

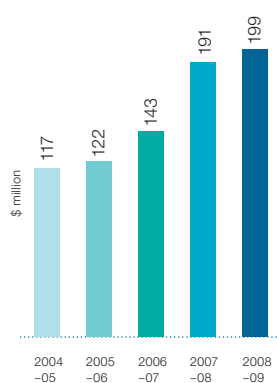
# financial summary.

## SunWater consolidated results summary 2004-05 to 2008-09

	\$m	\$m	\$m	\$m	\$m
	ACTUAL 2004-05	ACTUAL 2005-06	ACTUAL 2006-07	ACTUAL 2007-08	ACTUAL 2008-09
Revenue	116.7	129.7	142.8	190.6	259.7
Excess of fair value over cost upon acquisition of subsidiary		7.9			
Gain on sale of assets to Seqwater					48.9
Proceeds from Bank Guarantees					11.5
Revenue (excluding excess of fair value, Seqwater transaction and Bank Guarantees)	116.7	121.7	142.8	190.6	199.3
Net Profit (after tax)	-11.6	1.3	28.2	17.9	37.1*
Net Profit (after tax) (excluding excess of fair value)	-11.6	-6.6	28.2	17.9	37.1*
Dividends declared	3.2	-	6.2	5.9	7.6
EBIT (earnings before interest and tax)	-18.1	-5.4	24.9	40.7	60.4*
Impairment	32.3	29.6	5.8	16.3	19.0
EBITDA (EBIT before depreciation, amortisation and impairment)	26.7	36.4	45.4	79.6	103.8*
Total assets	424.5	577.0	788.8	795.5	863.8
Total liabilities	56.3	157.3	347.2	335.7	325.7
Net assets	368.2	419.6	441.6	459.8	538.1
Cash balance	44.3	25.6	22.3	40.1	135.1
Borrowings	7.5	92.5	272.9	265.6	248.9
Contributed Equity	229.4	282.5	282.5	288.7	288.7
Cashflows from operating activities	27.0	31.0	57.9	86.6	94.3
Refurbishment and backlog expenditure	16.1	11.2	9.8	9.7	11.0
Total water deliveries (million megalitres)	1.5	1.3	1.2	1.0	1.1
Full time equivalents	534.0	561.0	569.0	573.0	562.0

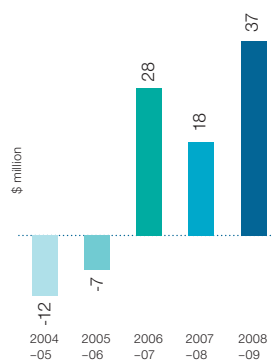
\* Figure excludes gain on sale of assets to Seqwater of \$48.9m

### REVENUE



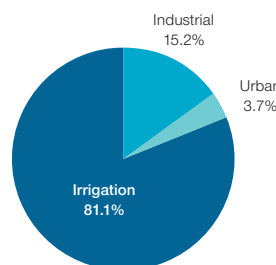
Revenue for 2008-09 exceeded 2007-08 by \$8.8m and excludes the proceeds from the Seqwater transaction and bank guarantees.

### NET PROFIT (AFTER TAX AND EXCLUDING EXCESS OF FAIR VALUE)



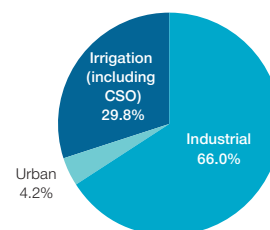
SunWater's net profit for 2008-09 less Seqwater (\$48.9m) increased by \$19.3m compared with 2007-08 results.

### WATER DELIVERIES BY SECTOR



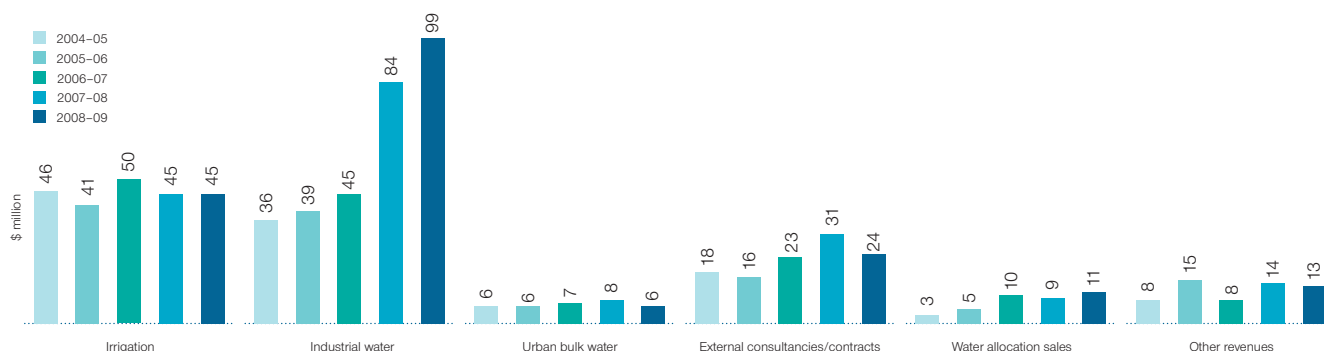
Industrial water deliveries increased from 4.5% in 2007-08 to 15.2% in 2008-09. This includes one-off water deliveries in the Nogoia Mackenzie.

### WATER REVENUE BY SECTOR



Industrial water revenue increased from 61.4% in 2007-08 to 66.0% in 2008-09.

### REVENUE BREAKDOWN



SunWater's revenue for 2008-09 exceeded 2007-08 results by \$8.8m, excluding the proceeds from the Seqwater transaction and bank guarantees.

## financial summary.

### Consolidated performance

The net profit before tax for 2008-09 of \$92.8m is \$66.9m higher than the 2007-08 result of \$25.9m. Proceeds from the Seqwater transaction contributed \$48.9m to the net profit before tax.

Revenue from ordinary activities was \$9.7m higher in 2008-09 than in 2007-08. The main increases were industrial revenue of \$15.4m, water allocations of \$2.2m, irrigation revenue of \$2.8m and interest revenue of \$4.6m. This was offset by lower Community Service Obligations (CSOs) of \$7.2m and lower consulting revenue of \$6.1m and lower urban water charges of \$1.7m.

Industrial revenue increased because of increased capacity and increased usage charges attributable to new infrastructure mainly in the Bowen Basin.

Irrigation revenue increased due to higher recognition of refurbishment annuity revenue as a result of higher refurbishment expenditure, increases to water charges under the price path and small increases in water deliveries in some schemes.

CSO payments from the Queensland Government decreased by 69% to \$3.2m as a result of changes in government funding arrangements in relation to dam safety upgrades. In 2008 spillway funding was made available by way of CSOs but in 2009 funding was provided by way of equity injection.

Expenses (excluding finance costs) for 2008-09 were \$150.0m, compared to \$149.5m in 2007-08. There were savings in labour due to the Seqwater transaction (\$6.0m) which were offset by higher depreciation of \$1.7m, higher impairment of \$2.7m and higher legal fees of \$1.7m, the bulk of which are associated with legal expenses for the Paradise Dam legal action.

Finance costs expensed were higher in 2008-09 due to lower capitalisation of interest expense. During 2007-08, \$3.6m was capitalised during the construction of the Burdekin-Moranbah Pipeline.

### Income Tax

Income tax was \$6.9m, down from \$8.0m in 2007-08. This was due to prior year adjustments made following a ruling by the Australian Tax Office (ATO) in September 2008 which allowed SunWater, as an irrigation water provider, to write-off eligible capital expenditure incurred after 1 July 2004 over three years. It also reflects a favourable ruling by the ATO in August 2009 that treats the Seqwater transaction as tax neutral.

### Asset performance

As part of the regulated water price, funds are set aside to meet future asset refurbishment requirements. SunWater spent \$11.0m on asset refurbishments in 2008-09 compared to \$9.7m in 2007-08.

The majority of the refurbishment and enhancement program for the year was completed. It was necessary however to divert resources to flood repairs (\$3.9m) during the year. This was the main contributor to delays experienced on a small number of projects. The projects that are ongoing are scheduled to be concluded early in 2009-10.

SunWater continued with the dam safety upgrade program during the financial year, completing the Borumba Dam safety upgrade project after ownership of the dam was transferred to Seqwater on 1 July 2008.

The detailed design and investigation stages were completed and construction commenced on the \$21.1m Tinaroo Falls Dam safety upgrade. The total spend on this project to 30 June 2009 was \$2.6m.

### Funds management

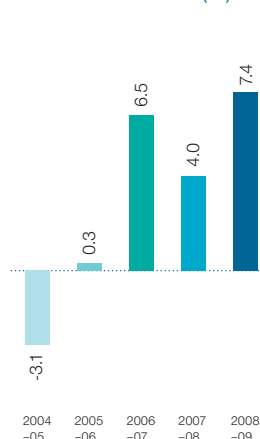
SunWater's consolidated cash position at 30 June 2009 was \$135.1m (2007-08 \$40.0m). The \$95.1m increase reflects proceeds of \$77.7m from the sale of assets transferred to Seqwater, the \$11.5m proceeds from bank guarantees, and the full-year operation of the Burdekin-Moranbah Pipeline. During the year SunWater repaid \$16.4m of debt to the Queensland Treasury Corporation.

### Dividends

In accordance with SunWater's established dividend process, dividends are based on profits but recognise the need to provide cash for the investigation and development of various water projects, asset refurbishment and other future commitments. A dividend of \$7.6m, based upon the agreed methodology, was declared for the 2008-09 financial year.

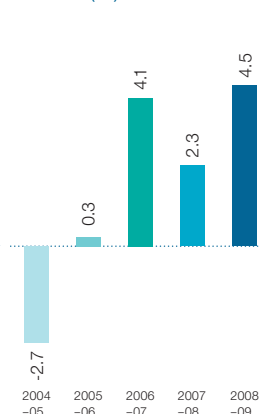
## Profitability indicators

RETURN ON EQUITY (%)



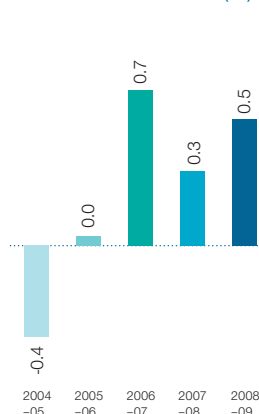
SunWater's return on equity (excluding proceeds from the Seqwater transaction) was 7.4%, an increase of 3.5% largely attributable to higher earnings in 2008-09.

RETURN ON TOTAL ASSETS (%)



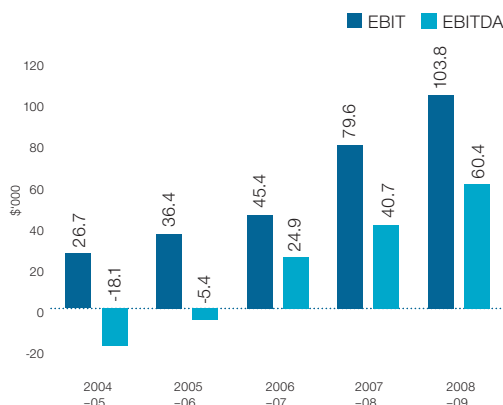
Higher earnings in 2008-09 resulted in an increase in SunWater's return on assets from 2.3% in 2007-08 to 4.5% in 2008-09.

RETURN ON TOTAL ASSETS REPLACEMENT VALUE (%)



Return on the replacement value of assets (excluding proceeds from the Seqwater transaction) in 2008-09 increased to 0.53%.

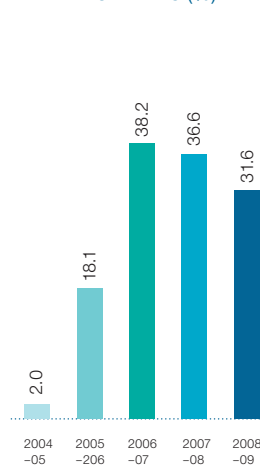
EBITDA & EBIT



The EBIT for 2008-09 (less Seqwater transaction of \$48.9m) increased by almost 50% over 2007-08, whilst EBITDA increased by approximately 30%.

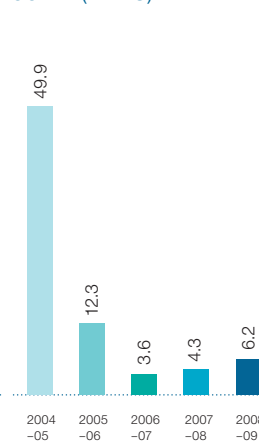
## Financial leverage indicators

MARKET GEARING (%)



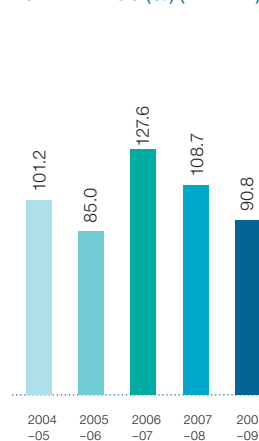
Market gearing improved during the year as no new borrowings were required.

EBITDA INTEREST COVER (TIMES)



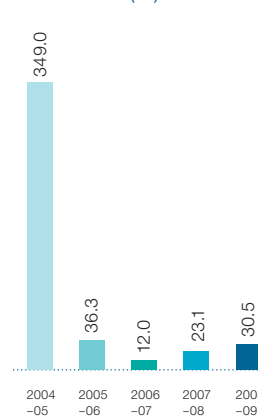
Higher earnings in 2008-09 were largely contributed to improved debt cover.

OPERATING CASH FLOW TO EARNINGS (%) (EBITDA)



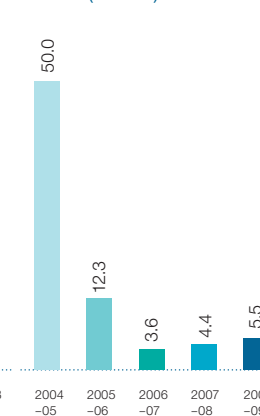
Earnings and operating cashflow during the year remained strong.

FUNDS FROM OPERATIONS TO TOTAL DEBT (%)



Increased earnings in 2008-09 led to increased cashflows to debt.

FUNDS FROM OPERATIONS INTEREST COVER (TIMES)



Higher earnings, resulting in increased funds from operations, and lower interest costs in 2008-09 contributed to improved interest cover.