

Just Water International Limited



IMPORTANT INFORMATION

Investment decisions are very important. They often have long-term consequences. Read all documents carefully. Ask questions. Seek advice before committing yourself.

Choosing an investment

When deciding whether to invest, consider carefully the answers to the following questions that can be found on the pages noted below:

	Page
<i>What sort of investment is this?</i>	50
<i>Who is involved in providing it for me?</i>	51
<i>How much do I pay?</i>	53
<i>What are the charges?</i>	53
<i>What are the directors' interests?</i>	54
<i>What returns will I get?</i>	55
<i>What are my risks?</i>	57
<i>Can the investment be altered?</i>	62
<i>How do I cash in my investment?</i>	62
<i>Whom do I contact with enquiries about my investment?</i>	62
<i>Is there anyone to whom I can complain if I have problems with the investment?</i>	63
<i>What other information can I obtain about this investment?</i>	63
<i>Other important information</i>	65

Choosing an investment adviser

You have the right to request from any investment adviser a written disclosure statement stating his or her experience and qualifications to give advice. That document will tell you –

- Whether the adviser gives advice only about particular types of investments; and
- Whether the advice is limited to the investments offered by one or more particular financial organisations; and
- Whether the adviser will receive a commission or other benefit from advising you.

You are strongly encouraged to request that statement. An investment adviser commits an offence if he or she does not provide you with a written disclosure statement within five working days of your request. You must make the request at the time the advice is given or within one month of receiving the advice.

In addition –

- If an investment adviser has any conviction for dishonesty or has been adjudged bankrupt, he or she must tell you this in writing; and
- If an investment adviser receives any money or assets on your behalf, he or she must tell you in writing the methods employed for this purpose.

Tell the adviser what the purpose of your investment is. This is important because different investments are suitable for different purposes.

NZAX Listing

Just Water International Limited has applied to NZX for listing as an NZAX Issuer. All the requirements of NZX for quoting of securities, that can be complied with on or before the date of distribution of this prospectus, have been complied with. However, NZX accepts no responsibility for any statement in this prospectus. NZX has authorised Giffney & Jones and Harmos Horton Lusk to act jointly as NZX sponsors of this offer.



Just Water

0800 801 802

Just Water
Just the Good

Table of Contents

Table of Contents

Important Information	Inside front cover
Table of Contents	2
Highlights	5
Letter from the Chairman	6
Summary of Offer	9
Bottled Drinking-water: a Growth Industry	14
1. Bottled water delivery	15
2. Point-of-use	15
3. Branded packaged water	15
Just Water: A New Zealand Success Story	16
Four strong businesses in the Just Water Group	16
Just Water New Zealand	18
Cool Water Company Limited	18
Aqua-Cool Limited	18
Corporate Water Brands NZ Limited	19
Assessing Just Water: growth in customers is the key	20
Financial performance:	22
large customer base generates strong revenue streams	
Growth in profitability	22
Group structure	24
Statement of financial position	25
Dividend policy	25
Clear philosophies in key areas	26
Marketing: create a customer and keep that customer!	26
Staff: teamwork for profit and enjoyment	27
The community: get involved and make a difference	28
Directors and management	29
Directors	29
Management structure	32
Executive share option scheme	35
Corporate governance	36
Financial Information	37
Prospective Financial Information	43
Answers to Important Questions	50
Glossary	69
Application Form and Instructions	70
Directory	Inside back cover

 **Just Water**

Just the best!
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 **Just Water**

Just the best!



Just Water is exactly what the name suggests – a company totally focused on the drinking-water industry.

As the industry has grown, Just Water's market share has also grown. The capital-raising under this Offer positions the Group to take full advantage of future opportunities to grow, organically or by acquisition, such as the recent acquisition of Aqua-Cool.

◆ **A beverage industry success story**

- Continuous strong growth over the last decade
- Projected continued growth

◆ **A New Zealand business success story**

- A market leader for 15 years
- Large, stable customer base generates strong revenue streams
- Focused, proven management
- Involved, dedicated staff

◆ **Local and international growth potential.**

OPPOSITE: TONY FALKENSTEIN, MANAGING DIRECTOR, JUST WATER INTERNATIONAL LIMITED.

Letter from the Chairman

Dear Investor,

On behalf of the board of directors, I am pleased to invite you to become a shareholder in Just Water International Limited.

Bottled drinking-water has been a strong growth industry internationally, and, in the US, has been one of the fastest-growing beverage industry categories in recent years.

Just Water is a dynamic group of four drinking-water businesses, which provide a consistent and recurring stream of income from their customers. The most important indicator of the Group's prosperity is the number of customers obtained and then retained. In every one of the last 15 years, the Group has increased its number of customers.

The business was established in 1989 by Tony Falkenstein to provide products and services principally to business and government organisations. Beginning with offices in Auckland, Wellington and Christchurch, the Company has expanded its coverage, by both organic growth and acquisition, and now operates nationally. It now has over 33,000 water-coolers installed throughout New Zealand.

Just Water intends to use its position as a major provider of drinking-water to offices throughout New Zealand, to grow shareholder value by increasing both its base of customers and its cash flow. Just Water's strategy – to focus solely on the drinking-water business – is a conservative approach that utilises its knowledge and experience in this growth sector of the beverage industry.

During the planning for this Offer, the opportunity arose to acquire the business of Aqua-Cool Limited, a well-recognised bottled water business operating in the same markets as Just Water. This opportunity was pursued, and the business was acquired in April 2004. The acquisition was substantially debt-funded.

This Offer of new shares will allow Just Water to pursue its growth strategy more vigorously, and to reduce borrowings undertaken to complete the recent Aqua-Cool acquisition. It will also provide the Company with the financial capacity to take advantage of further opportunities and developments that may arise in the drinking-water sector.

The Falkenstein family is not selling any of its shareholding in the Company (although some of its holdings will be allocated to educational trusts) and will continue its involvement in the strategic direction of Just Water through Tony Falkenstein's executive role with the Group.

The directors believe that this share offer is a unique opportunity to participate in the future growth and development of a New Zealand company operating in a dynamic industry.

On behalf of the directors, I commend this Offer to you.

Yours sincerely



Jim McLay

Chairman

Just Water International Limited

7 May 2004





Summary of Offer

Summary of Offer

Just Water International Limited is offering for subscription up to 16.5 million new ordinary shares at an offer price of 50 cents per share.

Allocation of shares

3,500,000 shares in aggregate have been reserved for non-executive directors, staff and associates of Just Water. The balance is available for firm allocation to clients of NZX firms. NZX has authorised NZX firms to act in this Offer.

There is no public pool. No over-subscriptions will be accepted.

Application for shares

Applications for shares must be made on the Application Form contained at the back of this Prospectus, and in accordance with the application instructions set out on page 70.

Applications must be for a minimum of 2,000 shares and then in multiples of 1,000 shares. Applications must be accompanied by a cheque to "Just Water Share Offer" for payment in full for the shares for which application is made. All cheques in payment of application monies must be denominated in New Zealand dollars and crossed "Not Transferable". Cheques will be banked as they are received and must not be post-dated.

Completed application forms, together with the appropriate payment, should be forwarded either to:

Just Water Share Offer
c/- BK Registries Limited
138 Tancred Street
PO Box 384
ASHBURTON

to arrive no later than 5.00pm on 31 May 2004; or to an NZX Firm, in sufficient time to be lodged with the Share Registrar prior to 5.00pm on 31 May 2004. The directors reserve the right to extend the closing date.

If an application is being made pursuant to a firm allocation, it must be lodged with the NZX Firm through which the firm allocation was obtained in sufficient time to reach the Share Registrar no later than 5.00pm on 31 May 2004.

Allotment of shares

The directors reserve the right to reject any application, or to accept any application in part only, without assigning any reason for doing so. Any interest earned on application monies held by Just Water shall be for the account of Just Water. Any surplus application monies will be refunded to applicants within 10 days after the closing date and will not carry interest.



CRAIG BLANCHFIELD, SOUTH
ISLAND REGIONAL SALES
MANAGER, JUST WATER
NEW ZEALAND.

Shareholding structure

On completion of this Offer, the ownership structure of Just Water will be as follows:

Shareholder name	Shareholding before the Offer		Shareholding after the Offer	
	Number of shares	Percentage of total shares held	Number of shares	Percentage of total shares held
Red Eagle Corporation Limited	49,500,000	100.0	49,500,000	75.0
New investors	Nil	–	16,500,000	25.0
Total	49,500,000	100.0	66,000,000	100.0

In addition, prior to the date of this Prospectus, Red Eagle Corporation Limited, the sole shareholder of Just Water, by shareholder's resolution approved the issue of 140,000 options to subscribe for shares in aggregate to the chairman and non-executive directors (refer page 31 of this Prospectus) and the issue of up to 1,850,000 options to subscribe for shares to senior executives of Just Water (refer page 35 of this Prospectus).

None of the persons named or referred to above undertakes any liability in respect of the shares being offered.

Underwriting

This Offer is not underwritten.

Offer made only in New Zealand

This Prospectus is intended for use only in connection with the Offer in New Zealand and is not to be sent or given to any person outside New Zealand in any circumstances in which the Offer or use of this Prospectus would be unlawful.

Key dates

Registration of Prospectus:	7 May 2004
Offer opening:	7 May 2004
*Closing date of the Offer:	31 May 2004
*Anticipated allotment of shares:	8 June 2004
*Anticipated quotation on NZAX:	15 June 2004

**If the closing date is extended, the date of allotment of the shares and the date of quotation of the shares on the NZAX will be extended.*

Key Offer statistics

Shares offered	16,500,000
Price per share	\$0.50
Shares on issue (post Offer)	66,000,000
Market capitalisation ¹	\$33,000,000

¹ Market capitalisation has been calculated using the Offer price per share and is based on 66,000,000 shares on issue after the Offer.

Summary of Offer

(continued)

Key Offer ratios¹

Projected earnings for the 12 months to 30 June 2004 ²	
Earnings per share (cents) ⁴	3.3
P/E multiple ⁵	15.0
EV/EBITDA multiple ⁶	8.4

Pro forma projected earnings for the 12 months to 30 June 2004 ³	
Earnings per share (cents) ⁴	4.2
P/E multiple ⁵	12.0
EV/EBITDA multiple ⁶	6.8

Pro forma projected earnings for the 12 months to 30 June 2005	
Gross dividend yield ^{5,7}	8.4%

Notes:

- ¹ These ratios and projections are derived from, and calculated using, the prospective financial information prepared by Just Water and set out in the Prospective Financial Information section on pages 43 to 49 of this Prospectus. These figures should be read in conjunction with the prospective financial information and the assumptions set out in that section.
- ² These projections reflect the profits for the Group in respect of the 12 months to 30 June 2004 calculated incorporating the results of the businesses acquired since 1 July 2003 from the date of acquisition of those businesses.
- ³ These pro forma projections reflect the estimated profits for the Group as they would be if the businesses acquired since 1 July 2003 had been in the Group since that date. The projected statement of financial position as at 30 June 2004 remains the same under these projections. The directors believe that the pro forma projections provide the more appropriate guidance as to the prospects of the Group. The pro forma projected financial information does not comply with FRS-36 (Accounting for Acquisitions Resulting in Combinations of Entities or Operations) or FRS-37 (Consolidating Investments in Subsidiaries).
- ⁴ Earnings per share (EPS) has been based on 66,000,000 shares on issue after the Offer. EPS has been calculated by dividing the pro forma projected net profit after taxes, before amortisation costs, of the Group by the 66,000,000 shares on issue after the Offer.
- ⁵ Price/earnings multiple and gross dividend yield have been calculated using the Offer price per share.
- ⁶ The enterprise value (EV) and EV/EBITDA multiple has been calculated using the projected market capitalisation and adding net interest-bearing debt after the projected net cash proceeds from this Offer have been received. Earnings before interest, taxes, depreciation and amortisation costs (EBITDA) have been based on projected pro forma earnings.
- ⁷ The gross dividend yield has been calculated on a dividend per share of 2.8 cents and assuming the attachment of full imputation credits. This projected dividend is not intended to be a representation as to profitability. The next dividend is projected to be paid in March 2005.





"The collective strengths that are now held within Just Water provide significant advantages for our continued growth.

"No other business in our industry can point to the all-encompassing role in water-coolers, point-of-use technology, delivery competencies and private label bottled water.

"Just Water owns the enviable DrinkSafe™ International service programme providing absolute peace of mind for more than 100,000 users on a daily basis."

Michael Fann, General Manager, Just Water New Zealand

Bottled Drinking-water: a Growth Industry

Bottled drinking-water consumption has shown strong growth on a worldwide basis. Over the period 1998 to 2002, the worldwide consumption of bottled drinking-water increased by an average 10 percent per annum.¹

Just Water focuses on business-to-business drinking-water supply, and does not operate in the retail bottled water market which typically consists of small bottles (less than two litres).

Just Water's business can be segmented into three major sectors:

1. Bottled water delivery
2. Point-of-use
3. Branded packaged water.



ABOVE: GRANT HALL, FOUNDER, CORPORATE WATER BRANDS.

¹ Beverage Marketing Corporation of New York – 2002.

1. Bottled water delivery

Internationally, the bottled water delivery industry has consolidated and is dominated by Nestlé, Danone and Coca-Cola.

The concept is that drinking-water is delivered, principally into offices, in 15-litre bottles which are placed on water-coolers. These are generally rented to the customer by the bottled water company.

Customer advantages:

- staff avoid chore of filling bottles, saving company time
- enhanced quality standards of externally-bottled water
- relatively low cost for service.

Company advantages:

- revenues not only from rentals, but from water consumed by customers
- company controls processing of water, rather than customer
- no filters to change.

2. Point-of-use

Point-of-use is a growing alternative to bottled water delivery. In 2002, the European point-of-use industry registered total unit growth of 30 percent, an increase in point-of-use penetration in the total water-cooler market of nearly 22 percent over the year.¹

The concept is that customers buy or rent a water-cooler, and either filter their own water before its consumption, or the water-cooler is plumbed into the mains water supply system, the water passing through a filtering system before being consumed.

Customer advantages:

- relies on the customer's unlimited water supply, rather than the supplier's distribution system
- no storing of bottles
- plumbed-in units avoid lifting of bottles.

Company advantages:

- avoids the capital and associated costs of bottling plants and delivery vehicles
- fixed monthly rental minimises administration and collection costs
- avoids ongoing distribution costs.

3. Branded packaged water

Branded packaged water has the potential to be the fastest-growing segment of the bottled water industry.

The concept is that an organisation can commission its own branded water bottles, serving as a virtual hand-held billboard for staff, events or giveaways to customers.

*"I have been
receptionist at Just
Water for seven years
– everybody works
great together and
enjoys what they do
within the TEAM.
This makes a great
working environment."*

Shelley Corse-Scott
Receptionist
Just Water New Zealand



¹ Zenith International – March 2003

Just Water's Success Story

Just Water: a New Zealand Success Story



CRAIG BLANCHFIELD, SOUTH ISLAND REGIONAL SALES MANAGER, JUST WATER NEW ZEALAND, WITH TONY FALKENSTEIN, MANAGING DIRECTOR, JUST WATER INTERNATIONAL LIMITED.

Four strong businesses in the Just Water Group

Just Water comprises four businesses:

1. Just Water New Zealand

- A 100 percent owned division of Just Water
- Point-of-use water-cooler supplier

2. Cool Water Company Limited

- An 80 percent owned subsidiary of Just Water
- Bottled water delivery and point-of-use water-cooler supplier

3. Aqua-Cool Limited

- A 100 percent owned subsidiary of Just Water
- Bottled water delivery and point-of-use water-cooler supplier

4. Corporate Water Brands NZ Limited

- A 100 percent owned subsidiary of Just Water
- Branded packaged water.



BRIAN SIMPSON, NORTHERN REGIONAL SALES MANAGER, JUST WATER NEW ZEALAND.





Four strong businesses

Four strong businesses in the Just Water Group



Just Water New Zealand

Just Water New Zealand commenced business in 1989, and was one of the pioneers in supplying drinking-water to offices in New Zealand. It has offices throughout the country, and leads the market.

Just Water found that New Zealanders were happy with the quality of their water, but wanted chemicals – used in making it safe – to be removed before drinking. The international business model involved the delivery of bottled drinking-water, but Just Water provided a filter and water-cooler, allowing customers to produce their own filtered drinking-water.

Just Water New Zealand operates in the point-of-use (POU) sector of the market (see: www.justwater.co.nz).

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.

Cool Water has shown significant profitable growth, which is expected to continue as it expands (see: www.coolwater.co.nz).

Aqua-Cool Limited

Aqua-Cool was acquired in April 2004 (with effect from 1 April 2004), and operates nationally as a bottled water delivery company and point-of-use water-cooler supplier.

The opportunity to acquire Aqua-Cool arose during the planning for this Offer. The acquisition of Aqua-Cool presented the opportunity to establish the Group as the largest bottled water operator in New Zealand.

The Aqua-Cool business has been operating since 1990 and has an established nationwide customer base with 8,500 water-coolers in place. Aqua-Cool operates modern water processing plants in Auckland, Wellington and Christchurch, providing both filtered and mineral drinking-water to its customers.

“At Cool Water, we operate with a high degree of integrity, providing the best value and service to our customers, large and small. Because we are a leader in the bottled water delivery sector, we place a lot of emphasis on recruiting, training and retaining the best people.”

Raj Chaudhary
General Manager
Finance and Operations
Cool Water

Four strong businesses

(continued)

Just Water funded \$5,400,000 of the \$6,000,000 purchase price (subject to completion adjustments) for Aqua-Cool through debt facilities. Just Water will repay this debt with the proceeds of the Offer.

The acquisition of Aqua-Cool has increased the Group's penetration into the drinking-water market, and is expected to deliver further economies of scale and efficiencies to the Group (see: www.aquacool.co.nz).

Although Just Water New Zealand, Cool Water and Aqua-Cool compete with each other, thereby covering total market sector needs, the Group achieves economies in supply of product, purchasing, services, and accounting/IT. The companies presently operate from separate premises.

Corporate Water Brands NZ Limited

Corporate Water Brands provides custom-branded packaged water to organisations.

Corporate Water Brands is in a relatively new beverage category, which reflects the growth of private brands generally. The hand-held billboard concept is a very efficient and attractive way of advertising, with a giveaway that is inexpensive and seen as a good image-builder. Early adopters have been banks, stock exchange-listed companies, hotels, car companies, event-management organisations and advertising agencies.

Corporate Water Brands operates a water-bottling plant at its manufacturing operation in Auckland, and is able to provide small-run, custom-branded water bottles for businesses and other organisations.

The business of Corporate Water Brands was established in 1999. Pursuant to arrangements entered into in October 2003 and with effect from 1 July 2003, the business of Corporate Water Brands has been operated as a division of Cool Water. From 1 July 2004, the business will be operated by Corporate Water Brands NZ Limited as a wholly-owned subsidiary of Just Water.

Corporate Water Brands is expected to enter its growth phase in the coming years (see: www.cwb.co.nz).



“Research confirms that corporate-branded bottled water is a powerful sales and marketing tool for organisations. Internationally, this form of brand marketing has met with huge success.”

**Grant Hall
Founder**

Corporate Water Brands

Assessing Just Water: growth in customers is the key

Just Water believes the growth of its customer base, year on year, is the best way to judge the health of the business, and to predict its future potential.

In the Group's experience, customers tend to stay with their supplier as long as the service is maintained at a high level, so the income derived from acquiring and keeping each customer is paramount. Currently the Group retains most of its customers at the end of their initial contract term.

The Just Water Group has a low rate of customer loss. Its base of customers, as indicated by water-coolers in place, continues to grow.

WHAT DRIVES JUST WATER?

"Just Water's driver is simple – what is the increase in Just Water coolers in the marketplace from month to month, year to year, decade to decade?"

"In the industry, we call it 'land grab' – we must grab the customer before the opposition does, as it is very likely that the customer will stay with us for the life of his or her business."

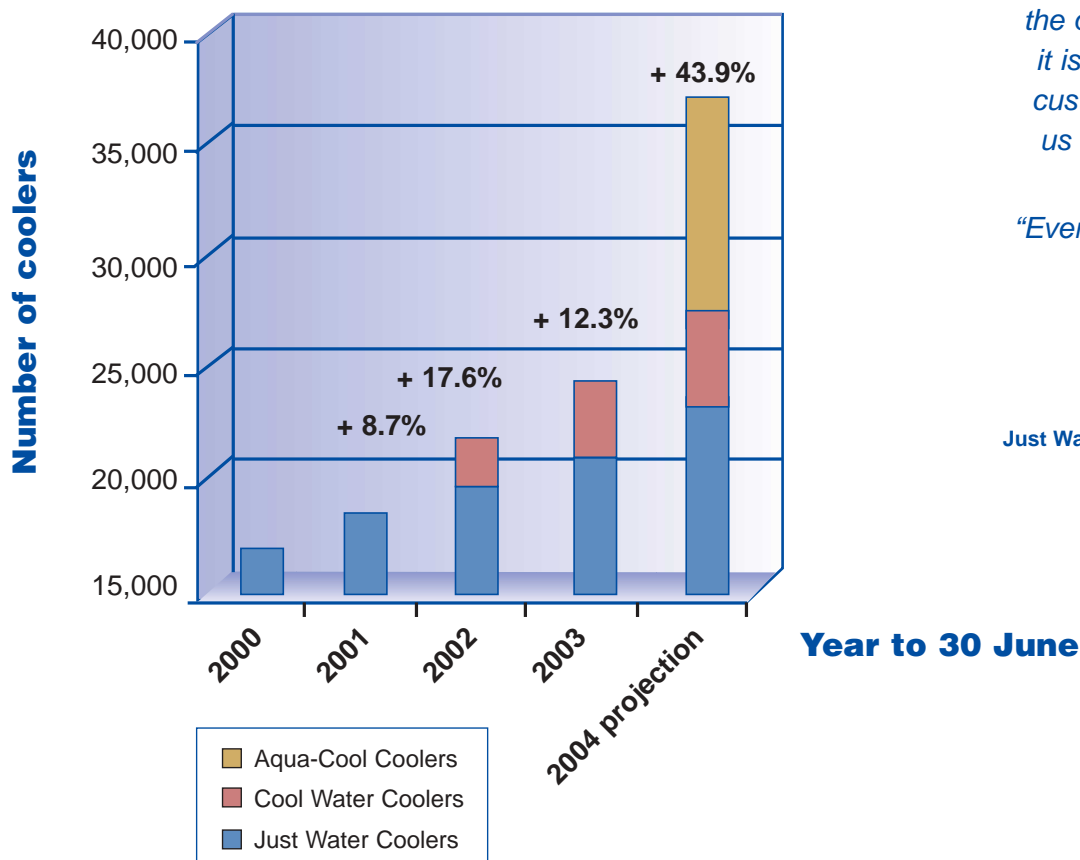
"Every unit increase will increase long-term profitability."

Tony Falkenstein

Managing Director

Just Water International Limited

Growth in Just Water water-coolers



Just Water's rate of increase in customers has been excellent, with another large increase projected at June 2004, principally as a result of the Aqua-Cool acquisition. Prior to the Aqua-Cool acquisition, customer growth has been funded from operating cash flow.

As well as growing its customer base, the Group has steadily increased market penetration. Penetration of the target market can be approximated by comparing the number of Just Water, Cool Water or Aqua-Cool water-coolers with the number of businesses in New Zealand. The following table shows the increasing penetration of Just Water Group water-coolers within businesses, and importantly also highlights the low saturation, and the potential for growth.

Just Water's penetration of New Zealand businesses

Year ended 30 June	2000	2001	2002	2003	2004 Projection
No. of businesses in New Zealand*	302,887	302,152	309,749	323,839	324,400
Just Water Group coolers	17,056	18,548	21,814	24,501	35,267
Penetration	5.6%	6.1%	7.0%	7.6%	8.7%

* Source: Statistics New Zealand, other than 2004, which is Just Water's projection.

The major part of revenue flows in over many years, while a major proportion of costs is incurred initially in acquiring a customer.

In times of very high growth, the costs of acquisition of customers in any year might be disproportional to the revenue gained from those customers in that year. However, given the Group's strong customer retention, this pattern then reverses in the Group's favour, with strong free cash flows.

Just Water's management team is committed to building Just Water's long-term value through continued growth in customers, and the resulting growth in long-term operating cash flow.



Financial performance: large customer base generates strong revenue streams.

Growth in profitability

The companies that comprise the Just Water Group have a history of growing profitability.

Just Water acquired Aqua-Cool from an unrelated third party with effect from 1 April 2004. Just Water acquired a 75 percent interest in Cool Water from Just Water's sole shareholder, Red Eagle Corporation Limited, with effect from 1 January 2004, and acquired a further net 5 percent from the Reid Family Trust on 24 March 2004.¹ The Corporate Water Brands business was originally acquired by Cool Water from an unrelated third party before being transferred to Just Water with effect from 1 July 2003. It has been operated as a division of Cool Water from 1 July 2003. Further information on each of these acquisitions is set out on pages 63 to 64 of this Prospectus.

Investors will acquire a shareholding in the enlarged group. The table below shows the pro forma projected 2004 profit for the Group as if the above businesses had been part of the Group for the full year to 30 June 2004. Accordingly, the pro forma projections in the table below in respect of the year ending 30 June 2004 differ from the projected 2004 projected results set out on page 44 of this Prospectus, which reflect the profits for the Group in respect of the 12 months to 30 June 2004, calculated incorporating the results of the businesses acquired since 1 July 2003, from the date of acquisition of those businesses.

Just Water Group pro forma (unaudited) results

F/Y ended 30 June	1999	2000	2001	2002	2003	2004
\$ million	pro	pro	pro	pro	pro	pro forma
	forma	forma	forma	forma	forma	projection²
Revenue	8.2	11.2	12.4	14.2	15.8	17.2
EBITDA	2.3	3.4	3.8	3.7	4.0	5.1
Depreciation	0.6	0.7	0.8	1.0	1.1	1.3
Interest expense	0.1	0.1	0.1	0.1	0.1	0.4
Net profit before taxes and amortisation costs	1.6	2.6	2.9	2.6	2.7	3.5
Net profit after taxes, before amortisation costs	1.1	1.7	2.2	2.0	2.4	2.8

¹ Refer to page 67 of this Prospectus.

² These pro forma projections are derived from, and calculated using, the prospective financial information prepared by Just Water and set out in the Prospective Financial Information section on pages 43 to 49 of this Prospectus. These figures should be read in conjunction with the pro forma prospective financial information and the assumptions set out in that section. The pro forma projected financial information does not comply with FRS-36 (Accounting for Acquisitions Resulting in Combinations of Entities or Operations) or FRS-37 (Consolidating Investments in Subsidiaries).

The table on the previous page shows an unaudited pro forma summary of financial performance of the Group for the years ended 30 June 1999 to 30 June 2003 and pro forma projections for the 12 months ending 30 June 2004, prepared by including the results of all trading operations currently involved in the Group as if they had been part of the Group in the relevant previous years. Specifically:

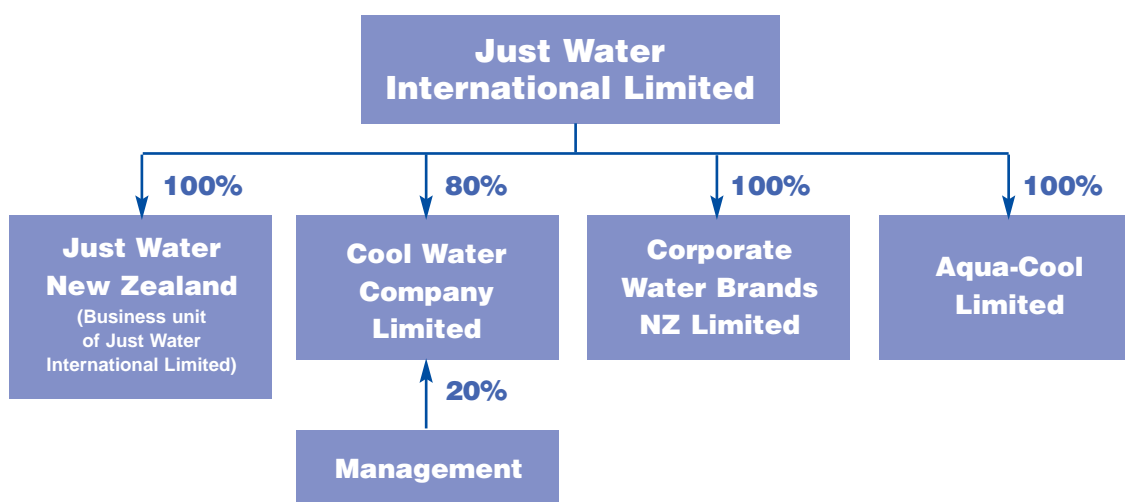
- the results of Cool Water Company Limited have been included from when the company was incorporated by the Red Eagle Group on 14 December 2001 (including the results of Corporate Water Brands from 1 July 2003, being the date from which it has been operated as a division of Cool Water); and
- the results of the Aqua-Cool business have been included from 1 July 1999. As New Pursuits Limited (the former owner of the Aqua-Cool business and formerly named Aqua-Cool Limited) had a 31 March balance date, the results of that company have been apportioned 25 percent and 75 percent to the respective periods to represent the results to 30 June, the balance date of the Group.

The water business is characterised by strong cash flows and low credit risk. Historically, the Just Water Group has earned a profit before interest, tax, depreciation and amortisation of around 30 percent on revenues. The largest customer accounts for less than two percent of revenues.



Group Structure

The following table shows the structure of the Group, together with pro forma projected turnover and EBITDA for the 12 month period ending 30 June 2004 for each of the four businesses which comprise the Group, as if the current trading operations of those four businesses had been part of the Group from 1 July 2003.¹



2004 pro forma projection¹

Turnover	\$10.3m
EBITDA	\$3.6m
Staff	105

2004 pro forma projection¹

Turnover	\$2.3m
EBITDA	\$0.4m
Staff	35

2004 pro forma projection¹

Turnover	\$0.6m
EBITDA	\$0m
Staff	2

2004 pro forma projection¹

Turnover	\$4.0m
EBITDA	\$1.1m
Staff	39

¹ These pro forma projections are derived from, and calculated using, the prospective financial information prepared by Just Water and set out in the Prospective Financial Information section on pages 43 to 49 of this Prospectus. These figures should be read in conjunction with the pro forma prospective financial information and the assumptions set out in that section.

RAJ CHAUDHARY, GENERAL MANAGER, FINANCE AND OPERATIONS,
COOL WATER COMPANY LIMITED.



Statement of financial position

The table below shows the Group's projected statement of financial position as at 30 June 2004, assuming capital raised of \$8.25m (before Offer expenses) following successful completion of the Offer is fully applied in reducing net term debt.

Projected Just Water Group statement of financial position as at 30 June 2004

F/Y as at 30 June 2004 projection (\$m) ¹			
Current assets	2.8	Current liabilities	0.8
Fixed assets	6.9	Net term debt	1.7
Intangible assets	4.7	Shareholders' funds	11.9
Total assets	14.4	Total shareholders' funds and liabilities	14.4

With strong cash flows and low debt levels, the Group will have the capacity to increase debt substantially if the need and opportunity arise. Further historical financial information about Just Water and other members of the Group, as described on pages 63 to 64 of this Prospectus, is available on Just Water's website at: www.jwi.co.nz, and on Just Water's NZAX information portal at: www.nzx.com/market/security_details/by_security?code=JWI&nzax=home.

Dividend policy

It is the directors' intention to pay dividends of between 70 to 85 percent of annual net profit after tax, subject to the directors' assessment of the capital requirements, operating performance, financial position and cash flows, borrowing arrangements and other factors considered relevant at the time.

For the year to June 2005 the directors are projecting a total dividend of 2.8 cents per share.²

The directors believe that dividends will be a consequence of the growth of operating cash flow, year on year. The directors reserve the right to amend the dividend policy at any time.

Cool Water may have a dividend policy separate to that of Just Water, recognising the minority shareholdings held by Cool Water executive directors Raj Chaudhary and Grant Hall.

Nothing contained in this Prospectus should be construed as a promise of profitability or of the payment of dividends. The level of profitability and therefore the dividends paid will depend on a number of factors, including those discussed under the heading "What Are My Risks?" on pages 57 to 62 of this Prospectus.

The dates, frequency and quantum of any returns on the shares cannot be stated with any certainty. Just Water will be legally liable to pay any distributions which are made on the shares.

¹ These pro forma projections are derived from, and calculated using, the prospective financial information prepared by Just Water and set out in the Prospective Financial Information section on pages 43 to 49 of this Prospectus (subject to the overriding assumption that capital raised of \$8.25m (before Offer expenses) following successful completion of the Offer is fully applied to reducing net term debt). These figures should be read in conjunction with the pro forma prospective financial information and the assumptions set out in that section.

² This projected dividend is not intended to be a representation as to profitability and should be read in conjunction with the prospective financial information and the assumptions set out in the Financial Information section on pages 43 to 49 of this Prospectus.



GRANT SHIELDS, CENTRAL
REGIONAL SALES MANAGER,
JUST WATER NEW ZEALAND.

Clear philosophies in key areas

Marketing: create a customer and keep that customer!

The Group's success is attributable to its simple overriding objective: "Create a customer, and retain that customer".

The Group's water-coolers and bottled water products are everywhere, from Parliament Buildings to the local panelbeater, from Cape Reinga to Bluff, from organisations with over 12,000 employees to one-person home offices.

86 percent of the 2003 Deloitte/Management Magazine Top 200 Organisations are Just Water Group customers.

The Group creates a customer by employing focused representatives, who gain their leads from referrals, Yellow Pages, telemarketing and door-knocking. The Group's expertise is in employing highly-professional managers and representatives, to satisfy a customer's individual needs, and make them complementary to the Group's needs.

Since Just Water started in 1989, professional servicing of water-coolers has always been recognised as vital to its future and the key to customer retention. Management believes that its investment in, and commitment to, a nationwide servicing programme have been major reasons for Just Water's strong growth in the New Zealand market.

Just Water offers a unique service programme under its DrinkSafe™ International brand. This practice for hygiene and sanitising water-coolers in New Zealand has AS/NZS ISO 9001:2000 accreditation. With regular servicing and cleaning of their water-coolers by the Group's specially-trained employees, the programme helps customers meet their obligations under Occupational Safety and Health guidelines.

"This company is not afraid to try new things and that philosophy extends right throughout the organisation. Whether it be an entirely new business concept or simply a new way to clean the taps on a water-cooler, ideas are tested and innovation is encouraged."

Brian Simpson

Northern Regional Sales Manager

Just Water New Zealand

"Almost five years ago when I joined Just Water, I was a bit nervous about the job being seasonal. Did I learn a lesson – the company is growing bigger by the day, and I am growing with it. Great career choice."

Grant Shields, Central Regional

Sales Manager

Just Water New Zealand



MICHAEL FANN, GENERAL MANAGER, JUST WATER NEW ZEALAND.

Clear philosophies

(continued)



"Passion, Professionalism and Perfection are what the team at Just Water is continually striving towards. ONE TEAM ONE GOAL! And I'm proud to be a part of that TEAM for the last six years."

Caroline Kelly

National Key Account Manager
Just Water New Zealand

CAROLINE KELLY, NATIONAL KEY ACCOUNT MANAGER, JUST WATER NEW ZEALAND.

Staff: teamwork for profit and enjoyment

Since the Company started in business, it has adopted ex Avis CEO Robert Townsend's maxim: "If you are not in business for fun and profit, what the hell are you doing there?"

This is the Group's fundamental premise: we want our people to enjoy their work, deliver quality service to customers and have some great fun and excitement in doing so. But at the end of the day, if they want to continue to have fun and excitement at work, the Group needs to make a profit and increase shareholder value.

The Group's employee philosophy has not changed in 15 years, and is unlikely to change in the future:

The Just Water Group wishes to establish an environment that develops good people into better people, encourages them to be innovative, and provides a workplace they enjoy.

Employees are expected to be responsible, and treat the company as though it were their own. Remuneration is based on the level of responsibility an employee is willing and able to take on.

Success as an employer is measured by the success of its employees, whether within Just Water, or as they seek to utilise their Just Water experiences outside the company.

This employee philosophy has created a unique spirit of team work, and has resulted in the success the Group has experienced to date. It is the intention of the existing shareholder of the Company, Red Eagle Corporation Limited, to gift each staff member a small parcel of shares in appreciation of their efforts in reaching this stage of the Group's successful journey.

The community: get involved and make a difference

The Group believes that good citizenship, corporate and individual, can make a real difference in the community.

For 10 years, Just Water has been the principal sponsor of the Kidney Foundation, and a contribution from every water cup supplied with the Company's water-coolers is donated to this organisation. Over \$150,000 has been contributed to the Kidney Foundation by Just Water, helping the Foundation promote drinking-water with the aim of reducing the incidence of kidney disorders.

Just Water founder Tony Falkenstein sees business education as vital to New Zealand's future, and he was instrumental in establishing New Zealand's first Business High School, at Onehunga High School. Just Water has supported this endeavour since it was started in 2002.

Group staff are encouraged to become involved as individuals in community causes, and as company teams in events such as Auckland's Round the Bays fun run.

"This is not only a company where I am rewarded for my efforts, but a company which I feel I can call my own.

I am grateful for the opportunity to be given the trust and freedom to show a true competitive spirit, develop others and have input into the overall running of the business."

**Craig Blanchfield, Southern
Regional Sales Manager
Just Water New Zealand**

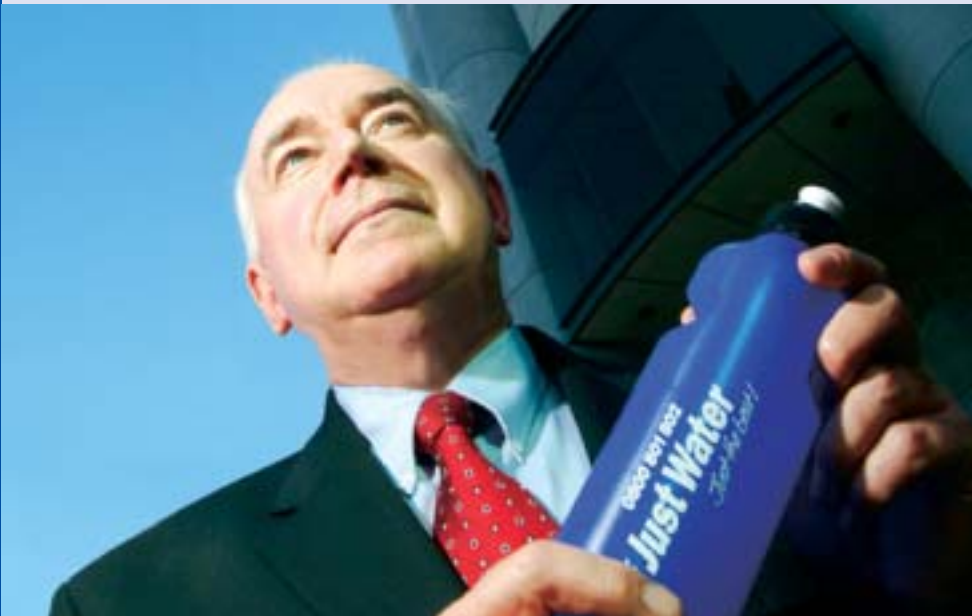


"Just Water personifies all the things that you want in a company: the opportunity to grow and be part of the growth without losing the feeling of being part of an organisation that still cares about the individual. It's a balance often dreamed about but so rarely seen."

**Kim Benish
Operations Manager
Just Water New Zealand**

Directors and Management

Directors and management



JIM MCLAY, CHAIRMAN, JUST WATER INTERNATIONAL LIMITED.

Directors

The directors' primary objective is to increase shareholder value within an appropriate framework of governance and management.

Non-executive directors will be appointed on the understanding that their term of tenure is finite, not exceeding five years. After three years, the board will nominate one new director each year, to give new dynamics to the board and to ensure that the Company maintains its innovative and entrepreneurial approach to its business.

The board is comprised of the following directors:

Hon. Jim McLay CNZM, QSO, LLB

Chairman

Jim McLay originally practised as a barrister and became a Member of the New Zealand Parliament in 1975. Until his retirement from politics in 1987 he held, at various times, the positions of Attorney General, Minister of Justice, Deputy Prime Minister, and on a change of Government, Leader of the Opposition.

Jim is currently chairman of Macquarie Goodman (NZ) Limited, manager of the publicly-listed Macquarie Goodman Property Trust. He is also the principal and managing director of JK McLay Limited, business consultants, and is chairman of Pharmacybrands Limited (owner of the Unichem, AMCAL, Dispensary First and Life pharmacy brands), and a director of several other companies. He was previously the New Zealand Commissioner on the International Whaling Commission. He has served as an adviser to the New Zealand Government in reviews of the wholesale electricity market, defence funding and financial management, accident compensation and roading reform.



IAN MALCOLM, DIRECTOR, JUST WATER INTERNATIONAL LIMITED.

Ian Malcolm CA, ACA, JP

Non-executive director

Ian Malcolm is a chartered accountant and has been in public practice for 25 years. He is a director of Mabee Halstead & Kiddle Limited, a long-established and well-respected chartered accounting firm in central Auckland.

Ian has been actively involved with the establishment and growth of a number of businesses primarily in the ICT industry, and is currently on the board of several companies, including companies within the Red Eagle Group.

In 1989 Ian started Global Accounting, a computer software business targeting professional firms, which rapidly grew to be a highly-successful and respected player in the market. After the sale of this business in 2000 to an Australian public company, Ian continued a high involvement in IT, being chairperson of the Institute of Chartered Accountants Auckland ICT Group.

Community involvements include being treasurer of a school Board of Trustees, a Justice of the Peace and honorary auditor of sports clubs, as well as work for his church parish committee.

Renny Cunnack MA

Non-executive director

An English-born Oxford graduate now an Australian citizen, Renny Cunnack had a long career in advertising, working for Ogilvy & Mather for 23 years in London, New York, New Zealand and Australia. He was chairman of the agency in Australia, regional director for Australia and New Zealand, and on the international boards of The Ogilvy Group and Ogilvy & Mather Worldwide.

He was then managing director of ATV Channel 10 television in Melbourne before founding The Cunnack Company, a consultancy in business and marketing strategy, advertising and communications.

He is a director of Bartercard Australia, the Victoria-based FoodWorks Supermarket Group and companies within the Red Eagle Group.



RENNY CUNNACK, DIRECTOR,
JUST WATER INTERNATIONAL
LIMITED.

Tony Falkenstein BCom **Managing Director**

Tony Falkenstein has been a chief executive of companies for over 25 years, including subsidiaries of multinationals, two former NZX-listed companies, and for the past 16 years, his own family company, Red Eagle Corporation Limited.

He was Chief Executive of a successful listed company, Optical Holdings Limited, in the early 1980s, and will continue to follow the same principles which brought that company to public success: *be totally open to shareholders, show them what you are doing, be proud of your results, and treat shareholders with the respect they deserve – they are the owners!*

His business philosophy is uncomplicated: “Keep it simple, enjoy what you are doing, and make a profit”. With this philosophy he has grown the Red Eagle Group to an annual turnover in excess of \$150 million.

Tony is a past President and Fellow of the Institute of Chartered Secretaries, and is currently a Fellow of the New Zealand Institute of Management.

He is Chairman of New Zealand's first business high school, Onehunga High Business School, and is passionate about business education as the key to New Zealand's future economic prosperity.

Directors' remuneration

Directors' fees of \$77,000 in aggregate per annum have been approved by shareholders. Directors' fees are not paid to executive directors. No retirement allowances are payable to any directors.

The board considers that directors will be more effective in achieving the Company's primary objective if they are also shareholders in the company they direct. Each of the directors has agreed to apply his directors' fees for the year to 31 March 2005 in subscribing for shares under the Offer, at the issue price. Accordingly, 154,000 shares have been reserved for directors under the Offer for this purpose.

In addition, 60,000 options to subscribe for ordinary shares are being issued to the chairman and 40,000 to each of the other two non-executive directors. All these options will be exercisable at 60 cents per option (representing a premium of 20 percent over the issue price per share) by 30 June 2007. Each of the options being issued to directors will confer the right to subscribe for one new share, for cash, at any time before its expiry date.

The options will not be transferable without board approval, and will lapse if not exercised within 90 days of the director ceasing to be a director (except as a result of death or disability). The options will be otherwise on the same terms as those being issued under the executive share option scheme described on page 35 of this Prospectus.



TONY FALKENSTEIN,
MANAGING DIRECTOR,
JUST WATER INTERNATIONAL
LIMITED.

Management Structure

The Managing Director and founder of the Company has operated in that role since the formation of the Company. Each business unit has its own management, reporting to Tony Falkenstein. A management committee, including two senior experienced non-executives, has ensured that strong corporate governance procedures have been consistently implemented. The Group has been audited by PricewaterhouseCoopers since the Company first commenced operations.

Just Water New Zealand

Just Water New Zealand has 105 staff spread through the country; 45 are fulltime employees.

The General Manager, Michael Fann, performs the sales and marketing management function, as well as the Chief Operating Officer role.

The Finance Manager, Marlon Bridge, leads a seven-strong team responsible for the credit control, treasury and management reporting requirements of Just Water.

The Operations Manager, Kim Benish, has responsibilities including managing the National Call Centre which responds to inward service calls, and supervising the Company's team of some 60 DrinkSafe™ consultants.¹

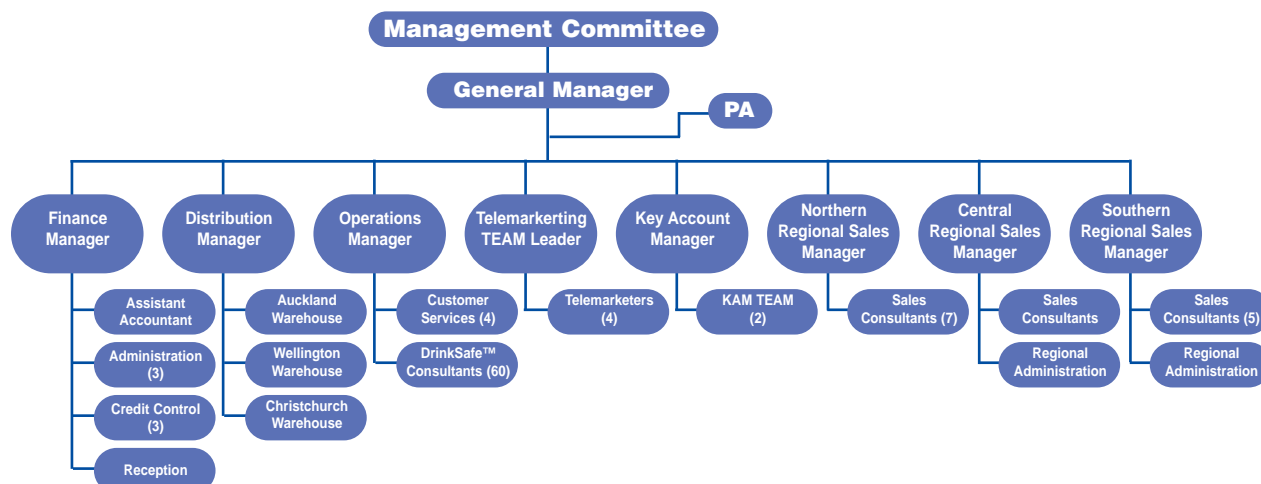
The Corporate Accounts Manager, Caroline Kelly, is responsible for the major corporate accounts nationwide.

The Northern Regional Sales Manager, Brian Simpson, is responsible for the upper half of the North Island, which includes representatives in Northland, Auckland, Waikato and Bay of Plenty.

The Central Regional Sales Manager, Grant Shields, is responsible for the lower half of the North Island, which includes representatives in Wellington, Taranaki, Manawatu and Hawkes Bay, and local leadership of the DrinkSafe™ consultants.

The South Island Regional Sales Manager, Craig Blanchfield, is responsible for the South Island, which includes representatives in Marlborough, Canterbury, Otago and Southland, and local leadership of the DrinkSafe™ consultants.

Just Water New Zealand: organisation structure



¹ The DrinkSafe™ consultants are employees who service, clean and sanitise Just Water water-coolers on a regular basis, in accordance with DrinkSafe™ International standards.

Cool Water and Corporate Water Brands

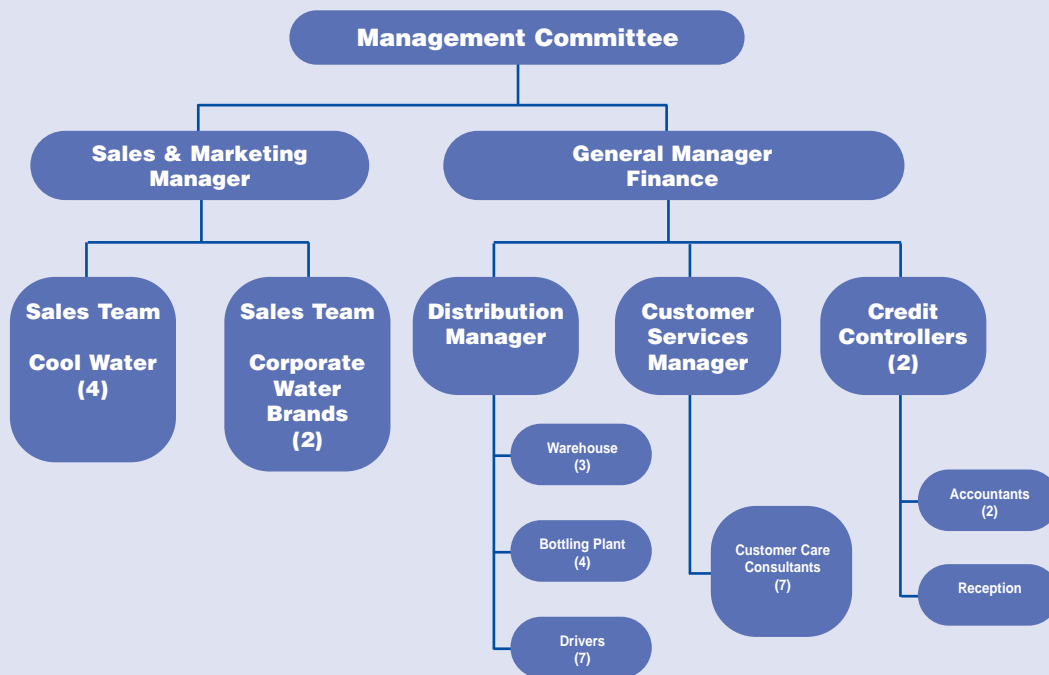
Cool Water has a staff of 35 fulltime employees.

Raj Chaudhary is the General Manager Finance and Administration, and was formerly the Finance Manager of Just Water. He has been with the Group since 2001.

Grant Hall heads the sales team, and was the founder in 1999 of the Corporate Water Brands business. Corporate Water Brands became part of the Group with effect from 1 July 2003. The business has been run as a division of Cool Water, utilising Cool Water staffing, and will be operated as a wholly-owned subsidiary of Just Water from 1 July 2004.

Messrs. Chaudhary and Hall are both executive directors of Cool Water, and each owns 10 percent of Cool Water Company Limited, as described on page 52.

Cool Water and Corporate Water Brands: organisation structure

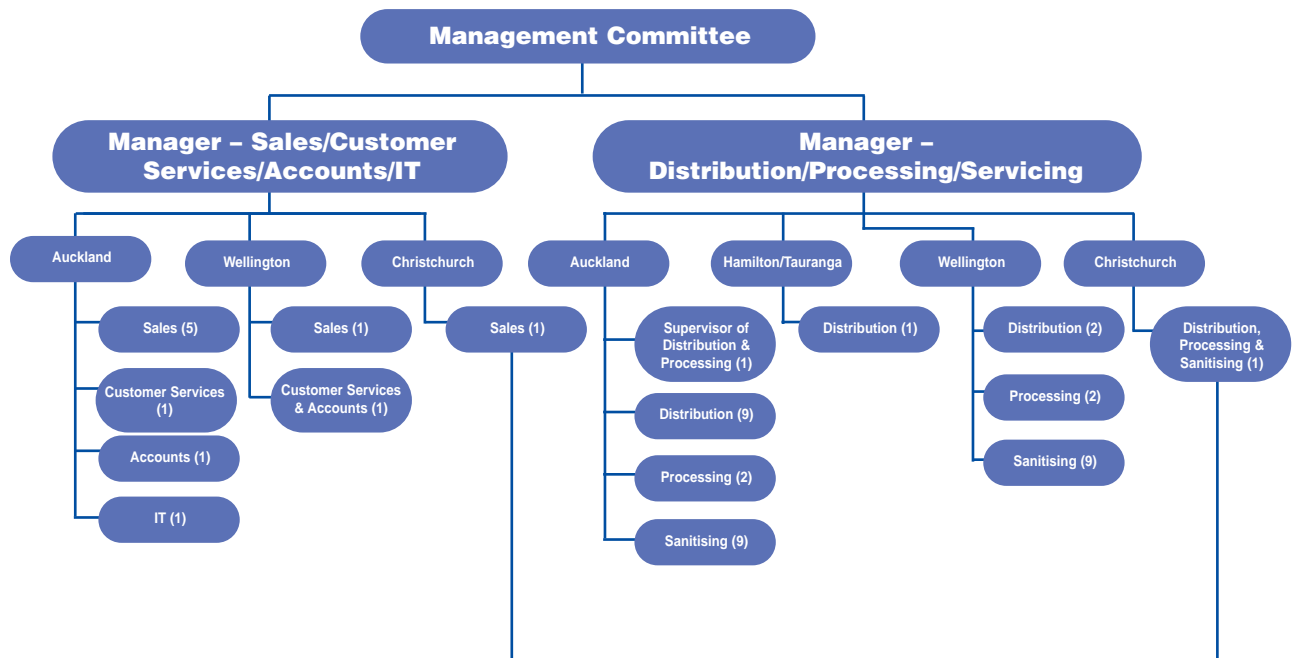


Aqua-Cool

Aqua-Cool has a staff of 39 full-time employees.

The Company was acquired in April 2004. Tony Falkenstein will operate as General Manager and supervise the integration programme.

Aqua-Cool: organisation structure



Executive share option scheme

Prior to the date of this Prospectus, the sole shareholder of Just Water, Red Eagle Corporation Limited, by shareholder's resolution approved the offer and issue of up to 1,850,000 options to senior executives of the Group, 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 at any time on or before 6 May 2007. To incentivise management to increase the enterprise value of the Group, the Company is offering 1,300,000 of such options to senior executives of the Group, exercisable at 60 cents per share (representing a 20 percent premium over issue price) by 30 June 2007, in conjunction with the Offer. Each of the options to be issued to senior executives will confer the right to subscribe for one new share, for cash, at any time before its expiry date.

The options will not entitle the holders to participate in rights issues of new securities, but will provide for the exercise price to be adjusted in this event in accordance with the formula set out in the NZAX Listing Rules. If there is a bonus issue to shareholders or a consolidation or subdivision of shares, the number of shares over which the options are exercisable will be increased by the number of shares which the holder of the option would have received if the option had been exercised before the record date for the issue, consolidation or subdivision.

The options will not be transferable without board approval, and will lapse if not exercised when the relevant employee ceases to be employed by a member of the Group (except as a result of death or disability).

Corporate governance

The Just Water International Limited board of directors is responsible for the overall corporate governance of the Company.

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 Just Water and its controlled entities are properly managed. The function of the board of directors 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 Managing Director
- 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.

The Company has adopted a constitution that satisfies the requirements of NZX and the NZAX Listing Rules. In adopting this constitution, the shareholder, 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 NZSX 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 free of charge on the Companies Office's electronic register at: www.companies.govt.nz.

Financial Information

Financial Information

This section contains summary historical and prospective financial information of the Group.

Historical financial information

The following summary historical financial information of the Group is provided in this section:

- a summary of financial performance for the years ended 30 June 1999 to 30 June 2003 and the six months ended 31 December 2003 as set out on page 39. This information (excluding the six months ended 31 December 2003) has been derived from the audited financial statements of Just Water;
- a summary of financial position as at 30 June 1999, 30 June 2000, 30 June 2001, 30 June 2002, 30 June 2003 and 31 December 2003 as set out on page 40. This information (excluding the summary of financial position as at 31 December 2003) has been derived from the audited financial statements of Just Water;
- a pro forma summary of financial performance for the years ended 30 June 1999 to 30 June 2003 as set out on page 41. This pro forma information has been derived by including the results of all trading operations currently involved in the Group, as if they had been part of the Group in the relevant previous years. This pro forma approach has been adopted to facilitate like-for-like comparison, as the historical summary of financial performance does not reflect the current composition of the Group. The results of Just Water have been included throughout all periods. The results of Cool Water have been included from 14 December 2001, when the company was established by related parties. The results of the Aqua-Cool business have been included from 1 July 1999. As Aqua-Cool had a 31 March balance date, the results have been apportioned 25 percent and 75 percent to the respective periods to represent the results to 30 June, the balance date of the Group.

Comments on the summary historical financial information are set out on page 42 of this Prospectus.

The auditors are not required by the Securities Act (NZX-NZAX Market) Exemption Notice 2003 to provide, and have not provided, an opinion on any of the financial information referred to above.

Financial Information

(continued)

Prospective financial information

The following summary prospective financial information of the Group is provided in this section:

- a projected summary of financial performance for the 12 months ending 30 June 2004 as set out on page 39 and based on the assumptions set out on pages 46 to 48, incorporating contributions from Cool Water from 1 January 2004 and Aqua-Cool from 1 April 2004;
- a projected summary of financial position as at 30 June 2004 as set out on page 40, assuming \$8,250,000 (before Offer expenses) has been raised as a result of the Offer and based on the assumptions set out on pages 46 to 48;
- a projected pro forma summary of financial performance for the 12 months ending 30 June 2004 as set out on page 41 and based on the assumptions set out on pages 46 to 48. This pro forma projection has been prepared assuming all trading operations currently involved in the Group had been part of the Group from 1 July 2003 and accordingly is intended to reflect the full year impact of the current structure of the Group.

The prospective financial information above is the same as that presented in the Prospective Financial Information section on pages 43 to 49 of this Prospectus .

All prospective financial information contained in this Prospectus constitutes a projection and is based on one or more hypothetical but realistic assumptions which reflect possible courses of action. A projection is not a forecast. A forecast would be prospective financial information prepared based on a series of assumptions as to the future events that the directors reasonably expect to occur as a result of actions they reasonably expect to take. Investors must consider the assumptions described on pages 46 to 48 of this Prospectus for the purposes of this Offer.

The prospective financial information has been the subject of due diligence by the directors. Although due care and attention has been taken in preparing the prospective financial information, the directors cannot provide assurance that the prospective financial information will be achieved. Actual results may vary from the projected results due to the non-occurrence of anticipated events or alternatively events occurring that were not anticipated, and any variations may be material.

The prospective financial information was prepared as at 7 May 2004 for use in this Prospectus. Actual audited results for the year ended 30 June 2003 have been incorporated into the projection for the year ending 30 June 2004. The projected information has been prepared for the purposes of this Prospectus and may not be suitable for any other purpose. There is no present intention to update this prospective financial information or to publish prospective financial information in the future.

SUMMARY OF FINANCIAL PERFORMANCE

Following is a summary of the financial performance of the Just Water Group for the years ended 30 June 1999 to 30 June 2003, the six months ended 31 December 2003 and projected for the 12 months ending 30 June 2004. Summary historical information to 30 June 2003 has been taken from audited financial statements. Six month results to 31 December 2003 are unaudited.

The projections for the 12 months ending 30 June 2004 include 12 months' results for Just Water International Limited, the six months' results for Cool Water Company Limited from 1 January 2004 (which include the results of Corporate Water Brands which is being operated as a division of Cool Water over that period) and the three months' results for Aqua Cool Limited from 1 April 2004.

\$'000	1999 12 mths to 30 Jun Audited	2000 12 mths to 30 Jun Audited	2001 12 mths to 30 Jun Audited	2002 12 mths to 30 Jun Audited	2003 12 mths to 30 Jun Audited	2003 6 mths to 31 Dec Unaudited	2004 12 mths to 30 Jun Projected
Revenue	8,190	8,520	8,886	9,401	9,682	4,925	12,827
EBITDA	2,417	2,798	2,143	2,351	3,217	1,743	4,142
Depreciation	582	447	493	580	673	385	1,000
Loss (Gain) on disposal	167	101	(7)	(3)	2	2	1
EBITA	1,668	2,250	1,657	1,774	2,542	1,356	3,141
Interest income	0	0	0	0	0	0	30
Interest expense	101	30	17	4	17	12	283
EBTA	1,567	2,220	1,640	1,770	2,525	1,344	2,888
Amortisation	0	0	0	0	0	0	67
EBT	1,567	2,220	1,640	1,770	2,525	1,344	2,821
Tax	470	747	582	501	80	449	692
EAT	1,097	1,473	1,058	1,269	Note 1 2,445	895	2,129
Dividends	519	1,485	1,096	400	1,200	1,600	1,600
SURPLUS	578	(12)	(38)	869	1,245	(705)	Note 2 529
Minority interest share of EAT	0	0	0	0	0	0	(7)
Surplus after minority interest	578	(12)	(38)	869	1,245	(705)	536

Note 1: Net losses of other Red Eagle Group companies used to offset net income

Note 2: 2004 dividend was paid in December 2003

The terms EBITDA, EBITA, EBTA, EBT and EAT are defined in the Glossary on page 69 of this Prospectus

The projections for the 12 months ended 30 June 2004 are the same as those presented in the Prospective Financial Information section on pages 43 to 49.

SUMMARY OF FINANCIAL POSITION

The financial position projected at 30 June 2004 assumes \$8,250,000 (before Offer expenses) has been raised as a result of the Offer.

\$'000	1999 as at 30 Jun Audited	2000 as at 30 Jun Audited	2001 as at 30 Jun Audited	2002 as at 30 Jun Audited	2003 as at 30 Jun Audited	2003 as at 31 Dec Unaudited	2004 as at 30 Jun Projected
CURRENT ASSETS							
Bank	78	140	2	1	1	0	2,487
Other	1,327	1,071	1,375	1,591	2,062	2,338	2,819
	1,405	1,211	1,377	1,592	2,063	2,338	5,306
NON CURRENT ASSETS							
Rental equipment	1,474	1,542	1,882	1,720	1,899	2,867	3,421
Land and buildings	0	0	0	0	0	2,255	2,239
Other fixed assets	350	279	303	339	500	1,057	1,266
Other	11	0	0	163	21	0	0
Total non current assets	1,835	1,821	2,185	2,222	2,420	6,179	6,926
Total tangible assets	3,240	3,032	3,562	3,814	4,483	8,517	12,232
PLUS OTHER ASSETS							
Goodwill	0	0	0	0	0	499	4,740
LESS LIABILITIES							
Loans	800	0	0	0	0	4400	4,200
Other	1,213	1,817	2,358	1,649	1,073	1,805	804
Total liabilities	2,013	1,817	2,385	1,649	1,073	6,205	5,004
NET ASSETS	1,227	1,215	1,177	2,165	3,410	2,811	11,968
EQUITY							
Share capital	1,000	1,000	1,000	1,000	1,000	1,000	8,750
Retained earnings	227	215	177	1,165	2,410	1,705	3,119
Minority interest	0	0	0	0	0	106	99
Total Equity	1,227	1,215	1,177	2,165	3,410	2,811	11,968

The projected statement of financial position at 30 June 2004 is the same as that presented in the Prospective Financial Information section on pages 43 to 49 of this Prospectus.

PRO FORMA SUMMARY OF FINANCIAL PERFORMANCE

Following is a pro forma summary of the financial performance of the Just Water Group for the years ended 30 June 1999 to 30 June 2003 and projected for the 12 months ending 30 June 2004, including the results of all trading operations currently involved in the Group, as if they had been part of the Group in the relevant previous years. This pro forma approach has been adopted to facilitate like-for-like comparison, as the historical summary of financial performance does not reflect the current composition of the Group.

The results of Cool Water Company Limited have been included from 14 December 2001, when the company was established by related parties. The results of the Corporate Water Brands business have been included in the results of Cool Water from 1 July 2003, when Corporate Water Brands began operating as a division of Cool Water. The results of the Aqua-Cool business have been included from 1 July 1999. As Aqua-Cool had a 31 March balance date, the results have been apportioned 25 percent and 75 percent to the respective periods to represent the results to 30 June, the balance date of the Group.

Pro forma						
\$'000	1999 12 mths to 30 Jun Audited	2000 12 mths to 30 Jun Unaudited	2001 12 mths to 30 Jun Unaudited	2002 12 mths to 30 Jun Unaudited	2003 12 mths to 30 Jun Unaudited	2004 12 mths to 30 Jun Projected
Revenue	8,190	11,188	12,387	14,246	15,800	17,248
	100%	100%	100%	100%	100%	100%
EBITDA	2,292	3,434	3,813	3,716	3,974	5,125
	28%	31%	31%	26%	25%	30%
Depreciation	582	651	813	988	1,126	1,262
	7%	6%	7%	7%	7%	7%
Loss (Gain) on disposal	42	101	(7)	(2)	6	1
EBITA	1,668	2,682	3,007	2,730	2,842	3,862
	20%	24%	24%	19%	18%	22%
Interest income	0	0	0	0	0	30
Interest expense	101	120	110	90	128	387
EBTA	1,567	2,562	2,897	2,640	2,714	3,505
	19%	23%	23%	19%	17%	20%
Amortisation	0	0	0	658	35	67
EBT	1,567	2,562	2,897	1,982	2,679	3,438
	19%	23%	23%	14%	17%	20%
Tax	470	882	669	644	278	718
EAT	1,097	1,680	2,228	1,338	2,401	2,720
Dividends	519	1,485	1,096	400	1,200	1,600
						Note 1
SURPLUS	578	195	1,132	938	1,201	1,120
Minority interest share of EAT	0	0	0	(208)	(105)	42
Surplus after minority interest	578	195	1,132	1,146	1,306	1,078

Note 1: 2004 dividend was paid in December 2003

The pro forma projections for the 12 months ended 30 June 2004 are the same as those presented in the Prospective Financial Information section on pages 43 to 49 of this Prospectus.

COMMENTS ON HISTORICAL RESULTS

Just Water was the primary company in the Group until December 2003. In December 2003, Just Water acquired 75 percent of Cool Water Company and a further net 5 percent was acquired in March 2004. Accordingly, other than in the pro forma trading results above (which include trading results of Cool Water from the date of its incorporation in December 2001), the trading results of Cool Water will be consolidated post 31 December 2003.

Just Water was incorporated on 21 March 1988. It was previously named Red Eagle Office Supplies Limited (7 November 1988 to 10 June 1997), Red Eagle Corporation Limited (10 June 1997 to 15 April 2002) and Just Water (NZ) Limited (15 April 2002 to 23 December 2003).

Detailed historical audited results for the years ended 30 June 1999 to 30 June 2003 and unaudited results for the six months to 31 December 2003 can be viewed at the Company's website www.jwi.co.nz or at the Company's NZAX information portal on the NZAX website at:

www.nzx.com/market/security_details/by_security?code=JWI&nzax=home
or at the Company's registered office. Audited accounts to 30 June 2003 took advantage of differential reporting.

In December 2003, Just Water:

- acquired 75 percent of Cool Water as described on page 67 of this Prospectus;
- arranged a commercial bill for \$4,700,000 with the Bank of New Zealand;
- purchased the primary premises from which Cool Water operates (47A Normanby Road, Mt Eden, Auckland) from Amante Limited for \$970,000;
- purchased the primary premises from which Just Water operates (5 Charles Street, Mt Eden, Auckland) from DS Charles Limited (formerly Eko Investments Limited) for \$1,285,000.

In March 2004, Just Water:

- acquired a further net five percent of Cool Water as described on page 67 of this Prospectus;

In April 2004, Just Water:

- established a new company called AC 2004 Limited. This company was used to acquire the going concern assets of Aqua-Cool Limited including debtors, fixed assets, goodwill, naming rights and recent trade creditors for consideration of \$6,000,000 (subject to completion adjustments) and was renamed Aqua-Cool Limited. This transaction incorporated goodwill of \$4,300,000 that is to be amortised over 20 years.
- arranged an increase in the commercial bill facility to \$9,800,000 with the Bank of New Zealand to assist with funding this transaction.

Related party management fees have been excluded from the pro forma statement of financial performance for the years ended 30 June 2001 and 30 June 2002.

In reporting financial results for the Group in respect of the business of Aqua-Cool (other than in the pro forma trading results above, which include trading results of Aqua-Cool from 1 July 2000) trading will be consolidated post 1 April 2004.

Prospective Financial Information

(continued)

The following prospective financial information of the Group is provided in this section:

- a projected statement of financial performance for the 12 months ending 30 June 2004 as set out on page 44 based on the assumptions set out on pages 46 to 48, and incorporating contributions from Cool Water from 1 January 2004 and Aqua-Cool from 1 April 2004;
- a projected pro forma statement of financial performance for the 12 months ending 30 June 2004 as set out on page 44 and based on the assumptions set out on pages 46 to 48. This pro forma projection has been prepared assuming all trading operations currently involved in the Group had been part of the Group from 1 July 2003 and accordingly is intended to reflect the full year impact of the current structure of the Group;
- a projected statement of financial position as at 30 June 2004 as set out on page 45, assuming \$8,250,000 (before Offer expenses) has been raised as a result of the Offer and based on the assumptions set out on pages 46 to 48;
- a projected statement of cash flows for the Group for the 12 months ending 6 May 2005 as set out on page 46 and based on the assumptions set out on pages 46 to 48, as required by the Securities Act (NZX-NZAX Market) Exemption Notice 2003.

All prospective financial information contained in this Prospectus constitutes a projection and is based on one or more hypothetical but realistic assumptions which reflect possible courses of action. A projection is not a forecast. A forecast would be prospective financial information prepared based on a series of assumptions as to the future events that the directors reasonably expect to occur as a result of actions they reasonably expect to take. Investors must consider the assumptions described below for the purposes of this Offer.

The prospective financial information has been the subject of due diligence by the directors. Although due care and attention has been taken in preparing the prospective financial information, the directors cannot provide assurance that the prospective financial information will be achieved. Actual results may vary from the projected results due to the non-occurrence of anticipated events or alternatively events occurring that were not anticipated, and any variations may be material.

The prospective financial information was prepared as at 7 May 2004 for use in this Prospectus. Actual results for the period ended 29 February 2004 have been incorporated into the projections. The projected information has been prepared for the purposes of this Prospectus and may not be suitable for any other purpose. There is no present intention to update this prospective financial information or to publish prospective financial information in the future.

PricewaterhouseCoopers have provided the opinion required by clause 13(5) of the Securities Act (NZX-NZAX Market) Exemption Notice 2003 on the prospective financial information on pages 44 to 48. The auditors are not required to provide, and have not provided, an opinion on any other financial information in this Prospectus.

PROSPECTIVE STATEMENT OF FINANCIAL PERFORMANCE

Below is the projected statement of financial performance, and the pro forma projected statement of financial performance, for the Group for 12 months ending 30 June 2004.

\$'000	2004 12 mths to 30 Jun Projected	Pro forma 2004 12 mths to 30 Jun Projected
Revenue	12,827	17,248
EBITDA	4,142	5,125
<i>Depreciation</i>	1,000	1,262
<i>Loss (Gain) on disposal</i>	1	1
EBITA	3,141	3,862
<i>Interest income</i>	30	30
<i>Interest expense</i>	283	387
EBTA	2,888	3,505
<i>Amortisation</i>	67	67
EBT	2,821	3,438
Tax	692	718
EAT	2,129	2,720
Dividends	1,600	1,600
SURPLUS	529	1,120
Minority interest share of EAT	(7)	42
Surplus after minority interest	536	1,078

PROSPECTIVE STATEMENT OF FINANCIAL POSITION

Below is the projected statement of financial position for the Group as at 30 June 2004.

\$'000	2004 as at 30 Jun Projected
CURRENT ASSETS	
Bank	2,487
Other	2,819
	5,306
NON CURRENT ASSETS	
Rental equipment	3,421
Land and buildings	2,239
Other fixed assets	1,266
Other	0
Total non current assets	6,926
Total tangible assets	12,232
PLUS OTHER ASSETS	
Goodwill	4,740
LESS LIABILITIES	
Loans	4,200
Other	804
Total liabilities	5,004
NET ASSETS	11,968
EQUITY	
Share capital	8,750
Retained earnings	3,119
Minority interest	99
Total Equity	11,968

PROSPECTIVE STATEMENT OF CASH FLOWS

Below is the projective statement of cash flows for the Group for 12 months ending 6 May 2005

\$'000	12 months to 6 May 05 Projected
CASH FLOWS FROM OPERATING ACTIVITIES	4,155
CASH FLOWS FROM INVESTING ACTIVITIES	
Cash was applied to:	
Rental assets	(905)
Purchase of other assets	(437)
Net cash flows applied to investing activities	(1,342)
CASH FLOWS FROM FINANCING ACTIVITIES	
Cash was provided by (applied to):	
Repayment of Loans	(6,600)
Payment of dividends	(800)
Issue of ordinary shares (net of issuance costs)	7,750
Net cash flows from (applied to) financing activities	350
Net increase (decrease) in cash held	3,163
Opening balance	57
Closing balance	3,220
Net movement	3,163

PRINCIPAL ASSUMPTIONS UNDERLYING THE PROJECTIONS

The principal assumptions upon which the projected financial information is based are set out below and should be read in conjunction with the section "What Are My Risks?" on pages 57 to 62 of this Prospectus and the accounting policies in the financial statements of Just Water which are available on Just Water's website at www.jwi.co.nz.

Basis of Preparation

- The projections for reporting purposes assume contributions from the following companies:
 - Just Water International Limited – entire period;
 - Cool Water Company Limited – six months from 1 January 2004;
 - Aqua-Cool Limited – three months from 1 April 2004.
- The pro forma projections assume contributions from the following companies/businesses:
 - Just Water International Limited – entire period;

- Cool Water Company Limited – from incorporation on 14 December 2001;
- the Aqua-Cool business – from 1 July 1999.
- The results of Cool Water Company Limited from 1 July 2003 include the results of the Corporate Water Brands business, which has been operating as a division of Cool Water from that date.

A. General assumptions

General economic environment

- There will be no material change in the existing general economic or fiscal conditions (including taxation rates) in New Zealand that may have a material impact on the Group's operations.

Operating environment

- There will be no legislative or regulatory changes that affect the Group's operations.
- There will be no material costs incurred through either industrial or contractual disputes.
- A company income tax rate of 33 percent for New Zealand will apply and there will be no material change in the taxation environment.

Nature of business

- There will be no significant change in key personnel.
- There will be no material change to the Group's technological environment.
- The Group's accounting policies will remain consistent with existing policies amended where appropriate for full GAAP disclosure, in particular inclusion of tax notes and statement of cash flows.

B. Specific assumptions

Revenue and operating expenditure

- There will be no material change in the number of water-cooler contracts cancelled as a percentage of the Group's total cooler population compared to historical cancellations.
- There will be no significant increase in competition during the projection period.
- There will be no significant change in the price of goods (including foreign exchange) and services during the projection period.
- Growth rates across all businesses are projected to continue similar to historical levels.
- Operating expenditure is expected to have a similar relationship to revenue during the 12 month period to 6 May 2005 as during the previous 12 month period to 6 May 2004.

Other

- There will be no material change in the payment terms of creditors.

- There will be no material change in the debtors' terms of trade and collection relationships.
- Capital expenditure is based on historical expenditure with the exception of extraordinary capital items that occurred prior to 31 December 2003 relating to the purchase of primary trading premises, the purchase of Cool Water Company Limited and the acquisition of the business of Aqua-Cool. No allowance has been made for capital expenditure not foreseen by the vendors of the business of Aqua-Cool Limited.
- Acquisition of the business of Aqua-Cool has occurred in accordance with an agreement for the sale and purchase of business and assets dated 15 April 2004, with no changes in operation or expenditure to those as carried out or incurred by the vendor prior to acquisition.
- The business of Aqua-Cool is successfully integrated into the Group from 1 April 2004.
- Proceeds from the Offer of \$8,250,000 are budgeted to be received in June 2004 and Offer-related costs of \$500,000 will be paid in April to June 2004.
- An existing Bank of New Zealand commercial bill for \$9,800,000 will be repaid at \$100,000 a month commencing May 2004 and in June 2004 there will be a repayment of \$5,400,000, being the temporary facility, included in the total facility, arranged in relation to the acquisition of the business of Aqua-Cool.
- The allotment under the Offer will occur in June 2004.
- All dividends pre 31 December 2004 have been paid. The next dividend payment during the projection period is the projected payment of an interim dividend for the June 2005 year, projected for March 2005.
- Cash reserves will be held with the Group's banking service provider and the rates will be those of the overnight rate or up to 90 days. Cash will be invested in a low risk, liquid cash portfolio with the majority of funds held in NZD. In the event offshore purchases may be pending, some funds may be held in other currencies.
- Interest income has been calculated at five percent and interest expenditure at eight percent on applicable balances.
- The cash flow projection for the year to 6 May 2005 assumes that the cash raised in the Offer is used to repay debt. The directors have made it clear that they intend to pursue growth strategies which may include acquisitions. Accordingly, the actual cash flows may vary from the projection.

Auditor's Report

The Directors
Just Water International Limited
4th Floor
70 Shortland Street
Auckland

PricewaterhouseCoopers
PricewaterhouseCoopers Tower
188 Quay Street
Private Bag 92162
Auckland, New Zealand
DX CP24073
Telephone +64 9 355 8000
Facsimile +64 9 355 8001

7th May 2004

Auditors' Report for inclusion in the prospectus

Dear Directors

As auditors of Just Water International Limited ("the Company") and subsidiaries ("the Group") we have prepared this report pursuant to clause 13(5) of the Securities Act (NZX-NZAX Market) Exemption Notice 2003 for inclusion in a prospectus to be dated 7th May 2004.

Directors' responsibilities

The Company's Directors are responsible for the preparation and presentation of:

- the projected statement of financial performance for the 12 months ended 30 June 2004 (page 44);
- the pro forma projected statement of financial performance for the 12 months ended 30 June 2004 (page 44);
- the projected statement of financial position as at 30 June 2004 (page 45), and
- the projected statement of cash flows of the Group for the twelve months ending 6 May 2005 (page 46),

collectively the "Specified Prospective Financial Information"

including the assumptions on which they are based.

Auditors' responsibilities

We are responsible for expressing an independent opinion on the Specified Prospective Financial Information presented by the Directors and reporting our opinion in accordance with clause 13(5) of the Securities Act (NZX-NZAX Market) Exemption Notice 2003.

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

Basis of opinion on the Specified Prospective Financial Information

To meet our reporting responsibilities we have examined the Specified Prospective Financial Information to confirm that, so far as the accounting policies and calculations are concerned, the Specified Prospective Financial Information has been properly compiled on the basis of the assumptions made or adopted by the Directors of the Company as set out on pages 46 to 48 of this prospectus and is presented on a basis consistent with the accounting policies normally adopted by the Group.

Unqualified opinion on the Specified Prospective Financial Information

In our opinion the Specified Prospective Financial Information so far as the accounting policies and calculations are concerned, have been properly compiled on the basis of the assumptions made or adopted by the Directors of the Company as set out on pages 46 to 48 of this prospectus and are presented on a basis consistent with the accounting policies normally adopted by the Group.

Actual results are likely to be different from the Specified Prospective Financial Information since anticipated events frequently do not occur as expected and the variation could be material. Accordingly, we express no opinion as to whether the Specified Prospective Financial Information will be achieved.

Yours faithfully



PricewaterhouseCoopers
Chartered Accountants
Auckland

Answers to Important Questions

The information in this section is provided in accordance with the Securities Act (NZX-NZAX Market) Exemption Notice 2003.

WHAT SORT OF INVESTMENT IS THIS?

Description of securities

Just Water International Limited is making an offer of up to 16,500,000 fully-paid ordinary shares (each a “share”), at an issue price of \$0.50 per share to investors in New Zealand.

The terms of the shares will be identical to the terms of the existing shares in Just Water on issue, and the shares offered under this Prospectus will rank equally in all respects with the existing shares at the date on which they are issued.

Each share gives the holder the right to:

- a) attend and vote at a meeting of shareholders of Just Water, including the right to cast one vote per share on a poll on any resolution including but not limited to a resolution to:
 - appoint or remove a director or auditor;
 - alter Just Water’s constitution;
 - approve a major transaction.
- b) an equal share, with all other shares, in any distribution, including dividends, if any, authorised by the board of directors of Just Water;
- c) an equal share in the distribution of surplus assets in any liquidation of Just Water;
- d) be sent certain Just Water information;

as well as such rights as a shareholder conferred by the Companies Act 1993 and Just Water’s constitution.

Activities

The principal activity of Just Water and its subsidiaries is the rental and sale of water-coolers and bottled drinking-water to domestic and corporate customers. Just Water has been carrying on its activities since October 1989. For further details on the activities of Just Water see the section headed ‘Just Water: a New Zealand Success Story’ on pages 16 to 19 of this Prospectus.

WHO IS INVOLVED IN PROVIDING IT FOR ME?

Issuer and other details

Just Water International Limited is the company in which the shares are being offered, and is the issuer. Just Water was incorporated on 21 March 1988 under the Companies Act 1955, and was subsequently re-registered under the Companies Act 1993. Its registered number is 368825.

The public file relating to the incorporation of Just Water is held by the Companies Office, Ministry of Economic Development, and is available for public inspection on the Companies Office website at www.companies.govt.nz. Where relevant documents are not available on the website, a request for the documents can be made by contacting the Companies Office Contact Centre on 0508 266 726. A prescribed fee may be payable.

The registered address of Just Water is:

4th Floor, 70 Shortland Street, Auckland, New Zealand.

The name, address, and technical or professional qualifications of every director of Just Water is as follows:

James Kenneth McLay

18 Devore Street, St Heliers, Auckland.
Companion of the Order of New Zealand (CNZM),
Queen's Service Order (QSO), Bachelor of Laws (LLB)
(Auckland), Executive Management Program (EMP)
(Pennsylvania State)

Anthony Edwin Falkenstein

3 Dudley Road, Mission Bay, Auckland.
BCom

John Renfree Cunnack

10 Kerferd Place, Albert Park, Vic 3206, Australia.
MA (Oxford University)

Ian Donald Malcolm

25 Stilwell Road, Mt. Albert, Auckland.
Chartered Accountant, Justice of the Peace

The only director who is an employee of Just Water is Tony Falkenstein, who holds the position of Managing Director.

None of the directors has ever been adjudged bankrupt.
There are no promoters of the offer.

The names of Just Water's auditors, securities registrar, and of all sharebrokers and solicitors who have been involved in the preparation of this Prospectus are as follows:

Auditors: PricewaterhouseCoopers

PricewaterhouseCoopers Tower
188 Quay Street
Auckland
Private Bag 92162
Auckland

Telephone: (09) 355 8000

Facsimile: (09) 355 8001.

Securities Registrar: BK Registries Limited

138 Tancred Street
PO Box 384
Ashburton

Telephone: (03) 308 8887 or 0800 377 388

Facsimile: (03) 308 1311.

Sharebrokers: Giffney & Jones

Private Bag MBE N 349
Auckland

Telephone: (09) 524 9149

Facsimile: (09) 524 9242.

Solicitors: Harmos Horton Lusk

Vero Centre
48 Shortland Street
Auckland
PO Box 28
Shortland Street
Auckland

Telephone: (09) 921 4300

Facsimile: (09) 921 4319.

Subsidiaries and shareholders

Subsidiaries

Listed below are the subsidiaries owned by Just Water, together with details of the level of Just Water's shareholding:

Name of subsidiary	Percentage owned by Just Water
Aqua-Cool Limited	100
Cool Water Company Limited	80
Corporate Water Brands NZ Limited	100
Just Water Australia Pty Limited	100

Just Water owns 80 percent of Cool Water. The remaining 20 percent is owned by two executive directors of Cool Water, Raj Chaudhary and Grant Hall, each of whom own 10 percent of Cool Water. These shareholdings were acquired prior to the date of this Prospectus in accordance with arrangements entered into by Messrs. Chaudhary and Hall with the then shareholders in Cool Water, being the Reid Family Trust and Red Eagle Corporation Limited. The shareholdings of Messrs. Chaudhary and Hall are consistent with the board's philosophy to incentivise executives and to align their interests with shareholders through ownership in the Group. Just Water has entered into shareholders' agreements with Messrs. Chaudhary and Hall under which Just Water has the right to purchase each of their shareholdings in Cool Water at the greater of \$80,000 for each 10 percent parcel and a price calculated at a multiple of five times the average annual EBIT of Cool Water calculated over the 24 month period preceding the date on which the option is exercised. This right to purchase can be exercised at any time at Just Water's election. Further details of the shareholders' agreements are described on pages 65 to 66.

The total tangible assets of Cool Water and of Aqua-Cool each exceed five percent of the total tangible assets of the Just Water Group.

Just Water Australia Pty Limited is a non-trading subsidiary.

Shareholders

The sole registered holder of the shares in Just Water, at the date of this Prospectus, and the amount of its holding, is as follows:

Shareholder name	Number of shares	Percentage of total shares held
Red Eagle Corporation Limited	49,500,000	100

Red Eagle Corporation Limited does not undertake any liability in respect of the shares being offered.

HOW MUCH DO I PAY?

The issue price for the shares is \$0.50 per share.

Applications must be for a minimum of 2,000 shares (or \$1,000) and thereafter in multiples of 1,000 (or \$500). Applications must be accompanied by a cheque to "Just Water Share Offer" for payment in full for the shares for which application is made. All cheques in payment of application monies must be denominated in New Zealand dollars and crossed "Not Transferable". Cheques will be banked as they are received and must not be post-dated.

Completed application forms, together with the appropriate payment, should be forwarded to:

Just Water Share Offer
c/- BK Registries Limited
138 Tancred Street
PO Box 384
ASHBURTON

to arrive no later than 5.00pm on 31 May 2004; or to any NZX Firm in sufficient time for the documents to be forwarded to and received by the Share Registrar not later than 5.00pm on 31 May 2004.

If an application is being made pursuant to a firm allocation, it must be lodged with the NZX Firm through which the firm allocation was obtained in sufficient time to reach the Share Registrar no later than 5.00pm on 31 May 2004.

Applications for shares must be made on the Application Form contained at the back of this Prospectus, and in accordance with the application instructions set out on page 70.

WHAT ARE THE CHARGES?

No brokerage is payable to Just Water by the applicant on applications for shares.

No charges are payable to Just Water, or to any of its associated persons, by subscribers.

The expenses of the Offer have been estimated at \$500,000 (excluding GST). Just Water will pay all costs and expenses associated with the Offer including legal and other professional fees, brokerage fees, issue management and administration expenses and printing and distribution costs, together with all registry fees.

Persons who wish to sell any shares may be liable to pay brokerage to the person through whom any sale is effected, as well as any charges imposed by NZX, in respect of the operation of its markets. In addition Just Water may be obliged to deduct and withhold from distributions to shareholders certain amounts on account of taxation.

WHAT ARE THE DIRECTORS' INTERESTS?

Ian Malcolm is a director of Mabee Halstead & Kiddle Limited, a firm of Chartered Accountants. That firm renders accounting compliance and advisory services, but not audit services, to Just Water and its subsidiaries. That firm has rendered accounting and related services to Just Water in connection with the Offer. Prior to the date of this Prospectus, the shareholders of the Company have approved up to \$150,000 per annum payable to Mabee Halstead & Kiddle Limited for accounting compliance and advisory services expected to be rendered, in the future.

Ian Malcolm is a director and shareholder in Axis Direct Limited, a computer services company. In the year to 31 March 2004, Axis Direct Limited supplied computer hardware and network support services to Cool Water for a total fee (excluding GST) of \$22,000.

Tony Falkenstein, Managing Director of the Group, is paid a salary of \$60,000 per annum. His principal objective, and reward, comes from the Company performance, and increasing shareholder value.

Ian Malcolm and Tony Falkenstein are directors and shareholders (as trustees of various Falkenstein family trusts) of DS Charles Limited (formerly Eko Investments Limited). DS Charles Limited sold the property at 5 Charles Street, Mt Eden, Auckland, to Just Water on 23 December 2003 for \$1,285,000. The purchase price was confirmed by independent valuation prior to the sale.¹ The sale was completed on standard terms and conditions for the sale and purchase of real estate. DS Charles Limited originally acquired the property at Charles Street in November 1999 for \$731,250. Just Water has occupied the property since November 1999.

Ian Malcolm and Tony Falkenstein are directors and shareholders (as trustees of various Falkenstein family trusts) of Amante Limited. Amante Limited sold the property at Unit A, 47 Normanby Road, Mt Eden, Auckland to Just Water on 23 December 2003 for \$970,000. The purchase price was confirmed by independent valuation prior to the sale and the sale was completed on standard terms and conditions for the sale and purchase of real estate.¹ Amante Limited originally purchased the property at Normanby Road in September 2002 for \$855,000 and spent an additional \$43,204.50 on capital improvements in December 2002. Cool Water has occupied the property since September 2002.

Ian Malcolm and Tony Falkenstein are directors and shareholders (as trustees of various Falkenstein family trusts) of Red Eagle Corporation Limited. Red Eagle Corporation Limited sold 1,050,075 ordinary shares in Cool Water (then representing 75 percent of the shares in Cool Water) to Just Water on 31 December 2003 for \$818,000. There were no other material terms and conditions of this transaction. Red Eagle Corporation Limited accumulated its shareholding in Cool Water by subscribing for 75 shares at \$1 per share on incorporation of Cool Water in December 2001, 749,925 shares at \$1 per share in June 2002 and 300,075 shares at \$1 per share in December 2003, being an aggregate amount of \$1,050,075. Red Eagle Corporation Limited acquired the shares in December 2001 for cash and the remaining shares by way of capitalisation of shareholder loans to Cool Water.

Ian Malcolm is a director, and Tony Falkenstein a director and shareholder, of Texel Holdings Limited ("Texel"). Texel entered into financing arrangements with Cool Water

¹ The independent valuations of the properties at 5 Charles Street, Mt Eden, and Unit A, 47 Normanby Road, Mt Eden, were prepared by Barker & Morse Limited as at 1 December 2003 and 28 November 2003 respectively. The valuation of each property was undertaken using both the replacement cost approach and the income/investment approach.

over the period December 2001 to June 2003, under which Texel purchased water-cooler rental contracts and water-coolers from Cool Water at 76 percent of the succeeding 24 months expected rental receivables. The total proceeds to Cool Water over this period from the sale of these contracts and coolers to Texel was \$763,000. Under the terms of the financing arrangements, Texel collected the lease payments on the contracts it purchased from Cool Water for a period of 24 months, at which time Cool Water had the option to repurchase the rental contracts and coolers from Texel at 10 percent of the original sale price. The total expenditure by Cool Water over the period on these repurchases, including the contracts that were terminated before completing their full term, was \$241,000. On 30 June 2003, Cool Water repurchased all remaining rental contracts and coolers held by Texel at an agreed price of \$500 for each contract by making a total payment of \$522,000.

Grant Hall is a director and majority shareholder of Private Label Products Limited (formerly Corporate Water Brands Limited). Since 24 March 2004, Grant Hall has also been a director of Cool Water. On 16 October 2003, Private Label Products Limited:

- (a) sold the business of Private Label Products Limited, which consisted of the benefit of the business contracts and the right to use the Corporate Water Brands trade name, to Cool Water with effect from 1 July 2003; and
- (b) agreed with Cool Water to provide the services of Grant Hall to Cool Water for consultation and sales advice,

in return for which Cool Water:

- (c) granted an option (which has since been exercised by Mr Hall) to acquire on or before 31 March 2004 10 percent of the shares in Cool Water for \$80,000; and
- (b) agreed to an ongoing payments and royalties arrangement for as long as Private Label Products Limited continues to provide the services of Grant Hall to Cool Water.

Cool Water estimates these ongoing payments and royalties for the provision of Mr Hall's services for the year to 30 June 2004 will amount to approximately \$100,000 (plus GST). There were no other material terms and conditions of this transaction. Private Label Products Limited acquired the business described in sub-paragraph (a) above over the period from its incorporation in October 2001 until October 2003. The cost of this business to Private Label Products Limited was approximately \$38,000.

There are no retirement benefits of directors or compensation payable to directors for loss of office contained in the constitution of Just Water or any of its subsidiaries or in any contract or deed entered into by Just Water or any of its subsidiaries.

WHAT RETURNS WILL I GET?

Shareholders will receive returns from their investment in Just Water from dividends as and when they are paid. Shareholders may also receive returns if they sell their shares, from any increase in the share price above what they paid for them, after deducting any brokerage and other expenses.

Dividends

The board's dividend policy is to pay dividends at a rate of between 70 and 85 percent of annual net profit, after tax has been provided, subject to the board's assessment of capital requirements, operating performance, financial position and cash flows, borrowing arrangements and other factors considered relevant at the time.

On current projections and expected levels of profitability the directors anticipate that

any dividends paid will carry imputation credits to the extent that imputation credits are available. However, the directors can give no assurance about the level of dividends or the level of imputation credits attached.

Just Water will be legally liable to pay any distributions which are made on the shares. The first dividend after the Offer is projected to be paid in March 2005.

For further information on Just Water's dividend policy, see the section headed "Dividend policy" on page 25 of this Prospectus.

Share price movements

The key factors that determine share price movements are:

- trends in the overall share market;
- the performance of the Company against those overall trends; and
- influences on and attitudes to the industry in which Just Water operates.

Sharemarket movements reflect the complex inter-relationship of economic factors overseas and in New Zealand such as, but by no means limited to, political events, interest rates, inflation and growth as well as investor perceptions of these issues. Many of these factors will directly or indirectly affect the performance of Just Water's shares when traded.

In addition, Just Water's profit and cash flow performance relative to other listed companies and investors' expectations for them will influence the share price. Investors will also have knowledge and perceptions of the industry in which Just Water operates and these can change over time, affecting share prices.

There can be no assurances about how the Just Water share price may perform. The return investors will receive is neither fixed nor guaranteed.

No guarantee or promise of return of capital or any returns in relation to the shares is offered by Just Water, the directors, or any other person associated with the Offer. Returns will depend on a number of factors, including those discussed under the heading 'What Are My Risks?' below.

Taxation

New Zealand taxes may affect the return to investors. Dividends will be subject to New Zealand withholding and final taxes but an investor's liability in respect of such taxes may be reduced or satisfied to the extent the dividends have imputation credits attached.

In addition, in some cases gains on the sale of shares may be taxable.

Persons considering the purchase, ownership or sale of shares should consult their own tax advisers concerning the tax consequences of owning shares, in light of their particular situation.

Prospective statements

A brief description of the plans that the directors of Just Water, and the directors of its subsidiaries, have in respect of the Group during the year following the date of registration of this Prospectus, including the sources of finance that will be required for those plans, is as follows.

The directors expect to expand the Group's business by organic growth and by acquisition if the opportunity arises. Historically the Just Water Group has grown by

extending its market penetration and market share and, more recently, by acquisition. The directors still see such growth as most likely to produce superior returns. It is intended that this growth will be financed by the proceeds of the Offer and Just Water's existing debt facilities.

A prospective statement of cash flows of the Group which the directors expect to occur in the year commencing on the date of this Prospectus is set out in the section of this Prospectus headed "Prospective Financial Information", together with the assumptions on which it is based, on pages 43 to 49.

WHAT ARE MY RISKS?

The principal risk for investors is that of being unable to recover their original investment. This could happen for a number of reasons, including that:

- the returns which investors receive from holding shares (that may consist of dividends and the price received on sale) is less than the price they have paid due to the Company's operating and/or financial performance, market volatility or for other reasons;
- they are unable to sell their shares at all; or
- the Company is placed in receivership or liquidation. Investors could receive none or less than the returns mentioned above if the Company becomes insolvent for any reason.

If the Company's operating and/or financial performance is worse than investors expect, the future market price of the shares may be less than the price paid for them and returns on the shares may be less than anticipated.

Some of the principal factors which may affect Just Water's share price performance and the payment of distributions on the shares are detailed in this section.

Company-specific risks

Loss of key personnel

Like any business Just Water relies on the skills and energies of a relatively-small number of people. Loss of these key people could impact the business until adequate replacements are found. Just Water has mitigated this risk by establishing an incentive scheme for senior management. In Cool Water, two executive directors each own 10 percent of the company.

Technical risk in coolers and filters

The core technology in Just Water's business revolves around water-coolers and filtration systems. There is a risk that a proprietary water cooler or filter could be developed that is uniquely superior to those used by Just Water. As the intellectual property in cooling and filtration worldwide is vested in specialist cooling and filtration businesses rather than water-distribution companies, the directors currently consider that they would be able to access such technology and that therefore such a risk is relatively low. Technological developments are continuously monitored.

Risk in growth strategy

Just Water intends to pursue a strategy of growing the business by both acquisition and organic growth, including outside New Zealand. Just Water has experienced growth in customers in New Zealand of about 16 percent per annum over the last five years. This has come about from a growth in market share, from growth in the New Zealand

economy, acquisition and from an increasing awareness of the need for water in our daily lives. As Just Water's market share climbs it clearly becomes harder to grow in this way, and at recent past rates. Growth in the economy and particularly growth of Just Water's customers are events largely beyond the Company's control. Sales of bottled water have been a growth phenomenon of the 1990s. Historical growth cannot be taken as the predictor of future growth.

A substantial increase in the rate of growth, for instance through investment in Australia, may have a negative impact on short-term cash flow, and dividend payments, as investment for the future is made. Such investment should provide a correspondingly higher positive impact on longer-term cash flow. Market share growth strategies generally carry higher risk than maintenance strategies.

Just Water may be unable to protect its intellectual property

"Just Water" and "DrinkSafe" are registered trademarks of Just Water in New Zealand and "Just Water" is a registered trademark of the Group in Australia. Just Water's protective steps in relation to its rights to its intellectual property (principally its registered trademarks) may be inadequate to deter their misappropriation. Failure to protect its intellectual property adequately could harm Just Water's brands and affect its ability to compete effectively. Further, defending its intellectual property rights could result in the expenditure of significant financial and managerial resources, which could have a material adverse effect on Just Water.

Just Water may be unsuccessful in identifying, acquiring and integrating growth opportunities

In order to seek profitable growth and maximise shareholder returns, Just Water will seek to identify various growth opportunities such as acquisitions, strategic alliances or joint ventures in New Zealand as well as abroad. Failure to identify opportunities may inhibit Just Water's growth prospects.

Just Water may be unable to acquire or invest in any growth opportunities identified. Failure to acquire or invest in potential transactions may inhibit Just Water's growth prospects, which may have a material adverse effect on Just Water.

As part of seeking profitable growth and maximising shareholder returns, Just Water may acquire various businesses or invest in strategic alliances or joint ventures. Failure to integrate these businesses effectively with Just Water, failure to retain customers or key staff of businesses Just Water acquires, or failure to achieve expected financial performance from these arrangements may have a material adverse effect on Just Water. In some cases, businesses acquired may not have the systems and methods that have made Just Water successful. Experience suggests that such acquisitions may involve losses in the early years after acquisition in particular, as systems are introduced.

Risks related to Aqua-Cool

The Company acquired the Aqua-Cool business in April 2004, shortly before the date of this Prospectus. In acquiring the Aqua-Cool business, Just Water relied on the accuracy of the information provided by the vendor during the due diligence process. There is a risk that the information relied on by Just Water in acquiring the Aqua-Cool business is incorrect or incomplete. Just Water has sought to mitigate this risk by obtaining customary warranties under the agreement to acquire the Aqua-Cool business.

At the date of this Prospectus, Aqua-Cool has not been integrated into the Group. The integration of Aqua-Cool will include a transition of management personnel and an

updating of business and accounting systems. There is a risk that this management transition and systems introduction may involve losses over the short term. There is also a risk that expected synergies do not eventuate, existing customers are not retained or prospective customers are not acquired. Any of these events could materially impact on the future performance of the Group.

Change in consumer tastes

The growth of water consumption within the beverage market reflects growing awareness of requirements for good health and the desire to consume purer product. It is possible that consumer preferences or new research into healthy living could shift the relative consumption of water.

Business risk

Just Water is subject to normal business risks of credit, margin maintenance and changes in major costs such as labour, rent and equipment. Any variations in these factors may have a significant impact on the Group. The Just Water Group has more than 25,000 customers and the largest customer only accounts for 1.95 percent of total group sales. Credit risk is considered relatively low. Because contracts are generally on three-year terms there is a possibility that significant cost inflation could squeeze margins, but in any one year there are always new contracts and renewals.

Risk of contamination

Just Water draws water from mains and spring water supplies and filters that water of impurities. Contamination of the water supply at source or at point-of-use could have a significant impact on Just Water's business. A similar risk exists that the filtering systems could be considered faulty or in themselves contributing to contamination. Integrity of the supply is a major issue for all water distribution companies and in many ways this contamination risk is up-stream of the Just Water systems. Just Water is diligent in staying abreast of technology in filtering systems and uses systems adopted around the world. The directors consider the risk of contamination as reasonably controlled, but there is always the inherent risk that demand will be affected by adverse publicity, as a result of perceived contamination.

Competition risk

Just Water's core water distribution business operates in the beverage industry. As such it competes against large multinational companies in an industry that can be influenced by marketing spend and aggressive competition. Beverage consumption can also be influenced by trends in health and consumer preferences.

The water distribution business has very low barriers to entry, and while Just Water maintains a strong market share in the drinking-water market, there are approximately 30 companies offering similar services.

Given its brand recognition and the way in which water-coolers are installed and contracted, Just Water considers that it is well placed to maintain its competitive position, but there can be no assurance that the competitive environment will not change, and have an adverse effect on Just Water's business.

Currency fluctuations

Just Water imports a high proportion of its products from overseas. Decreases in the value of the NZ dollar, relative to the US dollar and other currencies, impact the cost of equipment purchased, but this is not expected to have an adverse effect on Just Water's business.

General business risks

Regulatory risk

Because water is a basic necessity, there is always the risk that regulations could be imposed by governments and local authorities that seek to control the delivery of water. Such regulations could impose costs not currently incurred. There have not been any moves to regulate water distribution in New Zealand to date, other than general moves to seek continuous improvement in water quality, which is to Just Water's advantage.

Economic activity

Just Water's business and its performance are subject to changes in the New Zealand economy. Consumer demand, inflation, and the government's regulatory and fiscal policy all have an impact on Just Water's business. In many ways these impacts, in normal conditions, are relatively small on Just Water because of the way in which it contracts with its customers, the spread of customers across many industries, and the relatively small cost of Just Water's products in any company's total expenditure.

Changes in taxation

Any change to the rate of company income tax has the potential to impact on shareholder returns. Changes to the rates of income tax applying to individuals and/or trusts similarly will impact after-tax shareholder returns.

Consequences of insolvency

Investors will not have to pay any more in respect of the shares than the initial application amount. Investors will not be liable to pay money to any person as a result of any insolvency of the Company. All creditors of Just Water will rank ahead of any claims on the assets of the Company made by the shareholders in the event of Just Water being put into liquidation. After the creditors described above, the claims of shareholders will rank equally among themselves.

Other risks

Forward-looking statements

Certain statements in this Prospectus are forward-looking. In particular directors have projected a profit in the year to 30 June 2004 and have provided a cash flow projection for the year to 6 May 2005 and made statements to indicate the future course of the business of Just Water. The assumptions behind these forward-looking statements are detailed on pages 46 to 48 of this Prospectus.

Such forward-looking statements involve uncertainties which may cause the actual achievements of Just Water to be materially different from the expectations expressed or implied by these forward-looking statements. Given these uncertainties, prospective investors are cautioned not to place undue reliance on such forward-looking statements. In particular, the cash flow projection for the year to 6 May 2005 has been made on the assumption that the cash raised in the Offer is used to repay debt. The directors have made it clear that they intend to pursue growth strategies which may include acquisitions. Under these circumstances the actual cash flows may vary from the projection.

The inclusion of forward-looking statements in this Prospectus should not be regarded as a representation or warranty by Just Water, its directors or any other person that the achievement of the results set out in these forward-looking statements, or that the underlying assumptions on which they are based, will in fact occur. Just Water disclaims any responsibility to update any such risk factors or publicly announce the result of any revisions to any of the forward-looking statements contained in this Prospectus to reflect

future developments or events, other than where it is required to do so by the Securities Act 1978 and the Securities Regulations 1983 or the NZAX Listing Rules.

Sharemarket activity after the initial public offering

Shares in Just Water have never been offered to the public before. There has been no market for the shares. There can be no assurance that an active trading market will develop for the shares or that the shares will trade in the subsequent public market at or above their issue price.

The market price of the shares following the issue may be volatile. Factors such as competition, regulatory changes, operating surplus and cash flow, general trends in interest rates and currencies, New Zealand and international equity markets, and the New Zealand economy, as well as other factors, could cause the market price of the shares to fluctuate. Such fluctuations may have a material adverse effect on the market price of the shares.

Shares are being offered under the new NZAX Listing Rules. While Just Water has chosen not to adopt many of the more relaxed rules available under that regime, Just Water could be affected by perceptions of success or failure of this market and its constituent companies.

Shares eligible for future sale

Red Eagle Corporation Limited, as the owner of 75 percent of the shares in Just Water following the Offer, does not intend to sell more than five percent of its shareholding in each of the two years through to June 2006 (an aggregate of 10 percent), other than to entities (including trusts) associated with the Falkenstein family. However, it is not possible for Red Eagle Corporation Limited to predict its own financial performance, the requirements for the development of its business interests, or the prospect of an offer being made by a third party to acquire shares in Just Water. If Red Eagle Corporation Limited decided to sell some of its holding, such a sale could impact the share price. Such a possibility is not currently in contemplation.

NZAX listing

The securities offered in this Prospectus are intended to be listed on NZX's NZAX market. The NZAX market differs from the NZSX market, also operated by NZX, in the following key respects:

- There are reduced criteria for listing on NZAX – there is no requirement for 25 percent of the securities of an NZAX issuer to be widely held and no minimum value requirement for NZAX listing as apply to NZSX listings. Whilst an NZSX issuer must have 500 shareholders, an NZAX issuer needs only 50 shareholders.
- An NZAX issuer requires an NZX sponsor in order to list on the NZAX market, whereas NZSX companies require an organising broker.
- Greater flexibility is accorded by the NZAX Listing Rules to NZAX issuers seeking to raise capital, buy back securities, and undertake major transactions. The NZAX Listing Rules provide NZAX issuers with an option to undertake these activities, without seeking shareholder consent, by making an announcement to the market which discloses fully the transaction prior to that transaction becoming final.¹

¹ Just Water has adopted a constitution that does not provide it with this additional flexibility available under the NZAX Listing Rules. See also the section headed "Corporate Governance" on page 36 of this Prospectus.

- The materiality thresholds for related party transactions in the NZAX Listing Rules are higher than the thresholds in the NZSX Listing Rules. This means that an NZAX issuer may enter into (proportionally) more substantial transactions with related parties before being required to seek shareholder approval for those transactions.¹
- The corporate governance standards for NZAX issuers do not contain all the matters provided for in the corporate governance standards for NZSX issuers.

CAN THE INVESTMENT BE ALTERED?

Neither Just Water, nor potential investors nor any other person has the right to alter the consideration payable by the investor, described in the paragraph headed “How much do I pay?” above.

The rights attaching to shares are governed by the constitution of Just Water. The constitution may only be altered by a special resolution of shareholders, subject to the rights of interest groups under the Companies Act 1993, or in certain circumstances by Court order. Section 117 of the Companies Act 1993 restricts Just Water from taking any action that affects the rights attached to shares unless that action has been approved by a special resolution of shareholders whose rights are affected by the action. Under certain circumstances, a shareholder whose rights are affected by a special resolution may require Just Water to purchase its shares.

HOW DO I CASH IN MY INVESTMENT?

Application has been made to NZX for permission to list the shares on the NZAX market, and the listing requirements of NZX that can be complied with on or before the date of this Prospectus have been duly complied with. However, NZX accepts no responsibility for any statement in this Prospectus.

An investor will be free to sell his or her shares.

Any sales on the NZAX will attract normal brokerage fees.

Applicants should not attempt to sell shares until they know whether, and how many, shares have been allocated to them. Neither Just Water, nor any other person associated with the Offer, nor any of their respective officers or employees, accepts any liability or responsibility should any person attempt to sell or otherwise deal with shares before confirmation of allotment of shares is received by the applicant for those shares.

WHOM DO I CONTACT WITH ENQUIRIES ABOUT MY INVESTMENT?

Enquiries about the investment may be made to:

BK Registries Limited

138 Tancred Street

PO Box 384

Ashburton

Telephone: (03) 308 8887 or 0800 377 388

Facsimile: (03) 308 1311.

¹ Just Water has elected to include in its constitution the lower materiality thresholds for related party transactions prescribed by the NZSX Listing Rules. See also the section headed “Corporate Governance” on page 36 of this Prospectus.

IS THERE ANYONE TO WHOM I CAN COMPLAIN IF I HAVE PROBLEMS WITH THE INVESTMENT?

A complaint about your investment may be made to BK Registries Limited at the address shown under the heading “Whom do I contact with enquiries about my investment?”.

A complaint about the shares, or Just Water, may be made directly to NZX as follows:

New Zealand Exchange Limited

9th Floor
ASB Tower
2 Hunter Street
PO Box 2959
Wellington
Telephone: (04) 472 7599
Facsimile: (04) 496 2893.

There is no ombudsman to whom complaints can be made about this investment.

WHAT OTHER INFORMATION CAN I OBTAIN ABOUT THIS INVESTMENT?

Financial information

You can obtain copies of:

- a) the financial statements of Just Water, being audited financial statements for Just Water’s financial year ended 30 June 2003 (together with a copy of the audit report relating to those accounts that complies with section 16 of the Financial Reporting Act 1993);
- b) interim unaudited financial statements of Just Water for the six months to 31 December 2003; and
- c) the financial statements prepared by Just Water in accordance with the requirements of the Financial Reporting Act 1993 for the five consecutive accounting periods before 30 June 2003,

free of charge from the registered office of Just Water at 4th floor, 70 Shortland Street, Auckland during normal business hours, or on request in writing to Ian Malcolm, at P O Box 221, Auckland. These materials are also available on Just Water’s NZAX information portal at www.nzx.com/market/security_details/by_security?code=JWI&nzax=home and on Just Water’s website at www.jwi.co.nz.

Acquisition of shareholding in Cool Water

Between 31 December 2003 and 24 March 2004, Just Water acquired an 80 percent shareholding in Cool Water in the manner, and for the consideration, described on page 67 of this Prospectus. Cool Water has carried on activity as a bottled water delivery company since its establishment in 2001. The following information is available free of charge from the registered office of Just Water at 4th floor, 70 Shortland Street, Auckland during normal business hours, or on request in writing to Ian Malcolm, at P O Box 221, Auckland:

- a) all the financial statements prepared by Cool Water in accordance with the requirements of the Financial Reporting Act 1993 for the two consecutive accounting periods before 30 June 2003 (being the accounting periods since its incorporation); and

b) interim unaudited financial statements for Cool Water for the six months to 31 December 2003.

The above materials are also available on Just Water's NZAX information portal at www.nzx.com/market/security_details/by_security?code=JWI&nzax=home and on Just Water's website at www.jwi.co.nz.

Acquisition of the Aqua-Cool business

On 23 April 2004, AC 2004 Limited (subsequently renamed Aqua-Cool Limited), a wholly-owned subsidiary of Just Water, acquired the business and assets of Aqua-Cool Limited (subsequently renamed New Pursuits Limited) for \$6,000,000 (subject to completion adjustments). The transaction was effective from 1 April 2004. Since its establishment in 1990, the Aqua-Cool business has operated as a bottled water delivery business and point-of-use water-cooler supplier.

The financial statements of Aqua-Cool prepared in accordance with the requirements of the Financial Reporting Act 1993 for the five consecutive accounting periods before 31 March 2004 are available free of charge from the registered office of Just Water at 4th floor, 70 Shortland Street, Auckland during normal business hours, or on request in writing to Ian Malcolm, at P O Box 221, Auckland.

The above materials are also available on Just Water's NZAX information portal at www.nzx.com/market/security_details/by_security?code=JWI&nzax=home and on Just Water's website at www.jwi.co.nz.

Acquisition of Corporate Water Brands

On 16 October 2003, with effect from 1 July 2003, Cool Water Company Limited acquired the business of Corporate Water Brands Limited (subsequently renamed Private Label Products Limited) on the terms and for the consideration set out on page 55 of this Prospectus. Also in October 2003, Corporate Water Brands NZ Limited, a wholly-owned subsidiary of Just Water, acquired the Corporate Water Brands business from Cool Water for \$100,000. This purchase price was satisfied by a reduction in the debt owed by Cool Water to Red Eagle Corporation Limited, Just Water's sole shareholder. In each case the consideration paid for the Corporate Water Brands business was less than one-fifth of the amount of the total tangible assets of Just Water as at 30 June 2003 (refer page 40 of this Prospectus).

Corporate Water Brands has been operating as a division of Cool Water with effect from 1 July 2003 and from 1 July 2004 will be operated by Corporate Water Brands NZ Limited as a wholly-owned subsidiary of Just Water. Corporate Water Brands has been supplying custom-branded packaged water to businesses and other organisations since its establishment in 1999.

Other information

This Prospectus, Just Water's constitution and the material contracts referred to below are filed on a public register at the office of the Registrar of Companies, Ministry of Economic Development, and are available for public inspection on the Companies Office's electronic register at www.companies.govt.nz. The Companies Office may charge a fee for this service. These documents are also available to be inspected without charge at the registered address of Just Water specified earlier in this Prospectus.

This Prospectus and Just Water's constitution are also available on Just Water's NZAX information portal at:

www.nzx.com/market/security_details/by_security?code=JWI&nzax=home and on Just Water's website at www.jwi.co.nz.

Just Water is required to send the annual and six-monthly financial statements of Just Water to each shareholder in accordance with the requirements of the Companies Act 1993 and the NZAX Listing Rules.

Copies of the most recent annual report (if any) of Just Water, the most recent financial statements of Just Water, the information required to be made available under sections 215 and 216 of the Companies Act 1993 and any other information required to be made available by statute or the NZAX Listing Rules are available from Just Water on request.

A request for those documents should be made to Just Water at the address shown above under the heading "Who is involved in providing it for me?". No charge will be made for the provision of those documents.

OTHER IMPORTANT INFORMATION

Material contracts

The following material contracts have been entered into by Just Water, or its subsidiaries, in the two years prior to the date of registration of this Prospectus.

- Deeds of indemnity dated 7 May 2004 granted by the Company in favour of each of the directors, to the extent permitted under the Companies Act 1993.
- An agreement for sale and purchase of business and assets dated 15 April 2004 between Just Water or nominee and Aqua-Cool Limited (subsequently renamed New Pursuits Limited) in relation to the purchase by AC 2004 Limited (subsequently renamed Aqua-Cool Limited) of the business and assets of Aqua-Cool Limited for \$6,000,000 (subject to completion adjustments).
- An agreement dated 7 April 2004 between Just Water and Jill Reid and Ian Malcolm as trustees of the Reid Family Trust in respect of the purchase, with effect from 24 March 2004, by Just Water of 20 percent of the ordinary shares in Cool Water from the trustees of the Reid Family Trust for \$218,000 and the agreement by the trustees of the Reid Family Trust to invest \$150,000 in subscribing for shares at the offer price under the Offer.
- An option agreement dated 25 March 2004 between Just Water and Red Eagle Corporation Limited, under which Red Eagle Corporation Limited grants Just Water an option to purchase its 52,500 shares in Just Water Victoria Pty Limited (47.7 percent of that company) for A\$5,000.
- An agreement dated 24 March 2004 between Just Water and Raj Chaudhary in respect of the sale by Just Water of 105,007 ordinary shares in Cool Water to Mr Chaudhary for \$60,000.
- An agreement dated 24 March 2004 between Just Water and Grant Hall in respect of the sale by Just Water of 105,008 ordinary shares in Cool Water to Mr Hall for \$60,000.
- Two shareholder agreements dated 24 March 2004 between Just Water and, in respect of the first agreement, Raj Chaudhary and in respect of the second agreement, Grant Hall. These agreements record the parties' intention that Cool

Water will be operated and governed as if it were a wholly-owned subsidiary of Just Water. The agreements give Just Water the right to purchase each of the 10 percent shareholdings in Cool Water of Messrs. Chaudhary and Hall at a price equal to the greater of \$80,000 and a price calculated at a multiple of five times the average annual EBIT of Cool Water calculated over the 24 month period preceding the date on which the option is exercised. This right to purchase can be exercised at any time at Just Water's election. The agreements also give each of Messrs. Chaudhary and Hall the right to sell their Cool Water shareholdings to Just Water at any time after the earlier of 31 March 2009 and the date on which the relevant individual ceases to be a fulltime employee of Cool Water, at a price equal to the lesser of an amount determined by an independent valuer and the amount at which Just Water could exercise its right to purchase those shares under the agreement.

- An agreement dated 31 December 2003 between Just Water and Red Eagle Corporation Limited in respect of the purchase by Just Water of 1,050,075 ordinary shares in Cool Water from Red Eagle Corporation Limited for \$818,000.
- An agreement dated 23 December 2003 between Just Water and DS Charles Limited (formerly Eko Investments Limited) for the sale and purchase of real estate in relation to the purchase by Just Water of the property at 5 Charles Street, Mt Eden, Auckland from DS Charles Limited for \$1,285,000.
- An agreement dated 23 December 2003 between Just Water and Amante Limited for the sale and purchase of real estate in relation to the purchase by Just Water of the property at Unit A, 47 Normanby Road, Mt Eden, Auckland from Amante Limited for \$970,000.
- A multi-option credit facility agreement dated 18 December 2003, as varied by an amending agreement dated 15 April 2004, between Just Water and the Bank of New Zealand, under which the Bank of New Zealand has made available a \$4,700,000 working capital facility until 31 October 2005 and a \$5,400,000 acquisition finance facility until 1 July 2004, secured by security interests and mortgages over all property of Just Water, Cool Water and Aqua-Cool. The facilities are guaranteed by Tony Falkenstein for the amount of \$10,100,000 (this guarantee to be released on successful completion of the Offer) and partially guaranteed by the Edwin Trust and the Jeanette Trust.
- An agreement dated 16 October 2003 between Cool Water Company Limited and Corporate Water Brands Limited (subsequently renamed Private Label Products Limited) in relation to the purchase by Cool Water of the business of Corporate Water Brands and the provision of the services of Grant Hall to Cool Water by Private Label Products Limited, on terms described on page 55 of this Prospectus.
- A letter agreement dated 27 April 2004 between Just Water and Cool Water recording and confirming the terms of the agreement that the parties reached with respect to the acquisition of the business of Corporate Water Brands Limited in October 2003, and the operation of the Corporate Water Brands business from 1 July 2003.

Other material matters

Just Water Victoria Pty Limited

Just Water Victoria was established in 2001 by Tony Falkenstein and a co-investor to test the business model of offering a product competing with bottled water delivery in Australia. The company, which operates out of Melbourne, offers solely inline point-of-use systems in the state of Victoria.

Just Water Victoria has been slower in development than initially envisaged. Just Water Victoria has been operating since October 2001 and has yet to return a profit. Just Water International Limited has an option to purchase the 52,500 shares (47.7 percent) in Just Water Victoria held by Red Eagle Corporation Limited for A\$5,000 at any time. The directors of Just Water will exercise this option only if they consider Just Water Victoria will add shareholder value to the Group in the future. Just Water has licensed the “Just Water” name to Just Water Victoria for use in the Australian state of Victoria only. Just Water is not otherwise restricted from commencing any business in Victoria, or elsewhere in Australia, on its own account.

Pre-Offer reorganisation

Prior to this Offer, the Just Water Group was majority-owned by Red Eagle Corporation Limited. The Group was reorganised in the months prior to the date of this Prospectus to facilitate the offer of shares in Just Water as the parent company of a stand-alone group. This restructuring included:

1. The acquisition of an 80 percent shareholding in Cool Water in the following manner:
 - the purchase by Just Water on 31 December 2003 of 75 percent of the shares in Cool Water from Red Eagle Corporation Limited for \$818,000, a price which has been confirmed by an independent valuation prepared for the Cool Water board (the Reid Family Trust held the other 25 percent);¹
 - the purchase by Just Water with effect from 24 March 2004 of 20 percent of the shares in Cool Water from the Reid Family Trust, for \$218,000, prior to allocation of shares under the Offer. The Reid Family Trust has agreed to reinvest \$150,000 in subscribing for shares at the offer price under the Offer and accordingly 300,000 shares have been reserved for this purpose;
 - the sale by Just Water on 24 March 2004 of 15 percent of the shares in Cool Water to Cool Water executive directors Raj Chaudhary and Grant Hall (being 7.5 percent to each of them) for \$60,000 each in accordance with existing arrangements (including as to price) between the Reid family and Red Eagle Corporation Limited (the Reid Family Trust simultaneously sold its remaining five percent of its shares to Messrs. Chaudhary and Hall (being 2.5 percent to each of them, on the same terms);
 - the entry into of shareholders’ agreements on 24 March 2004 by Just Water with Raj Chaudhary and Grant Hall in respect of the ownership and governance of Cool Water which are described on page 65 to 66 of this Prospectus;
2. The acquisition of the properties from which Just Water and Cool Water operate:
 - the purchase by Just Water International of the two principal properties from which Just Water and Cool Water operate from other companies associated with the Falkenstein family at a price confirmed by independent valuation as described on page 54 of this Prospectus;
3. The organising of finance to fund the pre-Offer reorganisation:
 - the obtaining of a financing facility of \$4,700,000 from Bank of New Zealand, which has been fully drawn down and applied in the repayment by the Just Water Group of all indebtedness to Falkenstein family interests. Tony Falkenstein has guaranteed the BNZ facility. It is anticipated this guarantee will be released on

¹ The independent valuation of Cool Water Company Limited was prepared as at 31 December 2003 by Cockcroft & Co Limited, Chartered Accountants, using the capitalisation of future maintainable earnings method of valuation.

successful completion of the Offer. No fees are payable to Mr Falkenstein by any member of the Just Water Group in connection with this guarantee.

In April 2004, the Group negotiated and completed the acquisition of the Aqua-Cool business, as described on page 64 of the Prospectus.

Red Eagle Corporation Limited is not selling shares in the Offer. All funds raised from the Offer will be retained within the Just Water Group after payment of Offer expenses and reduction of debt.

There are no other material matters relating to the offer of shares, other than matters elsewhere set out in this Prospectus, or in the financial statements contained or referred to in this Prospectus, and contracts entered into in the ordinary course of business of a member of the Just Water Group.

Directors' statement

After due enquiry by the directors, in relation to the period between 30 June 2003 and the date of registration of this Prospectus, there have not, in their opinion, arisen any circumstances that materially adversely affect:

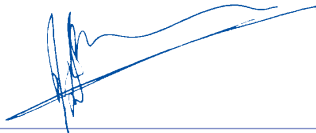
- a) the trading or profitability of the Just Water Group; or
- b) the value of its assets; or
- c) the ability of the Just Water Group to pay its liabilities due within the next 12 months.

This Prospectus is dated 7 May 2004.

J K McLay



I D Malcolm



J R Cunnack



A E Falkenstein



Glossary

Glossary

Application Form	A form attached to or accompanying this Prospectus pursuant to which investors may apply for ordinary shares in Just Water under the Offer
Aqua-Cool	Aqua-Cool Limited (formerly AC 2004 Limited), or the business of Aqua-Cool Limited acquired from New Pursuits Limited (formerly Aqua-Cool Limited) in April 2004 (as the context may require)
Cool Water	Cool Water Company Limited
Corporate Water Brands	Corporate Water Brands NZ Limited, or the business acquired from Private Label Products Limited (formerly Corporate Water Brands Limited) in October 2003 with effect from 1 July 2003 and operated as a division of Cool Water since then (as the context may require)
Drinking-water market	The market sector for drinking-water supplied through water-coolers
EAT	Earnings after taxes
EBITA	Earnings before interest, taxes and amortisation costs
EBITDA	Earnings before interest, taxes, depreciation and amortisation costs
EBT	Earnings before taxes
EBTA	Earnings before taxes and amortisation costs
EPS	Earnings per share
EV	Enterprise value
Just Water or the Company	Just Water International Limited (formerly Just Water (NZ) Limited)
Just Water Group or Group	Just Water and its subsidiaries
Just Water New Zealand	The division of Just Water which supplies point-of-use water coolers
Just Water Victoria	Just Water (Victoria) Pty Limited
Lead Manager	Giffney & Jones
NZGAAP	Generally accepted accounting practise as defined in the Financial Reporting Act 1993.
NZAX	The alternative market for share trading operated by NZX
NZAX Listing Rules	The listing rules of the NZAX
NZSX	The main market for share-trading operated by NZX
NZSX Listing Rules	The listing rules of the NZSX
NZX	New Zealand Exchange Limited
NZX Firm	An entity designated as such by NZX under its business rules
Offer	The offer of ordinary shares in Just Water described in this Prospectus
Red Eagle Group	Red Eagle Corporation Limited and its subsidiaries
Share Registrar	BK Registries Limited

Application form and instructions

How to apply

You should read this Prospectus carefully before completing the Application Form. Applications may only be made on the Application Form attached to this Prospectus. If you wish to apply for shares under the Offer you must complete the Application Form in accordance with the instructions set out below and on the form.

COMPLETING THE APPLICATION FORM

Please complete all relevant sections of the Application Form using CAPITAL BLOCK LETTERS.

1. Insert Details

- Enter your FULL NAME. You should refer to the table on the back of the Application Form, under the heading "Correct form of registrable names" for the correct form of name that can be registered. Applications using the wrong form of name may be rejected for that reason.
- Enter your POSTAL ADDRESS for all correspondence. All communications to you from Just Water (statements of shareholding, dividend cheques, periodic reports, correspondence, etc) will be mailed to the person(s) at the address shown. For joint applicants, only one address is to be entered. Up to three applicants may apply jointly.
- Please let us know your TELEPHONE NUMBER(S) and contact name in case we need to contact you in relation to your application.
- Insert the NUMBER OF SHARES you wish to apply for. The application must be for a minimum of 2,000 shares and thereafter in multiples of 1,000 shares.
- If you wish any dividends to be credited directly to an account with your bank, ensure that appropriate details are entered. If BK Registries Limited already has these details, you do not need to provide them again.
- Please enter your IRD NUMBER. Just Water is required by law to hold it. For joint applicants, please fill in the IRD number of the first named applicant. Note your application may be rejected if your IRD number is not entered.
- If you currently have a Common Shareholder Number, please enter it.
- Read the declaration carefully and SIGN the Application Form. It must be signed by applicants personally. Companies or other bodies corporate must sign in the same way as they would sign a formal deed.

Applications may, in either case, be executed by an attorney. If your Application Form is signed by an attorney, the power of attorney document is not required to be lodged, but the attorney must complete the certificate of non-revocation at the bottom of the Application Form. Joint applicants must all sign the Application Form.

2. Payment

Payment must accompany each Application Form. Payment must be made by cheque drawn on a New Zealand bank, for New Zealand dollars, for value immediately. Post-dated cheques will not be accepted.

Make the cheque payable to "Just Water Share Offer" and cross it "Not Transferable".

Sufficient cleared funds should be held in your account, as cheques returned unpaid are likely to result in your application being rejected or your allocation cancelled. Staple your cheque to the Application Form.

Institutional investors must pay in immediately cleared funds unless otherwise agreed by the Lead Manager.

3. Minimum applications

Applications must be for a minimum of 2,000 shares and thereafter in multiples of 1,000 shares.

4. Closing date

Applications must be received by no later than 5.00pm on 31 May 2004 unless this date is varied by Just Water. Just Water has the right to extend the offer period.

5. Delivery

Applications cannot be revoked or withdrawn.

Application Forms must be mailed or delivered (with payment) to "Just Water Share Offer" c/o BK Registries Limited (see address on page 53 of this Prospectus) to arrive on or before 5.00pm on 31 May 2004.

You may also lodge your application with any NZX Firm, but must deliver it in time to enable the application to be forwarded to BK Registries Limited before the relevant closing time.

Please lodge your application AS SOON AS POSSIBLE.

Application form

This Application is for shares in Just Water International Limited offered under the Prospectus dated 7 May 2004. For instructions on how to complete and deliver this form see the application instructions on page 70.

1. INVESTOR DETAILS (CAPITAL BLOCK LETTERS PLEASE)

<input type="text"/>	<input type="text"/>	<input type="text"/>
Title	First Names	Surname
<input type="text"/>	<input type="text"/>	<input type="text"/>
Title	First Names	Surname
Corporate Name <input type="text"/>		
Postal Address <input type="text"/>	Suburb <input type="text"/>	
City <input type="text"/>	Postcode <input type="text"/>	
Telephone Number Home <input type="text"/>	Business Phone <input type="text"/>	

2. INVESTMENT DETAILS

Applications must be for a minimum of 2,000 shares and thereafter in multiples of 1,000. The issue price per share is \$0.50.

Number of shares applied for:

Cheques must be payable to "Just Water Share Offer" and crossed "Not Transferable". Payment must be made in New Zealand dollars with a cheque drawn on a registered New Zealand bank.

IRD Number: Common Shareholder Number (CSN):

3. DIVIDEND PAYMENTS: Please tick the appropriate box to select the method of payment of distributions:

Either: ☐ Pay by cheque to the postal address in 1 above OR ☐ Direct credit my bank account as detailed below (not required if BK Registries Limited already has these details)

Name of Bank Address of Bank

Bank/Branch Account No. Suffix

4. AGREEMENT OF TERMS

- I/We offer to purchase the number of shares shown above and agree to purchase such shares (or such lesser number of shares as Just Water may allocate to me (us) on the terms and conditions set out in the Prospectus and this Application Form.
- I/We agree to be bound by the constitution of Just Water International Limited (as amended from time to time).
- All details and statements made by me/us are complete and accurate and this application complies with the terms of the Prospectus.
- I/We represent that I am/we are not, as a result of the law of any place, a person to whom the Prospectus should not be given.
- I/We appoint BK Registries Limited as my/our authorised agent to execute any transfers or other documents as may be necessary or appropriate to register allocated shares in my/our name on the applicable register or sub-register.

Signature(s) of applicant(s) (or for companies, execute as a deed)

Signature <input type="text"/>	Date <input type="text"/>
Signature <input type="text"/>	Date <input type="text"/>

Attorneys: Please complete and sign the certificate of non-revocation overleaf.

Upon acceptance, in whole or in part, of an applicant's offer to purchase shares, Just Water will allocate those shares to the applicant and procure registration of the applicant as the holder of those shares, subject to all applicable laws. This Application Form must not be issued, circulated, or distributed unless accompanied by the Prospectus dated 7 May 2004.

5. CERTIFICATE OF NON-REVOCATION OF POWER OF ATTORNEY

I, of

Hereby certify that:

1. By a Power of Attorney dated the day of

(Name of person for whom attorney is signing)

appointed me his/her/its attorney on the terms and conditions set out in the Power of Attorney.

2. I have executed the application for shares printed on the face of this form as attorney pursuant to the powers conferred on me by that Power of Attorney.

3. At the date of this certificate I have not received any notice or information of the revocation of that Power of Attorney, whether by the death or liquidation of the donor or otherwise.

Signed at this day of 2004

Signature of attorney

6. FURTHER APPLICATION TERMS

- By signing the application form, the applicant acknowledges that this form was distributed with the Prospectus dated 7 May 2004 and the applicant offers to subscribe for ordinary shares upon and subject to the terms and conditions set out in the Prospectus and Application Form. An application cannot be withdrawn or revoked.
- If the aggregate number of shares applied for exceeds the value offered then applicants may be allocated fewer shares than the value for which they applied. The number of shares allocated to an applicant will be determined by Just Water. No reasons will be given regarding the level of allocations.
- Just Water reserves the right to decline any application in whole or in part, without giving any reason. Money received in respect of applications that are declined in whole or in part will be refunded in whole or in part (as the case may be). Refunds will be posted within five business days after allocation of shares to successful applicants. Interest will not be paid on any application money refunded to applicants.
- Share statements will be despatched as soon as is practicable after allocation, but in any event not later than five business days after closing of the Offer. Applicants should not attempt to sell their shareholdings until they have received their shareholding statements.
- If this application form is not completed correctly, or if the accompanying payment is for the wrong amount, it may still be treated as valid. The Company's decision as to whether to treat your application as valid, and how to construe, amend or complete it, shall be final. The Company's decision on the number of shares to be allocated to an applicant shall also be final. Applicants will not, however, be treated as having applied for a greater number of shares than the number indicated on the Application Form, or a greater number of shares than those for which payment has been made.
- Upon receipt, application monies will be banked into a trust account pending allocation of shares. The banking of such monies does not constitute allotment of any shares. Interest earned on the account will be paid to the Company. If application money is paid by a cheque that does not clear, your application may be rejected or an allocation made to you may be cancelled.
- Expressions defined in this Prospectus have the same meanings in this application form. This Application Form is governed by New Zealand law.

CORRECT FORM OF REGISTRABLE NAMES

Note that ONLY LEGAL ENTITIES are allowed to hold shares. Applications must be in the name(s) of natural persons, companies or other legal entities acceptable to the Company. At least one full given name and surname is required for each natural person. The name of the beneficiary or any other non-registrable name may be included by way of an account designation if completed exactly as described in the examples of correct forms of registrable names below.

TYPE OF INVESTOR

INDIVIDUAL	Use given name in full, not initials	Nigel Joseph Smith
COMPANY	Use company title, not abbreviations	ABC Limited
TRUSTS	Do not use the names of deceased or trust name; use trustee(s) names; all trustees may apply as joint applicants	Michelle Smith and Nigel Smith / Nigel Smith Family A/C
DECEASED ESTATES	Do not use the names of deceased; use executor(s) personal names	Brian Smith Est / Nigel Smith A/C
PARTNERSHIPS	Do not use the names of partnership; use partner(s) personal names	Nigel Smith & Tim Smith / Nigel Smith & Son A/C
CLUBS/UNINCORPORATED BODIES	Do not use names of clubs etc; use office bearer(s) personal names	Michelle Smith / ABC Bowling Club A/C
SUPERANNUATION FUNDS	Do not use name of fund; use name of trustee	Nigel Smith Limited / Super Fund A/C

Directory

*Registered Office of
Just Water International Limited*

Just Water International Limited
4th Floor
70 Shortland Street
AUCKLAND

www.jwi.co.nz

*Lead Manager and
NZX Sponsor*

Giffney & Jones
Private Bag MBE N 349
AUCKLAND

Telephone: (09) 524 9149

Facsimile: (09) 524 9242

*Directors of Just Water
International Limited*

Jim McLay
Chairman

Renny Cunnack
Non-executive director

Ian Malcolm
Non-executive director

Tony Falkenstein
Managing Director

*Legal Adviser and
NZX Sponsor*

Harmos Horton Lusk
Vero Centre
48 Shortland Street
PO Box 28
AUCKLAND

Share Registrar

BK Registries Limited
138 Tancred Street
PO Box 384
ASHBURTON

Auditor

PricewaterhouseCoopers
PricewaterhouseCoopers Tower
188 Quay Street
Private Bag 92162
AUCKLAND

Telephone: (03) 308 8887

or 0800 377 388

Facsimile: (03) 308 1311

