Chairman's and Chief Executive's review

First-half 2018 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 2017.

Cash Flow:

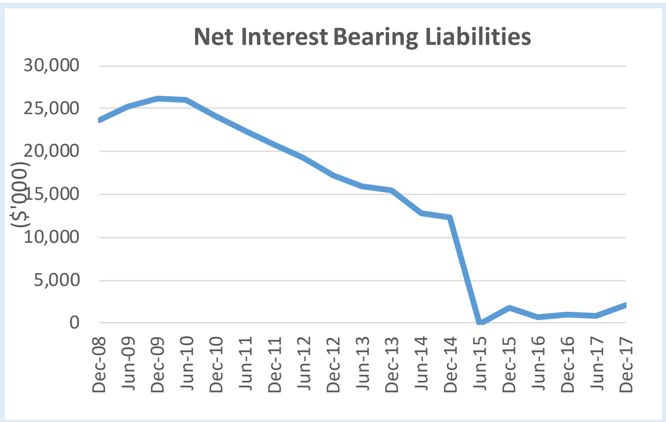
The Company has always regarded "cash flow" as the most important indicator of the Company's performance, following the maxim "profit is a matter of opinion; cash is a matter of fact".

The Company generated $0.928 million in cashflow from operations in the 6 months to 31 December 2017 ($1.409 million previous year). Part of the operating outgoing cashflow was $0.849 million for the purchase of non-current assets held for rental, being an increase from $0.481 million in the previous six months. The Company believes it will continue to generate positive cash flow from operations in the second half of the year.

Debt:

As at 31 December 2017, the company's interest bearing liabilities (net of cash balances) were $2.135 million. This compared to $0.964 million at the same time last year, and $0.900 million at 30 June 2017. The increase in debt since year-end has arisen from the investment in non-current assets held for rental and the payment of the annual dividend during the six-month period.

Debt remains close to historical lows – refer to the graph below. Effective 1 January 2018 the Company acquired 51% of the shares in HomeTech Ltd for $4.152 million and $0.509 million for an advance to JWI. $0.600 million remains to be paid in respect of the shares by means of four annual payments of $0.150 million from 30 June 2018 to 30 June 2021.



Acquisition:

On 22 December 2017 the Group entered into an agreement to acquire 51% of the shares in HomeTech Limited effective 1st January 2018. HomeTech Limited is a New Zealand business that transforms homes and workplaces into better living and working spaces.

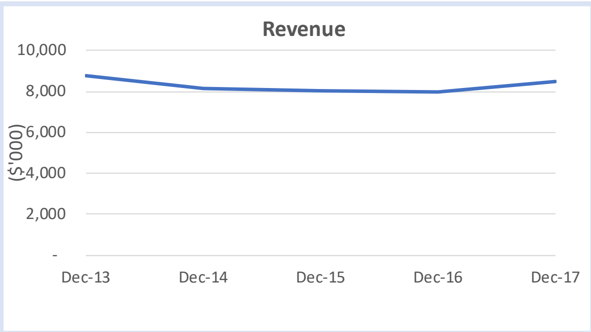
As previously advised, HomeTech had revenues in the past year of $18 million, with earnings before interest and tax of $2 million.

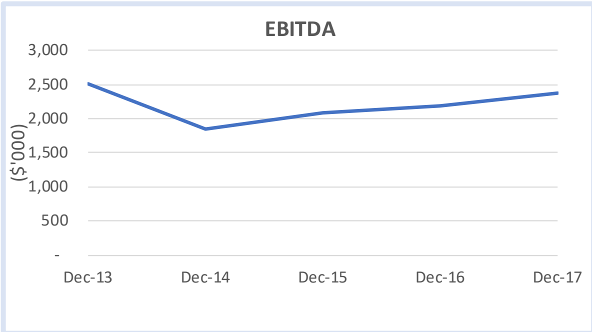
HomeTech Ltd will be consolidated into the accounts of the Group with the appropriate accounting for the minority interest still held by the previous owner of the company.

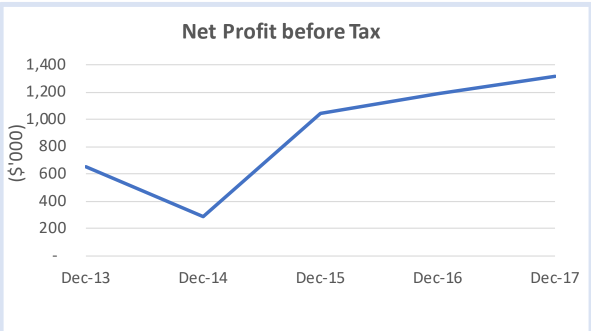
Results:

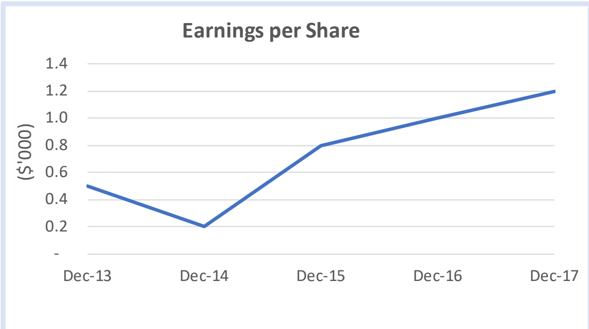
	Current year $'000	Previous year $'000	% change
Operating Revenue	8,483	7,959	7%
Non-Operating Revenue	-	-	
EBITDA	2,368	2,191	8%
Depreciation & Amortisation	(1,027)	(969)	(6%)
EBIT	1,341	1,222	10%
Interest	(29)	(33)	12%
Net profit before tax	1,312	1,189	10%

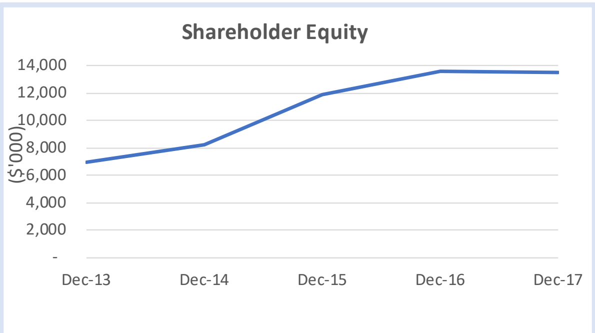
All key KPI's showed positive trends during the period with Operating Revenue increasing by $524,000 (+7%), EBITDA increasing by $177,000 (+8%) and EBIT increasing by $119,000 (+10%).











Dividends:

The directors have decided to pay one dividend a year, to be announced concurrent with the release of the full year result. Current indications are that the final dividend is likely to be 2.2 cents per share, a 10% increase on the previous year.

Further Outlook:

The summer has been very advantageous for any companies selling beverages, this being the best summer for several years. For Just Water, this has resulted in increased sales which will flow through to the year-end performance.

Directors:

Since the Board was appointed in January 2015, I have been serving shareholders as both Chairman and CEO. In the circumstances, the Board considered that this was the most appropriate structure. As heralded at the Annual Meeting the directors have decided that a new director would be appointed, with a view to that person becoming Chairman at the next Annual Meeting. Discussions with candidates are currently taking place, with a view to appointing a new director before June 2018.

Audit:

The financial statements for the six months ended 31 December 2017 and 31 December 2016 are unaudited. The comparative information for the year ended 30 June 2017 is audited.

Bank covenants:

The Company was in compliance with all bank covenants as at 31 December 2017.

Expected Future Income Rental Streams:

As at 31 December 2017 there was in excess of $76 million in 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.

Share buyback Program:

The share buyback programme for a 12-month period from 22nd February 2017 to 16th February 2018 has concluded. The directors have decided not to rollover this program at this time. This will be reviewed on a regular basis and the shareholders updated accordingly.

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 team for their commitment to achieving continuous improvement and striving to provide the highest level of service to our customers. The Company was a finalist in the IBM Best Workplace Survey, and won the Most Improved Award for performance over the previous year.

Tony Falkenstein
Chairman and Chief Executive