



*Just Water International Limited*

# ***Half-year Report***

for the six months ended  
31 December 2012



# Just Water International Limited

## Directory

### Directors

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

**Tony Falkenstein** (Executive)

**Simone Iles** (Independent)

**Ian Malcolm** (Non-Executive)

### Executive management

**Tony Falkenstein**

*Chief Executive Officer*  
*Just Water International Limited*

**Eldon Roberts**

*Chief Financial Officer*  
*Just Water International Limited*

**Jay Harraway**

*General Manager*  
*Just Water New Zealand*

**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)

### Just Water New Zealand Just Plants Limited

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Auckland 1061  
New Zealand

Private Bag 92811  
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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

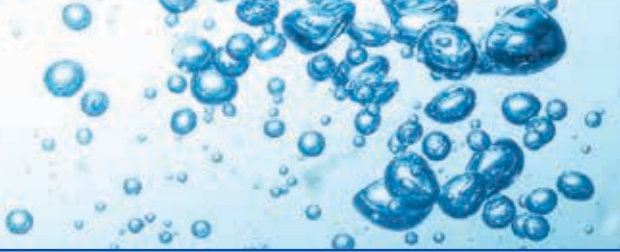
### Solicitors

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  
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## **Just Water International Limited**

### **Consolidated financial statements** for the six months ended 31 December 2012

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## Chairman's and Chief Executive's review

### First-half 2013 announcement

Just Water International Limited presents its half-year results for the six months to 31 December 2012.

#### Consolidated Income Statement

Consolidated	Current half-year \$'000	Previous corresponding half-year \$'000	% Change
Total Revenue	13,808	15,285	(9.7%)
EBITDA	3,439	4,082	(15.8%)
EBIT	1,434	1,735	(17.3%)
Net Profit after tax	630	654	(3.7%)

The reduction in net bank debt of \$1.9 million over the past 6 months has been the highlight of the period, as the Company responded to the continued rationalisation of businesses and competitive pressures, resulting in decreased revenue and profits.

#### New Zealand

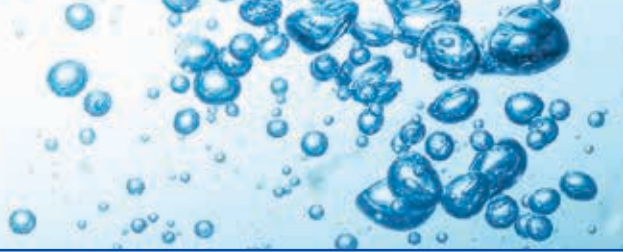
Consolidated	Current half-year \$'000	Previous corresponding half-year \$'000	% Change
Total Revenue	9,119	10,125	(9.9%)
EBITDA	2,452	2,904	(15.6%)
EBIT	931	1,185	(21.4%)
Net Profit after tax	326	395	(17.5%)

The decline in revenue is disappointing, and, as stated above, indicates the continued rationalisation of businesses and competitive pressures.

The overall base of commercial customers, for which recurring income is received, reduced to 36,692. This is a 2.4% reduction for the six month period, compared to 3.6% reduction for the previous period to 31 December.

The Company's three bottling plants achieved an average of 99.6% in the annual audit by the Australasian Bottled Water Institute (ABWI), assuring customers that water from these plants is bottled under the strictest quality standards. The auditor made the following comment in his audit: *"This is an outstanding outcome... and an indication of the professional commitment to quality by the management and operations team... a score above 99% is world class."*

No other '15 litre bottle' bottling plants comply with these standards, which places their customers at risk of drinking contaminated water. This is a corporate risk that is negated by Just Water's stellar history of ABWI certification – in the seven years we have been certified apart from our initial audit we have consistently achieved above 95% for an "order of excellence" pass. This standard should be upheld by all water providers – uncertified water puts those who consume it at risk of Giardia and Cryptosporidium and unnecessary reputational damage for the company involved.



## Australia

Consolidated	Current half-year \$'000	Previous corresponding half-year \$'000	% Change
Total Revenue	4,689	5,160	(9.1%)
EBITDA	987	1,178	(16.2%)
EBIT	502	550	(8.7%)
Net Profit after tax	304	259	17.4%

Again, the decline in revenue is disappointing; however the base of rental assets from which recurring income is received, increased by 2.9% to 9,165 units during the last six months compared to a decrease of 0.3% in the same corresponding period last year. There has been some decrease in pricing to achieve this result, but it is a favourable key performance indicator for the future.

### 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 2012 and 31 December 2011 are unaudited. The comparative information for the year ended 30 June 2012 is audited.

### Bank facilities:

The Company has complied with all bank covenants at 31 December 2012. Net bank debt at 31 December 2012 was \$16,930 million (December 2011: \$20,842 million). Debt has decreased by \$3.912 million over the past year, and is expected to continue to reduce in the current period. The Company had an unutilised funding facility of \$3.2 million at 31 December 2012 (December 2011: \$5.3 million) after requesting voluntary reductions during the year of \$5.5 million in order to save on-going facility fees. The Board is comfortable that the company has funding capability for growth and exploring further acquisitions.

### Receivables:

At 31 December 2012 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 continue to remain challenging in both countries. As previously stated, debt reduction remains a high priority, although management continue to look for new opportunities. The Company is in a sound position and continues to strengthen its balance sheet.

## Chairman's and Chief Executive's review

### Staff and shareholders:

Although the Company's revenue has not grown over recent times, the directors acknowledge the staff for their efforts in maintaining a reasonable level of profitability, and reduced bank debt.

The directors thank shareholders for their patience.

Yours sincerely



Paul Connell  
Chairman



Tony Falkenstein  
Chief Executive



## Financial statements

### Just Water International Limited Consolidated statement of comprehensive income (unaudited) For the six months ended 31 December 2012

	Group 6 months ended 31 December 2012 \$'000	Group 6 months ended 31 December 2011 \$'000
Revenue	13,781	15,190
Other operating income	27	95
<b>Income</b>	<b>13,808</b>	<b>15,285</b>
Employee costs	(5,675)	(5,683)
Changes in inventories of finished goods and consumables	(172)	(212)
Purchases of finished goods and consumables	(1,380)	(1,764)
Other expenses	(3,142)	(3,544)
<b>Earnings before interest, tax, depreciation, amortisation and impairment</b>	<b>3,439</b>	<b>4,082</b>
Depreciation	(1,867)	(2,084)
Amortisation	(138)	(263)
<b>Earnings before interest and tax</b>	<b>1,434</b>	<b>1,735</b>
Interest expense	(677)	(810)
<b>Profit before income tax</b>	<b>757</b>	<b>925</b>
Income tax expense	(127)	(271)
<b>Profit after income tax</b>	<b>630</b>	<b>654</b>
<b>Other comprehensive income</b>		
Exchange differences on translating foreign operations	19	106
<b>Total comprehensive income</b>	<b>649</b>	<b>760</b>
<b>Earnings per share for profit attributable to the shareholders of the Company</b>		
Basic and diluted earnings per share (cents)	0.7	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 2012

	NOTE	Group as at 31 December 2012 (unaudited) \$'000	Group as at 31 December 2011 (unaudited) \$'000	Group as at 30 June 2012 (audited) \$'000
<b>ASSETS</b>				
Current assets				
Cash and cash equivalents		71	726	97
Trade and other receivables		3,339	3,811	3,659
Current tax receivables		70	83	202
Inventories		1,033	1,353	1,205
<b>Total current assets</b>		<b>4,513</b>	<b>5,973</b>	<b>5,163</b>
Non-current assets				
Property, plant and equipment		9,358	11,241	10,228
Intangible assets		11,034	11,810	11,273
Deferred tax asset		3,552	3,243	3,404
<b>Total non-current assets</b>		<b>23,944</b>	<b>26,294</b>	<b>24,905</b>
<b>Total assets</b>		<b>28,457</b>	<b>32,267</b>	<b>30,068</b>
<b>LIABILITIES</b>				
Current liabilities				
Interest-bearing liabilities		553	2,521	1,066
Trade and other payables		2,966	3,167	2,854
Deferred income		2,081	2,441	2,200
<b>Total current liabilities</b>		<b>5,600</b>	<b>8,129</b>	<b>6,120</b>
Non-current liabilities				
Interest-bearing liabilities		16,772	19,047	18,261
Deferred income		-	419	230
Deferred tax liabilities		1	62	23
<b>Total non-current liabilities</b>		<b>16,773</b>	<b>19,528</b>	<b>18,514</b>
<b>Total liabilities</b>		<b>22,373</b>	<b>27,657</b>	<b>24,634</b>
<b>Net assets</b>		<b>6,084</b>	<b>4,610</b>	<b>5,434</b>
<b>EQUITY</b>				
Share capital	6	22,489	22,487	22,488
Accumulated losses		(16,166)	(17,898)	(16,796)
Reserves		(239)	21	(258)
<b>Total equity</b>		<b>6,084</b>	<b>4,610</b>	<b>5,434</b>

For and on behalf of the board:



Paul Connell  
Chairman

26 February 2013



Ian Malcolm  
Director

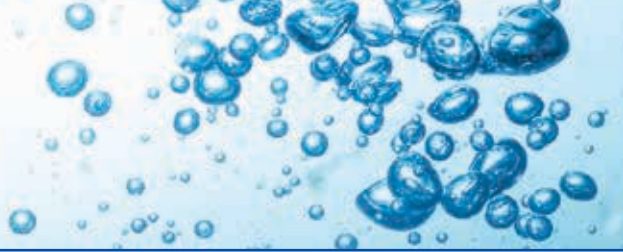
*The accompanying notes to the financial statements are an integral part of, and should be read in conjunction with, the above balance sheet.*

## Financial statements

### Just Water International Limited Consolidated statement of changes in equity (unaudited) For the six months ended 31 December 2012

	Share capital \$'000	Foreign currency translation reserve \$'000	Accumulated losses \$'000	Total equity \$'000
<b>GROUP</b>				
Balance at 1 July 2011	22,487	(85)	(18,552)	3,850
Profit after tax	-	-	654	654
Foreign currency translation reserve	-	106	-	106
Total comprehensive income/(loss) for the period	-	106	654	760
Balance at 31 December 2011	22,487	21	(17,898)	4,610
Profit after tax	-	-	1,102	1,102
Foreign currency translation reserve	-	(279)	-	(279)
Total comprehensive income/(loss) for the period	-	(279)	1,102	823
Issue of options	1	-	-	1
Balance at 30 June 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
Issue of options	1	-	-	1
Balance at 31 December 2012	22,489	(239)	(16,166)	6,084

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 2012

	Group 6 months ended 31 December 2012 \$'000	Group 6 months ended 31 December 2011 \$'000
<b>Cash flows from operating activities</b>		
Receipts from customers	12,695	14,726
Interest received	3	4
Payments to suppliers and employees	(8,890)	(10,457)
Interest paid	(677)	(687)
Income tax paid	(41)	-
Purchases of non-current assets held for rental	(986)	(492)
<b>Net cash generated from operating activities</b>	<b>2,104</b>	<b>3,094</b>
<b>Cash flows from investing activities</b>		
Purchases of property, plant and equipment	(205)	(519)
Proceeds from sale of property, plant and equipment	63	10
Purchases of intangible assets	-	(848)
<b>Net cash used in investing activities</b>	<b>(142)</b>	<b>(1,357)</b>
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	-	900
Repayment of borrowings	(2,245)	(1,654)
Exchange losses on borrowings	15	(144)
<b>Net cash used in financing activities</b>	<b>(2,230)</b>	<b>(898)</b>
<b>Net increase/ (decrease) in cash, cash equivalents and bank overdrafts</b>	<b>(268)</b>	<b>839</b>
Cash and cash equivalents at the beginning of the financial year	59	(111)
Exchange (losses)/ gains on cash and bank overdrafts	(1)	(2)
<b>Cash and cash equivalents at the end of year</b>	<b>(210)</b>	<b>726</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 2012

#### **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 26 February 2013.

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

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

These general purpose financial statements for the interim six month reporting period ended 31 December 2012 have been prepared in accordance with New Zealand generally accepted accounting practice (NZ GAAP) and comply with New Zealand Equivalent to International Accounting Standard 34 (NZ IAS34) and International Accounting Standard 34 (Interim Financial Reporting).

The accounting policies used are consistent with those used in the previous Annual Report. The financial statements for the six months ended 31 December 2012 and 31 December 2011 are unaudited. The comparative information for the year ended 30 June 2012 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 2012.

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

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

The financial statements are prepared for the Group as described in note 1 above.

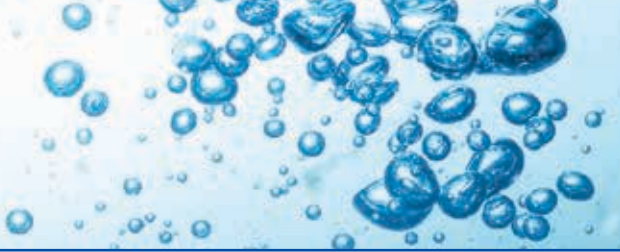
##### **3.1.2. Statutory base**

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, as modified by the revaluation of financial assets and liabilities



(including derivative instruments) at fair value through profit or loss.

#### 3.1.4. *Going concern*

The financial statements have been prepared on a going concern basis. As at 31 December 2012 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 derecognised.

### 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 6 months ended 31 December 2012 \$'000	Australia 6 months ended 31 December 2012 \$'000	Eliminations 6 months ended 31 December 2012 \$'000	Group 6 months ended 31 December 2012 \$'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, tax, depreciation, amortisation and impairment	2,518	987	(66)	3,439
Depreciation	(1,348)	(519)	-	(1,867)
Amortisation	(172)	34	-	(138)
<b>Earnings before interest and tax</b>	<b>998</b>	<b>502</b>	<b>(66)</b>	<b>1,434</b>
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 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

## 5. SEGMENT INFORMATION CONTINUED

	New Zealand 6 months ended 31 December 2011 \$'000	Australia 6 months ended 31 December 2011 \$'000	Eliminations 6 months ended 31 December 2011 \$'000	Group total 6 months ended 31 December 2011 \$'000
Rental income	6,019	3,447	-	9,466
Sales and service income	4,011	1,799	(86)	5,724
Other operating income	135	-	(40)	95
<b>Income</b>	<b>10,165</b>	<b>5,246</b>	<b>(126)</b>	<b>15,285</b>
Earnings before interest, tax, depreciation, amortisation and impairment	2,944	1,178	(40)	4,082
Depreciation	(1,514)	(570)	-	(2,084)
Amortisation	(205)	(58)	-	(263)
<b>Earnings before interest and tax</b>	<b>1,225</b>	<b>550</b>	<b>(40)</b>	<b>1,735</b>
Interest expense	(670)	(180)	40	(810)
<b>Profit before income tax</b>	<b>555</b>	<b>370</b>	<b>-</b>	<b>925</b>
Income tax expense	(160)	(111)	-	(271)
<b>Profit attributable to shareholders of the company</b>	<b>395</b>	<b>259</b>	<b>-</b>	<b>654</b>
Total assets	57,554	14,170	(39,457)	32,267
Total liabilities	23,404	4,253	-	27,657

## 6. SHARE CAPITAL

Movements in ordinary share capital:

	Number of Shares	Share Capital \$'000
Ordinary shares on issue 1 July 2011	89,477,174	22,487
Shares issued		
Fair value of options issued to directors and employees	-	1
Ordinary shares on issue as at 30 June 2012	89,477,174	22,488
Shares issued		
Fair value of options issued to directors and employees	-	1
Ordinary shares on issue as at 31 December 2012	89,477,174	22,489

## Financial statements

### 7. COMMITMENTS

The Group has no capital commitments as at 31 December 2012 (Dec 2011: 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	One of three years
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 6 months ended 31 December 2012 \$'000	Group 6 months ended 31 December 2011 \$'000
Within one year	997	876
Later than one year but not later than five years	1,843	1,931
Later than five years	560	700
Commitments not recognised in the financial statements	3,400	3,507

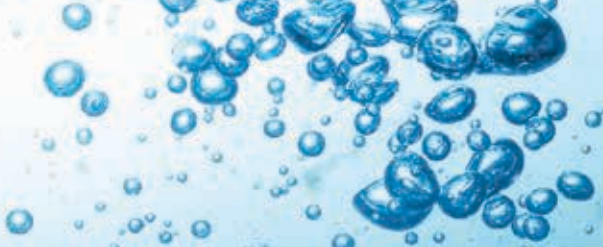
#### *Finance leases*

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

The finance lease rentals are payable as follows:

	Group 6 months ended 31 December 2012 \$'000	Group 6 months ended 31 December 2011 \$'000
Within one year	108	181
Later than one year but not later than five years	222	196
Total finance leases recognised in the financial statements	330	377





## 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 6 months ended 31 December 2012 \$'000	Group 6 months ended 31 December 2011 \$'000
Within one year	13,783	14,903
Later than one year but not later than five years	10,136	11,925
Receipts not recognised in the financial statements	23,919	26,828

## 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 that 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 financial year to the value of \$44,923 (Dec 2011: \$63,812). As at balance date JWI had a trade payable balance of \$8,216 (Dec 2011: \$7,955) and a Bartercard trade balance asset of \$377,349 (Dec 2011: \$132,408). As at balance date Just Plants had a Bartercard trade balance liability of \$772 (Dec 2011: nil).

Mabee Halstead & Kiddle 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 \$77,740 (Dec 2011: \$98,280). Ian Malcolm is also a director and shareholder of JWI. As at balance date the Group had a trade payable balance of \$9,775 (Dec 2011: \$8,050).

## Financial statements

### 8. RELATED PARTIES CONTINUED

Key management compensation is as follows:

	Group 6 months ended 31 December 2012 \$'000	Group 6 months ended 31 December 2011 \$'000
Short-term benefits	1,124	1,189
Share-based payments	1	-
<b>Total key management compensation</b>	<b>1,125</b>	<b>1,189</b>

The number of key managers for the six months ended 31 December 2012 for the Group was 18 (Dec 2011: 18).

### 9. FINANCIAL RISK MANAGEMENT

#### Liquidity risk

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

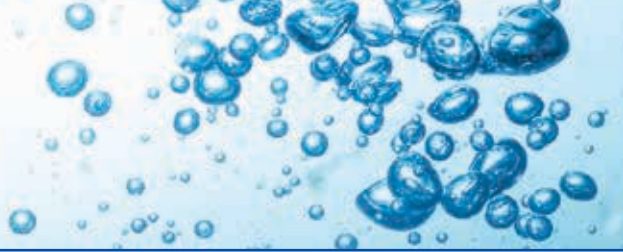
The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at balance date to the contractual maturity date. Balances due within 12 months equal their carrying balances.

	Less Than 1 Year \$'000	Between 1 and 2 Years \$'000	Between 2 and 5 Years \$'000	Over 5 Years \$'000
<b>GROUP</b>				
<b>As at 31 December 2012</b>				
Trade and other payables	2,966	-	-	-
Bank overdraft	281	-	-	-
Bank borrowings	302	9,448	9,980	-
Other loans	186	154	233	-
<b>As at 31 December 2011</b>				
Trade and other payables	3,167	-	-	-
Bank overdraft	-	-	-	-
Bank borrowings	-	-	22,866	-
Other loans	208	89	137	-

### 10. BUSINESS COMBINATIONS

On 1 August 2011 the Group acquired 100 percent the business of Creative Images Corporate Plant Hire, a Wellington-based plant rental company operating in New Zealand. The acquisition was made by Creative Images Hire Limited (this company was renamed to Just Plants Limited on 1 May 2012), a wholly owned subsidiary of Just Water International Limited.

As a result of the acquisition, the Group is expected to increase its presence in these markets. It also expects to reduce costs through economies of scale. The goodwill of \$0.831m arising from the acquisition is attributable to the profitability of the acquired business and the expected synergies from combining the operations of Just Plants with that of the Group.



The acquired business contributed revenues of \$0.274m and net profit after tax of \$0.068m to the Group for the period from 1 August 2011 to 31 December 2011. If the acquisition had occurred on 1 July 2011 the acquired business would have contributed revenues of \$0.329m and net profit after tax of \$0.081m.

Details of the purchase consideration acquired are as follows:

	Group 2012 \$'000
Purchase consideration:	
- Cash paid	900
<b>Total purchase consideration</b>	<b>900</b>

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

	Fair value group \$'000	Acquiree's carrying amount group \$'000
Property, plant and equipment	69	69
Goodwill	831	831
<b>Net assets acquired</b>	<b>900</b>	<b>900</b>
<b>Reconciliation to statement of cash flows</b>		
Cash paid		900
less cash and cash equivalents acquired		-
<b>Total purchase consideration</b>		<b>900</b>

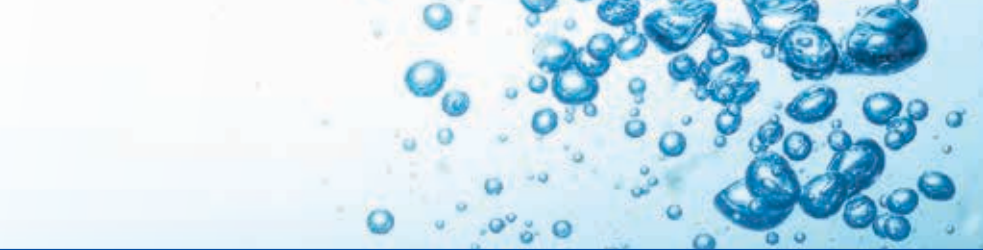
Acquisition-related costs of \$0.003m have been charged to other expenses in the consolidated statement of comprehensive income for the six months to 31 December 2011.

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

	Group 6 months ended 31 December 2012 \$'000	Group 6 months ended 31 December 2011 \$'000
Profit for the year	630	654
Adjustments for		
Depreciation	1,867	2,084
Amortisation	138	263
Loss on sale of property, plant and equipment	112	330
Provision for doubtful debts	(301)	793
Changes in working capital		
Inventories	172	212
Trade and other receivables	(185)	(738)
Trade and other payables	1,214	203
Provision for tax	(38)	28
Deferred tax	(170)	244
Movement in deferred income	(349)	(487)
Purchases for non-current assets held for rental	(986)	(492)
Cash generated from operations	2,104	3,094







 **Just Water**

*Just Water International Limited*

