted by a strong NZ dollar which reduced consolidated earnings from the Group's Australian operation. Whilst consolidated operating revenue was slightly down on the previous year the Directors believe that the Group is positioned to deliver future growth over the coming years.

The Group's result includes a one-off realised exchange gain of $266,000 and a one-off loss on sale of the disposal of Just Plants Ltd of $161,000.

The Group continued to deliver strong operating cash flow over the year resulting in net cash generated from operating activities of $3,577,000. Return on Sales, defined as EBIT (earnings before interest and tax) as a percentage of operating revenue, was 12.6%, an increase over the prior year's 12.0%. The Directors are also pleased to note that the Equity Ratio, defined as Equity divided by Total Assets, has improved from 24.6% last year to 31.1% as at 30 June 2014.

In September 2013 the assets of Aquaman, a water cooler business based in Brisbane, were acquired for NZ$360,000. The integration of this business into the Group's Australian subsidiary has been successfully completed. The acquisition has proven a good strategic fit for the Group's Australian operations and has increased its rental unit base by approximately 500 units.

After a review in February 2014, the Directors determined that the Just Plants business did not fit with the Group's future strategic direction. As a result the Just Plants business was sold for $823,000 on 30 June 2014. This resulted in a one-off loss on disposal to the Group of $161,000.

The Group's focus on debt reduction has continued and as a result total net interest bearing borrowings have reduced by a further $2,890,000 over this financial year.

The fundamental market issues remain with very competitive market places in both New Zealand and Australia and continued price discounting from competitors. Management has continued to work on measures to combat this and improve the value proposition to its customers on both sides of the Tasman.

Management continues to focus on the core business with a particular emphasis on improving the customer experience, the sale acquisition process and the retention of customers. The Group is also in the throes of reviewing a range of new products and management expect to launch a number of these in the new financial year. In addition, management has spent considerable time reviewing and improving the quality and focus of its marketing activity and the positioning of the Just Water brand in the New Zealand market. The results of this work will be seen in the new financial year.

A restructure of the senior management team has resulted in a more customer focused and sales orientated structure. In addition, the senior management team was strengthened with the creation of a New Zealand National Sales Manager position. This will add significant weight to the Group's ongoing sales efforts over the coming year.

New Zealand

	2014 $'000	2013 $'000	% change
Operating Revenue	17,923	18,491	(3%)
EBITDA	5,031	5,341	(6%)
Depreciation & Amortisation	(2,601)	(2,960)	12%
EBIT	2,430	2,381	2%

(Net of elimination entries)

The New Zealand operation's EBIT grew by 2% despite operating revenue reducing by 3%. Operating revenue continues to reduce as a result of the aggressive ongoing discounting of rental rates in the market place. The Board and management continue to focus on improving the core business to enable revenue growth for future years.

The Group continues to leverage off the public's heightened awareness of the obesity epidemic in New Zealand and the role sugar based drinks play in this. Just Water's "free" water cooler campaign and home delivery remains a focus for the Group in New Zealand over the coming financial year.

Australia (New Zealand dollars)

	2014 NZD $'000	2013 NZD $'000	% change
Operating Revenue	8,825	9,401	(6%)
EBITDA	1,920	2,008	(4%)
Depreciation & Amortisation	(976)	(1,045)	7%
EBIT	944	963	(2%)

(Net of elimination entries)

As noted earlier, the Australian result was negatively impacted by the strengthening of the New Zealand dollar over the past year. The conversion rate for 2013 was 0.8010 compared to 0.9050 for the current year. The result for the Australian operation in Australian dollars is shown below.

Australia (Australian dollars)

	2014 AUD $'000	2013 AUD $'000	% change
Operating Revenue	7,987	7,530	6%
EBITDA	1,738	1,608	8%
Depreciation & Amortisation	(883)	(837)	(5%)
EBIT	854	771	11%

(Net of elimination entries)

The Australian operation's operating revenue increased by 6% and EBIT increased by 11% to AU$854,000, which was a pleasing result. We continue to successfully target and convert bottled water delivery customers with a compelling strategy centred on cost saving, environmental concerns and convenience.

The Directors will continue to review opportunities for acquisitions of a similar nature to Aquaman in the Australian market although management considers price expectations of target companies to be significantly higher than fair value.

Bank facilities

The Group has complied with all bank covenants during the year to 30 June 2014. Interest bearing debt at year end, net of cash and cash equivalents was $12,988,000 (June 2013 $15,878,000). Net debt has decreased by $2,890,000 over the past year.

Dividend

There will be no dividend in the current year, as the Group focuses on debt reduction, profitability and growing the business.

Audit

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

Board

Simone Iles retires by rotation in accordance with Just Water International Limited's constitution, and being eligible offers herself for re-election.

Summary

Overall trading conditions continue to remain challenging in both countries. The Group continues to reduce debt as a prime objective, but has successfully taken a far more aggressive approach to protecting its customer base.

The Directors are pleased with progress over the last year. The Group is in a sound position both financially and people-wise, giving it the foundation on which to expand.

Staff and Shareholders

The Directors wish to acknowledge the management team and all staff for their efforts throughout the year.

Yours sincerely

Paul Connell
Chairman

Ian Ormiston
Chief Executive

Group overview

Group overview

Just Water International Limited (the Company) operates in New Zealand and Australia, and is principally in the business of supplying water-coolers, drinking water and filters for the home and office.

New Zealand:

The Company's base business is the supply of water-coolers and filters to businesses and organisations nationwide. Virtually all water-coolers derive a recurring income either from monthly rental, water sales or service maintenance agreements, if the customer owns the unit.

The Company started its business in 1989, supplying the Easi-Fill water-cooler and filter. Customers filter their own water into a 15 litre bottle, which is then placed on the cooler ready for drinking.

In 2001, the Company acquired an office water delivery company, Cool Water, and in 2005, acquired Aqua-Cool, the largest water delivery company in New Zealand. The business predominantly supplies micro-filtered water and filtered mineral spring water to its customers. An increasing number of customers are taking its vitamin C enhanced water, VitaBlast®.

The Company also supplies point-of-use water-coolers under its brand name Direct Connect®. No bottle is required for these water-coolers, which are plumbed directly into the mains and water passes through a filter before reaching the water-cooler.

In 2008, Just Water launched a Home Delivery programme through its Aqua-Cool division. The business now has over 6,000 clients taking a minimum of one bottle of water per fortnight.

The Company also services water-coolers (which customers own) to Drinksafe™ International standards.

The Company has always sold water filters, generally for home use, and in the second half of 2011, it launched the 'Just Water Filter', which it is mainly selling online. The advantage of this filter is that it filters all the cold water coming through the standard kitchen mixer tap and therefore no ugly additional spout requiring a hole in the bench top is needed. As customers buy a new Just Water Filter, they automatically enter Just Water's Filter Replacement Programme, which gives the Company a recurring income from the sale of filter cartridges, and ensures continued water quality for customers.

Australia:

The Company acquired Clearwater Filter Systems in 2005 to take advantage of the expected growth in point-of-use water-coolers in Australia. Clearwater has its Head Office in Sydney with branch offices in Brisbane and Melbourne.

Clearwater supplies a different type of Easi-Fill water-cooler from New Zealand, with a filter inside the bottle. The customer fills the bottle through an opening in the top.

The major product is the Office Spring® point-of-use cooler. Clearwater previously sold its rental agreements at a discount to a third party financier. Clearwater now keeps rental agreements in its own accounts and reduces finance costs by using bank funding as required.

Clearwater runs a very successful residential division and it has accumulated a base of about 9,000 residential customers. It supplies filter changes on an annual basis as well as up-selling new filters, when the current one becomes obsolete.

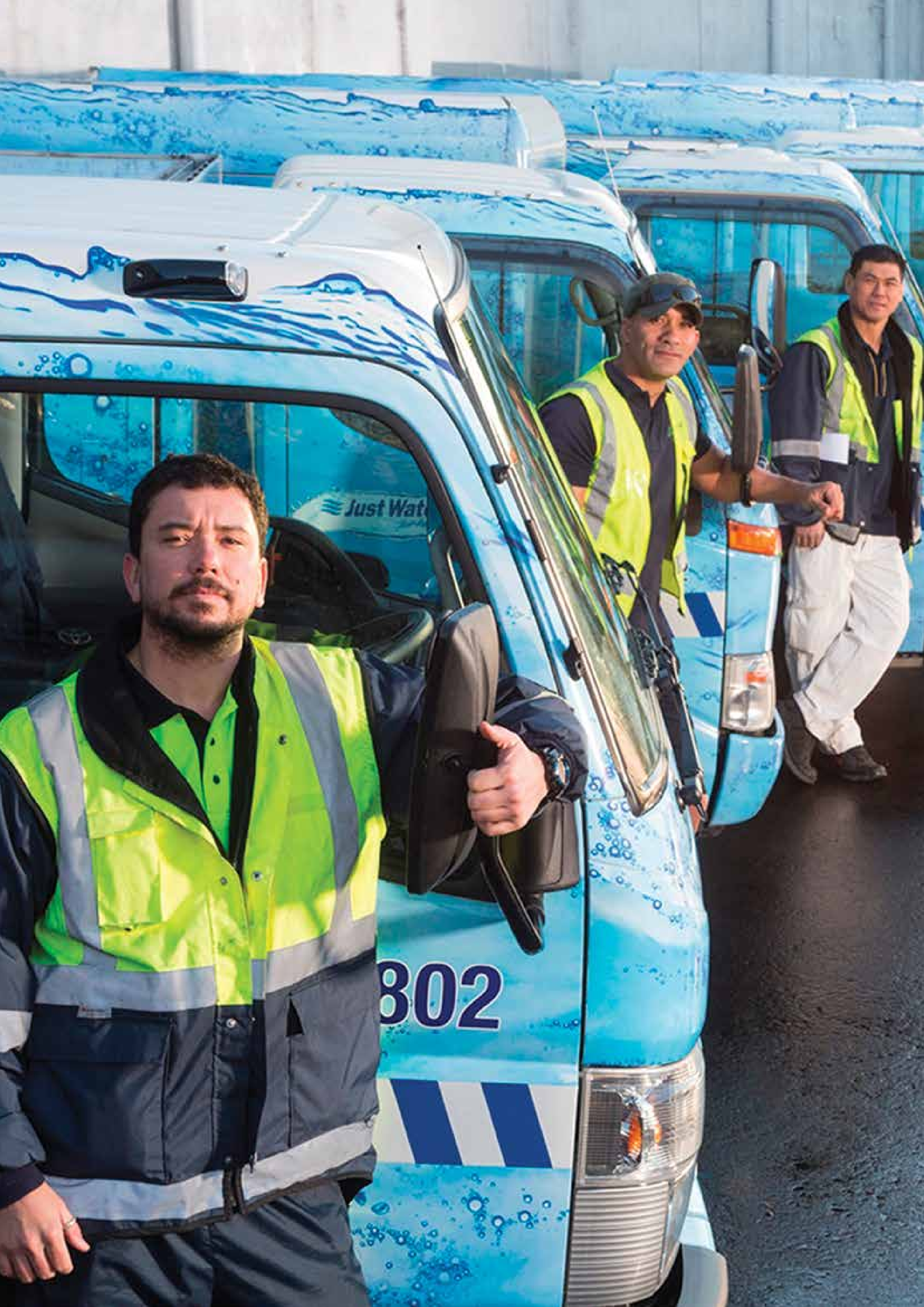
As in New Zealand, the Company has also launched the 'Just Water Filter' online, and this is expected to provide a recurring revenue stream from its filter replacement programme, as it does now in the residential division

In June 2013, Clearwater acquired Pure Rain, a Queensland filter company, which has been added to Clearwater's domestic filter business.

Effective 30 September 2013 Clearwater acquired Aquaman Australia. This further increased the water-cooler rental base.

Outlook:

Just Water International Ltd is an entrepreneurial company, which will continue to take opportunities as they arise.



Corporate governance statement

The board of Just Water International Limited (the "Company") has been appointed by the shareholders to guide and monitor the business of JWI, its division Just Water New Zealand and its trading subsidiaries Clearwater Filter Systems (Aust) Pty Limited, Just Plants Limited, JWA Holdings Limited, Just Water Australia Pty Limited, Just Water Victoria Pty Limited and Just Water Limited Partnership, which constitute the Group. The board is responsible for the overall corporate governance of the Group.

The Board is committed to ensuring that the Group adheres to the best practice governance principles and maintains the highest ethical standards. The best practice principles which the Group considers in its governance approach are the New Zealand Exchange (NZX) Listing Rules, and the New Zealand Exchange Corporate Governance Best Practice Code (collectively the "Principles").

The board

Composition and responsibilities

At present the board comprises four directors (including the chairperson), of which three are non-executive directors. The Executive Director is Tony Falkenstein. A summary of the skills and experience of each board member can be found on the Company's website at www.jwi.co.nz. Having reviewed the position, the Company considers that the board comprises an appropriate mix of skills, expertise and independence.

Board meetings are generally held bi-monthly, with additional meetings as required.

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

Paul Connell	Six
Tony Falkenstein	Six
Simone Iles	Five
Brian Rosenberg – appointed October 2013	Five
Ian Malcolm – retired October 2013	One

The directors' primary objective is to increase shareholder value within an appropriate framework that protects the rights and enhances the interests of shareholders and ensures that the Company and its controlled entities are properly managed. The function of the board includes responsibility for:

- direction, development and approval of corporate strategies and the annual budget;
- monitoring financial performance including approval of the annual and half-year financial reports, and liaison with the Group's auditors;
- ensuring effective management of the Group's assets;
- appointment of and assessment of the performance of the Chief Executive;
- monitoring managerial performance; and
- ensuring the business risks facing the Group have been identified and that adequate control, monitoring and reporting mechanisms are in place.

Independence of directors

For a director to be considered independent, the fundamental consideration, in the opinion of the board, is that the director be independent of the Executive and not have any relationship that could, or could be perceived to, interfere materially with the director's exercise of their unfettered and independent judgement. The factors that are considered when assessing whether a non-executive director is independent include, but are not limited to, the following:

- is not a substantial shareholder, or an associate of a substantial shareholder, of the Company holding more than five percent of the Company's listed voting securities;
- or been a director after ceasing to hold such an appointment; has not within the last three years been employed in an executive capacity by the Company
- is not a principal or an employee of a professional advisor to the Company and its entities whose billings exceed 10 percent of the advisor's total revenues;
- is not a significant supplier or customer of the Company, a significant supplier being defined as one whose revenues from the Company exceed 10 percent of the supplier's total revenue;
- has no material contractual relationship with the Company;
- has not served on the board for a period which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interest of the Company; and
- has no other interest or relationship that could interfere with the director's ability to act in the best interests of the Company and independently of management.

Based on the above assessments, the Company considers that three of the current four directors are independent, namely Paul Connell, Simone Iles and Brian Rosenberg.

Tony Falkenstein is considered not to be independent as he is an associate of a substantial security holder, namely The Harvard Group Limited.

Code of Ethics

The Company expects its directors, employees and contractors to act legally and ethically. The Group Code of Ethics sets out clear expectations of ethical decision-making and personal behaviours to be adhered to at all times. The Code addresses, amongst other things:

- conflicts of interest, including dealings in company shares;
- receipt and use of company information and assets;
- expected behaviours; and
- processes for reporting breaches of the Code of Ethics, legal obligations or other policies of the Group.

The full content of the Code of Ethics can be found on the Company's website at www.jwi.co.nz. Directors, employees and contractors are encouraged to disclose inappropriate, unethical or unsafe activities within the company. At the date of this Annual Report no serious instances of unethical behaviour have been reported.

Management of the Group

Responsibility for the management and administration of the Group is delegated to the Chief Executive, who is responsible to the board.

Constitution

The Company has adopted a constitution that satisfies the requirements of NZX and the NZAX Listing Rules. In adopting this constitution, the shareholders, on the recommendation of the directors, elected:

- to omit any provision authorising the payment of retirement allowances or benefits to directors;
- to adopt the stricter thresholds prescribed by the NZX Listing Rules for related-party transactions and share issues that in each case are able to be made without shareholder approval; and
- not to utilise the "Pre Break Disclosure" provisions of the NZAX Listing Rules which would otherwise enable the Company to issue and buy back shares and enter into major transactions after making an announcement to the market, in place of seeking shareholder approval, where it would otherwise be required.

A copy of the Company's constitution is available for inspection on the Companies Office's electronic register at www.companies.govt.nz.

The board has an audit committee and a remuneration committee. Committees do not take action or make decisions on behalf of the board unless specifically mandated to do so by express prior board authority. The Company's audit and remuneration committee charters are available to view at www.jwi.co.nz.

Audit committee

The function of the audit committee is to:

- assist the board in carrying out its responsibilities under the Companies Act 1993 and the Financial Reporting Act 1993 in respect of the group financial accounting practices, policies, and controls;
- to review and make appropriate enquiry into the audit of the group financial statements;

The audit committee's role includes:

- a particular focus on the qualitative aspects of financial reporting to shareholders;
- company processes for the management of business/ financial risk;
- compliance with significant applicable legal, ethical and regulatory requirements;
- coordination with other board committees and maintenance of strong, positive working relationships with management, external and internal auditors, counsel and other committee advisors.

In line with the Principles it comprises:

- solely of non-executive directors, at least 50% of whom are independent;
- at least one director who has the appropriate financial knowledge for the role; and
- a chairperson who is a non-executive director and who is not the chairperson of the board.

The audit committee meets as required, and met twice during the financial year.

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

Brian Rosenberg (Chair) – appointed October 2013	One
Paul Connell	Two
Simone Iles	Two
Ian Malcolm – retired October 2013	One

Remuneration committee

The objective and purpose of the remuneration committee is to assist the board in establishing coherent remuneration policies and practices which:

- enable the Group to attract, retain and motivate executives and directors who will create value for shareholders;
- fairly and responsibly reward executives having regard to the performance of the Company, the performance of the executive and the general remuneration environment; and
- comply with the provisions of the NZX Listing Rules and any other relevant legal requirements.

Recognising the key role personnel play in the pursuit of the Group's strategic objectives, the committee is responsible for determining the remuneration of the Chief Executive, and for maintaining an overview of the remuneration of senior management. In performing these roles, the committee operates independently of the Group's senior management, and, where required, obtains independent advice on the appropriateness of the remuneration and related packages that fall within its responsibility.

The fees payable to non-executive directors are determined by the remuneration committee, with the current total maximum remuneration payable to the directors of the Company being $130,000 per annum as approved by ordinary resolution at the 2006 annual meeting of shareholders.

The remuneration committee at the date of this document comprises solely of non-executive directors and the chairperson of the committee is an independent director.

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

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

Simone Iles (Chair)	Four
Paul Connell	Four
Brian Rosenberg – appointed October 2013	Two
Ian Malcolm – retired October 2013	Two

Reporting and continuous disclosure obligations

The Company is committed to ensuring integrity and timeliness in its financial reporting and in providing information to the market and shareholders which reflects a considered view on the present and future prospects of the Company.

Continuous disclosure obligations of NZX require all listed companies to advise the market about any material events and developments as soon as the Company becomes aware of them. The Company has policies and a monitoring programme in place to ensure that it complies with these obligations on an ongoing basis and ensures timely communication of material items to shareholders through NZX or directly, as appropriate.

Risk management

The Company has in place a risk management plan to identify and address areas of significant business risk. Risk management is carried out by the board with responsibility delegated through to the audit committee. The audit committee identifies and evaluates financial risks in close co-operation with the Group's operating units. The board provides principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity that are designed to:

- optimise the return and to protect the interests of the Company stakeholders;
- safeguard the Company's assets and maintain its reputation;
- improve the Company's operating performance; and
- fulfill the Company's strategic objectives.

Shareholder relations

The Company values its dialogue with institutional and private investors and is committed to giving all shareholders comprehensive, timely and equal access to information about its activities. The board aims to ensure that shareholders are informed of all information necessary to assess the board's performance. They do so through a communication strategy which includes:

- periodic and continuous disclosure to NZX;
- information provided to analysts and media;
- annual and half-yearly reports distributed to all shareholders;
- the annual shareholders' meeting; and
- the Company's website.

In accordance with the New Zealand Companies Act and NZX Listing Rules, the Company is no longer required to automatically mail a hard copy of its annual or half-yearly reports to shareholders. Even though these reports will be available electronically, shareholders can request a hard copy of the report to be mailed to them free of charge. The notice of meeting is circulated at least 10 days before the meeting and is also posted on the Company's website.

Shareholders are provided with notes on all the resolutions proposed through the notice of meeting each year. Directors are available at the annual shareholder meetings to answer shareholder questions. The board encourages full participation of shareholders to ensure a high level of accountability and identification with the Company's strategies and goals.

Stakeholder interests

The Group aims to manage its business in a way that will produce positive outcomes for all stakeholders including the public, customers, team members, suppliers and shareholders.

The intention is to monitor progress towards business sustainability in which we seek to assess and actively improve the social and environmental characteristics of the business. This is a goal to which the Company is strategically committed and which it seeks to integrate more fully into its day-to-day operations. The following table summarises the interaction we have with our key stakeholders:

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

Statutory report of the directors

The directors present to shareholders the eleventh annual report and audited financial statements of Just Water International Limited and Group since floating on the NZAX in May 2004, covering the year ended 30 June 2014.

Business activities

The Group's sole business activities during the financial year continued unchanged, being the rental and supply of equipment, predominantly point-of-use water-coolers to customers in New Zealand and Australia, and bottled drinking water to customers in New Zealand.

Consolidated financial results

The Group net earnings before income tax (NPBT) was $2.3 million compared with a 2013 NPBT of $2.1 million. This was achieved on a turnover of $26.7 million (2013: $27.9 million), a decrease of 4 percent.

Shareholders' equity at 30 June 2014 totalled $7.9 million (2013: $6.7 million), an increase of 18 percent. Total assets were $25.4 million (2013: $27.2 million). Interest-bearing borrowings net of cash and cash equivalents decreased from $15.9 million to $13.0 million.

Dividend

No dividend was paid during the year (2013: nil). The directors have agreed that no dividend will be declared for the 2014 financial year.

Donations

During the year ended 30 June 2014 the Group made donations totaling $27,343 supporting the McGrath Foundation to increase breast care awareness in communities across Australia (2013: $28,985).

Directors

The persons holding office as directors of the Company as at 30 June 2014 were as follows:

Paul Connell (Chairman)

Tony Falkenstein

Simone Iles

Brian Rosenberg

Remuneration of directors

Directors' remuneration paid during the year was as follows:

	GROUP		PARENT	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
P Connell	52	52	52	52
I D Malcolm (retired October 2013)	9	26	9	26
S J Iles	26	26	26	26
A E Falkenstein	82	217	82	217
B H Rosenberg (appointed October 2013)	20	-	20	-

Executive directors do not receive directors' fees.

Remuneration of employees

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

	GROUP	
$000	2014	2013
100-110	5	3
110-120	3	2
120-130	3	1
130-140	1	1
150-160	-	2
160-170	1	1
180-190	1	-
190-200	1	-
200-210	-	1
210-220	1	1
220-230	-	1
250-260	1	-

Auditors

In accordance with Section 21(1) of the Companies Act 1993, the auditors, PricewaterhouseCoopers, continue in office. Their audit remuneration and fees paid for other services are detailed in note 10 of the notes to the financial statements.

Interests register

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

Parent and subsidiary companies

Interested transactions

During the year ended 30 June 2014 the Group has transacted with organisations in which a director has an interest. These transactions have been carried out on a commercial arms-length basis and are as follows:

- Bartercard Exchange Limited, a company of which Tony Falkenstein and Ian Malcolm are directors and indirect shareholders, charged Bartercard fees to the Group during the financial year to the value of $80,641 (2013: $101,554).
- 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 financial year to the value of $36,560 (2013: $89,650).
- Pure SEO Limited, a company of which Tony Falkenstein is a director and a shareholder, provided internet search engine services to the Group during the financial year to the value of $37,000 (2013: $19,378).
- Telarc SAI New Zealand, a company of which Paul Connell is a director, provided certification of quality management systems to the Group during the financial year to the value of $4,000 (2013: $2,500).
- Certain other entities of which the Directors are related parties trade with the Group on an arms-length basis.

Directors' remuneration

Details of the directors' remuneration are provided in the "Remuneration of directors" section.

Use of company information by directors

Pursuant to Section 145 of the Companies Act 1993, there were no recorded notices from directors requesting to use company information received in their capacity as directors that would not otherwise have been available to them.

Share dealings

There were no acquisitions and disposals of equity securities by directors of the JWI Group during the year ended 30 June 2014.

Directors' loans

There were no loans by the Group to any directors during the year or at balance date.

Directors' insurance

The Group has arranged policies for directors' liability insurance which, with a deed of indemnity, ensures that generally directors will incur no monetary loss as a result of actions undertaken by them as directors. Certain actions are specifically excluded; for example, the incurring of penalties and fines that might be imposed in respect of breaches of the law.

The directors thank the management and staff for their continued dedication, support and positiveness during the year.

For and on behalf of the board:

Paul Connell
Chairman

Ian Ormiston
Chief Executive

3 September 2014

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Independent Auditors' Report

to the shareholders of Just Water International Limited

Report on the Financial Statements

We have audited the financial statements of Just Water International Limited ("the Company") on pages 14 to 51, which comprise the balance sheets as at 30 June 2014, the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and the notes to the financial statements that include a summary of significant accounting policies and other explanatory information for both the Company and the Group. The Group comprises the Company and the entities it controlled at 30 June 2014 or from time to time during the financial year.

Directors' Responsibility for the Financial Statements

The Directors are responsible for the preparation of these financial statements in accordance with generally accepted accounting practice in New Zealand and that give a true and fair view of the matters to which they relate and for such internal controls as the Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand) and International Standards on Auditing. These standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider the internal controls relevant to the Company and the Group's preparation of financial statements that give a true and fair view of the matters to which they relate, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company and the Group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the overall presentation of the financial statements.

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

We have no relationship with, or interests in, Just Water International Limited or any of its subsidiaries other than in our capacities as auditors and providers of advisory services. These services have not impaired our independence as auditors of the Company and the Group.

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pwc

Independent Auditors' Report

Just Water International Limited

Opinion

In our opinion, the financial statements on pages 14 to 51:

(i) comply with generally accepted accounting practice in New Zealand;

(ii) comply with International Financial Reporting Standards; and

(iii) give a true and fair view of the financial position of the Company and the Group as at 30 June 2014 and their financial performance and cash flows for the year then ended.

Report on Other Legal and Regulatory Requirements

We also report in accordance with Sections 16(1)(d) and 16(1)(e) of the Financial Reporting Act 1993. In relation to our audit of the financial statements for the year ended 30 June 2014:

(i) we have obtained all the information and explanations that we have required; and

(ii) in our opinion, proper accounting records have been kept by the Company as far as appears from an examination of those records.

Restriction on Distribution or Use

This report is made solely to the Company's shareholders, as a body, in accordance with Section 205(1) of the Companies Act 1993. Our audit work has been undertaken so that we might state to the Company's shareholders those matters which we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders, as a body, for our audit work, for this report or for the opinions we have formed.

PricewaterhouseCoopers

Chartered Accountants
3 September 2014

Auckland

Just Water International Limited

Statements of Comprehensive Income
For the year ended 30 June 2014

	NOTE	GROUP YEAR ENDED 30 JUNE 2014 $'000	GROUP YEAR ENDED 30 JUNE 2013 $'000	PARENT YEAR ENDED 30 JUNE 2014 $'000	PARENT YEAR ENDED 30 JUNE 2013 $'000
Revenue	8	26,466	27,856	17,076	17,895
Other operating income	9	282	36	511	1,117
Income		**26,748**	**27,892**	**17,587**	**19,012**
Employee costs	10	(10,402)	(10,826)	(7,022)	(7,015)
Changes in inventories of finished goods and consumables		(54)	(245)	27	(106)
Purchases of finished goods and consumables		(2,757)	(2,973)	(1,194)	(1,291)
Other expenses	10	(6,423)	(6,499)	(4,226)	(4,362)
Profit/(Loss) on disposal of subsidiary	28	(161)	-	18	-
Increase in provision for impairment on intercompany loan	24	-	-	(15,000)	-
Other income/expenses	10	-	-	(1,047)	-
Earnings/(loss) before interest, tax, depreciation and amortisation		**6,951**	**7,349**	**(10,857)**	**6,238**
Depreciation	16	(2,688)	(2,950)	(1,909)	(2,099)
Amortisation	17,18	(889)	(1,055)	(660)	(825)
Earnings/(loss) before interest and tax		**3,374**	**3,344**	**(13,426)**	**3,314**
Interest expense		(1,042)	(1,235)	(968)	(1,047)
Earnings/(loss) before income tax		**2,332**	**2,109**	**(14,394)**	**2,267**
Income tax expense	11	(186)	(391)	(44)	(305)
Earnings/(loss) after income tax		**2,146**	**1,718**	**(14,438)**	**1,962**
Other comprehensive income. Items that may be reclassified subsequently to profit or loss					
Foreign currency translation differences for foreign operations		(945)	(455)	-	-
Total comprehensive income		**1,201**	**1,263**	**(14,438)**	**1,962**
Earnings per share for profit attributable to the shareholders of the Parent					
Basic and diluted earnings per share (cents)	31	2.4	1.9		

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

Just Water International Limited

Balance Sheets
As at 30 June 2014

	NOTE	GROUP 30 JUNE 2014 $'000	GROUP 30 JUNE 2013 $'000	PARENT 30 JUNE 2014 $'000	PARENT 30 JUNE 2013 $'000
ASSETS					
Current assets					
Cash and cash equivalents	12	117	76	4	4
Trade and other receivables	13	2,801	2,683	1,903	18,929
Current tax receivables		-	-	67	-
Inventories	14	906	960	301	328
Total current assets		**3,824**	**3,719**	**2,275**	**19,261**
Non-current assets					
Property, plant and equipment	16	6,855	7,343	4,821	4,877
Investment in subsidiaries	27	-	-	8,377	8,377
Intangible assets	18	9,987	11,238	5,217	5,328
Deferred tax asset	15	3,293	3,283	568	400
Other receivables	13	508	564	383	445
Other assets	17	976	1,061	668	704
Total non-current assets		**21,619**	**23,489**	**20,034**	**20,131**
Total assets		**25,443**	**27,208**	**22,309**	**39,392**
LIABILITIES					
Current liabilities					
Interest bearing liabilities	20	588	737	502	353
Trade and other payables	19	2,709	2,518	1,511	1,399
Current tax payable		229	226	-	235
Deferred income		1,496	1,701	191	243
Total current liabilities		**5,022**	**5,182**	**2,204**	**2,230**
Non-current liabilities					
Interest bearing liabilities	20	12,517	15,217	12,422	15,044
Deferred income		-	48	-	-
Deferred tax liabilities	15	1	62	-	-
Total non-current liabilities		**12,518**	**15,327**	**12,422**	**15,044**
Total liabilities		**17,540**	**20,509**	**14,626**	**17,274**
Net assets		**7,903**	**6,699**	**7,683**	**22,118**
EQUITY					
Share capital	21	22,493	22,490	22,493	22,490
Accumulated losses		(12,932)	(15,078)	(14,810)	(372)
Foreign currency translation reserve		(1,658)	(713)	-	-
Total equity		**7,903**	**6,699**	**7,683**	**22,118**

For and on behalf of the board:

Paul Connell
Chairman

Brian Rosenberg
Director

3 September 2014

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

Just Water International Limited

Statements of Changes in Equity
For the year ended 30 June 2014

	NOTE	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		-	-	1,718	1,718
Other comprehensive income		-	(455)	-	(455)
Total comprehensive income/(loss) for the year		**-**	**(455)**	**1,718**	**1,263**
Fair value of options issued	21	2	-	-	2
Balance at 30 June 2013		**22,490**	**(713)**	**(15,078)**	**6,699**
Profit after tax		-	-	2,146	2,146
Other comprehensive income		-	(945)	-	(945)
Total comprehensive income for the year		**-**	**(945)**	**2,146**	**1,201**
Fair value of options issued	21	3	-	-	3
Balance at 30 June 2014		**22,493**	**(1,658)**	**(12,932)**	**7,903**
PARENT					
Balance at 1 July 2012		**22,488**	**-**	**(2,334)**	**20,154**
Profit after tax		-	-	1,962	1,962
Total comprehensive income/(loss) for the year		**-**	**-**	**1,962**	**1,962**
Fair value of options issued	21	2	-	-	2
Balance at 30 June 2013		**22,490**	**-**	**(372)**	**22,118**
Profit after tax		-	-	(14,438)	(14,438)
Total comprehensive income for the year		**-**	**-**	**(14,438)**	**(14,438)**
Fair value of options issued	21	3	-	-	3
Balance at 30 June 2014		**22,493**	**-**	**(14,810)**	**7,683**

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

Just Water International Limited

Cash Flow Statements
For the year ended 30 June 2014

	NOTE	GROUP YEAR ENDED 30 JUNE 2014 $'000	GROUP YEAR ENDED 30 JUNE 2013 $'000	PARENT YEAR ENDED 30 JUNE 2014 $'000	PARENT YEAR ENDED 30 JUNE 2013 $'000
Cash flows from operating activities					
Receipts from customers		26,459	27,344	19,376	18,546
Interest received		16	2	10	1
Payments to suppliers and employees		(19,907)	(20,065)	(12,847)	(12,534)
Interest paid		(1,042)	(1,235)	(968)	(1,047)
Subvention payment		-	-	(1,047)	-
Income tax paid		(537)	(61)	(508)	-
Purchases of non-current assets held for rental		(1,412)	(2,049)	(895)	(1,312)
Net cash generated from operating activities	29	**3,577**	**3,936**	**3,121**	**3,654**
Cash flows from investing activities					
Acquisition through business combination	25	(360)	(648)	-	-
Purchases of property, plant and equipment		(1,343)	(341)	(398)	(236)
Proceeds from sale of property, plant and equipment		177	311	149	192
Proceeds from disposal of subsidiary	28	823	-	761	-
Purchases of intangible assets		(34)	-	(34)	-
Net cash sourced from/(used in) investing activities		**(737)**	**(678)**	**478**	**(44)**
Cash flows from financing activities					
Proceeds from borrowings		3,440	840	-	51
Repayment of borrowings		(5,942)	(4,560)	(3,627)	(3,781)
Net cash used in financing activities		**(2,502)**	**(3,720)**	**(3,627)**	**(3,730)**
Net increase/(decrease) in cash, cash equivalents and bank overdrafts		**338**	**(462)**	**(28)**	**(120)**
Cash and cash equivalents at the beginning of the year		(408)	59	(156)	(36)
Exchange (losses)/gains on cash and bank overdrafts		(29)	(5)	-	-
Cash and cash equivalents at the end of year	12	**(99)**	**(408)**	**(184)**	**(156)**

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

Just Water International Limited
Notes to the Financial Statements
For the year ended 30 June 2014

1. GENERAL INFORMATION

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

The Group comprises JWI and its division Just Water New Zealand, and its wholly-owned subsidiaries Just Plants Limited, 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. Just Plants Ltd was sold on 30 June 2014.

Just Water International Limited is a limited liability company which is domiciled and incorporated in New Zealand. The address of its registered office is 114 Rockfield Rd, Penrose, Auckland, New Zealand.

These financial statements have been approved for issue by the board of directors on 3 September 2014. The board of directors have the power to amend the financial statements.

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

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

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 Group has adopted External Reporting Board Standard A1 Accounting Standards Framework (For-profit Entities Update) (XRB A1). XRB A1 establishes a for-profit tier structure and outlines which suite of accounting standards entities in different tiers must follow. The Group is a Tier 1 entity. There was no impact on the current or prior year financial statements.

2.2 Basis of preparation

2.2.1 Statutory base

Just Water International Limited is a limited liability company which 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.

2.2.2 Historical cost convention

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

2.2.3 Going concern

The financial statements have been prepared on a going concern basis. As at 30 June 2014 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.

SPECIFIC ACCOUNTING POLICIES

The following specific accounting policies, which significantly affect the measurement of financial performance, financial position and cash flows, have been applied.

2.3 Consolidation

2.3.1 Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Just Water International Limited ('Company' or 'Parent entity') as at 30 June 2014 and the results of all subsidiaries for the year then ended.

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

The acquisition method of accounting is used to account for business combinations by the Group. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Investments in subsidiaries held by the Parent are accounted for at cost less impairment.

When the Group ceases to have control any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

2.4 Segment reporting

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

2.5 Foreign currency translation

2.5.1 Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The consolidated financial statements are presented in New Zealand dollars, which is the Company's functional and presentation currency. All financial information presented in New Zealand dollars has been rounded to the nearest thousand.

2.5.2 Transaction and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at the year-end exchange rate of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss component of the statements of comprehensive income.

2.5.3 Group companies

The results and financial position of all Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

2.6 Revenue recognition

Revenue comprises the fair value for the sale of goods and services, net of Goods and Services Tax, rebates and discounts and after eliminating sales within the Group. Revenue is recognised as follows:

2.6.1 Sales income

The Group sells water and other products. Sales of goods are recognised when a Group entity delivers a product to the customer.

2.6.2 Rental income

Rental income relates to the rental of water-coolers to customers. Rental income is recognised over the period of rental contracts, including any rent-free periods.

2.6.3 Service income

Service income comprises amounts received and receivable by the Group for the servicing of water-coolers under servicing contracts or ad hoc servicing by reference to the stage of completion of the transaction at the balance date in the ordinary course of business.

2.6.4 Interest income

Interest income is recognised on an accruals basis using the effective interest method.

2.6.5 Dividend income

Dividend income is recognised when the right to receive payment is established.

2.6.6 Deferred income

Deferred income relates to rental and service income invoiced in advance and recognised as income over the period of each respective contract.

2.7 Income tax

The income tax expense or credit for the year is the tax payable on the current year's taxable income based on the notional income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. Deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

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

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Group is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Current and deferred tax balances attributable to amounts recognised directly in other comprehensive income are also recognised directly in other comprehensive income.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

Current tax asset of one entity in the Group is offset against a current tax liability of another entity in the Group if, and only if, the entities concerned have a legally enforceable right to make or receive a single net payment and the entities intend to make or receive such a net payment or to recover the asset and settle the liability simultaneously.

2.8 Goods and Services Tax (GST)

The statements of comprehensive income have been prepared so that all components are stated exclusive of GST. All items in the balance sheets are stated net of GST, with the exception of receivables and payables, which include GST invoiced. All items in the cash flow statements are stated inclusive of GST.

2.9 Leases

2.9.1 The Group is the lessee

Leases of property, plant and equipment (PPE) where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in interest-bearing liabilities. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The interest element of the finance cost is charged to the profit and loss component of the statements of comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the asset's useful life and the lease term.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the profit and loss component of the statements of comprehensive income on a straight-line basis over the period of the lease.

2.9.2 The Group is the lessor

Assets leased to third parties under operating leases are included in PPE in the balance sheets. They are depreciated over their expected useful lives on a basis consistent with similar owned property, plant and equipment. Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term. Initial costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and depreciated over the lease term on the same basis as the lease income.

2.10 Impairment of non-financial assets

Intangible and tangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Goodwill which has an indefinite useful life is not subject to amortisation and is tested annually for impairment irrespective of whether any circumstances identifying a possible impairment have been identified. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

2.11 Cash and cash equivalents

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

2.12 Trade receivables

Trade receivables are recognised initially at fair value plus transaction costs and subsequently measured at amortised cost, using the effective interest method, less provision for impairment. Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Evidence of impairment may include a worsened ageing and indications that the debtors are experiencing significant financial difficulty, default or delays in payments. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest-rate. The amount of the movement in the provision is recognised in the profit and loss component of the statements of comprehensive income.

2.13 Inventories

Inventories consist of cooler equipment held for sale, finished goods and consumables. Inventories are stated at the lower of cost and net realisable value. Cost is determined on a first in, first out (FIFO) basis for consumables and individual purchase cost basis for coolers.

2.14 Financial assets

The Group classifies its financial assets as loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

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

2.14.1 Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the balance date which are classified as noncurrent assets. Loans and receivables include cash and cash equivalents and receivables in the balance sheets.

Loans and receivables are carried at amortised cost using the effective interest method. Realised and unrealised gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are included in the statements of comprehensive income in the period in which they arise.

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

2.15 Property, plant and equipment

Items of property, plant and equipment (PPE) are shown at cost less subsequent depreciation and impairment. The cost of purchased PPE is the value of the consideration given to acquire the assets and the value of other directly attributable costs which have been incurred in bringing the assets to the location and condition necessary for their intended service. Where parts of an item of PPE have different useful lives they are accounted for as separate items of PPE.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the profit and loss component of the statements of comprehensive income during the financial period in which they are incurred.

Depreciation on assets is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives, as follows:

Rental equipment	2 – 8 years
Motor vehicles	4 – 5 years
Office equipment	3 – 11 years
Leasehold improvements	5 – 12 years
Plant and equipment	4 – 7 years

Major renovations are depreciated over the remaining useful life of the related asset or to the date of the next major renovation, whichever is the sooner.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amounts. These are included in the profit and loss component of the statements of comprehensive income. Borrowing costs incurred for the construction of any qualifying assets are capitalised during the period of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are expensed.

2.16 Intangible assets

2.16.1 Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired business at the date of acquisition. Goodwill on acquisitions of businesses is included in intangible assets. Goodwill acquired in business combinations is not amortised. Instead, goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. Each of those cash generating units represents the Group's investment in each country of operation.

2.16.2 Other intangibles

Intangible assets that are acquired by the Group are stated at cost less accumulated amortisation and impairment losses. Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it related. All other expenditure is expensed as incurred.

Amortisation is charged to the profit and loss component of the statements of comprehensive income on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Goodwill and intangible assets with an indefinite useful life are systematically tested for impairment at each balance date or where there are indicators of impairment.

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

2.17 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds, net of tax.

2.18 Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are generally paid within normal terms of trade. Trade payables are recognised initially at fair value less transaction costs and subsequently measured at amortised cost using the effective interest method.

2.19 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the profit and loss component of the statement of comprehensive income over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance date.

2.20 Cash flow statement

This has been prepared using the direct approach. All cash flows are presented on a gross basis, unless described otherwise.

2.21 Employee benefits

2.21.1 Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the balance date are recognised in other payables in respect of employees' services up to the balance date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

2.21.2 Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the balance date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

2.21.3 Share-based payments

The Group's management awards high-performing employees bonuses in the form of share options, from time to time, on a discretionary basis. Share-based compensation plans are equity settled. The fair value of the employee services received, measured by reference to the grant date fair value of the share options, is recognised as an employee benefit expense with a corresponding increase in equity over the vesting period. The proceeds received net of any directly attributable transaction costs are credited to share capital when the options are exercised.

2.21.4 Short-term employee benefits

Employee entitlements to salaries and wages, annual leave and sick leave to be settled within 12 months of the balance date represent present obligations resulting from employees' services provided up to the balance date, calculated at undiscounted amounts based on remuneration rates that the Group expects to pay.

2.22 Dividends

Provision is made for the amount of any dividend declared on or before the end of the financial year but not distributed at balance date.

2.23 Comparatives

Certain comparative information has been reclassified in order to provide a more appropriate basis for comparison. This includes the disclosure of the Bartercard Limited balance in Trade and other receivables and the reclassification of Capitalised Commission into other assets.

2.24 Capitalised commission

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

3. EARNINGS PER SHARE

3.1 Basic earnings per share

Basic earnings per share are calculated by dividing the profit after tax attributable to equity holders of the Parent by the weighted average number of ordinary shares outstanding during the financial year.

3.2 Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

4.1 Goodwill

The Group tests annually whether goodwill has suffered any impairment in accordance with the accounting policy stated in note 2.16.1. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates (note 18).

4.2 Deferred tax

The utilisation of the deferred tax asset relating to temporary differences is dependent on future tax profits in excess of the profits arising from the reversal of existing taxable temporary differences. 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 (note 15).

4.3 Receivables

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

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 (note 11).

4.5 Coolers

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

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

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for the Group's accounting periods beginning on or after 1 July 2013. Adoption of these standards did not have any material impact on the Group's financial statements. These are detailed as below.

The Group has adopted External Reporting Board Standard A1 Accounting Standards Framework (For-profit Entities Update) (XRB A1). XRB A1 establishes a for-profit tier structure and outlines which suite of accounting standards entities in different tiers must follow. The Group is a Tier 1 entity. There was no impact on the current or prior year financial statements.

5.1 NZ IFRS 10: Consolidated Financial Statements

The standard replaces all of the guidance on control and consolidation in NZ IAS 27 Consolidated and Separate Financial Statements, and NZ SIC 12 Consolidation – Special Purpose Entities. The core principle that a consolidated entity presents a parent and its subsidiaries as if they are a single economic entity remains unchanged, as do the mechanics of consolidation. However, the standard introduces a single definition of control that applies to all entities. It focuses on the need to have both power and rights or exposure to variable returns before control is present. Power is the current ability to direct the activities that significantly influence returns. Returns must vary and can be positive, negative or both.

5.2 NZ IFRS 12: Disclosure of Interests in other Entities

The standard sets out the required disclosures for entities reporting under the two new standards, NZ IFRS 10 and NZ IFRS 11, and replaces the disclosure requirements currently found in NZ IAS 28. Application of this standard by the Group does not affect any of the amounts recognised in the financial statements but impacts the type of information disclosed in relation to the Group's investments.

5.3 NZ IFRS 13: Fair value measurement

The standard explains how to measure fair value and aims to enhance fair value disclosures. The use of fair value measurements by the Group is detailed in note 26. The impact of the new standards has related mainly to additional disclosure.

6. STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED STANDARDS THAT ARE NOT YET EFFECTIVE

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for the Group's accounting periods beginning on or after 1 July 2014 or later periods, but which the Group has not early adopted. These standards are not expected to significantly affect the Group. The Group is yet to assess the full impact of these standards and intends to adopt these as soon as they become effective.

6.1 NZ IFRS 9: Financial Instruments (effective from annual periods beginning on or after 1 January 2018)

'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. NZ IFRS 9 was issued in November 2009, October 2010 and December 2013. It replaces the parts of NZ IAS 39 that relate to the classification and measurement of financial instruments and hedge accounting. NZ IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the NZ IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. The new hedge accounting model more closely aligns hedge accounting with risk management activities undertaken by companies when hedging their financial and non-financial risks. The Group is yet to assess NZ IFRS 9's full impact. IFRS 9, Financial Instruments, was issued by the International Accounting Standards Board in July 2014 as a complete version of the standard. This standard adds to the requirements of NZ IFRS 9 by incorporating the expected credit loss model for calculating the impairment of financial assets. This standard is effective for reporting periods beginning on or after 1 January 2018. The Group is yet to assess the impact of this standard and does not expect to adopt it before its effective date.

6.2 NZ IFRS 15: 'Revenue from contracts with customers' (effective 1 January 2017)

The standard addresses recognition of revenue from contracts with customers. It replaces the current revenue recognition guidance in IAS 18 Revenue and IAS 11 Construction contracts and is applicable to all entities with revenue. It sets out a 5 step model for revenue recognition to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The Group has yet to assess IFRS 15's full impact. The Group will apply this standard from 1 July 2017.

7. SEGMENT INFORMATION

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

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.

	NOTE	NEW ZEALAND 2014 $'000	AUSTRALIA 2014 $'000	ELIMINATIONS 2014 $'000	GROUP TOTAL 2014 $'000
External rental income	8	10,650	5,608	-	16,258
External sales and service income	8	6,993	3,215	-	10,208
Other operating income	9	410	2	(130)	282
Income		**18,053**	**8,825**	**(130)**	**26,748**
Employee costs	10	(7,147)	(3,255)	-	(10,402)
Other trading expenses		(5,745)	(3,650)	-	(9,395)
Earnings before interest, tax, depreciation and amortisation		**5,161**	**1,920**	**(130)**	**6,951**
Depreciation	16	(1,932)	(756)	-	(2,688)
Amortisation	17,18	(669)	(220)	-	(889)
Earnings before interest and tax		**2,560**	**944**	**(130)**	**3,374**
Interest expense		(972)	(200)	130	(1,042)
Earnings before income tax		**1,588**	**744**	**-**	**2,332**
Income tax expense	11	(244)	127	(69)	(186)
Earnings attributable to shareholders of the Parent		**1,344**	**871**	**(69)**	**2,146**
Total assets		30,735	11,454	(16,746)	25,443
Total liabilities		28,382	2,725	(13,567)	17,540
Total additions to non-current assets excluding financial instruments and deferred tax assets		2,270	684	-	2,954

Eliminations in assets and liabilities relate to intercompany balances at balance sheet date.

7. SEGMENT INFORMATION CONTINUED

	NOTE	NEW ZEALAND 2013 $'000	AUSTRALIA 2013 $'000	ELIMINATIONS 2013 $'000	GROUP TOTAL 2013 $'000
External rental income	8	11,047	6,074	-	17,121
External sales and service income	8	7,413	3,322	-	10,735
Other operating income	9	172	5	(141)	36
Income		**18,632**	**9,401**	**(141)**	**27,892**
Employee costs		(7,196)	(3,630)	-	(10,826)
Other trading expenses		(5,954)	(3,763)	-	(9,717)
Earnings before interest, tax, depreciation and amortisation		**5,482**	**2,008**	**(141)**	**7,349**
Depreciation	16	(2,155)	(795)	-	(2,950)
Amortisation	17,18	(805)	(250)	-	(1,055)
Earnings before interest and tax		**2,522**	**963**	**(141)**	**3,344**
Interest expense		(1,188)	(188)	141	(1,235)
Earnings before income tax		**1,334**	**775**	**-**	**2,109**
Income tax expense	11	(411)	20	-	(391)
Earnings attributable to shareholders of the Parent		**923**	**795**	**-**	**1,718**
Total assets		31,585	12,260	(16,637)	27,208
Total liabilities		35,591	3,218	(18,300)	20,509
Total additions to non-current assets excluding financial instruments and deferred tax assets		2,245	724	-	2,969

Eliminations in assets and liabilities relate to intercompany balances at balance sheet date.

8. REVENUE

	GROUP YEAR ENDED 30 JUNE 2014 $'000	GROUP YEAR ENDED 30 JUNE 2013 $'000	PARENT YEAR ENDED 30 JUNE 2014 $'000	PARENT YEAR ENDED 30 JUNE 2013 $'000
Rental income	16,258	17,121	10,043	10,444
Sales income	7,522	7,932	6,086	6,417
Service income	2,686	2,803	947	1,034
Total revenue	**26,466**	**27,856**	**17,076**	**17,895**

9. OTHER OPERATING INCOME

	GROUP YEAR ENDED 30 JUNE 2014 $'000	GROUP YEAR ENDED 30 JUNE 2013 $'000	PARENT YEAR ENDED 30 JUNE 2014 $'000	PARENT YEAR ENDED 30 JUNE 2013 $'000
Foreign exchange gains – realised	262	19	262	19
Foreign exchange gains – unrealised	4	15	4	15
Interest income	16	2	25	1,083
Dividend received	-	-	180	-
Bonus issue received	-	-	40	-
Total other operating income	**282**	**36**	**511**	**1,117**

10. EXPENSES

	GROUP YEAR ENDED 30 JUNE 2014 $'000	GROUP YEAR ENDED 30 JUNE 2013 $'000	PARENT YEAR ENDED 30 JUNE 2014 $'000	PARENT YEAR ENDED 30 JUNE 2013 $'000
Directors' fees	107	104	107	104
Donations	27	29	-	-
Exchange losses – realised	4	1	-	-
Net loss on disposal of property, plant and equipment and intangibles	251	270	257	201
Operating lease payments	960	1,013	603	617
Auditors' fees				
Fees paid to the auditors of the Parent (PWC New Zealand)				
Advisory services	56	-	56	-
Statutory audit	170	165	113	99
Half-year review	13	13	8	13
Audit fees paid to audit the Shareholders Register (Grant Thornton)	1	1	1	1
Employee costs				
Wages and salaries	10,399	10,824	7,019	7,013
Share options granted to employees	3	2	3	2
Total employee costs	**10,402**	**10,826**	**7,022**	**7,015**
Other income/expense				
Subvention payment	-	-	1,047	-

11. INCOME TAX EXPENSE

	GROUP YEAR ENDED 30 JUNE 2014 $'000	GROUP YEAR ENDED 30 JUNE 2013 $'000	PARENT YEAR ENDED 30 JUNE 2014 $'000	PARENT YEAR ENDED 30 JUNE 2013 $'000
Current tax	540	490	212	456
Deferred tax (note 15)	(354)	(99)	(168)	(151)
Income tax expense	**186**	**391**	**44**	**305**

The current income tax in New Zealand for the year was calculated using the rate of 28% (2013: 28%).
The current income tax in Australia is 30% (2013: 30%).

Income tax expense is attributable to:

Profit before income tax expense	2,332	2,109	(14,394)	2,267
Tax calculated at domestic tax rates applicable to profits in the respective countries	684	590	(4,030)	635
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:				
Tax losses from Group company	-	-	-	(293)
Imputation credits	(62)	-	(62)	-
Prior period tax losses utilised	(401)	(427)	-	-
Expenses not deductible for tax purposes	25	16	4,139	14
Prior period adjustments	(60)	212	(3)	(51)
Income tax expense	**186**	**391**	**44**	**305**

Imputation credit account

Balance at end of year	**2,909**	**2,415**	**2,909**	**2,320**

Imputation credits

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

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

The consolidated amounts include imputation credits that would be available to the parent entity if subsidiaries paid dividends.

On 1 April 2014, the Parent recognised a subvention payment of $1,047,000 in relation to the 2013 tax losses arising in Just Water Australia Holdings in the 2013 income year. This subvention payment is deductible to the Parent company.

12. CASH AND CASH EQUIVALENTS

	GROUP AS AT 30 JUNE 2014 $'000	GROUP AS AT 30 JUNE 2013 $'000	PARENT AS AT 30 JUNE 2014 $'000	PARENT AS AT 30 JUNE 2013 $'000
Cash in hand	5	5	2	2
Short-term bank deposits	112	71	2	2
Total cash and cash equivalents	**117**	**76**	**4**	**4**

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

Cash and cash equivalents	117	76	4	4
Bank overdrafts (see note 20)	(216)	(484)	(188)	(160)
Total cash and bank overdraft	**(99)**	**(408)**	**(184)**	**(156)**

13. TRADE AND OTHER RECEIVABLES

	GROUP AS AT 30 JUNE 2014 $'000	GROUP AS AT 30 JUNE 2013 $'000	PARENT AS AT 30 JUNE 2014 $'000	PARENT AS AT 30 JUNE 2013 $'000
Trade receivables	2,744	2,582	1,930	1,713
Provision for doubtful receivables	(231)	(189)	(228)	(177)
Net trade receivables	**2,513**	**2,393**	**1,702**	**1,536**
Related-party receivables (note 24)	416	452	416	17,702
Prepayments and other receivables	380	402	167	136
Trade and other receivables	**3,309**	**3,247**	**2,285**	**19,374**
Trade and other receivables	2,801	2,683	1,903	18,929
Other receivables (non-current)	508	564	383	445
Trade and other receivables	**3,309**	**3,247**	**2,286**	**19,374**

Bad and doubtful trade receivables

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

	GROUP YEAR ENDED 30 JUNE 2014 $'000	GROUP YEAR ENDED 30 JUNE 2013 $'000	PARENT YEAR ENDED 30 JUNE 2014 $'000	PARENT YEAR ENDED 30 JUNE 2013 $'000
Movement in the provision for doubtful trade receivables is as follows:				
Balance at the beginning of the year	189	478	177	407
Provision recognised	404	277	394	262
Receivables written off during the year as uncollectable	(362)	(566)	(343)	(492)
Balance at end of the year	**231**	**189**	**228**	**177**

As at 30 June 2014, trade receivables of $470,000 (2013: $521,000) were past due but not impaired for the Group and trade receivables of $270,000 (2013: $278,000) were past due but not impaired for the Parent. Based on previous years collection history management considers these amounts to be recoverable. The ageing analysis of these trade receivables is as follows:

	GROUP AS AT 30 JUNE 2014 $'000	GROUP AS AT 30 JUNE 2013 $'000	PARENT AS AT 30 JUNE 2014 $'000	PARENT AS AT 30 JUNE 2013 $'000
1-30 days	1,942	1,712	1,325	1,105
Past due but not impaired				
30-60 days	430	510	267	269
90+ days	40	11	3	9
Total	**2,412**	**2,233**	**1,595**	**1,383**

As at 30 June 2014, trade receivables of $298,000 (2013: $305,000) were either partially or fully impaired and provided for by the Group and trade receivables of $300,000 (2013: $286,000) were either partially or fully impaired and provided for by the Parent. The amount of the provision is $231,000 (2013: $189,000) for the Group and $228,000 (2013: $177,000) for the Parent. The individually impaired receivables relate to customers, which are in unexpected economic conditions. It was assessed that a portion of the receivables is expected to be recovered. The ageing of these receivables is as follows:

13. TRADE AND OTHER RECEIVABLES CONTINUED

	GROUP AS AT 30 JUNE 2014 $'000	GROUP AS AT 30 JUNE 2013 $'000	PARENT AS AT 30 JUNE 2014 $'000	PARENT AS AT 30 JUNE 2013 $'000
1-30 days	34	44	34	44
30-60 days	17	38	17	38
90+ days	281	267	284	248
Total	**332**	**349**	**335**	**330**

The Group has a receivable from Bartercard of $550,000 (2013: $609,000) of which $42,000 (2013: $45,000) is current and $508,000 (2013: $564,000) is non-current. The Parent has a receivable from Bartercard of $416,000 (2013: $452,000) of which $33,000 (2013: $7,000) is current and $383,000 (2013: $445,000) is non-current.

14. INVENTORIES

	GROUP AS AT 30 JUNE 2014 $'000	GROUP AS AT 30 JUNE 2013 $'000	PARENT AS AT 30 JUNE 2014 $'000	PARENT AS AT 30 JUNE 2013 $'000
Finished goods	482	570	70	111
Consumables	424	390	231	217
Total inventories	**906**	**960**	**301**	**328**

The cost of inventories recognised as an expense in the statement of comprehensive income is $2,757,000 (2013: $2,973,000) at the Group and $1,194,000 (2013: $1,291,000) at the Parent.

Write downs of inventories to net realisable value was recognised as income during 2014 of $54,000 compared to an expense in 2013 of $47,000 for the Group. For the Parent there was $14,000 of income for the year for 2014 compared to an income of $6,000 in 2013. The net movement in provision has been included in 'Changes in inventories of finished goods and consumables' in the statements of comprehensive income.

15. DEFERRED TAX

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

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

	GROUP AS AT 30 JUNE 2014 $'000	GROUP AS AT 30 JUNE 2013 $'000	PARENT AS AT 30 JUNE 2014 $'000	PARENT AS AT 30 JUNE 2013 $'000
Deferred tax asset/(liability)				
Beginning of the year	3,221	3,381	400	249
Statement of comprehensive income charge (note 11)	354	99	168	151
Exchange differences	(283)	(259)	-	-
End of the year	**3,292**	**3,221**	**568**	**400**
Deferred tax assets:				
Deferred tax asset to be recovered after more than 12 months	2,453	2,592	361	-
Deferred tax asset to be recovered within 12 months	840	691	207	400
Total deferred tax assets	**3,293**	**3,283**	**568**	**400**
Deferred tax liabilities:				
Deferred tax liability to be recovered after more than 12 months	(1)	(62)	-	-
Total deferred tax liabilities	**(1)**	**(62)**	**-**	**-**

15. DEFERRED TAX CONTINUED

The Group also has unrecognised tax effected losses in Australia of $173,000 as at 30 June 2014 (2013: $726,000).

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

The movement in deferred tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

	TAX LOSSES RECOGNISED $'000	ACCRUALS $'000	PROPERTY, PLANT & EQUIPMENT $'000	TOTAL $'000
Deferred tax assets:				
GROUP				
At 30 June 2012	2,790	614	-	3,404
Profit or loss	45	(253)	346	138
Exchange differences	(243)	(16)	-	(259)
At 30 June 2013	2,592	345	346	3,283
Profit or loss	-	123	170	293
Exchange differences	(256)	(17)	(10)	(283)
At 30 June 2014	2,336	451	506	3,293

	CUSTOMER CONTRACTS $'000	PROPERTY, PLANT & EQUIPMENT $'000	OTHER $'000	TOTAL $'000
Deferred tax liabilities:				
GROUP				
At 30 June 2012	(23)	-	-	(23)
Profit or loss	15	-	(54)	(39)
At 30 June 2013	(8)	-	(54)	(62)
Profit or loss	7	-	54	61
At 30 June 2014	(1)	-	-	(1)

	TAX LOSSES RECOGNISED $'000	ACCRUALS $'000	PROPERTY, PLANT & EQUIPMENT $'000	TOTAL $'000
Deferred tax assets:				
PARENT				
At 30 June 2012	-	271	-	271
Profit or loss	-	(104)	233	129
At 30 June 2013	-	167	233	400
Profit or loss	-	40	128	168
At 30 June 2014	-	207	361	568

15. DEFERRED TAX CONTINUED

	CUSTOMER CONTRACTS $'000	PROPERTY, PLANT & EQUIPMENT $'000	OTHER $'000	TOTAL $'000
Deferred tax liabilities:				
PARENT				
At 30 June 2012	-	(22)	-	(22)
Profit or loss	-	22	-	22
At 30 June 2013	-	-	-	-
Profit or loss	-	-	-	-
At 30 June 2014	-	-	-	-

16. PROPERTY, PLANT AND EQUIPMENT

	LEASEHOLD IMPROVEMENTS $'000	RENTAL EQUIPMENT $'000	MOTOR VEHICLES[2] $'000	PLANT AND OFFICE EQUIPMENT $'000	TOTAL $'000
GROUP					
As at 30 June 2012					
Cost	911	18,890	1,602	3,654	25,057
Accumulated depreciation	(438)	(11,499)	(958)	(2,702)	(15,597)
Net book amount	473	7,391	644	952	9,460
Year ended 30 June 2013					
Opening net book amount	473	7,391	644	952	9,460
Foreign currency movement in opening balance	(1)	(261)	(16)	29	(249)
Additions[1]	5	1,227	236	100	1,568
Acquisition of business (refer note 25)	-	-	17	3	20
Disposals[1]	(6)	(422)	(74)	(4)	(506)
Depreciation charge	(135)	(2,082)	(257)	(476)	(2,950)
Closing net book amount	336	5,853	550	604	7,343
As at 30 June 2013					
Cost	904	15,627	1,557	3,711	21,799
Accumulated depreciation	(568)	(9,774)	(1,007)	(3,107)	(14,456)
Net book amount	336	5,853	550	604	7,343
Year ended 30 June 2014					
Opening net book amount	336	5,853	550	604	7,343
Foreign currency movement in opening balance	(4)	(205)	(20)	(9)	(238)
Additions[1]	-	1,224	1,417	131	2,772
Acquisition of business (refer note 25)	-	206	-	-	206
Disposals[1]	(5)	(320)	(211)	(4)	(540)
Depreciation charge	(132)	(1,882)	(374)	(300)	(2,688)
Closing net book amount	195	4,876	1,362	422	6,855
As at 30 June 2014					
Cost	886	15,163	2,316	3,782	22,147
Accumulated depreciation	(691)	(10,287)	(954)	(3,360)	(15,292)
Net book amount	195	4,876	1,362	422	6,855

16. PROPERTY, PLANT AND EQUIPMENT CONTINUED

	LEASEHOLD IMPROVEMENTS $'000	RENTAL EQUIPMENT $'000	MOTOR VEHICLES[2] $'000	PLANT AND OFFICE EQUIPMENT $'000	TOTAL $'000
PARENT					
As at 30 June 2012					
Cost	789	11,493	1,075	3,249	16,606
Accumulated depreciation	(379)	(6,711)	(761)	(2,411)	(10,262)
Net book amount	**410**	**4,782**	**314**	**838**	**6,344**
Year ended 30 June 2013					
Opening net book amount	410	4,782	314	838	6,344
Foreign currency movement in opening balance	-	-	-	42	42
Additions[1]	4	747	180	52	983
Disposals[1]	-	(344)	(45)	(4)	(393)
Depreciation charge	(118)	(1,396)	(170)	(415)	(2,099)
Closing net book amount	**296**	**3,789**	**279**	**513**	**4,877**
As at 30 June 2013					
Cost	792	10,865	1,041	3,293	15,991
Accumulated depreciation	(496)	(7,076)	(762)	(2,780)	(11,114)
Net book amount	**296**	**3,789**	**279**	**513**	**4,877**
Year ended 30 June 2014					
Opening net book amount	296	3,789	279	513	4,877
Additions[1]	-	895	1,308	56	2,259
Disposals[1]	-	(215)	(187)	(4)	(406)
Depreciation charge	(120)	(1,257)	(276)	(256)	(1,909)
Closing net book amount	**176**	**3,212**	**1,124**	**309**	**4,821**
As at 30 June 2014					
Cost	792	10,993	1,784	3,332	16,901
Accumulated depreciation	(616)	(7,781)	(660)	(3,023)	(12,080)
Net book amount	**176**	**3,212**	**1,124**	**309**	**4,821**

1. Additions and disposals relating to rental equipment represents the transfer of rental equipment to and from inventory.
2. Finance leases: Motor vehicles for the Group include items capitalised under finance leases with a cost of $1,295,000 (2013: $717,000), together with accumulated depreciation of $322,000 (2013: $255,000). Motor vehicles for the Parent include items capitalised under finance leases with a cost of $1,029,000 (2013: $180,000), together with accumulated depreciation of $169,000 (2013: $13,000).

17. OTHER ASSETS

	GROUP AS AT 30 JUNE 2014 $'000	GROUP AS AT 30 JUNE 2013 $'000	PARENT AS AT 30 JUNE 2014 $'000	PARENT AS AT 30 JUNE 2013 $'000
As at 1 July				
Cost	2,885	3,306	1,636	2,296
Accumulated amortisation	(1,824)	(2,281)	(932)	(1,620)
Net book amount	**1,061**	**1,025**	**704**	**676**
Year ended 30 June				
Opening net book amount	1,061	1,025	704	676
Foreign currency movement in opening balance	(27)	(29)	-	-
Additions	715	832	479	565
Disposals	(31)	(2)	-	(2)
Amortisation charge	(742)	(765)	(515)	(535)
Closing net book amount	**976**	**1,061**	**668**	**704**
As at 30 June				
Cost	2,955	2,885	1,529	1,636
Accumulated depreciation	(1,979)	(1,824)	(861)	(932)
Net book amount	**976**	**1,061**	**668**	**704**

Other assets primarily relate to capitalised commission.

18. INTANGIBLE ASSETS

	SOFTWARE $'000	GOODWILL $'000	PATENTS AND TRADEMARKS $'000	TOTAL $'000
GROUP				
As at 30 June 2012				
Cost	1,907	28,828	74	30,809
Accumulated amortisation and impairment	(1,445)	(18,300)	(46)	(19,791)
Net book amount	**462**	**10,528**	**28**	**11,018**
Year ended 30 June 2013				
Opening net book amount	462	10,528	28	11,018
Foreign currency movement in opening balance	(42)	(28)	-	(70)
Acquisitions through business combinations	-	580	-	580
Amortisation charge	(282)	-	(8)	(290)
Closing net book amount	**138**	**11,080**	**20**	**11,238**
As at 30 June 2013				
Cost	1,754	29,380	74	31,208
Accumulated amortisation and impairment	(1,616)	(18,300)	(54)	(19,970)
Net book amount	**138**	**11,080**	**20**	**11,238**
Year ended 30 June 2014				
Opening net book amount	138	11,080	20	11,238
Foreign currency movement in opening balance	-	(455)	-	(455)
Additions	34	-	-	34
Acquisition of business (refer note 25)	-	148	-	148
Disposals (refer note 28)	-	(831)	-	(831)
Amortisation charge	(139)	-	(8)	(147)
Closing net book amount	**33**	**9,942**	**12**	**9,987**
As at 30 June 2014				
Cost	1,789	28,242	73	30,104
Accumulated amortisation and impairment	(1,756)	(18,300)	(61)	(20,117)
Net book amount	**33**	**9,942**	**12**	**9,987**

18. INTANGIBLE ASSETS CONTINUED

	SOFTWARE $'000	GOODWILL $'000	PATENTS AND TRADEMARKS $'000	TOTAL $'000
PARENT				
As at 30 June 2012				
Cost	1,907	5,171	73	7,151
Accumulated amortisation	(1,445)	-	(46)	(1,491)
Net book amount	**462**	**5,171**	**27**	**5,660**
Year ended 30 June 2013				
Opening net book amount	462	5,171	27	5,660
Foreign currency movement in opening balance	(42)	-	-	(42)
Amortisation charge	(282)	-	(8)	(290)
Closing net book amount	**138**	**5,171**	**19**	**5,328**
As at 30 June 2013				
Cost	1,754	5,171	73	6,998
Accumulated amortisation	(1,616)	-	(54)	(1,670)
Net book amount	**138**	**5,171**	**19**	**5,328**
Year ended 30 June 2014				
Opening net book amount	138	5,171	19	5,328
Additions	34	-	-	34
Amortisation charge	(138)	-	(7)	(145)
Closing net book amount	**34**	**5,171**	**12**	**5,217**
As at 30 June 2014				
Cost	1,788	5,171	73	7,032
Accumulated amortisation	(1,754)	-	(61)	(1,815)
Net book amount	**34**	**5,171**	**12**	**5,217**

Impairment tests for goodwill

Goodwill is allocated to cash-generating units (CGUs) identified according to business segment and country of operation. A CGU summary of the goodwill allocation is presented below.

	GROUP AS AT 30 JUNE 2014 $'000	GROUP AS AT 30 JUNE 2013 $'000	PARENT AS AT 30 JUNE 2014 $'000	PARENT AS AT 30 JUNE 2013 $'000
New Zealand	5,171	6,002	5,171	5,171
Australia	4,771	5,078	-	-
Total goodwill	**9,942**	**11,080**	**5,171**	**5,171**

The recoverable amount of all CGUs has been determined based on value in use calculations. These calculations use cash flow projections based on financial forecasts approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below. The growth rates do not exceed the long term average growth rates for the industry in which the CGUs operate.

The key assumptions used for value-in-use calculations in 2014 are as follows:

	NEW ZEALAND	AUSTRALIA
Terminal growth rate	1.0%	2.5%
Discount rate – pre-tax	12.7%	10.3%
5-year average growth rate	0.5%	2.5%

18. INTANGIBLE ASSETS CONTINUED

The key assumptions used for the value-in-case calculations in 2013 are as follows:

	NEW ZEALAND	AUSTRALIA
Terminal growth rate	1.0%	2.5%
Discount rate – pre-tax	12.6%	11.3%
5-year average growth rate	1.0%	2.5%

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

The following table shows a range of reasonably possible alternative values considered. The value-in-use is based on a combination of values that are in the midpoint of the range.

Assumption	Low	High	Valuation impact
New Zealand			NZD
Weighted average cost of capital	12.5%	12.9%	+$303,000 /-$293,000
Terminal growth rate	0.5%	2.0%	-$482,000 /+$525,000
Australia			AUD
Weighted average cost of capital	10.1%	10.5%	+$330,000 /-$314,000
Terminal growth rate	1.5%	3.5%	-$1,321,000 /+$1,695,000

19. TRADE AND OTHER PAYABLES

	GROUP AS AT 30 JUNE 2014 $'000	GROUP AS AT 30 JUNE 2013 $'000	PARENT AS AT 30 JUNE 2014 $'000	PARENT AS AT 30 JUNE 2013 $'000
Trade payables	1,883	1,978	915	1,080
Related-party payables (note 24)	45	6	45	6
Accrued expenses	781	534	551	313
Total trade and other payables	**2,709**	**2,518**	**1,511**	**1,399**

20. INTEREST-BEARING LIABILITIES

	GROUP AS AT 30 JUNE 2014 $'000	GROUP AS AT 30 JUNE 2013 $'000	PARENT AS AT 30 JUNE 2014 $'000	PARENT AS AT 30 JUNE 2013 $'000
Non-current				
Bank loans	11,635	15,000	11,635	15,000
Other loans/finance leases	882	217	787	44
Total non-current interest-bearing liabilities	**12,517**	**15,217**	**12,422**	**15,044**
Current				
Bank overdraft	216	484	188	160
Bank loans	-	160	-	160
Other loans/finance leases	372	93	314	33
Total current interest-bearing liabilities	**588**	**737**	**502**	**353**

20. INTEREST-BEARING LIABILITIES CONTINUED

The Group is subject to a number of covenants under its banking agreements. During the year the Group complied with all of the required covenants.

The Group currently has banking facilities with the Bank of New Zealand Limited for a period expiring on 31 October 2015 (2013: 31 October 2014), with the exception of $8,000,000 which has already been extended to 31 October 2016 (2013: $8,000,000 extended to 31 October 2016). The facilities are intended to be renegotiated before the expiry of the current arrangement. The net bank facility drawn as at year end was $11,851,000 (2013: $15,600,000), the undrawn banking facility at year end was $3,264,000 (2013: $3,900,000).

During the year a $4,100,000 voluntary reduction in the Group banking facility was effected in order to reduce facility fee expenditure, in addition to the regular reduction of $100,000 per month. Subsequent to year end a further $2,500,000 voluntary reduction has also been requested by the Company.

The Group has a number of assets subject to finance leases (refer to note 16) which have been classified as 'Other loans' as above.

Assets pledged as security

The bank loans and overdraft are secured by a floating debenture over the Group assets.

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

	6 MONTHS OR LESS $'000	6-12 MONTHS $'000	OVER 1 YEAR $'000	TOTAL $'000
Group				
At 30 June 2014				
Bank overdraft	216	-	-	216
Bank loans	4,935	-	6,700	11,635
Other loans/finance leases	274	98	882	1,254
At 30 June 2013				
Bank overdraft	484	-	-	484
Bank loans	4,160	3,000	8,000	15,160
Other loans	57	36	217	310
Parent				
At 30 June 2014				
Bank overdraft	188	-	-	188
Bank loans	4,935	-	6,700	11,635
Other loans/finance leases	243	72	787	1,102
At 30 June 2013				
Bank overdraft	160	-	-	160
Bank loans	4,160	3,000	8,000	15,160
Other loans	29	4	44	77

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

	GROUP AS AT 30 JUNE 2014	GROUP AS AT 30 JUNE 2013	PARENT AS AT 30 JUNE 2014	PARENT AS AT 30 JUNE 2013
Bank overdraft	5.22 - 7.34%	6.73% - 12.12%	7.34%	6.73%
Bank loans	5.68% - 6.69%	5.34% - 6.69%	5.68% - 6.69%	5.34% - 6.69%
Other loans	3.90% - 9.20%	3.90% - 11.50%	5.85%	5.35% - 11.50%

21. SHARE CAPITAL

	PARENT AND GROUP 30 JUNE 2014 SHARES	PARENT AND GROUP 30 JUNE 2013 SHARES	PARENT AND GROUP 30 JUNE 2014 $'000	PARENT AND GROUP 30 JUNE 2013 $'000
Ordinary shares, issued and fully-paid	89,477,174	89,477,174	22,493	22,490

All ordinary shares rank equally with one vote attached to each fully-paid ordinary share. Shares have no par value. The Company is listed on the NZAX – the secondary market of the New Zealand Stock Exchange.

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number and amounts paid on the shares held.

Every holder of ordinary shares, present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Movements in ordinary share capital:

	NUMBER OF SHARES	SHARE CAPITAL $'000
Ordinary shares on issue as at 30 June 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	-	3
Ordinary shares on issue as at 30 June 2014	**89,477,174**	**22,493**

Options

Share options are granted to selected employees. The exercise price is determined by adding a margin to the market value of the shares at the time the directors resolve to issue options. The exercise price of the granted options is as below. Employee share options are able to be exercised, in whole or in part, from the option grant date to the option expiry date which varies per employee as below. The exercise price as below may be beneath the actual share price on the exercise date. Options are conditional on the employees remaining in the employment of the Company unless special circumstances exist. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

	Parent and Group 2014		Parent and Group 2013	
	Average exercise price in $ per share	Options $'000	Average exercise price in $ per share	Options $'000
Outstanding at 1 July	0.12	250	0.35	400
Granted	0.14	350	-	-
Lapsed	-	-	0.72	(150)
Outstanding at 30 June	**0.13**	**600**	**0.12**	**250**

No options were exercised during the year ended 30 June 2014 (2013: nil).

21. SHARE CAPITAL CONTINUED

Share options outstanding (in thousands) at the end of the year have the following expiry date and exercise prices:

	Expiry date	Exercise price	Options $'000 2014	Options $'000 2013
	30/11/2014	0.12	250	250
	30/11/2015	0.15	100	-
	30/11/2016	0.14	250	-
Outstanding at 30 June			600	250

Fair value of share options granted

The assessed fair value at grant date of options granted during the year ended 30 June 2014 was $0.15 and $0.14 cents per option. The fair value at grant date is independently determined using a Black-Scholes option pricing model.

The significant inputs into the model was a share price of $0.13 and $0.12 respectively at the grant date, exercise price shown above, standard deviation of expected share price returns of 30 percent, dividend yield of 13 percent, option life of three years, and annual risk-free interest-rate of 3.6 percent. The volatility measured at the standard deviation of expected share price returns is based on statistical analysis of daily share prices over the last three years.

22. DIVIDENDS

No dividends were paid during the year ended 30 June 2014 (2013: nil).

Subsequent to year end the board of directors resolved not to pay a final dividend for the year ended 30 June 2014.

23. COMMITMENTS

Capital commitments

The Group and Parent company have no capital commitments and no capital expenditure contracted but not recognised as at 30 June 2014 (2013: 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

23. COMMITMENTS CONTINUED

The Group also leases various plant and machinery under cancellable operating leases. The Group is required to give six months' notice for termination of these leases.

Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:

	GROUP AS AT 30 JUNE 2014 $'000	GROUP AS AT 30 JUNE 2013 $'000	PARENT AS AT 30 JUNE 2014 $'000	PARENT AS AT 30 JUNE 2013 $'000
Within one year	920	944	569	567
Later than one year but not later than five years	1,065	1,578	685	907
Later than five years	380	499	380	499
Commitments not recognised in the financial statements	**2,365**	**3,021**	**1,634**	**1,973**

Finance leases

The Group leases various motor vehicles under non-cancellable finance leases.

The finance lease rentals are payable as follows:

	GROUP AS AT 30 JUNE 2014 $'000	GROUP AS AT 30 JUNE 2013 $'000	PARENT AS AT 30 JUNE 2014 $'000	PARENT AS AT 30 JUNE 2013 $'000
Within one year	372	93	314	33
Later than one year but not later than five years	882	217	787	44
Later than five years	-	-	-	-
Total finance leases recognised in the financial statements	**1,254**	**310**	**1,101**	**77**

Lease commitments: As lessors

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 represent future contracted income as at balance date.

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

	GROUP AS AT 30 JUNE 2014 $'000	GROUP AS AT 30 JUNE 2013 $'000	PARENT AS AT 30 JUNE 2014 $'000	PARENT AS AT 30 JUNE 2013 $'000
Within one year	12,457	13,584	8,958	9,424
Later than one year but not later than five years	9,562	10,076	7,320	7,667
Later than five years	-	-	-	-
Future lease receipts not recognised in the financial statements	**22,019**	**23,660**	**16,278**	**17,091**

24. RELATED PARTIES

The Group's ultimate parent is the Harvard Group, which owns 60.28% of the company's shares. The remaining 39.72% is widely held. The Group's ultimate controlling parties are Mr. Ian Malcolm and Mr. Tony Falkenstein.

The Parent has related-party transactions with its subsidiaries (refer note 27) and the Group and Parent have transactions with its directors, key management and companies of which its directors have control. Key management includes personnel within subsidiary companies with the authority and responsibility for planning, directing and controlling the activities of that entity. Details of these transactions are below.

The Parent has a number of loans and advances outstanding from subsidiaries and other related parties at balance date (refer note 13). These advances do not have fixed repayment terms and all advances between related parties are unsecured. During the year the Parent charged interest of $0 (2013: $1,047,790) to JWA Holdings Limited and interest of $15,492 to Just Plants Limited (2013: $33,640). Intercompany balances are repaid in cash.

Bartercard Exchange Limited, a company of which Tony Falkenstein is a director and indirect shareholder, charged Bartercard fees to the Parent during the financial year to the value of $80,641 (2013: $101,554). As at balance date the Parent had a trade payable balance of $6,580 (2013: $5,603) and a Bartercard trade balance asset of $411,670 (2013: $451,797).

Pure SEO Limited, a company of which Tony Falkenstein is a director and shareholder, provided internet search engine services to the Group during the financial year to the value of $37,000 (2013: $19,378). As at balance date the Group had a trade payable balance of $2,933 (2013: $3,278). Balances are settled in cash.

Telarc SAI New Zealand, a company of which Paul Connell is a director, provided certification of quality management systems to the Group during the financial year to the value of $4,000 (2013: $2,500). As at balance date the Group had a trade payable balance of $0 (2013: $0). Balances are settled in cash.

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 financial year to the value of $36,560 (2013: $89,650). Ian Malcolm is also a shareholder of the Parent. As at balance date the Group had a trade payable balance of $8,970 (2013: nil). Balances are settled in cash and Bartercard trade dollars.

Certain other entities of which the Directors are related parties trade with the Group on an arms-length basis.

The following related-party balances are held by the Parent and Group at balance date:

	GROUP 30 JUNE 2014 $'000	GROUP 30 JUNE 2013 $'000	PARENT 30 JUNE 2014 $'000	PARENT 30 JUNE 2013 $'000
Related-party receivables				
JWA Holdings Limited	-	-	-	16,489
Just Plants Limited	-	-	-	761
Bartercard Exchange Limited	416	452	416	452
Total related-party receivables	**416**	**452**	**416**	**17,702**
Related-party payables				
Bartercard Exchange Limited	7	6	7	6
Pure SEO Limited	3	-	3	-
MHK Chartered Accountants Limited	9	-	9	-
JWA Holdings Limited	26	-	26	-
Total related-party payables	**45**	**6**	**45**	**6**

The Parent increased the provision for impairment on the intercompany loan due from its wholly owned subsidiary JWA Holdings Ltd by $15,000,000 during the year. This had no effect on the business operations of the Group.

The Group has a receivable from Bartercard of $550,000 (2013: $609,000) of which $42,000 (2013: $45,000) is current and $508,000 (2013: $564,000) is non-current. The Parent has a receivable from Bartercard of $416,000 (2013: $452,000) of which $33,000 (2013: $7,000) is current and $383,000 (2013: $445,000) is non-current.

24. RELATED PARTIES CONTINUED

Key management compensation is as follows:

	GROUP 30 JUNE 2014 $'000	GROUP 30 JUNE 2013 $'000	PARENT 30 JUNE 2014 $'000	PARENT 30 JUNE 2013 $'000
Short-term benefits	2,001	2,146	1,364	1,377
Share-based payments	3	2	3	2
Total key management compensation	**2,004**	**2,148**	**1,367**	**1,379**

The number of key managers and directors for the year ended 30 June 2014 for the group was 17 (2013: 16) and was 13 (2013: 12) for the Parent.

Outstanding balance as at 30 June 2014 is $106,000 (2013: $85,000). Balances are settled in cash.

25. BUSINESS COMBINATIONS

Acquisition of Aquaman Australia Pty Ltd

On 27 September 2013 Clearwater Filter Systems (Aust) Pty Ltd acquired the business assets of Aquaman Australia Pty Ltd. The investment is consistent with the Group's 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 has enabled the Group to increase its involvement in the Australian market.

	GROUP 30 JUNE 2013 PREVIOUSLY REPORTED $'000	GROUP 30 JUNE 2014 $'000
Purchase consideration:		
- Cash paid	439	360
Total purchase consideration	**439**	**360**

The fair value of the assets and liabilities arising from the acquisition are as follows:

	GROUP 30 JUNE 2013 PREVIOUSLY REPORTED $'000	GROUP 30 JUNE 2014 $'000
Inventories	58	54
Property, plant and equipment	-	206
Other receivables	-	32
Total assets acquired	**58**	**292**
Deferred revenue	-	(80)
Total liabilities acquired	**-**	**(80)**
Fair value of net assets acquired	**58**	**212**
Goodwill	381	148
Total purchase consideration	**439**	**360**

Consolidation Treatment

100% of the income and assets have been consolidated within the Group results.

25. BUSINESS COMBINATIONS CONTINUED

Acquisition of Pure Rain Water Purification Systems

The Company purchased the business assets and certain liabilities of Pure Rain Purification Systems as at 28 June 2013 as detailed below:

	GROUP 30 JUNE 2013 PROVISIONAL $'000	GROUP 30 JUNE 2014 $'000
Purchase consideration:		
- Cash paid	648	648
Total purchase consideration	**648**	**648**

The fair value of the assets and liabilities arising from the acquisition are as follows:

Inventories	48	48
Property, plant and equipment	20	20
Total assets acquired	**68**	**68**
Goodwill	580	580
Total purchase consideration	**648**	**648**

Consolidation Treatment

As Pure Rain Water Purification Systems was acquired on 28 June 2013 no amounts were included in the consolidated statement of comprehensive income for the two days post acquisition to 30 June 2013.

26. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk and cash flow interest rate risk), credit risk and liquidity risk.

Risk management is carried out by the board with responsibility delegated through to the audit committee. The audit committee identifies and evaluates financial risks in close co-operation with the Group's operating units. The board provides principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

(a) Market risk

(i) Foreign exchange risk

The Group is exposed to foreign currency risk as a result of purchases, borrowings, and assets and liabilities denominated in foreign currencies. To manage this risk, each operating unit considers their foreign currency obligation on a monthly basis and forward cover is able to be taken if deemed appropriate. The Group considers no cover is required in respect of borrowings in foreign currencies.

The table below summarises the impact of increases/decreases of foreign exchange rates on the Group's post tax profit for the year and on equity. The analysis is based on the assumption that the New Zealand dollar had increased/decreased by 10 percent with all other variables held constant against the Australian dollar.

	CARRYING AMOUNT $'000	- 10 % PROFIT & EQUITY $'000	+ 10 % PROFIT & EQUITY $'000
GROUP			
As at 30 June 2014			
Financial assets			
Cash and cash equivalents	117	9	(9)
Trade and other receivables	2,513	80	(80)
Total loans and receivables	**2,630**	**89**	**(89)**
Financial liabilities			
Trade and other payables excluding employee benefits	2,041	(122)	122
Interest-bearing liabilities	13,105	(18)	18
Total financial liabilities at amortised cost	**15,146**	**(140)**	**140**
Total increase/(decrease)		**(51)**	**51**
As at 30 June 2013			
Financial assets			
Cash and cash equivalents	76	2	(2)
Trade and other receivables	2,393	106	(106)
Total loans and receivables	**2,469**	**108**	**(108)**
Financial liabilities			
Trade and other payables excluding employee benefits	1,817	(76)	76
Interest-bearing liabilities	15,954	(22)	22
Total financial liabilities at amortised cost	**17,771**	**(98)**	**98**
Total increase/(decrease)		**10**	**(10)**

26. FINANCIAL RISK MANAGEMENT CONTINUED

	CARRYING AMOUNT $'000	- 10 % PROFIT & EQUITY $'000	+ 10 % PROFIT & EQUITY $'000
PARENT			
As at 30 June 2014			
Financial assets			
Cash and cash equivalents	4	-	-
Trade and other receivables	1,702	-	-
Total loans and receivables	**1,706**	**-**	**-**
Financial liabilities			
Trade and other payables excluding employee benefits	1,138	-	-
Interest-bearing liabilities	12,924	-	-
Total financial liabilities at amortised cost	**14,062**	**-**	**-**
Total increase/(decrease)		**-**	**-**
As at 30 June 2013			
Financial assets			
Cash and cash equivalents	4	-	-
Trade and other receivables	18,786	-	-
Total loans and receivables	**18,790**	**-**	**-**
Financial liabilities			
Trade and other payables excluding employee benefits	1,026	-	-
Interest-bearing liabilities	15,397	(16)	16
Total financial liabilities at amortised cost	**16,423**	**(16)**	**16**
Total increase/(decrease)		**(16)**	**16**

Concentrations of foreign currency exposure

The following table shows the breakdown of the Group's financial assets and liabilities between New Zealand dollars and Australian dollars as at the balance date.

	NZD $'000	NZD (DOMICILED IN AUD) $'000	TOTAL $'000
GROUP			
As at 30 June 2014			
Cash and cash equivalents	24	93	117
Trade and other receivables	1,712	801	2,513
Trade and other payables	1,112	929	2,041
Interest-bearing liabilities	12,925	180	13,105
As at 30 June 2013			
Cash and cash equivalents	51	25	76
Trade and other receivables	1,333	1,060	2,393
Trade and other payables	1,059	758	1,817
Interest-bearing liabilities	15,422	532	15,954

26. FINANCIAL RISK MANAGEMENT CONTINUED

	NZD $'000	NZD (DOMICILED IN AUD) $'000	TOTAL $'000
PARENT			
As at 30 June 2014			
Cash and cash equivalents	4	-	4
Trade and other receivables	1,702	-	1,702
Trade and other payables	1,138	-	1,138
Interest-bearing liabilities	12,924	-	12,924
As at 30 June 2013			
Cash and cash equivalents	4	-	4
Trade and other receivables	18,786	-	18,786
Trade and other payables	1,026	-	1,026
Interest-bearing liabilities	15,237	160	15,397

(ii) Cash flow and fair value interest rate risk

The Group's main interest rate risk arises from long term borrowings (note 20). Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. As at 30 June 2014 the Group did not have any interest rate swaps (2013: nil). During 2014 and 2013, the Group's borrowings at variable rate were denominated in New Zealand Dollars and Australian Dollars.

	CARRYING AMOUNT $'000	- 1 % PROFIT & EQUITY $'000	+ 1 % PROFIT & EQUITY $'000
GROUP			
As at 30 June 2014			
Financial liabilities			
Variable interest-bearing liabilities	216	2	(2)
Fixed interest-bearing liabilities	12,889	224	(224)
Total increase/(decrease)		**226**	**(226)**
As at 30 June 2013			
Financial liabilities			
Variable interest-bearing liabilities	484	5	(5)
Fixed interest-bearing liabilities	15,470	273	(273)
Total increase/(decrease)		**278**	**(278)**
PARENT			
As at 30 June 2014			
Financial liabilities			
Variable interest-bearing liabilities	188	2	(2)
Fixed interest-bearing liabilities	12,736	214	(214)
Total increase/(decrease)		**216**	**(216)**
As at 30 June 2013			
Financial liabilities			
Variable interest-bearing liabilities	160	2	(2)
Fixed interest-bearing liabilities	15,237	262	(262)
Total increase/(decrease)		**264**	**(264)**

26. FINANCIAL RISK MANAGEMENT CONTINUED

(b) Credit risk

Credit risk is managed on a regular basis. Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted. As part of the Group's financial risk policy, limits on customer exposures have been set and are monitored on a regular basis. The Group does not require any collateral or security to support financial instruments due to the quality of the financial institutions dealt with.

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

	2014 $'000	2013 $'000
GROUP		
New Zealand	1,712	1,333
Australia	801	1,060
Total	**2,513**	**2,393**
PARENT		
New Zealand	1,702	1,536
Australia	-	-
Total	**1,702**	**1,536**

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at balance date to the contractual maturity date. Balances due within 12 months equal their carrying balances. The table below shows the contractual undiscounted cash flows:

	NOTE	LESS THAN 1 YEAR $'000	BETWEEN 1 AND 2 YEARS $'000	BETWEEN 2 AND 5 YEARS $'000	OVER 5 YEARS $'000
GROUP					
As at 30 June 2014					
Trade and other payables	19	2,041	-	-	-
Bank overdraft	12	216	-	-	-
Bank borrowings	20	670	12,386	-	-
Finance loans	20	372	871	11	-
As at 30 June 2013					
Trade and other payables	19	1,817	-	-	-
Bank overdraft	12	484	-	-	-
Bank borrowings	20	300	15,713	-	-
Finance loans	20	93	115	102	-
PARENT					
As at 30 June 2014					
Trade and other payables	19	1,138	-	-	-
Bank overdraft	12	188	-	-	-
Bank borrowings	20	670	12,386	-	-
Other loans	20	315	787	-	-
As at 30 June 2013					
Trade and other payables	19	1,026	-	-	-
Bank overdraft	12	160	-	-	-
Bank borrowings	20	300	15,713	-	-
Other loans	20	33	44	-	-

26. FINANCIAL RISK MANAGEMENT CONTINUED

(d) Capital risk

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

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total external borrowings (including interest-bearing liabilities and 'trade and other payables' as shown in the balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the balance sheet plus net debt. This is monitored by the Board at every board meeting.

The gearing ratio for the Group at 30 June is:

	2014 $'000	2013 $'000
Total borrowings	15,814	18,472
Total cash and cash equivalents	117	76
Net debt	15,697	18,396
Total equity	7,903	6,699
Total capital	23,600	25,095
Gearing ratio	0.67	0.73

Refer to note 20 for consideration of debt covenants.

(e) Fair value estimation

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

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

All the Group's financial instruments have been measured at the fair value measurement hierarchy of level 2.

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

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

	2014 $'000	2013 $'000
Cash and cash equivalents	117	76
Trade and other receivables	2,801	2,638
Total loans and receivables	**2,918**	**2,714**
Trade and other payables	2,709	2,518
Bank overdraft	216	484
Bank borrowings	11,635	15,160
Other loans	1,254	310
Financial liabilities measured at amortised cost	**15,814**	**18,472**

27. SUBSIDIARIES

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

NAME OF ENTITY	COUNTRY OF INCORPORATION	CLASS OF SHARES	EQUITY HOLDINGS % 2014	2013
JWA Holdings Limited	New Zealand	Ordinary	100	100
Just Plants Limited	New Zealand	Ordinary	-	100
Clearwater Filter Systems (Aust) Pty Limited	Australia	Ordinary	100	100
Just Water Australia Pty Limited	Australia	Ordinary	100	100
Just Water Limited Partnership	Australia	Ordinary	100	100
Just Water Victoria Pty Limited	Australia	Ordinary	100	100

28. DISPOSAL OF SUBSIDIARY

Disposal of Just Plants Limited

On 30 June 2014, the Parent disposed of its investment in Just Plants Ltd for a cash consideration of $823,000, of which $62,000 is receivable as at 30 June 2014, representing net cash of $761,000.

The effects of the disposal on the Parent and Group were:

	NOTE	$'000
PARENT		
Proceeds from sales of investment		823
Less: Settlement of parent loan		(739)
Net proceeds for sale of investment		**84**
Investment in Just Plants		(40)
Cost to sell		(26)
Gain on sale of shares		**18**

	NOTE	$'000
GROUP		
Carrying amount of assets and liabilities disposed of:		
Goodwill	18	831
Property, plant & equipment		122
Other assets		62
Total assets		**1,015**
Parent loan		(739)
Other liabilities		(57)
Total liabilities		**(796)**
Net assets disposed of		**219**
Proceeds from sale of shares		823
Less: Settlement of parent loan		(739)
Net proceeds for sale of investment		**84**
Net assets disposed of (as above)		(219)
Costs to sell		(26)
Loss on sale of net assets		**(161)**

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

	GROUP YEAR ENDED 30 JUNE 2014 $'000	GROUP YEAR ENDED 30 JUNE 2013 $'000	PARENT YEAR ENDED 30 JUNE 2014 $'000	PARENT YEAR ENDED 30 JUNE 2013 $'000
Profit/(loss) for the year	2,146	1,718	(14,438)	1,962
Adjustments for				
Depreciation	2,688	2,950	1,909	2,099
Amortisation	889	1,055	660	825
Increase in provision for impairment on intercompany loan	-	-	15,000	-
Interest received (non-cash)	-	-	(15)	(1,082)
Loss on sale of property, plant and equipment	251	270	257	201
Loss/(gain) on sale of intangible assets	161	-	(18)	-
Profit on sale of other assets	31	-	-	-
Share options issued	3	2	3	2
Provision for doubtful debts	42	(289)	51	(230)
Dividend income	-	-	(180)	-
Bonus issues	-	-	(40)	-
Provision for tax	3	428	(302)	455
Deferred tax	(71)	160	(168)	(151)
Movement in deferred income	(253)	(681)	(52)	(74)
Changes in working capital				
Inventories	54	245	27	106
Trade and other receivables	(722)	668	668	1,149
Trade and other payables	(421)	(1,363)	654	(861)
Purchases of non-current assets held for rental	(1,224)	(1,227)	(895)	(747)
Cash generated from operations	3,577	3,936	3,121	3,654

30. EVENTS OCCURRING AFTER BALANCE SHEET DATE

Subsequent to year end management requested a $2,500,000 reduction to the Group banking facility (refer to note 20).

31. EARNINGS PER SHARE

	GROUP YEAR ENDED 30 JUNE 2014 $'000	GROUP YEAR ENDED 30 JUNE 2013 $'000
Basic earnings per share		
Profit from operations attributable to the ordinary equity holders of the Company	2,146	1,718

	GROUP YEAR ENDED 30 JUNE 2014 CENTS	GROUP YEAR ENDED 30 JUNE 2013 CENTS
Basic and diluted earnings per share	2.4	1.9

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

	GROUP YEAR ENDED 30 JUNE 2014 $'000	GROUP YEAR ENDED 30 JUNE 2013 $'000
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	89,727	89,477
Adjustments for calculation of diluted earnings per share: Options	600	250
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	**90,327**	**89,727**

Information concerning the classification of securities

Options

Options granted to employees are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share to the extent to which they are dilutive. The options have not been included in the determination of basic earnings per share.

Statutory disclosures in relation to shareholders

TOP 20 LARGEST HOLDINGS LIST AS AT WEDNESDAY 3 SEPTEMBER 2014

	HOLDER NAME	TOTAL	%
1	ASB Nominees Limited	52,699,055	58.90%
2	Springfresh Marketing Pty Limited	5,654,320	6.32%
3	Anthony Edwin Falkenstein & Ian Donald Malcolm as bare trustees for Anthony Edwin Falkenstein & Leon Fourie	2,000,000	2.24%
4	Anthony Edwin Falkenstein & Christopher Roy Saunders	2,000,000	2.24%
5	Anthony Edwin Falkenstein & Gregory Paul Whittred	2,000,000	2.24%
6	Anthony Edwin Falkenstein & Ian Donald Malcolm	1,268,000	1.42%
7	Heather Jeanette Falkenstein & Ian Donald Malcolm	1,268,000	1.42%
8	The Harvard Group Limited	1,237,287	1.38%
9	Accident Compensation Corporation	1,059,564	1.18%
10	Custodial Services Limited	1,056,500	1.18%
11	Ace Finance Limited	1,022,422	1.14%
12	Anthony Edwin Falkenstein	796,310	0.89%
13	John Scott Stewart Richardson	663,102	0.74%
14	JBWERE (NZ) Nominees Limited	554,265	0.62%
15	Clyde Christopher Cooper & Farida Clyde Cooper	500,000	0.56%
16	Brian Arthur Kelly & Roxanne Elizabeth Marie Kelly & Jason Morice Kelly	500,000	0.56%
17	David Janek Kandziora	500,000	0.56%
18	Turakirae Investments Limited	443,739	0.50%
19	Eldon David Roberts	418,143	0.47%
20	Russell John Field & Anthony James Palmer	350,000	0.39%
Total		**75,990,707**	**84.95%**

SUBSTANTIAL SECURITY HOLDERS

Section 26 of the Securities Market Act 1988 requires disclosure of the substantial security holders in Just Water International Limited. As at 3 September 2014, the substantial security holders were as follows:

SUBSTANTIAL SECURITY HOLDERS	NUMBER OF SHARES HELD	%
Anthony Edwin Falkenstein	63,318,652	70.77%
Ian Donald Malcolm	57,066,893	63.78%
The Harvard Group Limited	53,936,342	60.28%
Springfresh Marketing Pty Limited	5,654,320	6.32%

EQUITY SECURITIES HELD AS AT 30 JUNE 2014

In accordance with NZAX Listing Rule 10.5.5(c) the following table identifies the equity securities in which each director has a relevant interest as at 30 June 2014.

DIRECTOR	BENEFICIAL INTERESTS	NON-BENEFICIAL INTERESTS	TOTAL NUMBER OF SHARES IN WHICH RELEVANT INTERESTS HELD
Anthony Edwin Falkenstein	57,318,652	6,000,000	63,318,652
Ian Donald Malcolm	294,551	56,772,342	57,066,893
Simone Justine Iles	162,050	-	162,050

HOLDING RANGE AS AT 3 SEPTEMBER 2014

RANGE OF EQUITY HOLDINGS	NUMBER OF HOLDERS	ISSUED CAPITAL	ISSUED CAPITAL %
1-1,000	275	54,934	0.06
1,001-5,000	191	498,785	0.56
5,001-10,000	104	791,897	0.89
10,001-50,000	151	3,258,564	3.64
50,001-100,000	28	2,037,151	2.28
Greater than 100,000	54	82,835,843	92.57
Totals	**803**	**89,477,174**	**100.00**

Notice of meeting

Notice is given that the Annual Meeting of Shareholders of Just Water International Limited (the "Company") will be held on **Thursday 23 October 2014 at 11:00 am in Browns Room, The Mercure Hotel, 8 Customs Street, Auckland.**

BUSINESS

To consider and, if thought fit, to pass the following ordinary resolutions:

A. Resolution 1: Annual Report

The Annual Report of the Company for the year ended 30 June 2014, including the Auditors' Report, be received.

B. Resolution 2: Auditors' remuneration

The Company's board of directors be authorised to fix the auditors' remuneration.

C. Resolution 3: Election of director

That Simone Justine Iles be elected as a director of the Company.

D. General business:

To transact such other business as may properly be brought before the meeting in accordance with the Company's constitution.

Explanatory notes in relation to the proposed resolutions are set out on the following pages.

Explanatory notes to resolutions

Each of the resolutions to be considered at the Annual Meeting is an ordinary resolution. An ordinary resolution means a resolution that is approved by a simple majority of the votes of those shareholders entitled to vote and voting on the resolution.

Resolution 1: Annual Report

The Annual Report for 2014, having been made available or circulated by the share registry, will be tabled for discussion and questions.

Resolution 2: Auditors' remuneration

PricewaterhouseCoopers are automatically reappointed as the Company's Auditor under section 200 of the Companies Act 1993. This resolution authorises the board to fix the fees and expenses of the Auditor.

Resolution 3: Election of directors

Simone Justine Iles retires by rotation in accordance with the Company's constitution, and being eligible, offers herself for re-election at the Annual Meeting.

VOTING RESTRICTIONS

None.

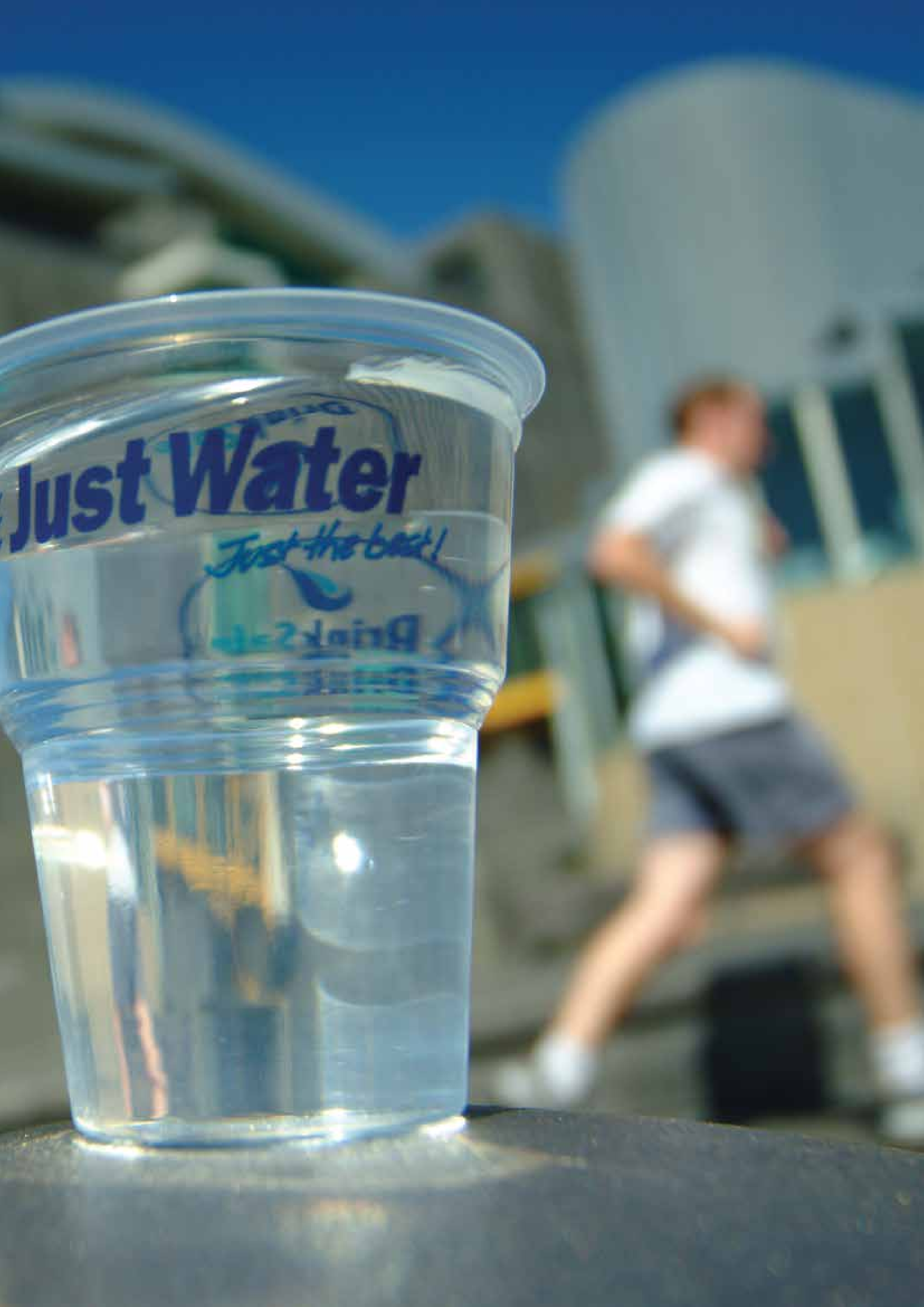
Instructions regarding proxies

1. All shareholders are entitled to attend and, subject to the restrictions described in the section entitled "Voting Restrictions" set out in the explanatory notes to the Notice of Meeting, to vote at the meeting.
2. A shareholder entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of the shareholder.
3. A proxy need not be a shareholder of the Company.
4. The chairman of the meeting is willing to act as proxy for any shareholder who may wish to appoint him for that purpose.
5. If the proxy form is returned without a direction as to how the proxy should act on a resolution, the proxy will exercise his or her discretion as to whether to vote and, if so, how. However, a proxy will be prohibited from exercising discretionary proxies given to him or her in respect of a resolution in which that proxy is disqualified from voting (refer to the section entitled "Voting Restrictions" for disqualified persons). In such instances, the proxy is only able to exercise proxies where the shareholder has provided him or her with an express instruction as to how to exercise that shareholder's vote. Express instructions exclude instructions that give the proxy discretion to exercise that shareholder's vote as the proxy sees fit.
6. Joint holders must all sign the proxy form.
7. If the proxy is signed under a power of attorney, this must be produced for noting by the Company, if not already noted. A certificate of non-revocation of the power of attorney must be attached.
8. A company that is a shareholder may appoint a person to attend the meeting and vote on its behalf, in the same manner as that in which it could appoint a proxy. A proxy granted by a company or other body corporate must be signed by a duly authorised officer or attorney who has express or implied authority to do so.
9. Completed proxies must be received by the Company's Share Registrar no later than 11:00am on Tuesday 21 October 2014 at the following address:

    The Share Registrar
    Just Water International Limited
    c/o Link Market Services
    PO Box 384
    Ashburton 7740
    New Zealand

By order of the board.

Paul Connell
Chairman


Just Water
Just the best!

Just Water

Just Water International Limited