



*Just Water International Limited*

# ***Half-year Report***

for the six months ended  
31 December 2013



# Just Water International Limited

## Directory

### Directors

**Paul Connell** (Independent)  
*Chairman*

**Tony Falkenstein** (Executive)

**Simone Iles** (Independent)

**Brian Rosenberg** (Independent)

### Executive management

#### Ian Ormiston

*Chief Executive Officer*  
*Just Water International Limited*

#### Eldon Roberts

*Chief Financial Officer*  
*Just Water International Limited*

#### Peter Molloy

*General Manager*  
*Clearwater Filter Systems (Aust) Pty Limited*

### Registered office and address for service

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

PO Box 221  
Shortland Street  
Auckland 1140  
New Zealand

### Auditors

PricewaterhouseCoopers

### JWI on the web

[www.jwi.co.nz](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)  
[www.justplants.co.nz](http://www.justplants.co.nz)  
[www.creativeimages.net.nz](http://www.creativeimages.net.nz)  
[www.clearwaterfilters.com.au](http://www.clearwaterfilters.com.au)  
[www.justwaterfilters.com.au](http://www.justwaterfilters.com.au)  
[www.thewatercoolercompany.com.au](http://www.thewatercoolercompany.com.au)  
[www.purerain.com.au](http://www.purerain.com.au)  
[www.aquaman.com.au](http://www.aquaman.com.au)

### Just Water New Zealand Just Plants Limited

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Penrose  
Auckland 1061  
New Zealand

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New Zealand

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Fax +64-9 630 9300

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

*Just Plants Limited is a wholly-owned  
subsidiary of Just Water International  
Limited.*

### Clearwater Filter Systems (Aust) Pty Limited

Unit 40, Building F,  
Lane Cove Business Park  
16 Mars Road, Lane Cove  
NSW 2066  
Australia

Tel +61-2 8962 4200  
Fax +61-2 8962 4270

*Clearwater Filter Systems (Aust) Pty  
Limited is a subsidiary of Just Water  
International Limited through Just Water  
Limited Partnership*

### Bankers

ASB Bank Limited  
Bank of New Zealand Limited  
National Australia Bank Limited  
Westpac Banking Corporation Limited

### Solicitors

Harmos Horton Lusk  
Daniel Overton & Goulding

### Share registry

Link Market Services  
138 Tancred Street  
PO Box 384  
Ashburton 7740  
New Zealand

Tel +64-3 308 8887  
Fax +64-3 308 1311

## Chairman's and Chief Executive's review

2-4

## Just Water International Limited

### Consolidated financial statements (unaudited) for the six months ended 31 December 2013

|  |       |
|--|-------|
| Consolidated statement of comprehensive income | 6     |
| Consolidated balance sheet                     | 7     |
| Consolidated statement of changes in equity    | 8     |
| Consolidated cash flow statement               | 9     |
| Notes to the financial statements              | 10-18 |

## Chairman's and Chief Executive's review

### First-half 2014 announcement

Just Water International Limited presents its unaudited half-year results for the six months to 31 December 2013.

#### Consolidated Income Statement

| Consolidated         | Current half-year (unaudited) \$'000 | Previous corresponding half-year (unaudited) \$'000 | % Change |
|----------------------|--------------------------------------|---|----------|
| Total Revenue        | 13,502                               | 13,808  | (2.2%)   |
| EBITDA               | 3,652                                | 3,439   | 6.2%     |
| EBIT                 | 1,792                                | 1,434   | 25.0%    |
| Net Profit after tax | 1,064                                | 630   | 68.9%    |

The directors and management are satisfied with the profitability result for the first six months of the year which includes a realised exchange gain of \$0.249 million compared to a gain of \$0.018 million in the corresponding period last year. The fundamental business issues remain with very competitive market places in both New Zealand and Australia and deep price discounting from competitors. Management continues to work on measures to combat this and improve the value proposition to its customers on both sides of the Tasman. Ongoing productivity improvements have resulted in further cost reduction during the period. Total debt remained almost the same during the period notwithstanding the New Zealand water delivery fleet was upgraded at a cost of \$1.119 million and the acquisition of the business assets of Aquaman Australia Pty Limited for \$0.364 million.

#### New Zealand

| New Zealand          | Current half-year (unaudited) \$'000 | Previous corresponding half-year (unaudited) \$'000 | % Change |
|----------------------|--------------------------------------|---|----------|
| Total Revenue        | 9,047                                | 9,119   | (0.8%)   |
| EBITDA               | 2,650                                | 2,452   | 8.1%     |
| EBIT                 | 1,282                                | 932   | 37.6%    |
| Net Profit after tax | 529                                  | 327   | 61.8%    |

*(Net of elimination entries)*

Total revenue for New Zealand was slightly down on the corresponding period last year and reflects the ongoing competitive pressures in the market place.

Total revenue included a realised exchange gain of \$0.249 million during the six months (December 2012 \$0.018 million) as a result of a favourable conversion of an Australian dollar loan to New Zealand dollars.

The Company's three bottling plants achieved an outstanding average of 99.8% in the annual audit by the Australasian Bottled Water Institute (ABWI), assuring customers that water from our plants is bottled under the strictest quality standards. No other '15 litre bottle' bottling plants in New Zealand comply with these standards.

| Australia                             |   |   |          |
|---------------------------------------|---|---|----------|
| Australia<br>(New Zealand<br>dollars) | Current<br>half-year<br>(unaudited)<br>NZD \$'000 | Previous<br>corresponding<br>half-year<br>(unaudited)<br>NZD \$'000 | % Change |
| Total Revenue                         | 4,455   | 4,689   | (5.0%)   |
| EBITDA                                | 1,002   | 987   | 1.5%     |
| EBIT                                  | 510   | 502   | 1.6%     |
| Net Profit after tax                  | 535   | 303   | 76.6%    |

*(Net of elimination entries)*

The Australian result has been heavily influenced by the strengthening of the New Zealand dollar against the Australian dollar during the period. The conversion rate for the corresponding period last year was 0.7856 compared to 0.8819 for the current half year. If the exchange rate effect is eliminated then the Company's Australian operations achieved a 6.7% increase in revenue and a pleasing 14.2% increase in EBIT. This has been calculated as follows:

| Australia<br>(Australian<br>dollars) | Current<br>half-year<br>(unaudited)<br>AUD \$'000 | Previous<br>corresponding<br>half-year<br>(unaudited)<br>AUD \$'000 | % Change |
|--------------------------------------|---|---|----------|
| Total Revenue                        | 3,929   | 3,684   | 6.7%     |
| EBITDA                               | 884   | 775   | 14.1%    |
| EBIT                                 | 450   | 394   | 14.2%    |
| Net Profit after tax                 | 472   | 238   | 98.3%    |

*(Net of elimination entries)*

The recent acquisitions in Australia of Pure Rain Water Purification Systems and the business assets of Aquaman Australia Pty Limited have both been successfully integrated into the Company's existing operations, increasing the Company's customer base in Australia. The directors continue to review opportunities for acquisitions of a similar nature.

### Dividend:

As previously advised, the directors have decided there will be no dividend in the current year.

### Audit:

The financial statements for the six months ended 31 December 2013 and 31 December 2012 are unaudited. The comparative information for the year ended 30 June 2013 is audited.

### Bank facilities:

The Company has complied with all bank covenants at 31 December 2013.

Total net debt at 31 December 2013 was \$16.003 million (December 2012: \$17.325 million, 30 June 2013 \$15,954 million). Total net debt has slightly increased by \$0.049 million over the past six months after the complete

## Chairman's and Chief Executive's review

replacement of the New Zealand delivery fleet for \$1.119 million and the Aquaman Australia acquisition in Australia totaling \$0.364 million. Debt repayment will continue in the current period. The Company had an unutilised funding facility of \$2.95 million at 31 December 2013 (December 2012: \$3.2 million) after requesting voluntary reductions during the six months of \$1.6 million in order to save ongoing facility fees. The Board is comfortable that the company has funding capability for growth and exploring further acquisitions.

### Receivables:

At 31 December 2013 there continued to be in excess of \$80 million future rental income stream which is not recognised in the financial statements. Expected future rental income streams have been calculated on the basis of average customer life, which is in excess of 7 years. This calculation of future receivables is used as part of the monitoring on compliance for our bank covenants.

### Summary:

Overall trading conditions remain challenging in both countries. Debt reduction remains a priority, although management continue to look for new opportunities. The Company is in a sound position and continues to strengthen its balance sheet.

### Staff and shareholders:

The directors wish to thank the staff for their efforts over the last 6 months.

Yours sincerely



Paul Connell  
Chairman



Ian Ormiston  
Chief Executive

 **Just Water**

*Just the best!*

 **Just W**

## Financial statements

### Just Water International Limited Consolidated statement of comprehensive income (unaudited) For the six months ended 31 December 2013

|  | Group<br>6 months<br>ended<br>31 December<br>2013<br>\$'000 | Group<br>6 months<br>ended<br>31 December<br>2012<br>\$'000 |
|--|---|---|
| Revenue  | 13,237  | 13,781  |
| Other operating income - Realised exchange gain  | 249   | 18  |
| - Other income   | 16  | 9   |
| <b>Income</b>  | <b>13,502</b>   | <b>13,808</b>   |
| Employee costs   | (5,268)   | (5,675)   |
| Changes in inventories of finished goods<br>and consumables  | (86)  | (172)   |
| Purchases of finished goods and consumables  | (1,321)   | (1,380)   |
| Other expenses   | (3,175)   | (3,142)   |
| <b>Earnings before interest, tax, depreciation,<br/>amortisation and impairment</b>                    | <b>3,652</b>  | <b>3,439</b>  |
| Depreciation   | (1,734)   | (1,867)   |
| Amortisation   | (126)   | (138)   |
| <b>Earnings before interest and tax</b>  | <b>1,792</b>  | <b>1,434</b>  |
| Interest expense   | (560)   | (677)   |
| <b>Profit before income tax</b>  | <b>1,232</b>  | <b>757</b>  |
| Income tax expense   | (168)   | (127)   |
| <b>Profit after income tax</b>   | <b>1,064</b>  | <b>630</b>  |
| <b>Other comprehensive income and items that may<br/>be reclassified subsequent to Profit and Loss</b> |   |   |
| Exchange differences on translating foreign<br>operations  | (848)   | 19  |
| <b>Total comprehensive income</b>  | <b>216</b>  | <b>649</b>  |
| <b>Earnings per share for profit attributable<br/>to the shareholders of the Parent</b>                |   |   |
| Basic and diluted earnings per share (cents)   | 1.2   | 0.7   |

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



## Just Water International Limited

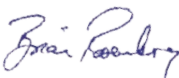
### Consolidated balance sheet

As at 31 December 2013

|                                      | NOTE | Group<br>as at<br>31 December<br>2013<br>(unaudited)<br>\$'000 | Group<br>as at<br>31 December<br>2012<br>(unaudited)<br>\$'000 | Group<br>as at<br>30 June<br>2013<br>(audited)<br>\$'000 |
|--------------------------------------|------|--|--|--|
| <b>ASSETS</b>                        |      |  |  |  |
| Current assets                       |      |  |  |  |
| Cash and cash equivalents            |      | 255  | 71   | 76   |
| Trade and other receivables          |      | 3,295  | 3,339  | 3,247  |
| Current tax receivables              |      | -  | 70   | -  |
| Inventories                          |      | 989  | 1,033  | 960  |
| <b>Total current assets</b>          |      | <b>4,539</b>   | <b>4,513</b>   | <b>4,283</b>   |
| Non-current assets                   |      |  |  |  |
| Property, plant and equipment        |      | 8,707  | 9,358  | 8,404  |
| Intangible assets                    |      | 10,878   | 11,034   | 11,238   |
| Deferred tax asset                   |      | 3,130  | 3,552  | 3,283  |
| <b>Total non-current assets</b>      |      | <b>22,715</b>  | <b>23,944</b>  | <b>22,925</b>  |
| <b>Total assets</b>                  |      | <b>27,254</b>  | <b>28,457</b>  | <b>27,208</b>  |
| <b>LIABILITIES</b>                   |      |  |  |  |
| Current liabilities                  |      |  |  |  |
| Interest-bearing liabilities         |      | 286  | 553  | 737  |
| Trade and other payables             |      | 2,654  | 2,966  | 2,518  |
| Current tax payable                  |      | 142  | -  | 226  |
| Deferred income                      |      | 1,540  | 2,081  | 1,701  |
| <b>Total current liabilities</b>     |      | <b>4,622</b>   | <b>5,600</b>   | <b>5,182</b>   |
| Non-current liabilities              |      |  |  |  |
| Interest-bearing liabilities         |      | 15,717   | 16,772   | 15,217   |
| Deferred income                      |      | -  | -  | 48   |
| Deferred tax liabilities             |      | -  | 1  | 62   |
| <b>Total non-current liabilities</b> |      | <b>15,717</b>  | <b>16,773</b>  | <b>15,327</b>  |
| <b>Total liabilities</b>             |      | <b>20,339</b>  | <b>22,373</b>  | <b>20,509</b>  |
| <b>Net assets</b>                    |      | <b>6,915</b>   | <b>6,084</b>   | <b>6,699</b>   |
| <b>EQUITY</b>                        |      |  |  |  |
| Share capital                        | 6    | 22,490   | 22,489   | 22,490   |
| Accumulated losses                   |      | (14,014)   | (16,166)   | (15,078)   |
| Reserves                             |      | (1,561)  | (239)  | (713)  |
| <b>Total equity</b>                  |      | <b>6,915</b>   | <b>6,084</b>   | <b>6,699</b>   |

For and on behalf of the board:

  
Paul Connell  
Chairman

  
Brian Rosenberg  
Director

28 February 2014

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

## Financial statements

### Just Water International Limited Consolidated statement of changes in equity (unaudited) For the six months ended 31 December 2013

|  | Share<br>capital<br>\$'000 | Foreign<br>currency<br>translation<br>reserve<br>\$'000 | Accumulated<br>losses<br>\$'000 | Total<br>equity<br>\$'000 |
|--|----------------------------|---|---------------------------------|---------------------------|
| <b>GROUP</b>                                     |                            |   |                                 |                           |
| Balance at 1 July 2012                           | 22,488                     | (258)   | (16,796)                        | 5,434                     |
| Profit after tax                                 | -                          | -   | 630                             | 630                       |
| Foreign currency translation reserve             | -                          | 19  | -                               | 19                        |
| Total comprehensive income for the period        | -                          | 19  | 630                             | 649                       |
| Fair value of options issued                     | 1                          | -   | -                               | 1                         |
| Balance at 31 December 2012                      | 22,489                     | (239)   | (16,166)                        | 6,084                     |
| Profit after tax                                 | -                          | -   | 1,088                           | 1,088                     |
| Foreign currency translation reserve             | -                          | (474)   | -                               | (474)                     |
| Total comprehensive income/(loss) for the period | -                          | (474)   | 1,088                           | 614                       |
| Fair value of options issued                     | 1                          | -   | -                               | 1                         |
| Balance at 30 June 2013                          | 22,490                     | (713)   | (15,078)                        | 6,699                     |
| Profit after tax                                 | -                          | -   | 1,064                           | 1,064                     |
| Foreign currency translation reserve             | -                          | (848)   | -                               | (848)                     |
| Total comprehensive income/(loss) for the period | -                          | (848)   | 1,064                           | 216                       |
| Fair value of options issued                     | -                          | -   | -                               | -                         |
| Balance at 31 December 2013                      | 22,490                     | (1,561)   | (14,014)                        | 6,915                     |

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

**Just Water International Limited**  
**Consolidated cash flow statement (unaudited)**  
For the six months ended 31 December 2013

|   | Group<br>6 months<br>ended<br>31 December<br>2013<br>\$'000 | Group<br>6 months<br>ended<br>31 December<br>2012<br>\$'000 |
|---|---|---|
| <b>Cash flows from operating activities</b>                                   |   |   |
| Receipts from customers   | 12,945  | 12,695  |
| Interest received   | 8   | 3   |
| Payments to suppliers and employees   | (9,569)   | (8,890)   |
| Interest paid   | (560)   | (677)   |
| Income tax paid   | (415)   | (41)  |
| Purchases of non-current assets held for rental                               | (1,187)   | (986)   |
| <b>Net cash generated from operating activities</b>                           | <b>1,222</b>  | <b>2,104</b>  |
| <b>Cash flows from investing activities</b>                                   |   |   |
| Acquisition of subsidiary   | (364)   | -   |
| Purchases of property, plant and equipment                                    | (1,177)   | (205)   |
| Proceeds from sale of property, plant and equipment                           | 187   | 63  |
| Purchases of intangible assets  | (26)  | -   |
| <b>Net cash used in investing activities</b>                                  | <b>(1,380)</b>  | <b>(142)</b>  |
| <b>Cash flows from financing activities</b>                                   |   |   |
| Proceeds from borrowings  | 4,411   | -   |
| Repayment of borrowings   | (4,322)   | (2,245)   |
| Exchange gains/(losses) on borrowings   | 249   | 15  |
| <b>Net cash generated from/ (used in) financing activities</b>                | <b>338</b>  | <b>(2,230)</b>  |
| <b>Net increase/ (decrease) in cash, cash equivalents and bank overdrafts</b> | <b>180</b>  | <b>(268)</b>  |
| Cash and cash equivalents at the beginning of the financial year              | 76  | 59  |
| Exchange (losses)/ gains on cash and bank overdrafts                          | (1)   | (1)   |
| <b>Cash and cash equivalents at the end of the period</b>                     | <b>255</b>  | <b>(210)</b>  |

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

### **Just Water International Limited** **Notes to the financial statements** For the six months ended 31 December 2013

#### **1. GENERAL INFORMATION**

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

The Group comprises JWI and its division Just Water New Zealand, and its wholly-owned subsidiaries Just Plants Limited (JP), Clearwater Filter Systems (Aust) Pty Limited (Clearwater), JWA Holdings Limited, Just Water Australia Pty Limited (JW Australia), Just Water Victoria Pty Limited (JW Victoria) and the Just Water Limited Partnership. The Company and its subsidiaries are designated as profit-oriented entities for financial reporting purposes.

These condensed consolidated financial statements have been approved for issue by the board of directors on 28 February 2014.

#### **2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

##### **2.1 Statement of compliance**

The financial statements have been prepared in accordance with Generally Accepted Accounting Practice (GAAP) in New Zealand. The financial statements have been prepared in accordance with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) and other applicable financial reporting standards. The Group has designated itself as a profit-oriented entity for the purposes of complying with NZ IFRS. The financial statements comply with International Financial Reporting Standards (IFRS).

The accounting policies used are consistent with those used in the previous Annual Report. The financial statements for the six months ended 31 December 2013 and 31 December 2012 are unaudited. The comparative information for the year ended 30 June 2013 is audited. Certain comparative information has been reclassified in order to provide a more appropriate basis for comparison.

These interim financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly these financial statements are to be read in conjunction with the Annual Report for the year ended 30 June 2013.

#### **3. BASIS OF PREPARATION**

##### **3.1.1 Entities reporting**

The Consolidated statements for the 'Group' are for the economic entity comprising Just Water International Limited and its subsidiaries.

##### **3.1.2 Statutory base**

Just Water International Limited is a limited liability company which is domiciled and incorporated in New Zealand. It is registered under the Companies Act 1993 and is an issuer in terms of the Securities Act 1978.

The financial statements have been prepared and presented in accordance with the requirements of the Financial Reporting Act 1993 and the Companies Act 1993.



### 3.1.3 Historical cost convention

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

### 3.1.4 Going concern

The financial statements have been prepared on a going concern basis. As at 31 December 2013 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 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 Estimated impairment of 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.

### 4.2 Deferred tax

The utilisation of the deferred tax asset relating to temporary differences is dependent on future tax profits in excess of the profits arising from the reversal of existing taxable temporary differences. Income tax losses are reviewed annually for each tax jurisdiction to ensure it is probable that these losses will be utilised based on current forecasts. If it is not probable they will be utilised, the losses are de-recognised.

### 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

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

### 4.5 Coolers

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

## Financial statements

### 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.

The operating segments of the Group have been determined based on the components of the Group that the CODM monitors in making decisions about operating matters. Such components have been identified on the basis of internal reports that the CODM reviews regularly in order to allocate resources and to assess the performance of the Group.

The Group is organised into two reportable operating segments, namely New Zealand and Australia, reflecting the different geographical markets within which the Group operates.

The following is an analysis of the Group's revenue and results by reportable segment.

|   | New Zealand<br>6 months<br>ended<br>31 December<br>2013<br>\$'000 | Australia<br>6 months<br>ended<br>31 December<br>2013<br>\$'000 | Eliminations<br>6 months<br>ended<br>31 December<br>2013<br>\$'000 | Group<br>6 months<br>ended<br>31 December<br>2013<br>\$'000 |
|---|---|---|--|---|
| Rental income   | 5,389   | 2,746   | -  | 8,135   |
| Sales and service income                                      | 3,393   | 1,709   | -  | 5,102   |
| Other operating income  | 336   | -   | (71)   | 265   |
| <b>Income</b>   | <b>9,118</b>  | <b>4,455</b>  | <b>(71)</b>  | <b>13,502</b>   |
| Earnings before interest, tax, depreciation, and amortisation | 2,721   | 1,002   | (71)   | 3,652   |
| Depreciation  | (1,242)   | (492)   | -  | (1,734)   |
| Amortisation  | (126)   | -   | -  | (126)   |
| <b>Earnings before interest and tax</b>                       | <b>1,353</b>  | <b>510</b>  | <b>(71)</b>  | <b>1,792</b>  |
| Interest expense  | (583)   | (48)  | 71   | (560)   |
| <b>Profit before income tax</b>                               | <b>770</b>  | <b>462</b>  | <b>-</b>   | <b>1,232</b>  |
| Income tax expense  | (241)   | 73  | -  | (168)   |
| <b>Profit attributable to shareholders of the Parent</b>      | <b>529</b>  | <b>535</b>  | <b>-</b>   | <b>1,064</b>  |
| Total assets  | 32,584  | 11,283  | (16,613)   | 27,254  |
| Total liabilities   | 17,951  | 2,388   | -  | 20,339  |

## 5. SEGMENT INFORMATION CONTINUED

|  | New Zealand<br>6 months<br>ended<br>31 December<br>2012<br>\$'000 | Australia<br>6 months<br>ended<br>31 December<br>2012<br>\$'000 | Eliminations<br>6 months<br>ended<br>31 December<br>2012<br>\$'000 | Group total<br>6 months<br>ended<br>31 December<br>2012<br>\$'000 |
|--|---|---|--|---|
| Rental income  | 5,511   | 3,148   | -  | 8,659   |
| Sales and service income   | 3,583   | 1,674   | (135)  | 5,122   |
| Other operating income   | 91  | 2   | (66)   | 27  |
| <b>Income</b>  | <b>9,185</b>  | <b>4,824</b>  | <b>(201)</b>   | <b>13,808</b>   |
| Earnings before interest,<br>tax, depreciation and<br>amortisation | 2,518   | 987   | (66)   | 3,439   |
| Depreciation   | (1,348)   | (519)   | -  | (1,867)   |
| Amortisation   | (172)   | 34  | -  | (138)   |
| Earnings before interest<br>and tax                                | 998   | 502   | (66)   | 1,434   |
| Interest expense   | (559)   | (184)   | 66   | (677)   |
| <b>Profit before income tax</b>                                    | <b>439</b>  | <b>318</b>  | <b>-</b>   | <b>757</b>  |
| Income tax expense   | (112)   | (15)  | -  | (127)   |
| <b>Profit attributable to<br/>shareholders of the Parent</b>       | <b>327</b>  | <b>303</b>  | <b>-</b>   | <b>630</b>  |
| Total assets   | 53,340  | 12,863  | (37,746)   | 28,457  |
| Total liabilities  | 18,695  | 3,678   | -  | 22,373  |

## 6. SHARE CAPITAL

Movements in ordinary share capital:

|   | Number<br>of shares | Share<br>capital<br>\$'000 |
|---|---------------------|----------------------------|
| Ordinary shares on issue 1 July 2012                    | 89,477,174          | 22,488                     |
| Shares issued   |                     |                            |
| Fair value of options issued to directors and employees | -                   | 2                          |
| Ordinary shares on issue as at 30 June 2013             | 89,477,174          | 22,490                     |
| Shares issued   |                     |                            |
| Fair value of options issued to directors and employees | -                   | -                          |
| Ordinary shares on issue as at 31 December 2013         | 89,477,174          | 22,490                     |

## Financial statements

### 7. COMMITMENTS

The Group has no capital commitments as at 31 December 2013 (Dec 2012: nil).

Lease commitments: Group as lessee

#### *Operating leases*

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

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

|                              | Initial Lease Term | Rights of Renewal       |
|------------------------------|--------------------|-------------------------|
| Auckland offices/warehouse   | Three years        | Two of three years each |
| Hamilton offices/warehouse   | Six years          | Two of three years each |
| Wellington offices/warehouse | Twelve years       | Nil                     |
| Brisbane offices/warehouse   | Three years        | Nil                     |
| Melbourne offices/warehouse  | Five years         | One of three years      |
| Sydney offices/warehouse     | Five years         | One of five years       |

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<br>6 months<br>ended<br>31 December<br>2013<br>\$'000 | Group<br>6 months<br>ended<br>31 December<br>2012<br>\$'000 |
|--|---|---|
| Within one year  | 876   | 997   |
| Later than one year but not later than five years      | 1,164   | 1,843   |
| Later than five years                                  | 420   | 560   |
| Commitments not recognised in the financial statements | 2,460   | 3,400   |

#### *Finance leases*

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

|   | Group<br>6 months<br>ended<br>31 December<br>2013<br>\$'000 | Group<br>6 months<br>ended<br>31 December<br>2012<br>\$'000 |
|---|---|---|
| Within one year   | 407   | 108   |
| Later than one year but not later than five years           | 983   | 222   |
| Total finance leases recognised in the financial statements | 1,390   | 330   |



## 7. COMMITMENTS CONTINUED

### *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.

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

|   | Group<br>6 months<br>ended<br>31 December<br>2013<br>\$'000 | Group<br>6 months<br>ended<br>31 December<br>2012<br>\$'000 |
|---|---|---|
| Within one year                                     | 12,793  | 13,783  |
| Later than one year but not later than five years   | 10,190  | 10,136  |
| Receipts not recognised in the financial statements | 22,983  | 23,919  |

## 8. RELATED PARTIES

The Group has related party transactions with its subsidiaries and with its directors and key management. Key management includes personnel within subsidiary companies with the authority and responsibility for planning, directing and controlling the activities of the Group. Details of these transactions are below.

Bartercard Exchange Limited, a company of which Tony Falkenstein and Ian Malcolm are directors and indirect shareholders, charged Bartercard fees to the Parent during the period to the value of \$40,766 (Dec 2012: \$44,923). As at balance date JWI had a trade payable balance of \$6,580 (Dec 2012: \$8,216) and a Bartercard trade balance asset of \$393,899 (Dec 2012: \$377,349). As at balance date Just Plants had a Bartercard trade balance liability of \$912 (Dec 2012: \$772).

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 period to the value of \$23,483 (Dec 2012: \$77,740). Ian Malcolm was a director of JWI until the 24th October 2013 and remains a shareholder via trusteeships held in shareholder entities.

Pure SEO Limited, a company of which Tony Falkenstein is a shareholder, provided search engine services to the Group during the period to the value of \$16,850 (Dec 2012: \$nil). Tony Falkenstein is also a director and shareholder of JWI. As at balance date the Group had a trade payable balance of \$3,278 (Dec 2012: nil).

Certain other entities of which the Directors are related parties trade with the Group on an arm's length basis.

## Financial statements

### 8. RELATED PARTIES CONTINUED

Key management compensation is as follows:

|  | Group<br>6 months<br>ended<br>31 December<br>2013<br>\$'000 | Group<br>6 months<br>ended<br>31 December<br>2012<br>\$'000 |
|--|---|---|
| Short-term benefits                      | 1,051   | 1,124   |
| Share-based payments                     | -   | 1   |
| <b>Total key management compensation</b> | <b>1,051</b>  | <b>1,125</b>  |

The number of key managers for the six months ended 31 December 2013 for the Group was 17 (Dec 2012: 18).

### 9. FINANCIAL RISK MANAGEMENT

#### Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, and ensuring 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.

|                               | Less Than<br>1 Year<br>\$'000 | Between<br>1 and<br>2 Years<br>\$'000 | Between<br>2 and<br>5 Years<br>\$'000 | Over<br>5 Years<br>\$'000 |
|-------------------------------|-------------------------------|---------------------------------------|---------------------------------------|---------------------------|
| <b>GROUP</b>                  |                               |                                       |                                       |                           |
| <b>As at 31 December 2013</b> |                               |                                       |                                       |                           |
| Trade and other payables      | 1,363                         | -                                     | -                                     | -                         |
| Bank overdraft                | 6                             | -                                     | -                                     | -                         |
| Bank borrowings               | 4,859                         | 9,649                                 | 2,268                                 | -                         |
| Finance loans                 | 280                           | 1,073                                 | 65                                    | -                         |
| <b>As at 31 December 2012</b> |                               |                                       |                                       |                           |
| Trade and other payables      | 1,900                         | -                                     | -                                     | -                         |
| Bank overdraft                | 281                           | -                                     | -                                     | -                         |
| Bank borrowings               | 302                           | 9,448                                 | 9,980                                 | -                         |
| Finance loans                 | 186                           | 154                                   | 233                                   | -                         |

Employee entitlements and GST payable do not meet the definition of a financial liability and have been excluded from the table above.

#### Fair value estimation

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

## 10. BUSINESS COMBINATIONS

On 21 August 2013 Clearwater Filter Systems (Aust) Pty Ltd acquired the business assets of Aquaman Australia Pty Limited with a settlement date of 30 September 2013.

The investment is consistent with the Group strategy to further develop its presence in the Australian markets. The new business has a strong presence in the Brisbane market providing water purification services. The addition of the Aquaman business to the group will enable the Group to increase its involvement in the Australian market.

Details of the purchase consideration acquired are as follows:

|                                     | Group<br>2013<br>\$'000 |
|-------------------------------------|-------------------------|
| Purchase consideration:             |                         |
| - Cash paid                         | 364                     |
| <b>Total purchase consideration</b> | <b>364</b>              |

The provisional assets and liabilities arising from the acquisition are as follows:

|   | Acquiree's<br>carrying<br>amount<br>group<br>\$'000 |
|---|---|
| Inventories                               | 55  |
| Property, plant and equipment             | 208   |
| Other Receivables                         | 32  |
| <b>Total assets acquired</b>              | <b>295</b>  |
| Deferred revenue                          | (81)  |
| <b>Total liabilities acquired</b>         | <b>(81)</b>   |
| <b>Total value of net assets acquired</b> | <b>214</b>  |
| Provisional Goodwill                      | 150   |
| <b>Total purchase consideration</b>       | <b>364</b>  |

Acquisition-related costs of \$0.016 million have been charged to other expenses in the consolidated statement of comprehensive income for the six months to 31 December 2013.

## Financial statements

### 10. BUSINESS COMBINATIONS CONTINUED

On 28 June 2013 Clearwater Filter Systems (Aust) Pty Ltd acquired the business assets of Pure Rain Water Purification Systems.

|   | Group<br>2013<br>\$'000 |
|---|-------------------------|
| Purchase consideration:                   |                         |
| - Cash paid                               | 648                     |
| <b>Total purchase consideration</b>       | <b>648</b>              |
| Inventories                               | 48                      |
| Property, plant and equipment             | 20                      |
| <b>Total value of net assets acquired</b> | <b>68</b>               |
| Provisional Goodwill                      | 580                     |
| <b>Total purchase consideration</b>       | <b>648</b>              |

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

|  | Group<br>6 months ended<br>31 December<br>2013<br>\$'000 | Group<br>6 months ended<br>31 December<br>2012<br>\$'000 |
|--|--|--|
| Profit for the year                              | 1,064  | 630  |
| Adjustments for                                  |  |  |
| Depreciation                                     | 1,734  | 1,867  |
| Amortisation                                     | 126  | 138  |
| Loss on sale of property, plant and equipment    | 130  | 112  |
| Provision for doubtful debts                     | (40)   | (301)  |
| <b>Changes in working capital</b>                |  |  |
| Inventories                                      | (29)   | 172  |
| Trade and other receivables                      | (515)  | (185)  |
| Trade and other payables                         | 141  | 1,214  |
| Provision for tax                                | (84)   | (38)   |
| Deferred tax                                     | 91   | (170)  |
| Movement in deferred income                      | (209)  | (349)  |
| Purchases for non-current assets held for rental | (1,187)  | (986)  |
| <b>Cash generated from operations</b>            | <b>1,222</b>   | <b>2,104</b>   |



NOT TO

USED FOR





 ***Just Water***

*Just Water International Limited*

