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## **Half-year Report**

for the six months ended  
31 December 2016



# Just Water International Limited

## Directory

### Directors

**Tony Falkenstein** (Executive/Chairman)

**Ian Malcolm** (Non-Executive)

**Brendan Wood** (Independent)

### Executive management

**Tony Falkenstein**

*Chief Executive Officer*

**Eldon Roberts**

*Chief Operating Officer and Chief Financial Officer*

### Registered office and address for service

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

P O Box 221  
Shortland Street  
Auckland 1140  
New Zealand

### Auditors

PricewaterhouseCoopers

### JWI on the web

[www.jwi.co.nz](http://www.jwi.co.nz)  
[www.justwater.co.nz](http://www.justwater.co.nz)  
[www.justwaterfilters.co.nz](http://www.justwaterfilters.co.nz)  
[www.aquacool.co.nz](http://www.aquacool.co.nz)

## Just Water New Zealand

103 Hugo Johnston Drive  
Penrose  
Auckland 1061  
New Zealand

Private Bag 92811  
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Auckland 1642  
New Zealand

Tel +64 9 630 1300

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

### Bankers

Bank of New Zealand Limited

### Solicitors

Harmos Horton Lusk

Daniel Overton & Goulding

### Share registry

Link Market Services  
Level 7, Zurich House  
21 Queen Street  
Auckland  
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PO Box 91976  
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# Just Water International Limited

## Chairman's and Chief Executive's review

### First-half 2017 announcement

The directors of Just Water International Limited are pleased to present the cash flow and financial results for the six months ended 31 December 2016.

### Cash Flow:

Cash flow has continued to be strong, generating \$2.347 million (2015: \$1.635 million) (+ 43.5%) from operations during the six-month period.

### Debt:

At 31 December 2016, the company's net bank debt position was \$0.43 million This compared to \$1.12 million at the same time last year, and \$0.06 million at 30 June 2016. The increase in debt since year-end has arisen from refurbishment of the newly purchased head office and bottling plant, and increased stock levels in anticipation of the summer requirements.

### Results:

	Current half-year \$'000	Previous half-year \$'000	% change
Operating Revenue	7,959	7,913	1%
Non-Operating Revenue	-	94	
EBITDA	2,191	2,090	5%
Depreciation & Amortisation	(969)	(986)	2%
EBIT	1,222	1,104	11%
Interest	(33)	(57)	42%
Net profit before tax	1,189	1,047	14%

All key KPI's showed positive trends during the period with Operating Revenue increasing by \$46,000 (+1%), EBITDA increasing by \$101,000 (+5%) and EBIT increasing by \$118,000 (+11%).

### Dividends:

The directors review the dividend policy of the company on a regular basis, and based on the cash flow and results achieved, believe that the Company will be in a position to recommend the resumption of a dividend for the full year to 30 June 2017. The Company continues to operate a Dividend Reinvestment Plan.

### New head office and world-class bottling plant:

During September 2016, the head office relocated to our newly renovated building at 103 Hugo Johnston Drive, Penrose, Auckland. The Prime Minister of New Zealand, the Honourable John Key officially opened the building and world-class bottling plant. The directors have had the building valued at 31 January 2017 at \$4.6 million. The building was purchased in August 2015 for \$3.28 million and \$1.05 million has been spent on refurbishment resulting in a total investment of \$4.33 million.

# Just Water International Limited

## Health & Safety:

The ongoing health and safety of the Just Water team members, contracting parties and visitors is a critical input into the company's operations. The goal is zero-harm and the culture of the company encourages everyone to participate in our health & safety initiatives. We are pleased to advise that during the recent WSMP audit that the external auditor is recommending to the Accident Compensation Commission that we continue to retain our tertiary (highest level) of qualification.

## Audit:

The financial statements for the six months ended 31 December 2016 and 31 December 2015 are unaudited. The comparative information for the year ended 30 June 2016 is audited.

## Bank covenants:

The Company was in compliance with all bank covenants as at 31 December 2016.

## Expected Future Income Rental Streams:

At 31 December 2016 there continued to be in excess of \$80 million expected future rental income stream which is not recognised in the financial statements. Consistent with prior disclosures, expected future rental income streams have been calculated on the basis of the last month's rental income multiplied by the average customer life, which is in excess of seven years.

## New Products:

At the Annual Meeting in December 2016, the Company, presented four new products that are being brought to market during the current year. This included a 10 litre Cask of spring water, a revolutionary Cask chiller, which will chill Casks of both water and white wine, a desk top mini chiller and the world's first alcohol-free premium liqueur, branded Melambra Gold. Management will actively pursue opportunities for all these products, as they come to fruition, on a global scale.

## Share buyback programme:

The board resolved, in accordance with section 65 of the Companies Act 1993 and the Company's constitution that, effective from 22nd February 2016 until 20th February 2017, it would operate a share buyback programme. To date 322,450 shares have been purchased on market by the Company and cancelled under this programme representing 0.36% of shares on issue at the commencement of the share buyback programme.

The Company has resolved to operate the share buyback programme for another 12 month period from 22nd February 2017 to 16th February 2018. In accordance with NZAX listing rule 7.6.1(a), the Company may make one or more offers on market to acquire shares in the Company at the prevailing market price for the shares at the time of purchase and such that the number of shares acquired by the Company, together with the shares acquired by the Company in the last 12 months under the buyback programme, does not exceed 5% of the shares on issue as at the date 12 months prior to the date of the acquisition of the relevant shares.

Depending on the timing of any such acquisition, the maximum number of shares that the Company may acquire under the share buyback programme is 4,470,236 shares. Shares that are acquired by the Company under the share buyback programme will be cancelled and the acquisitions and cancellations will be notified to NZX in accordance with the NZAX listing rules. The Company is not obliged to make any offer and reserves the right to cease the share buyback programme at any time.

The Company will not purchase any shares under the share buyback programme while it possesses any information that is materially price-sensitive but not publically available. If the Company acquires price-sensitive information that is not publically available, it will cease acquiring shares in the Company until the relevant information is publically disclosed or ceases to be materially price-sensitive.

As noted in previous reports, the decision to operate a share buyback programme was driven by the board's concern for shareholders about the lack of trading of JWJ shares. Although the board does not wish to see shareholders sell out of the Company, the board recognises that some may need the funds for other activities and the share buyback programme provides an exit option for these shareholders.

# *Just Water International Limited*

## Board

I would again like to thank my fellow directors, Ian Malcolm and Brendan Wood for their ongoing input and support in the advancement of the company.

## Staff

The directors would like to thank the staff for their commitment to achieving continuous improvement and striving to provide the highest level of service to our customers.



Tony Falkenstein  
Chairman and Chief Executive

# Just Water International Limited

## Consolidated statement of comprehensive income (unaudited)

For the six months ended 31 December 2016

	GROUP SIX MONTHS ENDED 31 DECEMBER 2016 \$'000	GROUP SIX MONTHS ENDED 31 DECEMBER 2015 \$'000
<b>Continuing operations</b>		
Operating revenue	7,959	7,913
Other operating income	-	94
<b>Income</b>	<b>7,959</b>	<b>8,007</b>
Employee costs	(2,961)	(2,953)
Changes in inventories of finished goods and consumables	26	(58)
Purchases of finished goods and consumables	(664)	(590)
Other expenses	(2,169)	(2,316)
<b>Earnings before interest, tax, depreciation and amortisation</b>	<b>2,191</b>	<b>2,090</b>
Depreciation	(682)	(682)
Amortisation	(287)	(304)
<b>Earnings before interest and tax</b>	<b>1,222</b>	<b>1,104</b>
Interest expense	(33)	(57)
<b>Earnings before income tax</b>	<b>1,189</b>	<b>1,047</b>
Income tax expense	(323)	(357)
<b>Earnings after income tax</b>	<b>866</b>	<b>690</b>
<b>Total comprehensive income</b>	<b>866</b>	<b>690</b>
<b>Earnings per share for profit attributable to the shareholders of the Parent</b>		
Basic and diluted earnings per share (cents)		
<b>From profit for the year</b>	<b>1.0</b>	<b>0.8</b>

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

# Just Water International Limited

## Consolidated balance sheet

As at 31 December 2016

	GROUP AS AT 31 DECEMBER 2016 \$'000 (unaudited)	GROUP AS AT 31 DECEMBER 2015 \$'000 (unaudited)	GROUP AS AT 30 JUNE 2016 \$'000 (audited)
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	96	387	13
Trade and other receivables	1,833	1,966	1,871
Inventories	350	471	376
Deferred tax asset	306	233	344
<b>Total current assets</b>	<b>2,585</b>	<b>3,057</b>	<b>2,604</b>
<b>Non-current assets</b>			
Property, plant and equipment	8,674	6,779	7,316
Intangible assets	5,313	5,395	5,338
Deferred tax asset	387	501	503
Other receivables	-	137	39
Other assets	475	529	515
<b>Total non-current assets</b>	<b>14,849</b>	<b>13,341</b>	<b>13,711</b>
<b>Total assets</b>	<b>17,434</b>	<b>16,398</b>	<b>16,315</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Interest bearing liabilities	694	1,668	247
Trade and other payables	2,402	1,900	2,259
Current tax payable	203	215	420
Deferred income	222	170	194
<b>Total current liabilities</b>	<b>3,521</b>	<b>3,953</b>	<b>3,120</b>
<b>Non-current liabilities</b>			
Interest bearing liabilities	366	534	446
<b>Total non-current liabilities</b>	<b>366</b>	<b>534</b>	<b>446</b>
<b>Total liabilities</b>	<b>3,887</b>	<b>4,487</b>	<b>3,566</b>
<b>Net assets</b>	<b>13,547</b>	<b>11,911</b>	<b>12,749</b>
<b>EQUITY</b>			
Share capital	22,455	22,523	22,523
Accumulated losses	(8,908)	(10,612)	(9,774)
<b>Total equity</b>	<b>13,547</b>	<b>11,911</b>	<b>12,749</b>

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



## Just Water International Limited

### Consolidated statement of changes in equity (unaudited)

For the six months ended 31 December 2016

	SHARE CAPITAL \$'000	ACCUMULATED LOSSES \$'000	TOTAL EQUITY \$'000
<b>GROUP</b>			
Balance at 1 July 2015	22,523	(11,302)	11,221
Profit after tax	-	690	690
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>690</b>	<b>690</b>
Balance at 31 December 2015	22,523	(10,612)	11,911
Profit after tax	-	838	838
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>838</b>	<b>838</b>
Balance at 30 June 2016	22,523	(9,774)	12,749
Profit after tax	-	866	866
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>866</b>	<b>866</b>
Shares cancelled	(68)	-	(68)
<b>Balance at 31 December 2016</b>	<b>22,455</b>	<b>(8,908)</b>	<b>13,547</b>

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

# Just Water International Limited

## Consolidated cash flow statement (unaudited)

For the six months ended 31 December 2016

	GROUP 6 MONTHS ENDED 31 DECEMBER 2016 \$'000	GROUP 6 MONTHS ENDED 31 DECEMBER 2015 \$'000
<b>Cash flows from operating activities</b>		
Receipts from customers	8,758	7,601
Interest received	-	5
Payments to suppliers and employees	(5,512)	(5,352)
Interest paid	(33)	(57)
Income tax paid	(385)	(224)
Purchases of non-current assets held for rental	(481)	(338)
<b>Net cash generated from operating activities</b>	<b>2,347</b>	<b>1,635</b>
<b>Cash flows from investing activities</b>		
Purchases of property, plant and equipment	(2,466)	(3,484)
Proceeds from sale of property, plant and equipment	10	-
Purchases of intangible assets	(30)	(29)
<b>Net cash used in / (from) investing activities</b>	<b>(2,486)</b>	<b>(3,513)</b>
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	700	2,000
Repayment of borrowings	(512)	(576)
Shares purchased	(68)	-
<b>Net cash used in financing activities</b>	<b>120</b>	<b>1,424</b>
<b>Net decrease / (increase) in cash, cash equivalents and bank overdrafts</b>	<b>(19)</b>	<b>(454)</b>
Cash and cash equivalents at the beginning of the financial year	(64)	841
Bank balances included in interest bearing liabilities	179	-
<b>Cash and cash equivalents at the end of period</b>	<b>96</b>	<b>387</b>

The accompanying notes to the financial statements are an integral part of, and should be read in conjunction with, the above consolidated cash flow statement (unaudited)

# Just Water International Limited

## Notes to the consolidated financial statements

### 1. GENERAL INFORMATION

The consolidated interim financial statements for the Group are for the economic entity comprising Just Water International Ltd and its subsidiaries. The Group's principal activity is the rental and service of water coolers to customers as well as the sale of water and water products.

The Group comprised JWI and its division Just Water New Zealand, and its wholly-owned subsidiaries, Drinksafe International Limited, Just Water Limited, Just Water New Zealand Limited, Vitablast Limited, Mercy Health Group Limited, Melambra Limited, Melambra Gold Limited and Melambra Properties Limited.

Just Water International Limited is a limited liability company which is domiciled and incorporated in New Zealand. The address of its registered office is Unit 1, 36 Sale Street, Auckland, New Zealand.

These consolidated interim financial statements have been approved for issue by the board of directors on 16 February 2017. The board of directors have the power to amend the consolidated interim financial statements.

### 2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

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

#### 2.1 Statement of compliance

The consolidated interim financial statements have been prepared in accordance with Generally Accepted Accounting Practice (GAAP) in New Zealand and New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) and other applicable financial reporting standards. They comply with NZ IAS 34 Interim Financial Reporting and consequently do not include all the information for full financial statements. These condensed Group consolidated interim financial statements should be read in conjunction with the Annual Report for the year ended 30 June 2016.

The accounting policies used are consistent with those used in the previous Annual Report. The financial statements for the six months ended 31 December 2016 and 31 December 2015 are unaudited. The comparative information for this year 30 June 2016 is audited. Certain comparative information has been reclassified in order to provide a more appropriate basis for comparison.

The Group has designated itself as a profit-orientated entity for the purposes of complying with NZ IFRS. The consolidated interim financial statements comply with International Financial Reporting Standards (IFRS).

### 3. BASIS OF PREPARATION

#### 3.1 Statutory base

Just Water International Limited is a company registered under the Companies Act 1993 and is an FMC reporting entity under Part 7 of the Financial

Markets Conduct Act 2013. The consolidated interim financial statements of the Group have been prepared in accordance with the requirements of Part 7 of the Financial Markets Act 2013 and the NZAX Main Board Listing Rules. In accordance with the Financial Markets Conduct Act 2013 because consolidated interim financial statements are prepared and presented for Just Water International Limited and its subsidiaries, separate financial statements for Just Water International Limited are no longer required to be prepared and presented.

The interim financial statements have been prepared and presented in accordance with the requirements of the Financial Reporting Act 2013 and the NZX. Just Water International Ltd is registered under the Companies Act 1993 and is a Financial Markets Conduct Reporting Entity under the Financial Markets Conduct Act 2013 beginning 1 December 2014.

#### 3.2 Historical cost convention

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

#### 3.3 Going concern

The consolidated interim financial statements have been prepared on a going concern basis. As at 31 December 2016 the Group had negative working capital. The directors have assessed the financial performance of the Group including forecast cash flows and are satisfied that the going concern assumption remains appropriate.

### 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

#### 4.1 Goodwill

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

#### 4.2 Deferred Tax

The utilisation of the deferred tax asset relating to temporary differences is dependent on future tax profits in excess of the profits arising from the reversal of existing taxable temporary differences. Income tax losses are reviewed annually for each tax jurisdiction to ensure it is probable that these losses will be utilised

## ***Just Water International Limited***

based on current forecasts. If it is not probable they will be utilised, the losses are de-recognised.

### **4.3 Receivables**

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

### **4.4 Income taxes**

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

### **4.5 Coolers**

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

# Just Water International Limited

## 5. SEGMENT INFORMATION

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

Such components have been identified on the basis of internal reports that the CODM reviews regularly in order to allocate resources and to assess the performance of the Group.

Previously the group was organised into two reportable operating segments, namely New Zealand and Australia, reflecting the different geographical markets within which the Group operates. During the year ended 30 June 2015, the Group disposed of its Australian segment. As there is now only one segment operating this has been reflected in the following analysis.

	31 DECEMBER 2016	31 DECEMBER 2015
	\$'000	\$'000
External rental income	4,571	4,685
External sales and service income	3,388	3,228
Other operating income	-	94
<b>Income</b>	<b>7,959</b>	<b>8,007</b>
Employee costs	(2,961)	(2,953)
Other trading expenses	(2,807)	(2,964)
<b>Earnings before interest, tax, depreciation and amortisation</b>	<b>2,191</b>	<b>2,090</b>
Depreciation	(682)	(682)
Amortisation	(287)	(304)
<b>Earnings before interest and tax</b>	<b>1,222</b>	<b>1,104</b>
Interest expense	(33)	(57)
<b>Earnings before income tax</b>	<b>1,189</b>	<b>1,047</b>
Income tax expense	(323)	(357)
<b>Earnings attributable to shareholders</b>	<b>866</b>	<b>690</b>
Total assets	17,434	16,398
Total liabilities	3,887	4,487
Total additions to non-current assets excluding financial instruments and deferred tax assets	3,131	679

# Just Water International Limited

## 6. SHARE CAPITAL

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

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

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

Movements in ordinary share capital:

	NUMBER OF SHARES	SHARE CAPITAL \$'000
<b>Ordinary shares on issue as at 1 July 2015</b>	<b>89,727,174</b>	<b>22,523</b>
Shares issued	-	-
<b>Ordinary shares on issue as at 30 June 2016</b>	<b>89,727,174</b>	<b>22,523</b>
Shares cancelled	(322,450)	(68)
<b>Ordinary shares on issue as at 31 December 2016</b>	<b>89,404,724</b>	<b>22,455</b>

## 7. COMMITMENTS

### Capital commitments

The Group has capital commitments \$146,952 and US\$126,332 (2015: \$2,000) of capital expenditure contracted but not recognised and nil foreign exchange forward cover contracts (2015: US\$275,000 (NZ\$406,000) due 03 August 2016).

### Lease commitments: Group as lessee

#### Operating leases

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

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

	INITIAL LEASE TERM	RIGHTS OF RENEWAL
Hamilton offices/warehouse	Three years	One of three years each
Wellington offices/warehouse	Twelve years	Two of three years each

# Just Water International Limited

## COMMITMENTS CONTINUED

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

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

	GROUP AS AT 31 DECEMBER 2016	GROUP AS AT 31 DECEMBER 2015
	\$'000	\$'000
Within one year	163	321
Later than one year but not later than five years	427	633
Later than five years	-	153
<b>Commitments not recognised in the consolidated financial statements</b>	<b>590</b>	<b>1,107</b>

### Finance leases

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

	GROUP AS AT 31 DECEMBER 2016	GROUP AS AT 31 DECEMBER 2015
	\$'000	\$'000
Within one year	210	210
Later than one year but not later than five years	366	576
<b>Total finance leases recognised in the consolidated financial statements</b>	<b>576</b>	<b>786</b>

Lease commitments: As lessors

### Operating leases

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

# Just Water International Limited

## COMMITMENTS CONTINUED

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

	GROUP AS AT 31 DECEMBER 2016	GROUP AS AT 31 DECEMBER 2015
	\$'000	\$'000
Within one year	8,215	8,524
Later than one year but not later than five years	6,720	7,491
<b>Future lease receipts not recognised in the consolidated financial statements</b>	<b>14,935</b>	<b>16,015</b>

## 8. RELATED PARTIES

The Group's ultimate parent is the Harvard Group, which owns or has voting entitlements for 79.0% of the company's shares. The remaining 21.0% is widely held. The Group's ultimate controlling parties are Ian Malcolm and Tony Falkenstein.

The Group has a number of loans and advances outstanding from other related parties at balance date. These advances do not have fixed repayment terms and all advances between related parties are unsecured.

Pure SEO Limited, a company of which Tony Falkenstein and Ian Malcolm are directors and indirect shareholders, provided internet search engine optimisation services to the Group during the financial period to the value of \$10,950 (2015: \$9,900). As at balance date the Group had a trade payable balance of \$1,208 (2015: \$1,898).

MHK Chartered Accountants Limited, a company of which Ian Malcolm is a director and a shareholder, provided accounting compliance and accounting services to the Group during the financial period to the value of \$4,320 (2015: \$2,400). Ian Malcolm is also a shareholder of the Parent. As at balance date the Group had a trade payable balance of \$460 (2015 \$460).

Daniel Overton & Goulding, a company of which Brendan Wood is a partner, provided legal services to the Group during the financial period to the value of \$760 (2015: \$623). As at balance date the Group had a trade payable balance of \$0 (2015: \$0).

The Harvard Group Ltd, a company of which Tony Falkenstein and Ian Malcolm are directors and indirect shareholders, provided Management fees for Tony to the Group during the financial period to the value of \$120,000 (2015: \$100,000). As at balance date the Group had a trade payable balance of \$0 (2015: \$0).

All balances, except for the debt to MHK Chartered Accountants, are settled in cash. The debt to MHK Chartered Accountants is settled in Bartercard trade dollars.

On 29 April 2015 The Harvard Group Limited granted Eldon Roberts an option to purchase 2,000,000 fully paid ordinary shares in JWI owned by The Harvard Group Ltd. The exercise price for the granted option is \$0.15 per share. The option is conditional on the employee remaining in the employment of the Company, and can be exercised any time after 24 months from the grant date. The fair value of the share option granted at granted date was \$0.03 per share.

Key management and directors compensation is as follows:

	GROUP YEAR ENDED 31 DECEMBER 2016	GROUP YEAR ENDED 31 DECEMBER 2015
	\$'000	\$'000
Short-term benefits	295	297
Directors fees	29	26
<b>Total key management compensation</b>	<b>324</b>	<b>323</b>



# Just Water International Limited

## RELATED PARTIES CONTINUED

The number of key managers and directors for the period ended 31 December 2016 for the group was 5 (2015: 5).

Outstanding balance of employee entitlements as at 31 December 2016 is \$44,521 (2015: \$55,386). Balances are settled in cash.

## 9. FINANCIAL RISK MANAGEMENT

### Liquidity risk

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

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

	LESS THAN 1 YEAR	BETWEEN 1 AND 2 YEARS	BETWEEN 2 AND 5 YEARS	OVER 5 YEARS
GROUP	\$'000	\$'000	\$'000	\$'000
<b>As at 31 December 2016</b>				
Trade and other payables	2,123	-	-	-
Bank overdraft	179	-	-	-
Bank borrowings	359	-	-	-
Finance loans	210	366	-	-
<b>As at 31 December 2015</b>				
Trade and other payables	1,547	-	-	-
Bank overdraft	-	-	-	-
Bank borrowings	1,512	-	-	-
Finance loans	210	576	-	-

### Fair value estimation

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

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

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

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

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

## Just Water International Limited

### 10. RECONCILIATION OF NET PROFIT AFTER INCOME TAX TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	GROUP 6 MONTHS ENDED 31 DECEMBER 2016	GROUP 6 MONTHS ENDED 31 DECEMBER 2015
	\$'000	\$'000
<b>Profit for the year</b>	<b>866</b>	<b>690</b>
<b>Adjustments for</b>		
Depreciation	682	682
Amortisation	287	304
Loss on sale of property, plant and equipment	149	68
Provision for doubtful debts	12	(65)
Provision for tax	(216)	243
Deferred tax	154	(109)
Movement in deferred income	28	4
<b>Changes in working capital</b>		
Inventories	26	(58)
Trade and other receivables	747	(198)
Trade and other payables	93	412
Purchases of non-current assets held for rental	(481)	(338)
<b>Net cash generated from operating activities</b>	<b>2,347</b>	<b>1,635</b>

# *Just Water International Limited*

NOTES

