



Annual Report 2005

Just Water
International Limited



DIRECTORY

DIRECTORS

Jim McLay (Independent)
Chairman

Ian Malcolm (Non-Executive)

Renny Cunnack (Independent)

Tony Falkenstein (Executive)

EXECUTIVE MANAGEMENT

Tony Falkenstein
Chief Executive Officer

Michael Fann
Chief Operating Officer

Marlon Bridge
*General Manager Finance
and Administration
Just Water New Zealand*

Brian Simpson
*National Sales Manager
Just Water New Zealand*

Raj Chaudhary
*General Manager
Aqua-Cool New Zealand*

AUDITORS

PricewaterhouseCoopers

BANKERS

Bank of New Zealand Limited
Westpac Banking Corporation Limited

SOLICITORS

Harmos Horton Lusk
Daniel Overton & Goulding
Neumegen & Company

JWI ON THE WEB

www.jwi.co.nz

www.justwater.co.nz

www.aquacool.co.nz

www.coolwater.co.nz

www.cwb.co.nz

JUST WATER NEW ZEALAND

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Auckland

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New Zealand

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

AQUA-COOL NEW ZEALAND

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New Zealand

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Fax +64-9-580 0122

*Aqua-Cool New Zealand is a division
of Just Water International Limited.*

*Aqua-Cool Limited, Cool Water Company Limited
and Corporate Water Brands Limited operate as
divisions of Aqua-Cool New Zealand.*

REGISTERED OFFICE AND ADDRESS FOR SERVICE

4th Floor
70 Shortland Street
Auckland
New Zealand

SHARE REGISTRY

BK Registries
PO Box 384
Ashburton

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2005 AGM

The 2005 Annual Meeting of Shareholders of Just Water International Limited is to be held at 4pm on Friday 21 October 2005 at Hobson Room, Level 1, Mercure Hotel, 8 Customs Street, Auckland City.



The year ending 30 June 2005 was the first year that Just Water International Limited traded as a public company, and the most successful in its history. The 11 percent organic growth in the base of coolers in the New Zealand market from 31,345 to 34,719 is a positive indicator of increased future profits.

Just Water International Limited achieved a net surplus before tax and amortisation for the year to 30 June 2005 of \$5,063,000, up 67 percent on the previous year (up 41 percent after tax and amortisation). This represents a tax-paid return of 22 percent on 30 June 2005 shareholders' equity.

The 50 cent shares, which listed at 64 cents, ended the year to 30 June 2005 at 92 cents, an increase of 84 percent on par, and 44 percent above the listing price.

Michael Fann, the former General Manager of Just Water New Zealand, was appointed Chief Operating Officer of Just Water International Limited in March 2005. He has already made great strides in improving the efficiency of our manufacturing and distribution. We have entered the new financial year with confidence that the New Zealand operation is headed quickly towards optimum operating efficiency.

Dividend

As previously announced, a fully-imputed dividend of 2.67 cents (1.79 cents net) per share is to be paid on 7 October 2005. The total dividend for the year is 4.83 cents (3.24 cents net), which is 16 percent above the Prospectus forecast. This is a net return after tax of 6.5 percent (pre-tax return of 9.7 percent) on the 50 cent issue price.

Future

Although the directors are satisfied with the profit result (up 41 percent from the previous year), the excellent increase in the base of water-coolers is the key performance indicator.

The Company is in a good position to make strategic acquisitions, having repaid all debt since balance date.

With the acquisition of Aqua-Cool bedded down, and the integration of Cool Water completed, the Board believes that there is a window of opportunity to increase the Company's base number of units over the next three years. It will focus on this key performance indicator, principally in international markets. For the year ended December 2004, the European point-of-use market increased by 30 percent (source; Zenith International POU Filter Growth Report 2005). Much of that business was at the expense of the bottled water delivery market. The directors believe that the high growth in this sector will continue. As Just Water is principally a point-of-use company, they wish to take advantage of that.

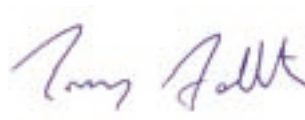
In anticipation of this opportunity, the directors have agreed to take up their option to acquire Tony Falkenstein's 50 percent shareholding in Just Water Victoria Pty Ltd for A\$5,000. This option was detailed in the Prospectus. They have also agreed to buy out the other shareholders, giving Just Water International 100 percent ownership of this company. These transactions give the Company a base for its Australian expansion, which is targeted to be both organic and by acquisition.

The Company will continue to look actively at other international opportunities.

In summary, the past year has been a record one, and a platform that allows the Company to significantly expand its base through both organic growth and acquisition. Our staff has been a key factor in setting that platform, and we thank all our employees for their incredible support.

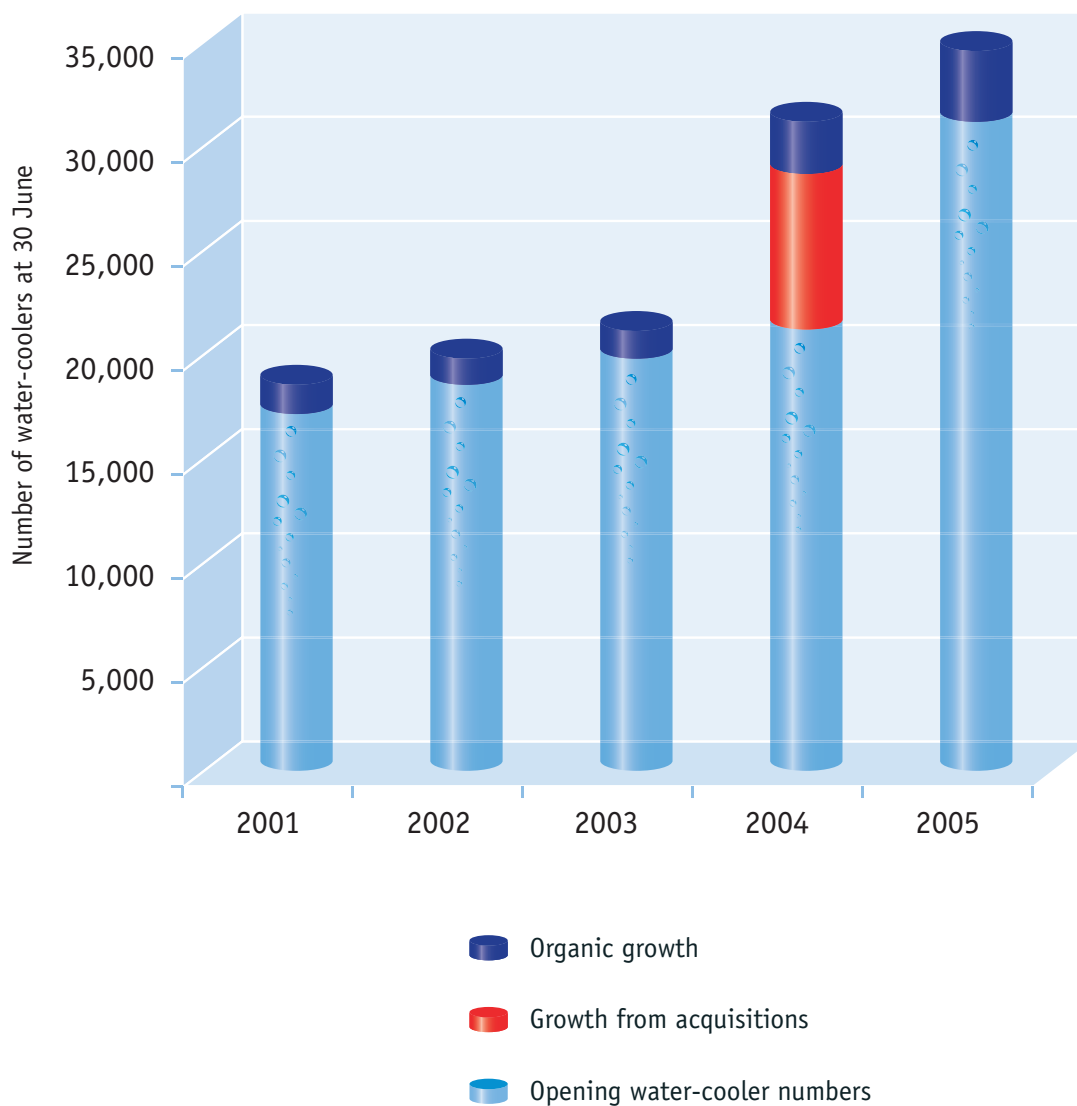



Jim McLay
Chairman



Tony Falkenstein
Chief Executive Officer

JWI Group water-coolers in New Zealand marketplace



"The key performance indicator (kpi) which determines the future success of Just Water International Limited is how much we can increase the base of water-coolers in the marketplace. If we can take advantage of the window of opportunity over the next few years to increase our base of water-coolers substantially, we are assured of future profitability, even if the short-term investment is high."

Tony Falkenstein, Chief Executive Officer, Just Water International Limited

The board of Just Water International Limited (JWI) has been appointed by the shareholders to guide and monitor the business of JWI, its division Just Water New Zealand and its subsidiaries Aqua-Cool Limited, Cool Water Company Limited and Corporate Water Brands NZ Limited, which constitute the JWI Group. The board is responsible for the overall corporate governance of the Group.

The board comprises four directors (including the chairman).

Board meetings are generally held bi-monthly, with additional meetings as required. This being the first full year of operation as a listed company, the board met nine times during the financial year.

Number of meetings attended by the board members were:

Jim McLay (Chair)	Nine
Ian Malcolm	Nine
Renny Cunnack	Nine
Tony Falkenstein	Nine

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 JWI and its controlled entities are properly managed. The function of the board includes responsibility for:

- 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;
- ensuring the business risks facing the Group have been identified and that adequate control, monitoring and reporting mechanisms are in place.

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

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;
- 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 <http://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 by prior board authority to do so.



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 and on company processes for the management of business/financial risk and for compliance with significant applicable legal, ethical and regulatory requirements;
- the role also includes 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 Securities Commission's Corporate Governance Principles and Guidelines, the audit committee at the date of this document comprises:

- all non-executive directors, a majority of whom are independent;
- at least one director who is a chartered accountant;
- a chairperson who is a non-executive director and a chartered accountant, and who is not the chairperson of the board.

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

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

Ian Malcolm (Chair)	Six
Renny Cunnack	Six
Jim McLay	Six

Remuneration Committee

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

- enable Just Water International Limited and its subsidiaries (collectively called "the Company") 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;
- 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 Chief Operating Officer, 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 remuneration committee at the date of this document comprises all non-executive members of the board, namely Renny Cunnack (Chair), Jim McLay & Ian Malcolm.

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

Number of meetings attended by the committee members were:

Renny Cunnack (Chair)	One
Ian Malcolm	One
Jim McLay	One



The directors take pleasure in presenting to shareholders the second Annual Report and audited Financial Statements of Just Water International Limited (JWI) and Group covering the year ended 30 June 2005.

Business activities

JWI was incorporated in 1988 and changed its name from Just Water (NZ) Limited on 23 December 2003. The Group's sole business activities during the financial year continued unchanged, relating to the provision of bottled drinking-water, point-of-use water-coolers and branded packaged water.

Consolidated financial results

This financial year, the JWI Group has increased profitability by 63 percent over the previous year with earnings before tax of \$4.801 million (2004: \$2.954 million). This was achieved on a turnover of \$20.263 million (2004: \$13.232 million), an increase of 53 percent. The June 2004 year did not include all subsidiaries for the full 12 months, and had it done so, the June 2005 increase in earnings before tax over 2004 would have been approximately 40 percent, and the June 2005 increase in turnover over 2004 would have been approximately 17 percent.

Shareholders' equity at 30 June 2005 totaled \$14.111 million (2004: \$11.990 million), an increase of 18 percent. Total assets were \$16.321 million (2004: \$16.643 million). Total bank borrowings decreased from \$2.4 million to \$0.250 million.

Dividend

A fully-imputed interim net dividend of \$0.965 million was paid during the year. (2004: \$1.6 million). This dividend was paid in April 2005 and reflected 2.164 cents (gross) per share. A final dividend for the 2005 financial year of 2.672 cents (gross) per share, fully imputed, totaling \$1.189 million, planned for payment on 7 October 2005, with the shares going ex-dividend on 30 September 2005. This totals 4.836 cents per share fully-imputed dividend in respect of the June 05 year, which is 16 percent above the projected dividend in the Prospectus.

Donations

The JWI Group believes that good citizenship of corporates and individuals can make a real difference in the community. For ten years, Just Water New Zealand has been the principal sponsor of the New Zealand Kidney Foundation, and a contribution from every water cup supplied with the Company's water-coolers is donated to this organisation. This financial year, \$29,269 (2004: \$29,130) was donated to the New Zealand Kidney Foundation by Just Water New Zealand, helping the Foundation promote drinking-water with the aim of reducing the incidence of kidney disorders.

REMUNERATION OF DIRECTORS

Directors' remuneration paid during the year was as follows:

	GROUP		PARENT	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
J K McLay (Chairman)	33	-	33	-
I D Malcolm	22	-	22	-
J R Cunnack	22	16	22	10
A E Falkenstein (executive director) – Salary	60	30	60	30

A E Falkenstein resigned during the period and was re-elected unopposed.

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:

\$000	GROUP	
	2005	2004
100-110	2	2
110-120	-	3
120-130	1	-
130-140	1	1
140-150	1	-
150-160	1	-
230-240	-	1
330-340	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 4 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

Any business the JWI Group has transacted with organisations in which a director has an interest has been carried out on a commercial arms-length basis. This specifically included the following interests:

- During the period the JWI Group leased premises for \$42,000 (2004: \$40,000) from Amante Limited, which is a company of which Ian Malcolm is a director, and Tony Falkenstein is a director and shareholder.
- Mabee Halstead & Kiddle Limited, of which Ian Malcolm is a director and shareholder, provided accounting compliance and accounting services to the Group during the financial year to the value of \$48,000 (2004: \$125,000).
- Axis Direct Limited, of which Ian Malcolm is a director and shareholder, supplied computer hardware and network support services to Cool Water during the financial year to the value of \$45,000 (2003: \$41,000)
- Red Eagle Corporation Ltd (REC) is the majority shareholder in JWI. All transactions with other REC owned companies are carried out on an arms-length basis on usual commercial terms. This includes membership of Bartercard New Zealand Limited for which the JWI Group paid \$84,605 (2004: \$45,000) in transaction fees during the financial year.

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

The following acquisitions and disposals of equity securities by directors of the JWI Group took place during the year:

- Ordinary shares were issued to non-executive directors in lieu of directors' fees as disclosed in the Prospectus in June 2004, and the non-executive directors have all agreed to take their 2005/06 directors fees by way of equity, such shares being planned for issue in November 2005 subject to approval by the shareholders.
- In September 2004 Red Eagle Corporation Limited, of which Tony Falkenstein is a director and a shareholder, transferred 6,000,000 ordinary shares to the Edwin Trust to hold on behalf of various charitable organisations.
- In May 2005 Ian Donald Malcolm transferred 40,000 options, each option conferring the right to subscribe for one ordinary share in Just Water International Limited at \$0.60 per share, to the Malcolm Education & Lifestyle Trust.

Directors' loans

There were no loans by the JWI Group to any directors.

Directors' insurance

The JWI 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 continue to be pleased with the state of affairs of Just Water International Limited, and thank the management and staff for their continued dedication, support and positiveness during the year.

For and on behalf of the Board:

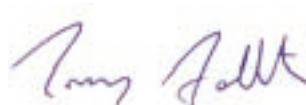
Jim McLay

Chairman



Tony Falkenstein

Chief Executive Officer



19 August 2005



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Auditors' Report

to the shareholders of Just Water International Limited

We have audited the financial statements on pages 10 to 24. The financial statements provide information about the past financial performance and cash flows of the Company and Group for the year ended 30 June 2005 and their financial position as at that date. This information is stated in accordance with the accounting policies set out on pages 13 to 14.

Directors' Responsibilities

The Company's Directors are responsible for the preparation and presentation of the financial statements which give a true and fair view of the financial position of the Company and Group as at 30 June 2005 and their financial performance and cash flows for the year ended on that date.

Auditors' Responsibilities

We are responsible for expressing an independent opinion on the financial statements presented by the Directors and reporting our opinion to you.

Basis of Opinion

An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. It also includes assessing:

- (a) the significant estimates and judgements made by the Directors in the preparation of the financial statements; and
- (b) whether the accounting policies are appropriate to the circumstances of the Company and Group, consistently applied and adequately disclosed.

We conducted our audit in accordance with generally accepted auditing standards in New Zealand. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

We have no relationship with or interests in the Company or any of its subsidiaries other than in our capacity as auditors.

PRICEWATERHOUSECOOPERS

Auditors' Report

Just Water International Limited

Unqualified Opinion

We have obtained all the information and explanations we have required.

In our opinion:

- (a) proper accounting records have been kept by the Company as far as appears from our examination of those records; and
- (b) the financial statements on pages 10 to 24:
 - (i) comply with generally accepted accounting practice in New Zealand; and
 - (ii) give a true and fair view of the financial position of the Company and Group as at 30 June 2005 and their financial performance and cash flows for the year ended on that date.

Our audit was completed on 19 August 2005 and our unqualified opinion is expressed as at that date.



Chartered Accountants

Auckland

Just Water International Limited and Group Statements of Financial Performance

FOR THE YEAR ENDED 30 JUNE 2005

	NOTE	GROUP 2005 ACTUAL \$'000	GROUP 2004 ACTUAL \$'000	PARENT 2005 ACTUAL \$'000	PARENT 2004 ACTUAL \$'000
Revenue	3	20,263	13,232	13,053	10,857
Operating surplus before taxation	4	4,801	2,954	4,065	2,932
Taxation expense	5a	1,715	764	1,404	727
Net surplus		3,086	2,190	2,661	2,205
Net surplus attributable to:					
Minority interest		-	19	-	-
Parent shareholders		3,086	2,171	2,661	2,205

The accompanying "Notes to the Financial Statements" are an integral part of, and should be read in conjunction with, these "Statements of Financial Performance".

Just Water International Limited and Group Statements of Movements in Equity

FOR THE YEAR ENDED 30 JUNE 2005

	NOTE	GROUP 2005 ACTUAL \$'000	GROUP 2004 ACTUAL \$'000	PARENT 2005 ACTUAL \$'000	PARENT 2004 ACTUAL \$'000
Net surplus comprising					
Parent shareholders' interest		3,086	2,171	2,661	2,205
Minority interest		-	19	-	-
Total recognised revenues and expenses		3,086	2,190	2,661	2,205
Contributions from owners					
Shares issued	6a	-	8,008	-	8,008
Total contributions from owners		-	8,008	-	8,008
Distribution to owners					
Minority interest		-	(19)	-	-
Dividends paid	6d	(965)	(1,600)	(965)	(1,600)
Total distribution to owners		(965)	(1,619)	(965)	(1,600)
Total movements in equity		2,121	8,579	1,696	8,613
Equity at beginning of year		11,990	3,411	12,024	3,411
Equity at end of year		14,111	11,990	13,720	12,024

The accompanying "Notes to the Financial Statements" are an integral part of, and should be read in conjunction with, these "Statements of Movements in Equity".

Just Water International Limited and Group Statements of Financial Position

AS AT 30 JUNE 2005

		GROUP 2005 ACTUAL \$'000	GROUP 2004 ACTUAL \$'000	PARENT 2005 ACTUAL \$'000	PARENT 2004 ACTUAL \$'000
Equity					
Share capital	6a	9,008	9,008	9,008	9,008
Retained earnings	6b	5,103	2,982	4,712	3,016
Total equity		14,111	11,990	13,720	12,024
Current liabilities					
Commercial bills	7a	250	2,400	250	2,400
Bank overdraft	7b	-	-	-	-
Employee entitlements	8	591	487	332	268
Payables and accruals	9	1,306	1,728	407	867
Provisions	10	-	38	-	-
Provision for taxation		63	-	60	-
Total current liabilities		2,210	4,653	1,049	3,535
Total equity and liabilities		16,321	16,643	14,769	15,559
Non-current assets					
Property, plant and equipment	11	7,819	7,488	4,907	5,145
Investment in subsidiaries	15	-	-	1,802	1,802
Deferred tax asset	5b	24	46	2	23
Intangible assets	18	4,933	5,172	23	-
Total non-current assets		12,776	12,706	6,734	6,970
Current assets					
Cash and bank balances		231	1,220	84	1,007
Receivables and prepayments	12	2,131	1,863	1,179	874
Intercompany	16	-	-	5,994	6,083
Inventories	13	1,183	731	778	544
Provision for taxation		-	123	-	81
Total current assets		3,545	3,937	8,035	8,589
Total assets		16,321	16,643	14,769	15,559

For and on behalf of the board:



Jim McLay
Chairman
19 August 2005



Ian Malcolm
Director

The accompanying "Notes to the Financial Statements" are an integral part of, and should be read in conjunction with, these "Statements of Financial Position".

Just Water International Limited and Group Statements of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2005

	NOTE	GROUP 2005 ACTUAL \$'000	GROUP 2004 ACTUAL \$'000	PARENT 2005 ACTUAL \$'000	PARENT 2004 ACTUAL \$'000
Cash flows from operating activities					
Cash was provided from:					
Receipts from customers		19,847	12,053	12,127	9,841
Interest received		34	6	507	149
Cash was applied to:					
Payments to suppliers and employees		(14,199)	(7,685)	(8,455)	(6,679)
Interest paid		(102)	(219)	(101)	(219)
Taxation expense paid		(1,551)	(115)	(1,284)	-
Net cash inflow from operating activities	14	4,029	4,040	2,794	3,092
Cash flows from investing activities					
Cash was provided from:					
Proceeds from sale of property, plant and equipment		1,145	-	1,145	-
Cash was applied to:					
Purchase of property, plant and equipment		(3,048)	(4,390)	(1,813)	(3,655)
Acquisition of assets of subsidiaries		-	(7,202)	(23)	(7,202)
Net cash outflow in investing activities		(1,903)	(11,592)	(691)	(10,857)
Cash flows from financing activities					
Cash was provided from:					
Proceeds from borrowings		-	2,400	89	2,400
Share capital raised		-	8,008	-	8,008
Cash was applied to:					
Dividends paid to shareholders	6d	(965)	(1,600)	(965)	(1,600)
Repayment of borrowings		(2,150)	-	(2,150)	-
Net cash inflow from financing activities		(3,115)	8,808	(3,026)	8,808
Net increase in cash held		(989)	1,256	(923)	1,043
Add cash balance at beginning of year		1,220	(36)	1,007	(36)
Cash balance at end of year		231	1,220	84	1,007
Comprises :					
Bank balances		231	1,220	84	1,007
Bank overdraft		-	-	-	-

The accompanying "Notes to the Financial Statements" are an integral part of, and should be read in conjunction with, these "Statements of Cash Flows".

Just Water International Limited and Group Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2005

1. STATEMENT OF ACCOUNTING POLICIES

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

These Financial Statements are prepared and presented in accordance with the requirements of the Companies Act 1993 and the Financial Reporting Act 1993.

The Group comprises JWI and its wholly-owned subsidiaries Aqua-Cool Limited (Aqua-Cool), Cool Water Company Limited (Cool Water) and Corporate Water Brands NZ Limited (Corporate Water Brands).

Measurement base

The financial statements have been prepared in accordance with generally accepted accounting practice (GAAP) in New Zealand. The measurement and reporting of financial performance, movements in equity, financial position and cash flows are based on historical cost. The reporting currency used in the preparation of these Financial Statements is New Zealand dollars.

2. SPECIFIC ACCOUNTING POLICIES

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

(a) Basis of consolidation

The Group Financial Statements have been prepared using the purchase method of consolidation. All significant intercompany transactions, balances and unrealised profits are eliminated on consolidation.

(b) Revenue recognition

Sales and rental income shown in the Statements of Financial Performance comprise the amounts received and receivable by the company for goods supplied to customers in the ordinary course of business.

(c) Goods and Services Tax (GST)

These Financial Statements are prepared on a GST exclusive basis, except for receivables and payables, which are stated inclusive of GST.

(d) Taxation

The income tax expense recognised for the year is based on the current year's operating surplus adjusted for permanent differences between taxation and accounting rules.

Deferred tax arising from timing differences in recognition of income and expenditure for tax purposes has been accounted for using the liability method on a comprehensive basis. A debit balance in the deferred tax account, arising from timing differences or taxation benefits from taxation losses, is recognised only if there is virtual certainty of realisation.

Deferred taxation assets and provisions for deferred taxation are not offset if they arise in different taxation jurisdictions.

(e) Property, plant and equipment

The cost of purchased property, plant or equipment 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.

Land and buildings are valued at cost at the date of purchase less accumulated depreciation to date.

Expenditure incurred on property, plant and equipment is capitalised where such expenditure will increase or enhance the future economic benefits provided by the assets' existing service potential. Expenditure incurred to maintain future economic benefits is classified as repairs and maintenance.

(f) Depreciation

Property, plant and equipment, except for freehold land, are depreciated on a combination of diminishing value and straight-line basis at rates to write off the cost of the property, plant and equipment, to their residual value, over their estimated useful lives. The useful lives of major classes of assets have been estimated as follows:

Rental equipment	5 years
Motor vehicles	4 - 5 years
Office equipment	7 - 11 years
Plant and equipment	4 - 6 years
Buildings	50 years

(g) Receivables

Receivables are stated at their estimated realisable value after providing for doubtful and uncollectible debts.

(h) Inventory

Inventory consists of rental equipment not leased and consumables. Inventory is stated at the lower of cost and net realisable value. Cost is determined on a first in, first out basis for consumables and individual purchase cost basis for coolers. Ex-rental stock is held at the lower of net book value and net realisable value.

(i) Investments

Investments are stated at the lower of cost or net realisable value.

(j) Patents and trademarks

Patents and trademarks are amortised over their anticipated useful lives of ten years.

(k) Research expenses

All research costs are recognised as an expense when incurred.

(l) Foreign currencies

Transactions in foreign currencies are converted at the New Zealand rate of exchange ruling on the date of the transaction. Monetary assets and liabilities are converted to the New Zealand rate of exchange ruling at balance date, and any exchange gains or losses are taken to the Statements of Financial Performance.

(m) Leased assets

Leases under which the company assumes substantially all the risks and rewards incidental to ownership have been classified as finance leases and are capitalised.

Operating lease payments are representative of the pattern of benefits derived from the leased assets and accordingly are charged to the Statements of Financial Performance in the periods in which they are incurred.

(n) Statements of cash flows

Cash means coins, notes, demand deposits and other highly liquid investments in which the Group has invested as part of its day-to-day cash management.

Operating activities comprise all transactions and other events that are not investing or financing activities.

Investing activities are those activities relating to the holding and disposal of property, plant and equipment and investments in or advances to subsidiaries.

Financing activities are those which result in changes in the size and composition of the capital or structure of the Group.

(o) Provision for dividends

Dividends are recognised in the period that they are authorised and approved.

(p) Goodwill

Goodwill represents the excess of the acquisition cost of business and subsidiary companies over the fair value of the identifiable net assets at the date of acquisition. Goodwill is amortised to the Statements of Financial Performance on a straight line basis over the shorter of its estimated useful life or 20 years.

(q) Share schemes

The Group operates share schemes for certain executive employees. No compensation expense is recognised in the Statements of Financial Performance.

(r) Comparatives

The Group actual 2004 figures include the operating results of Just Water New Zealand for 12 months, Cool Water for six months and Aqua-Cool for three months.

Certain comparatives have been restated in order to comply with current year presentation.

(s) Changes in accounting policies

There have been no changes in accounting policies during the year.

3. REVENUE

	GROUP 2005 ACTUAL \$'000	GROUP 2004 ACTUAL \$'000	PARENT 2005 ACTUAL \$'000	PARENT 2004 ACTUAL \$'000
Rental and sales	19,953	13,137	12,270	10,654
Interest Income	34	6	507	149
Net foreign exchange gain	162	62	162	54
Gain on sale of property, plant and equipment	114	27	114	-
Total	20,263	13,232	13,053	10,857

All revenue was derived from continuing activities.

4. OPERATING SURPLUS BEFORE TAXATION

	GROUP 2005 ACTUAL \$'000	GROUP 2004 ACTUAL \$'000	PARENT 2005 ACTUAL \$'000	PARENT 2004 ACTUAL \$'000
The operating surplus before taxation is stated after charging:				
Depreciation:				
Rental equipment	1,203	924	808	663
Motor vehicles	61	82	-	39
Office equipment	264	182	200	140
Plant and equipment	72	14	-	3
Furniture and fittings	35	-	-	-
Leasehold improvements	16	5	-	5
Buildings	12	13	12	13
Directors' fees	77	46	77	40
Loss on sale of property, plant and equipment	-	46	-	46
Bad debts written off	84	-	19	-
Doubtful debts provision	4	44	14	6
Donations	29	29	29	29
Research and development expenses	10	-	5	-
Fees paid to PricewaterhouseCoopers				
Audit Fees	63	54	41	38
Services in relation to initial public offering (IPO)	-	57	-	57
Interest expense	102	219	101	219
Goodwill amortisation	262	73	-	-
Rental expense on operating leases	345	275	159	149

5. TAXATION

5A. TAXATION EXPENSE

TAXATION

	GROUP 2005 ACTUAL \$'000	GROUP 2004 ACTUAL \$'000	PARENT 2005 ACTUAL \$'000	PARENT 2004 ACTUAL \$'000
Operating surplus before taxation	4,801	2,954	4,065	2,932
Add/(less) tax effect of permanent differences:				
Non-assessable income	(44)	-	(44)	-
Non-deductible expenditure	14	73	12	17
Loss offset - external	-	(1,200)	-	(1,200)
Loss offset - internal	-	-	-	-
Other permanent differences	312	(18)	47	(52)
Taxable income	5,083	1,809	4,080	1,697
Tax at 33%	1,677	597	1,347	560
Prior period adjustment	38	167	57	167
Income taxation expense	1,715	764	1,404	727
The income taxation expense is represented by:				
Current taxation	1,737	739	1,425	725
Deferred taxation	(22)	25	(21)	2
Total	1,715	764	1,404	727

5B. DEFERRED TAXATION

	GROUP 2005 ACTUAL \$'000	GROUP 2004 ACTUAL \$'000	PARENT 2005 ACTUAL \$'000	PARENT 2004 ACTUAL \$'000
Balance at beginning of year	46	21	23	21
Current year movement	(22)	25	(21)	2
Balance at end of year	24	46	2	23

5C. IMPUTATION CREDITS

	GROUP 2005 ACTUAL \$'000	GROUP 2004 ACTUAL \$'000	PARENT 2005 ACTUAL \$'000	PARENT 2004 ACTUAL \$'000
Balance at beginning of year	155	806	40	806
Imputation credits attached to dividends received		-	-	-
Resident withholding tax on interest received	4	-	4	-
Income tax paid	1,543	115	1,251	-
Refunds received	(65)	(15)	(65)	(15)
Other	27	37	29	37
Imputation credits attached to dividends paid	(474)	(788)	(474)	(788)
Imputation credits lost due to change in shareholding continuity	(40)		(40)	
Balance at end of year	1,150	155	745	40

The imputation credits are available to shareholders of the parent company:

through the parent company	1,150	155	745	40
through subsidiaries	-	-	-	-

6. EQUITY

6A. SHARE CAPITAL

	GROUP 2005 ACTUAL \$'000	GROUP 2004 ACTUAL \$'000	PARENT 2005 ACTUAL \$'000	PARENT 2004 ACTUAL \$'000
Issued and fully-paid capital - 66,436,400 ordinary shares				
Balance at beginning of year	9,008	1,000	9,008	1,000
Share issue made during the year	-	8,008	-	8,008
Balance at end of year	9,008	9,008	9,008	9,008

All ordinary shares rank equally with one vote attached to each fully-paid ordinary share.

On 15 June 2004 the company was listed on the NZAX - the secondary market of the New Zealand Stock Exchange.

6B. RETAINED EARNINGS

	GROUP 2005 ACTUAL \$'000	GROUP 2004 ACTUAL \$'000	PARENT 2005 ACTUAL \$'000	PARENT 2004 ACTUAL \$'000
Balance at beginning of year	2,982	2,411	3,016	2,411
add net surplus attributable to parent shareholders	3,086	2,171	2,661	2,205
less dividend payment	(965)	(1,600)	(965)	(1,600)
Balance at end of year	5,103	2,982	4,712	3,016

6C. SHARE OPTIONS

Prior to the initial public offering the sole shareholder of JWI, Red Eagle Corporation Limited, by shareholder's resolution approved the offer and issue of 1,850,000 options to senior executives and 140,000 options to directors of the JWI Group. These options are exercisable by 30 June 2007 at the higher of 60 cents per option or such other amount as the directors may determine at the relevant time. These options must be issued to senior executives or directors at any time on or before 6 May 2007.

At balance date there were 1,440,000 options on issue (2004: 1,440,000).

6D. DIVIDEND PAYMENTS

GROUP 2005 ACTUAL \$'000	GROUP 2004 ACTUAL \$'000	PARENT 2005 ACTUAL \$'000	PARENT 2004 ACTUAL \$'000
(965)	(1,600)	(965)	(1,600)

One dividend payment of \$964,618 was made during the year, in April 2005.

7. BORROWINGS

7A. COMMERCIAL BILLS

A multi-option facility was obtained in December 2003 up to a limit of borrowings totaling \$4,700,000. This facility expires on 31 October 2005 and is currently secured against the Group's assets. There is a minimum repayment scheme of \$80,000 per month. The loan has been treated as a current liability as it is repayable on demand.

As at 30 June 2005, \$250,000 was outstanding (2004: \$2.4 million).

7B. BANK OVERDRAFT

Short-term funding is met by a bank overdraft facility. The interest rate charged for this facility is at the Bank's business overdraft prime rate plus a margin of 1.5 percent per annum. In addition to this, a service commitment fee of 0.15 percent per month recorded on the overdraft limit or peak overdraft balance for the month, whichever is the highest, applies. There were no bank overdrafts at 30 June 2005 (2004: nil).

8. EMPLOYEE ENTITLEMENTS

	GROUP 2005 ACTUAL \$'000	GROUP 2004 ACTUAL \$'000	PARENT 2005 ACTUAL \$'000	PARENT 2004 ACTUAL \$'000
Annual leave	254	192	129	114
Accrued employee remuneration	337	295	203	154
Total	591	487	332	268

9. PAYABLES AND ACCRUALS

	GROUP 2005 ACTUAL \$'000	GROUP 2004 ACTUAL \$'000	PARENT 2005 ACTUAL \$'000	PARENT 2004 ACTUAL \$'000
Trade creditors	530	862	167	520
Accruals	448	580	240	347
Contract revenue in advance	328	286	-	-
Total	1,306	1,728	407	867

10. PROVISIONS

	GROUP 2005 ACTUAL \$'000	GROUP 2004 ACTUAL \$'000	PARENT 2005 ACTUAL \$'000	PARENT 2004 ACTUAL \$'000
Balance at beginning of year	38	-	-	-
Provided for/(released) during year	(38)	38	-	-
Balance at end of year	-	38	-	-

Effective from 1 April 2004, JWI acquired 100 percent of Aqua-Cool Limited.

A provision was established to cover the cost of integration of the company into JWI.

11. PROPERTY, PLANT AND EQUIPMENT

GROUP	2005 COST \$'000	2005 ACCUM DEPN \$'000	2005 BOOK VALUE \$'000	2004 COST \$'000	2004 ACCUM DEPN \$'000	2004 BOOK VALUE \$'000
Rental equipment	6,968	2,398	4,570	5,793	1,828	3,965
Motor vehicles	623	224	399	499	132	367
Office equipment	1,288	724	564	1,291	671	620
Plant and equipment	1,139	316	823	404	140	264
Furniture and fittings	52	11	41	-	-	-
Leasehold improvements	171	17	154	31	1	30
Land	-	-	-	1,140	-	1,140
Buildings	1,285	17	1,268	1,115	13	1,102
Total	11,526	3,707	7,819	10,273	2,785	7,488

PARENT	2005 COST \$'000	2005 ACCUM DEPN \$'000	2005 BOOK VALUE \$'000	2004 COST \$'000	2004 ACCUM DEPN \$'000	2004 BOOK VALUE \$'000
Rental equipment	4,815	1,741	3,074	3,856	1,477	2,379
Motor vehicles	239	94	145	183	61	122
Office equipment	1,075	661	414	992	594	398
Plant and equipment	100	97	3	100	96	4
Leasehold improvements	3	0	3	-	-	-
Land	-	-	-	1,140	-	1,140
Buildings	1,285	17	1,268	1,115	13	1,102
Total	7,517	2,610	4,907	7,386	2,241	5,145

12. RECEIVABLES AND PREPAYMENTS

	GROUP 2005 ACTUAL \$'000	GROUP 2004 ACTUAL \$'000	PARENT 2005 ACTUAL \$'000	PARENT 2004 ACTUAL \$'000
Trade receivables	1,936	1,603	967	631
Provision for doubtful debts	(42)	(38)	(24)	(10)
Prepayments	237	298	236	253
Total	2,131	1,863	1,179	874

13. INVENTORIES

	GROUP 2005 ACTUAL \$'000	GROUP 2004 ACTUAL \$'000	PARENT 2005 ACTUAL \$'000	PARENT 2004 ACTUAL \$'000
Stock on hand	771	526	494	349
Consumables	412	205	284	195
Total	1,183	731	778	544

No inventories are pledged as security for liabilities, nor are any inventories subject to retention of the title clauses.

14. RECONCILIATION OF NET SURPLUS AFTER TAXATION TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	GROUP 2005 ACTUAL \$'000	GROUP 2004 ACTUAL \$'000	PARENT 2005 ACTUAL \$'000	PARENT 2004 ACTUAL \$'000
Net surplus	3,086	2,190	2,661	2,205
Add/(less) non-cash items				
Depreciation	1,663	1,220	1,020	863
Amortisation of goodwill	262	73	-	-
Increase/(decrease) in estimated doubtful debts	4	25	14	3
Movements in provisions	(38)	38	-	-
Movement in deferred tax	22	(25)	21	(2)
Add/(less) movements in working capital items				
Payables and accruals	(422)	888	(460)	27
Employee entitlements	104	309	64	90
Related party payables	-	(19)	-	(19)
Receivables and prepayments	(272)	(1,198)	(319)	(187)
Related party receivables	-	-	-	(683)
Inventory	(452)	(20)	(234)	167
Provision for tax	186	540	141	582
Items classified as investing activities				
Net loss/(gain) on sale of property, plant and equipment	(114)	19	(114)	46
Net cash flow from operating activities	4,029	4,040	2,794	3,092

15. INVESTMENTS IN SUBSIDIARIES

The investments represent shareholdings the parent company (JWI) has in its 100 percent owned subsidiaries as follows:

COMPANY NAME	PRINCIPAL ACTIVITY	PARENT 2005 BALANCE DATE	PARENT 2005 ACTUAL \$'000	PARENT 2004 ACTUAL \$'000
Aqua-Cool Limited	Operated nationally as a bottled water delivery company and point-of-use water-cooler supplier providing both filtered and mineral drinking-water. A loan balance of \$5.4 million previously disclosed as part of the investment in Aqua-Cool has been reclassified to inter company advances.	30 June	711	711
Cool Water Company Limited	Cool Water operates principally in the North Island, and in addition to point-of-use systems, offers bottled water delivery. It operates modern water processing plants in both Auckland and Hamilton, providing filtered drinking-water to its customers.	30 June	1,091	1,091
Corporate Water Brands NZ Limited	Corporate Water Brands supplies custom-branded packaged water to business and organisations.	30 June	-	-
Total			1,802	1,802

16. INTERCOMPANY

	GROUP 2005 ACTUAL \$'000	GROUP 2004 ACTUAL \$'000	PARENT 2005 ACTUAL \$'000	PARENT 2004 ACTUAL \$'000
Aqua-Cool Limited repayment to JWI	-	-	-	(217)
JWNZ advance to Aqua-Cool Limited	-	-	94	-
JWI advance to Aqua-Cool Limited	-	-	5,900	5,400
JWI advance to Cool Water Company Limited	-	-	-	800
JWI advance to Corporate Water Brands NZ Limited	-	-	-	100
Total	-	-	5,994	6,083

Intercompany advances by JWI represent loans to subsidiary companies. The advance from JWI to Cool Water and Aqua-Cool attracted interest at 7.5 percent (2004: 7.5 percent) during the year. The advance to Corporate Water Brands did not attract interest.

For the year ended 30 June 2005 Cool Water leased premises from JWI for \$94,400 (2004: \$43,000).

During the year a small number of sales transactions, of immaterial value, took place between Just Water New Zealand, Aqua-Cool and Cool Water.

There were no other significant transactions between any of the companies in the Group. All transactions with subsidiaries are carried out on an arms-length basis.

17. RELATED PARTIES

During the period the JWI Group leased premises for \$42,000 (2004: \$40,000) from Amante Limited, which is a company of which an Malcolm is a director, and Tony Falkenstein is a director and shareholder.

Mabee Halstead & Kiddle Limited, of which Ian Malcolm is a director, provided accounting compliance and accounting services to the Group during the financial year to the value of \$48,000 (2004: \$125,000).

Axis Direct Limited, of which Ian Malcolm is a director, supplied computer hardware and network support services to Aqua-Cool and Cool Water during the financial year to the value of \$45,000 (2004: \$41,000).

Red Eagle Corporation Ltd (REC) is the majority shareholder in JWI. All transactions with other REC owned companies are carried out on an arms-length basis on usual commercial terms. This includes membership of Bartercard New Zealand Limited for which the JWI Group paid \$84,605 (2004: \$45,000) in transaction fees during the financial year.

18. INTANGIBLE ASSETS

	GROUP 2005 ACTUAL \$'000	GROUP 2004 ACTUAL \$'000	PARENT 2005 ACTUAL \$'000	PARENT 2004 ACTUAL \$'000
Patents and trademarks				
Patents and trademarks (gross) at beginning of year	-	-	-	-
Accumulated amortisation at beginning of year	-	-	-	-
Patents and trademarks (net) at beginning of year	-	-	-	-
Acquisitions	23	-	23	-
Current year amortisation	-	-	-	-
Patents and trademarks (net) at end of year	23	-	23	-
Goodwill on consolidation				
Goodwill (gross) at beginning of year	5,245	-	-	-
Accumulated amortisation at beginning of year	(73)	-	-	-
Goodwill (net) at beginning of year	5,172	-	-	-
Goodwill arising on acquisition of subsidiary	-	5,245	-	-
Current year amortisation	(262)	(73)	-	-
Goodwill (net) at end of year	4,910	5,172	-	-
Comprising:				
Goodwill	5,245	5,245	-	-
Accumulated amortisation	(335)	(73)	-	-
Goodwill (net) at end of year	4,910	5,172	-	-

Goodwill arose from the purchase of Aqua-Cool and Cool Water during the 2004 financial year.

Total intangible assets	4,933	5,172	23	-
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19. SEGMENT INFORMATION

The Group operates predominantly in the bottled water, point-of-use water-cooler and branded packaged water industry in New Zealand.

20. FINANCIAL INSTRUMENTS

a) Currency and interest rate risk

Nature of activities and management policies with respect to financial instruments:

i) Currency

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Group undertakes transactions denominated in foreign currencies from time to time, and, resulting from these activities, exposures in foreign currency arise. The current board policy is to accept this slightly-increased risk given the amount of purchases denominated in foreign currencies.

ii) Interest Rate

Interest rate risk is the risk that the value of the financial instrument will fluctuate because of changes in market interest rates. This could particularly affect the cost of borrowing and the return on investments.

The interest rates on JWI's borrowings during the year were:

	2005	2004
On call	6.35-7.2%	6.5-8.5%
Short term	10.2-11.2%	6.3-6.7%

The interest rates on JWI's investments during the year were:

	2005	2004
Cash (on call)	n/a	5.4-5.7%
Short term	n/a	5.5-6.1%

Short-term deposits have maturity dates less than six months. The directors do not consider there is any significant exposure to interest rate risk on its investments. All investments are managed by JWI on behalf of the Group.

iii) Credit Risk

Credit risk is the risk that a third party will default on its obligations to JWI and the Group, causing a loss.

In the normal course of business, the Group incurs credit risk from trade receivables and transactions with financial institutions (cash and short-term deposits). The Group has a credit policy that is used to manage this risk. As part of this policy, limits are placed on the amounts of credit extended to third parties, and care is taken to ensure the credit worthiness of third parties we deal with. All credit risk exposures are monitored regularly.

The Group does not require any collateral or security to support financial instruments because of the quality of financial institutions and trade receivables dealt with.

b) Fair Values

The estimated fair values of the Group's financial instruments approximate their carrying values as disclosed in the Statements of Financial Position.

21. COMMITMENTS

21A. OPERATING LEASE OBLIGATIONS

	GROUP 2005 ACTUAL \$'000	GROUP 2004 ACTUAL \$'000	PARENT 2005 ACTUAL \$'000	PARENT 2004 ACTUAL \$'000
Obligations payable after balance date on non-cancellable operating leases:				
Within one year (1 July 2005 to 30 June 2006)	363	270	132	75
One to two years (1 July 2006 to 30 June 2007)	216	183	69	49
Two to five years (1 July 2007 to 30 June 2008)	384	240	178	109
Over five years (1 July 2008 to 30 June 2009)	-	-	-	-

21B. CAPITAL COMMITMENTS

The Group and the Parent company have no capital commitments at 30 June 2005 (2004: nil).

22. CONTINGENT LIABILITIES

The Group and the Parent company have no contingent liabilities at 30 June 2005 (2004: nil).

23. INTERNATIONAL FINANCIAL REPORTING STANDARDS

In December 2002 The New Zealand Accounting Standards Review Board announced that International Financial Reporting Standards (IFRS) will apply to New Zealand entities for the periods commencing on or after 1 January 2007. Entities also have the option for early adoption of the new standards for periods beginning on or after 1 January 2005.

Since this date, New Zealand equivalents to the International Financial Reporting Standards (NZ IFRS) have been issued. In complying with these, New Zealand entities will be in compliance with IFRS.

Just Water Ltd intends to early-adopt these standards and report for the first time under these standards for the year ended 30 June 2006. Upon adoption of NZ IFRS, comparative information presented in the financial statements will be restated to conform to the requirements of the new standards, and the financial impact of that adoption will be disclosed.

The consolidated entity has established a project team to manage the transition to NZ IFRS, including training of staff and system and internal control changes necessary to gather all the required financial information. The project team will report to the Audit Committee.

To date, the project team has identified a number of accounting policy changes that will be required although some of these are subject to interpretation and further review before the impact on the Group is fully understood.

Key differences in accounting policies identified to date include:

a) Share-based remuneration

The Group issues share options to senior management personnel as a form of equity-based compensation. The Group's current accounting policy does not recognise an expense in respect of these share options.

On adoption of IFRS the Group will be required to determine the fair value of all share-based remuneration and amortise the expense over the relevant vesting periods.

b) Accounting for goodwill

Under IFRS goodwill is not required to be amortised but is required to be regularly reviewed for impairment, according to strict tests, and any loss in value recognised as an expense at the time the loss in value is identified. This will result in a change in the Group's accounting policy which currently amortises goodwill on a straight line basis over 20 years. Under the new policy, amortisation will no longer be charged and to the extent that the fair value of goodwill is valued higher than the book value this will result in a lower expense in the Statement of Financial Performance. Goodwill within the Group is currently reviewed for impairment every 12 months.

TOP 20 LARGEST HOLDINGS LIST AS AT 27 JULY 2005

	HOLDER NAME	TOTAL	%
1	Red Eagle Corporation Limited	43,170,000	64.98
2	Anthony Edwin Falkenstein & Ian Donald Malcolm	6,000,000	9.03
3	New Zealand Central Securities Depository Limited	1,706,000	2.57
4	ASB Nominees Ltd	512,730	0.77
5	Anthony Henry Kandziora	500,000	0.75
6	John Scott Stewart Richardson	370,000	0.56
7	Jillian Dawn Reid & Ian Donald Malcolm	300,000	0.45
8	Eugenie Masfen-Yan, Raphael William Wai-Ming Yan & Peter Hanbury Masfen	240,000	0.36
9	Rajesh Kumar Chaudhary	240,000	0.36
10	Giffney & Jones	220,850	0.33
11	ASB Nominees Limited	200,000	0.30
12	Asset Custodian Nominees Ltd	200,000	0.30
13	Don Nominees Limited	200,000	0.30
14	Fairburn Holdings Ltd	200,000	0.30
15	Ian Malcolm, Pam Malcolm & Barbara Astill	200,000	0.30
16	J T Maxwell & Company Ltd	200,000	0.30
17	Stephen C Montgomery & Charlotte V Montgomery	200,000	0.30
18	Renate Share Account	190,000	0.29
19	Rainer Huebner & Shanti Huebner	190,000	0.29
20	Custodial Services Limited	163,000	0.25
	TOTAL	55,202,580	83.09

EQUITY SECURITIES HELD AS AT 30 JUNE 2005

In accordance with NZAX Listing Rule 1.5.3 the following table identifies the equity securities in which each director has a relevant interest as at 30 June 2005.

DIRECTOR	IN OWN NAME BENEFICIAL INTEREST	AS INDEPENDENT TRUSTEE	TOTAL EQUITY SECURITIES HELD AT 30 JUNE 2005
Anthony Edwin Falkenstein	49,360,000	-	49,360,000
Ian Donald Malcolm	244,000	6,300,000	6,544,000
James Kenneth McLay	86,000	-	86,000
John Renfree Cunnack	44,000	-	44,000

HOLDING RANGE AS AT 30 JUNE 2005

RANGE OF EQUITY HOLDING	NUMBER OF HOLDERS	NUMBER OF SHARES HELD	%
1-1,000	274	90,246	0.14
1,001-5,000	320	1,006,754	1.52
5,001-10,000	211	1,917,797	2.89
10,001-100,000	236	7,286,923	10.97
100,001 and over	27	56,134,680	84.49
Totals	1,068	66,436,400	100.00

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 15 August 2005, the substantial security holders were as follows:

SUBSTANTIAL SECURITY HOLDER	NUMBER OF SHARES HELD	%
Red Eagle Corporation Limited	43,170,000	64.98

Notice is given that the Annual Meeting of Shareholders of Just Water International Limited will be held in the **Hobson Room, Level 1, Mercure Hotel, 8 Customs Street, Auckland City, on Friday 21 October 2005 at 4.00pm.** Shareholders are invited to join the directors after the meeting for refreshments.

BUSINESS

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

A. Resolution 1: AGM minutes

That the minutes of the last Annual Meeting held on 29 October 2004 be approved.

B. Resolution 2: Annual Report

To receive, consider and adopt the Annual Report, including the Auditors' Report, for the year ended 30 June 2005.

C. Resolution 3: Auditors' remuneration

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

D. Resolution 4: Election of director

That Ian Donald Malcolm be re-elected as a director of the Company.

E. Resolution 5: Increase in directors' remuneration

That \$100,000 per annum (plus GST), being an increase of \$23,000 per annum, is authorised and determined as being the aggregate amount payable to all the directors of the Company taken together for their services as directors (but not for services as managing director) of the Company and its subsidiaries (including any remuneration paid to a director by a subsidiary), such sum to be divided among the directors as the board may from time to time deem appropriate.

F. Resolution 6: Issue of ordinary shares to directors in lieu of cash remuneration:

That the board is authorised to:

- i) issue fully-paid ordinary shares in the Company to any person who, immediately following the 2005 Annual Meeting, holds office as a director of the Company, at an aggregate issue price not exceeding the aggregate amount of directors' remuneration approved by shareholders, in lieu of the directors receiving their remuneration in cash. The issue price of each share so issued is to be determined by the board and will not be less than the Volume Weighted Average Price ("VWAP") per share of the Company's ordinary shares traded through, or trades included as reported on, the NZAX Market in the 20 trading days immediately following the date of this meeting; and
- ii) take all actions, do all things and execute all documents necessary or considered expedient by the board to give effect to such issue of shares.

Such issue should be made on such other terms (not inconsistent with the above) determined as appropriate by the board, and such ordinary shares when issued shall rank equally in all respects with the then issued ordinary shares in the Company except they shall not rank for any dividend in respect of the Company's financial year to 30 June 2005.

G. 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 below.

I/We _____
(Name)

of _____
(Place)

being a shareholder of **Just Water International Limited**, hereby

appoint _____ of _____
(Name) (Place)

or failing that person _____ of _____
(Name) (Place)

as my/our proxy to vote for me/us on my/our behalf at the Annual Meeting of the Company to be held on

Friday 21 October 2005, and at any adjournment thereof.

Unless otherwise directed as below, the proxy will vote as he or she thinks fit, or abstain from voting. Should the shareholder(s) wish to direct the proxy how to vote, the following should be completed:

Resolutions:	For	Against
1. AGM Minutes That the minutes of the last Annual Meeting held on 29 October 2004 be approved	<input type="checkbox"/>	<input type="checkbox"/>
2. Annual Report To receive, consider and adopt the Annual Report, including the Auditors' Report, for the year ended 30 June 2005.	<input type="checkbox"/>	<input type="checkbox"/>
3. Auditors' remuneration That the Company's board of directors be authorised to fix the auditors' remuneration	<input type="checkbox"/>	<input type="checkbox"/>
4. Re-election of director That Ian Donald Malcolm be re-elected as a director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
5. Increase in directors' remuneration That \$100,000 per annum (plus GST), being an increase of \$23,000 per annum, is authorised and determined as being the aggregate amount payable to all the directors of the Company taken together for their services as directors (but not for services as managing director) of the Company and its subsidiaries (including any remuneration paid to a director by a subsidiary), such sum to be divided among the directors as the board may from time to time deem appropriate.	<input type="checkbox"/>	<input type="checkbox"/>
6. Issue of ordinary shares to directors in lieu of cash remuneration That the board is authorised to: i) issue fully-paid ordinary shares in the Company to any person who, immediately following the 2005 Annual Meeting, holds office as a director of the Company, at an aggregate issue price not exceeding the aggregate amount of directors' remuneration approved by shareholders, in lieu of the directors receiving their remuneration in cash. The issue price of each share so issued is to be determined by the board and will not be less than the Volume Weighted Average Price ("VWAP") per share of the Company's ordinary shares traded through, or trades included as reported on, the NZAX Market in the 20 trading days immediately following the date of this meeting; and ii) take all actions, do all things and execute all documents necessary or considered expedient by the board to give effect to such issue of shares. Such issue should be made on such other terms (not inconsistent with the above) determined as appropriate by the board, and such ordinary shares when issued shall rank equally in all respects with the then issued ordinary shares in the Company except they shall not rank for any dividend in respect of the Company's financial year to 30 June 2005.	<input type="checkbox"/>	<input type="checkbox"/>

Signed this _____ day of October 2005

Signature _____

Resolution 1: AGM minutes

A copy of the minutes of the 2004 Annual Meeting is available for inspection at the Registered Office of the Company, and will also be available for inspection at the 2005 Annual Meeting.

Resolution 2: Annual Report

The Annual Report for 2005, having been circulated by the share registry, is tabled for discussion and questions.

Resolution 3: 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 4: Re-election of director

One director, Ian Donald Malcolm, retires by rotation and offers himself for re-election at the Annual Meeting. Mr Malcolm is a non-executive director with a chartered accountancy background.

The board unanimously recommends shareholders vote in favour of the re-election of Mr. Malcolm.

Resolution 5: Increase in directors' remuneration

In accordance with the NZAX Listing Rules, any increase in the maximum aggregate fees payable to directors of the Company requires shareholder approval.

It is proposed to increase the sum available for payment of directors' fees to a maximum of \$100,000 per annum. This represents an increase of \$23,000 from the amount currently authorised.

In addition to the growth of the Company since its listing, meeting the requirements associated with the Company's NZAX listing has resulted in a significant increase in the demands on the directors. Reflecting movements in best practice corporate governance, the responsibilities and time commitments of directors also have grown considerably over that time.

The CEO (who does not receive directors' fees) has obtained independent advice from Sheffield Consultants and this resolution is based on that recommendation. Copies of the advice from Sheffield Consultants will be made available to any shareholder upon request to the Registered Office of Just Water International Limited.

It is also important that the Company is able to attract and retain the services of the best directors available. The Company must accordingly offer remuneration commensurate with that which will attract and retain quality directors.

Resolution 6: Issue of ordinary shares to directors in lieu of cash remuneration

All directors have elected to receive their remuneration as directors in the form of ordinary shares issued by the Company. No cash remuneration will be paid by the Company to directors in their non-executive capacities.

The directors are of the opinion that having their remuneration related to Company performance over time is consistent with their commitment to the Company and their goal to create long-term value for shareholders.

The number of shares issued to each director will be decided by the board.

If any director ceases to be a director prior to 30th June 2006, the fees paid to that director (in the form of newly-issued shares) will be deemed to have accrued on a monthly basis and that director will be required to repay to the Company, in cash, a pro rated amount of the aggregate issue price of the new shares issued to that director in lieu of cash remuneration.

PROXIES

1. All shareholders are entitled to attend and 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 granted by a company must be executed by a duly authorised officer or attorney of that company.
4. A proxy need not be a shareholder of the Company.
5. The Chairman of the meeting is willing to act as proxy for any shareholder who may wish to appoint him for that purpose.
6. If the proxy form is returned without a direction as to how the proxy shall act on a resolution, the proxy will exercise the proxy's discretion as to whether to vote and, if so, how.
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 declaration of non-revocation of the power of attorney must be attached.
8. Companies appointing a proxy must do so under the signature of two directors or have an authority produced for noting by the company.
9. Completed proxies must be received by the Company's Share Register no later than 4.00pm on Wednesday 19 October 2005 at the following address:

The Share Registrar
Just Water International Limited
c/o BK Registries Limited
PO Box 384
Ashburton
New Zealand

By order of the board.



Hon. Jim McLay
Chairman



is proud to be a major sponsor of the New Zealand Kidney Foundation



Kingsgate Primary School with results of their fundraising efforts for Kidney Research – one of hundreds of schools throughout New Zealand which participated in the New Zealand Kidney Foundation's National Drink Water Day.

National Drink Water Day, 15th March 2005, sponsored by Just Water



For more information please contact the
New Zealand Kidney Foundation on **0800 KIDNEY (54369)**

