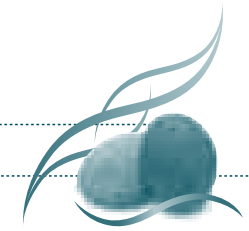
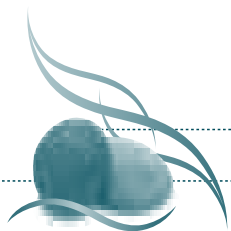

**FORECAST FINANCIAL STATEMENTS – PROSPECTIVE BALANCE SHEET**

For the year ending 30 June	Estimate 2006 \$000s	Budget 2007 \$000s	Forecast 2008 \$000s	Forecast 2009 \$000s	Projection 2010 \$000s	Projection 2011 \$000s	Projection 2012 \$000s	Projection 2013 \$000s	Projection 2014 \$000s	Projection 2015 \$000s	Projection 2016 \$000s
<b>EQUITY</b>											
Accumulated funds	729,898	733,957	737,249	740,348	744,796	751,022	758,598	765,454	771,498	779,627	789,117
Restricted reserves	52	52	52	52	52	52	52	52	52	52	52
Council created reserves	11,293	9,863	9,760	9,813	9,867	9,757	9,813	9,870	9,753	9,813	9,874
Revaluation reserves	–	–	185,000	185,000	185,000	185,000	185,000	301,000	301,000	301,000	301,000
<b>TOTAL EQUITY</b>	<b>741,243</b>	<b>743,872</b>	<b>932,061</b>	<b>935,213</b>	<b>939,715</b>	<b>945,831</b>	<b>953,463</b>	<b>1,076,376</b>	<b>1,082,303</b>	<b>1,090,492</b>	<b>1,100,043</b>
Represented by:											
<b>CURRENT ASSETS</b>											
Cash and cash equivalents	4,699	2,269	1,673	1,738	1,888	1,900	1,981	2,067	1,984	2,082	2,186
Trade and other receivables	7,209	7,209	7,209	7,209	7,209	7,209	7,209	7,209	7,209	7,209	7,209
Assets held for sale	4,760	3,190	1,244	1,037	5,240	899	917	935	954	973	–
Other assets	856	856	856	856	856	856	856	856	856	856	856
<b>Total current assets</b>	<b>17,524</b>	<b>13,524</b>	<b>10,982</b>	<b>10,840</b>	<b>15,193</b>	<b>10,864</b>	<b>10,963</b>	<b>11,067</b>	<b>11,003</b>	<b>11,120</b>	<b>10,251</b>
<b>NON-CURRENT ASSETS</b>											
Interest rate swaps and options	–	–	–	–	–	–	–	–	–	–	–
Property, plant and equipment	818,494	832,136	1,016,446	1,013,863	1,001,380	999,598	997,041	1,124,076	1,116,446	1,122,944	1,132,746
Assets under construction	413	413	413	413	413	413	413	413	413	413	413
Intangible assets	859	859	859	859	859	859	859	859	859	859	859
Investment in subsidiaries and associates	2,769	2,769	2,769	2,769	2,769	2,769	2,769	2,769	2,769	2,769	2,769
Other assets	359	359	359	359	359	359	359	359	359	359	359
<b>Total non-current assets</b>	<b>822,894</b>	<b>836,536</b>	<b>1,020,846</b>	<b>1,018,263</b>	<b>1,005,780</b>	<b>1,003,998</b>	<b>1,001,441</b>	<b>1,128,476</b>	<b>1,120,846</b>	<b>1,127,344</b>	<b>1,137,146</b>
<b>Total assets</b>	<b>840,418</b>	<b>850,060</b>	<b>1,031,828</b>	<b>1,029,103</b>	<b>1,020,973</b>	<b>1,014,862</b>	<b>1,012,404</b>	<b>1,139,543</b>	<b>1,131,849</b>	<b>1,138,464</b>	<b>1,147,397</b>



### FORECAST FINANCIAL STATEMENTS – PROSPECTIVE BALANCE SHEET

For the year ending 30 June	Estimate 2006 \$000s	Budget 2007 \$000s	Forecast 2008 \$000s	Forecast 2009 \$000s	Projection 2010 \$000s	Projection 2011 \$000s	Projection 2012 \$000s	Projection 2013 \$000s	Projection 2014 \$000s	Projection 2015 \$000s	Projection 2016 \$000s
<b>CURRENT LIABILITIES</b>											
Borrowings	51,185	59,198	53,277	47,400	50,768	39,541	29,451	33,677	20,056	28,482	27,864
Trade and other payables	5,477	5,477	5,477	5,477	5,477	5,477	5,477	5,477	5,477	5,477	5,477
Provisions	1,142	1,142	1,142	1,142	1,142	1,142	1,142	1,142	1,142	1,142	1,142
Other liabilities	13,133	12,133	11,633	11,633	10,633	9,633	9,633	9,633	9,633	9,633	9,633
<b>Total current liabilities</b>	<b>70,937</b>	<b>77,950</b>	<b>71,529</b>	<b>65,652</b>	<b>68,020</b>	<b>55,793</b>	<b>45,703</b>	<b>49,929</b>	<b>36,308</b>	<b>44,734</b>	<b>44,116</b>
<b>NON-CURRENT LIABILITIES</b>											
Borrowings	25,000	25,000	25,000	25,000	10,000	10,000	10,000	10,000	10,000	–	–
Interest rate swaps and options	–	–	–	–	–	–	–	–	–	–	–
Provisions	3,238	3,238	3,238	3,238	3,238	3,238	3,238	3,238	3,238	3,238	3,238
<b>Total non-current liabilities</b>	<b>28,238</b>	<b>28,238</b>	<b>28,238</b>	<b>28,238</b>	<b>13,238</b>	<b>13,238</b>	<b>13,238</b>	<b>13,238</b>	<b>13,238</b>	<b>3,238</b>	<b>3,238</b>
<b>Total liabilities</b>	<b>99,175</b>	<b>106,188</b>	<b>99,767</b>	<b>93,890</b>	<b>81,258</b>	<b>69,031</b>	<b>58,941</b>	<b>63,167</b>	<b>49,546</b>	<b>47,972</b>	<b>47,354</b>
<b>NET ASSETS</b>	<b>741,243</b>	<b>743,872</b>	<b>932,061</b>	<b>935,213</b>	<b>939,715</b>	<b>945,831</b>	<b>953,463</b>	<b>1,076,376</b>	<b>1,082,303</b>	<b>1,090,492</b>	<b>1,100,043</b>



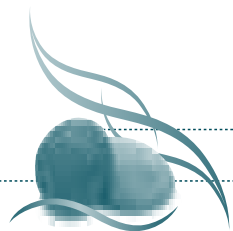
### FORECAST FINANCIAL STATEMENTS – PROSPECTIVE CASH FLOW STATEMENT

For the year ending 30 June	Estimate 2006 \$000s	Budget 2007 \$000s	Forecast 2008 \$000s	Forecast 2009 \$000s	Projection 2010 \$000s	Projection 2011 \$000s	Projection 2012 \$000s	Projection 2013 \$000s	Projection 2014 \$000s	Projection 2015 \$000s	Projection 2016 \$000s
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>											
<b>Cash was provided from:</b>											
Rates	68,421	71,094	73,867	76,022	77,910	79,886	81,880	83,892	85,996	88,118	90,332
User charges and other income	36,344	33,534	35,004	36,019	36,867	37,823	38,441	39,476	40,107	40,942	41,642
Interest received	190	90	59	51	54	57	58	61	61	61	64
Regional Council rates	11,100	11,100	11,100	11,100	11,100	11,100	11,100	11,100	11,100	11,100	11,100
	<b>116,055</b>	<b>115,818</b>	<b>120,030</b>	<b>123,192</b>	<b>125,931</b>	<b>128,866</b>	<b>131,479</b>	<b>134,529</b>	<b>137,264</b>	<b>140,221</b>	<b>143,138</b>
<b>Cash was applied to:</b>											
Payments to suppliers and employees	68,427	75,174	76,718	78,074	81,163	83,396	84,207	85,883	87,760	89,002	90,481
Interest paid	4,750	5,450	5,484	5,085	4,494	3,723	3,003	2,806	2,488	1,976	1,902
Regional Council rates	11,100	11,100	11,100	11,100	11,100	11,100	11,100	11,100	11,100	11,100	11,100
	<b>84,277</b>	<b>91,724</b>	<b>93,302</b>	<b>94,259</b>	<b>96,757</b>	<b>98,219</b>	<b>98,310</b>	<b>99,789</b>	<b>101,348</b>	<b>102,078</b>	<b>103,483</b>
<b>Net cash flows from operating activities</b>	<b>31,778</b>	<b>24,094</b>	<b>26,728</b>	<b>28,933</b>	<b>29,174</b>	<b>30,647</b>	<b>33,169</b>	<b>34,740</b>	<b>35,916</b>	<b>38,143</b>	<b>39,655</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>											
<b>Cash was provided from:</b>											
Sale of property, plant and equipment	2,921	4,760	3,190	1,244	1,037	5,240	899	917	935	954	973
Withdrawals from sinking funds	1,813	–	–	–	–	–	–	–	–	–	–
	<b>4,734</b>	<b>4,760</b>	<b>3,190</b>	<b>1,244</b>	<b>1,037</b>	<b>5,240</b>	<b>899</b>	<b>917</b>	<b>935</b>	<b>954</b>	<b>973</b>



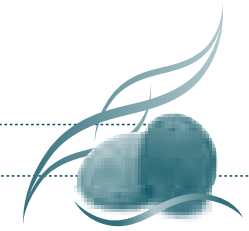
### FORECAST FINANCIAL STATEMENTS – PROSPECTIVE CASH FLOW STATEMENT

For the year ending 30 June	Estimate 2006 \$000s	Budget 2007 \$000s	Forecast 2008 \$000s	Forecast 2009 \$000s	Projection 2010 \$000s	Projection 2011 \$000s	Projection 2012 \$000s	Projection 2013 \$000s	Projection 2014 \$000s	Projection 2015 \$000s	Projection 2016 \$000s
<b>Cash was applied to:</b>											
Purchase and construction of property, plant and equipment	38,777	40,557	25,125	24,859	18,891	25,196	24,482	47,440	23,812	37,955	40,451
less UHCC capital contribution	(2,535)	(1,260)	(532)	(624)	(462)	(548)	(585)	(7,643)	(499)	(530)	(545)
Contributions to sinking funds	1,597	–	–	–	–	–	–	–	–	–	–
	<b>37,839</b>	<b>39,297</b>	<b>24,593</b>	<b>24,235</b>	<b>18,429</b>	<b>24,648</b>	<b>23,897</b>	<b>39,797</b>	<b>23,313</b>	<b>37,425</b>	<b>39,906</b>
<b>Net cash flows from investing activities</b>	<b>(33,105)</b>	<b>(34,537)</b>	<b>(21,403)</b>	<b>(22,991)</b>	<b>(17,392)</b>	<b>(19,408)</b>	<b>(22,998)</b>	<b>(38,880)</b>	<b>(22,378)</b>	<b>(36,471)</b>	<b>(38,933)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>											
<b>Cash was provided from:</b>											
Funds raised from borrowing	195,699	212,753	230,871	207,231	177,968	191,845	148,074	122,030	121,087	78,650	113,310
	<b>195,699</b>	<b>212,753</b>	<b>230,871</b>	<b>207,231</b>	<b>177,968</b>	<b>191,845</b>	<b>148,074</b>	<b>122,030</b>	<b>121,087</b>	<b>78,650</b>	<b>113,310</b>
<b>Cash was applied to:</b>											
Repayment of borrowings	193,070	204,740	236,792	213,108	189,600	203,072	158,164	117,804	134,708	80,224	113,928
	<b>193,070</b>	<b>204,740</b>	<b>236,792</b>	<b>213,108</b>	<b>189,600</b>	<b>203,072</b>	<b>158,164</b>	<b>117,804</b>	<b>134,708</b>	<b>80,224</b>	<b>113,928</b>
<b>Net cash flows from financing activities</b>	<b>2,629</b>	<b>8,013</b>	<b>(5,921)</b>	<b>(5,877)</b>	<b>(11,632)</b>	<b>(11,227)</b>	<b>(10,090)</b>	<b>4,226</b>	<b>(13,621)</b>	<b>(1,574)</b>	<b>(618)</b>
Net increase/(decrease) in cash	1,302	(2,430)	(596)	65	150	12	81	86	(83)	98	104
Plus cash balance at beginning of the year	3,397	4,699	2,269	1,673	1,738	1,888	1,900	1,981	2,067	1,984	2,082
<b>Cash balance at end of the year</b>	<b>4,699</b>	<b>2,269</b>	<b>1,673</b>	<b>1,738</b>	<b>1,888</b>	<b>1,900</b>	<b>1,981</b>	<b>2,067</b>	<b>1,984</b>	<b>2,082</b>	<b>2,186</b>
Cash balance at end of the year comprises:											
Cash and on call deposits	4,699	2,269	1,673	1,738	1,888	1,900	1,981	2,067	1,984	2,082	2,186
Bank overdraft	–	–	–	–	–	–	–	–	–	–	–
<b>Cash balance at end of the year</b>	<b>4,699</b>	<b>2,269</b>	<b>1,673</b>	<b>1,738</b>	<b>1,888</b>	<b>1,900</b>	<b>1,981</b>	<b>2,067</b>	<b>1,984</b>	<b>2,082</b>	<b>2,186</b>



### FORECAST FINANCIAL STATEMENTS – PROSPECTIVE NET DEBT POSITION

For the year ending 30 June	Estimate 2006 \$000s	Budget 2007 \$000s	Forecast 2008 \$000s	Forecast 2009 \$000s	Projection 2010 \$000s	Projection 2011 \$000s	Projection 2012 \$000s	Projection 2013 \$000s	Projection 2014 \$000s	Projection 2015 \$000s	Projection 2016 \$000s
<b>NET DEBT AT BEGINNING OF THE YEAR</b>											
Current borrowings	48,163	51,185	59,198	53,277	47,400	50,768	39,541	29,451	33,677	20,056	28,482
Non-current borrowings	24,975	25,000	25,000	25,000	25,000	10,000	10,000	10,000	10,000	10,000	–
Less sinking funds	(216)	–	–	–	–	–	–	–	–	–	–
Less cash and cash equivalents	(3,397)	(4,699)	(2,269)	(1,673)	(1,738)	(1,888)	(1,900)	(1,981)	(2,067)	(1,984)	(2,082)
<b>Net debt at beginning of the year</b>	<b>69,525</b>	<b>71,486</b>	<b>81,929</b>	<b>76,604</b>	<b>70,662</b>	<b>58,880</b>	<b>47,641</b>	<b>37,470</b>	<b>41,610</b>	<b>28,072</b>	<b>26,400</b>
<b>PLUS CAPITAL EXPENDITURE</b>											
Expenditure improving services	24,888	25,119	11,456	9,517	4,313	8,602	7,238	14,766	6,478	19,129	22,536
Expenditure maintaining services	13,889	15,438	13,669	15,342	14,578	16,594	17,244	32,674	17,334	18,826	17,915
<b>Total capital expenditure</b>	<b>38,777</b>	<b>40,557</b>	<b>25,125</b>	<b>24,859</b>	<b>18,891</b>	<b>25,196</b>	<b>24,482</b>	<b>47,440</b>	<b>23,812</b>	<b>37,955</b>	<b>40,451</b>
<b>LESS NON-DEBT FUNDING FOR CAPITAL EXPENDITURE</b>											
Reserve funding	160	1,480	–	–	–	–	–	–	–	–	–
UHCC capital contribution	2,535	1,260	532	624	462	548	585	7,643	499	530	545
Capital subsidies	6,614	4,170	3,678	3,918	4,023	4,152	4,109	4,424	4,245	4,449	4,423
Depreciation	21,344	22,665	24,239	25,981	25,872	25,731	25,737	28,027	30,189	30,154	30,304
<b>Total non-debt funding for capital expenditure</b>	<b>30,653</b>	<b>29,575</b>	<b>28,449</b>	<b>30,523</b>	<b>30,357</b>	<b>30,431</b>	<b>30,431</b>	<b>40,094</b>	<b>34,933</b>	<b>35,133</b>	<b>35,272</b>
<b>LESS ASSET SALE PROCEEDS</b>	<b>2,921</b>	<b>4,760</b>	<b>3,190</b>	<b>1,244</b>	<b>1,037</b>	<b>5,240</b>	<b>899</b>	<b>917</b>	<b>935</b>	<b>954</b>	<b>973</b>



### FORECAST FINANCIAL STATEMENTS – PROSPECTIVE NET DEBT POSITION

For the year ending 30 June	Estimate 2006 \$000s	Budget 2007 \$000s	Forecast 2008 \$000s	Forecast 2009 \$000s	Projection 2010 \$000s	Projection 2011 \$000s	Projection 2012 \$000s	Projection 2013 \$000s	Projection 2014 \$000s	Projection 2015 \$000s	Projection 2016 \$000s
<b>LESS OTHER ITEMS</b>											
Rate funding	2,858	(1,591)	(386)	(819)	425	2,074	3,467	2,432	1,799	3,680	5,067
Cashflow movements	1,302	(2,430)	(596)	65	150	12	81	86	(83)	98	104
Other adjustments	(918)	(200)	(207)	(212)	(1,296)	(1,322)	(225)	(229)	(234)	(238)	(243)
<b>Total other items</b>	<b>3,242</b>	<b>(4,221)</b>	<b>(1,189)</b>	<b>(966)</b>	<b>(721)</b>	<b>764</b>	<b>3,323</b>	<b>2,289</b>	<b>1,482</b>	<b>3,540</b>	<b>4,928</b>
<b>NET DEBT AT END OF THE YEAR</b>											
Current borrowings	51,185	59,198	53,277	47,400	50,768	39,541	29,451	33,677	20,056	28,482	27,864
Non-current borrowings	25,000	25,000	25,000	25,000	10,000	10,000	10,000	10,000	10,000	–	–
Less sinking funds	–	–	–	–	–	–	–	–	–	–	–
Less cash and cash equivalents	(4,699)	(2,269)	(1,673)	(1,738)	(1,888)	(1,900)	(1,981)	(2,067)	(1,984)	(2,082)	(2,186)
<b>Net debt at end of the year</b>	<b>71,486</b>	<b>81,929</b>	<b>76,604</b>	<b>70,662</b>	<b>58,880</b>	<b>47,641</b>	<b>37,470</b>	<b>41,610</b>	<b>28,072</b>	<b>26,400</b>	<b>25,678</b>