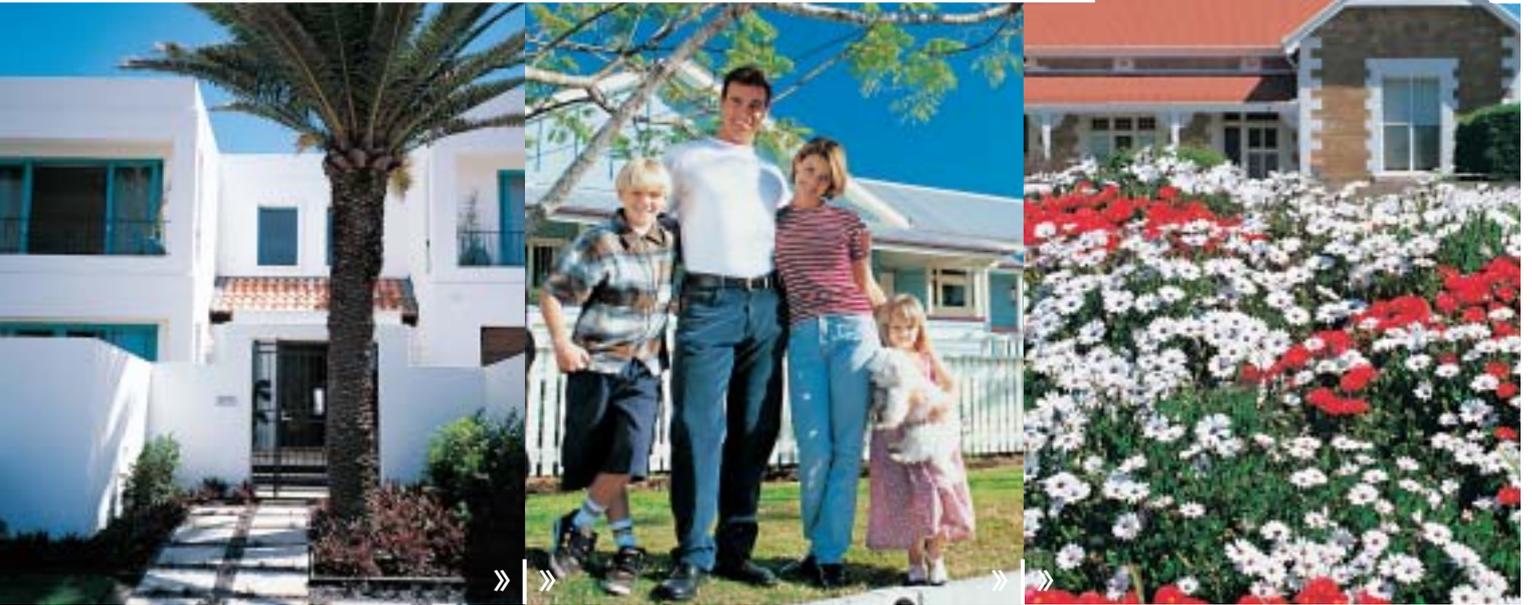


WIDE BAY CAPRICORN BUILDING SOCIETY LTD
ANNUAL REPORT AND FINANCIAL STATEMENTS 2002

www.widebaycap.com.au



wide bay » banking your way »

your way »

"every day we work to deliver to you our promise of 'banking your way'"

TABLE OF CONTENTS

2001/2002 Achievements at a glance	ifc
Our commitment to banking 'your way'	page 03
Your Board of Directors	page 04
Your Directors' Report	page 05
Your Managing Director's Report	page 11
Your Management Team	page 12
Our growth	page 14
Our commitment to security	page 17
Our products and services	page 18
Our Branch Directory	page 20
Financial Statements	page 23
Our Corporate Directory	ibc



2001/2002 ACHIEVEMENTS AT A GLANCE



- Fourth consecutive full year of profit growth
- Net profit after tax from ordinary activities of \$8,824,966 — an increase of 26.5%
- Final fully franked dividend of 16 cents per share providing a total dividend of 32 cents for the full year — up from 27.5 cents in 2001
- Lending approvals of \$305,140,406 — an increase of 22.43%
- Total assets and funds under management of \$1,177,494,488 — an increase of 15.21%
- Cost to income ratio of 59.5% compared to 61.5% in 2001
- Cost of average assets 1.65% compared to 1.7% in 2001
- Raised \$35 million of capital in December 2001 in a Resettable Convertible Preference Share issue — to supplement capital requirements and enable progressive clearance of subordinated debt
- Completion of an off balance sheet 'AAA' and 'AA-' rated securitisation program for \$235 million in August 2002
- Completion of reauthorisation process for captive Mortgage Risk Management Pty Ltd — which insures all new loans.

Total assets and loans under management



Shareholders' equity



Profitability



Loans portfolio





your way of »

page 02

“our success is built on the relationships we share with you”

OUR COMMITMENT TO BANKING 'YOUR WAY'



Every day at Wide Bay Capricorn we work to fulfil the commitments we make to our local communities, our valued customers and shareholders and the dedicated staff who deliver our promise of banking your way.

We are committed to:

- increasing wealth for our customers and shareholders
- creating opportunities for our communities
- a progressive environment for our management and staff.

Through continuing to expand and improve our services, we build on a track record of strength, growth and profitability for our customers. We deliver sound returns for our stakeholders and take seriously our commitment to building wealth for our customers and shareholders.

We are community-driven and play an active part in our communities. Our reputation is built around a true community banking philosophy. As a caring corporate citizen we aim to support local activities, organisations and events wherever we can.

Our dedicated and professional staff are core to Wide Bay Capricorn's success as one of Australia's leading financial institutions. Just as our staff are committed to helping customers build their wealth, we are committed to sustaining and building a progressive, team-oriented and friendly environment, where our staff are supported and motivated to succeed for themselves and their Company.

Our commitment to customers, communities and staff is underpinned by:

Leadership—strong leadership, expertise, innovation and progress are important to us and ensure we control our own destiny, build our reputation and add to our achievements

Relationships—our success is built on the relationships we share within our organisation and with our customers, shareholders, community members and business partners. We value their loyalty and are committed to service excellence

Profitability—we take seriously our commitment to our shareholders, customers and ourselves to deliver financial strength and consistent profitability

Growth—by growing our business, our products and services and our skills we will be leaders in the competitive banking and financial services industry

Ambition—our Board and management team share a drive to succeed as a publicly listed company, as a financial institution, as an employer and as an active member of the communities in which we operate

Flexibility—being flexible allows us to respond quickly to change, to capitalise on opportunities and deliver financial solutions to meet our customers' changing needs.

page 03

saving for tomorrow today



«
John Pressler FCAID FIFS
Chairman



»
Ron Hancock FCA FCAID FIFS
Managing Director



»
John Fell FCA FIFS
Director



«
Kerry McBride FIFS
Director



«
Peter Sawyer FCA FCAID FIFS
Director



2001/2002 may well be regarded as one of the most significant years in Wide Bay Capricorn's long history of continued growth, prosperity and performance.

It has been an important year for both your Board and Management with the culmination of much planning and effort resulting in the issue of \$35 million of Resetting Convertible Preference Shares in December 2001.

This was the first major capital raising from the public sector since Wide Bay Capricorn's original float in 1992. The response to and the demand for this stock exceeded all of our expectations. The issue leaves us in a strong position with the option of reviewing our capital plan in the near future.

Another highlight of the year was our wholly owned lenders mortgage insurance company, Mortgage Risk Management Pty Ltd, applying for and receiving reauthorisation — a result of the review of the insurance industry. This company will, we believe, make a significantly increasing contribution to our performance in the short term.

The other major achievement was our move to take our securitisation program off balance sheet. This was effected on 16 August 2002, when \$235 million of Wide Bay Capricorn paper was issued to institutions and investors.

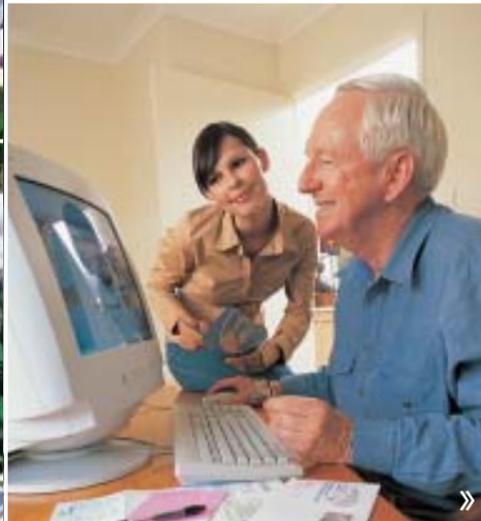
Apart from these significant developments, we have achieved a record surplus of \$8.824 million from ordinary activities representing an increase of 26.5% over the previous year. Total loan approvals were \$305.1 million representing an increase of 22.43%.

We continue to develop our lending operations interstate, particularly Sydney, Melbourne and Adelaide and our existing branch and agency structure also plays a major role in these results. Our branch network provides a wide geographical spread. Only recently a further branch was opened at Mt Pleasant Shopping Centre in Mackay and we are currently investigating opportunities in Townsville. Our total area of operations is subject to continual review by our Business Development Team.

Share price history



your way of »



page 06

page 07

YOUR DIRECTORS' REPORT
(CONTINUED)



Wide Bay Capricorn continues to principally provide finance for loans secured by residential security and where the loan is fully insured with the Society's registered mortgage insurance company. It is significant that there were no bad debts written off this year.

The First Home Owners Grant has had a significant impact on loan approvals and indeed payouts during the year, with the mortgage market achieving very large growth particularly in the southern states and the south-east section of Queensland. This growth in activity and competition has also seen an increased level of refinancing in the marketplace — with customers purchasing new or upgrading their homes. The corresponding result is that our loan book for the year increased by 9.7%. Your Board and Management are taking appropriate steps to address this issue having regard to the existing market conditions.

We continue to use a securitisation program with SG Australia Ltd ensuring we have funds available to satisfy our future growth and lending requirements. We have in place a \$300 million warehouse facility, which in addition to future funding provides a level of liquidity support for our liquidity operations.

Our assets, including loans under management through our securitisation program, now total \$1.177 billion — an increase over the previous year of 15.21%.

Our Management Team has displayed astute management of our operating margin, which has remained constant. This has been achieved in a fiercely competitive environment and we project that we will be able to maintain this margin for the ensuing year.

Wide Bay Capricorn's achievements in 2001/2002 have translated themselves into our share price. In August 2001 the price was \$4.50 and has recently traded up to \$6.45, reflecting an increase in shareholder benefits and value of approximately \$38 million. Your Board has declared a final dividend of 16 cents bringing the total fully franked dividend for the year to 32 cents per ordinary share. This dividend will be paid on 27 September 2002.

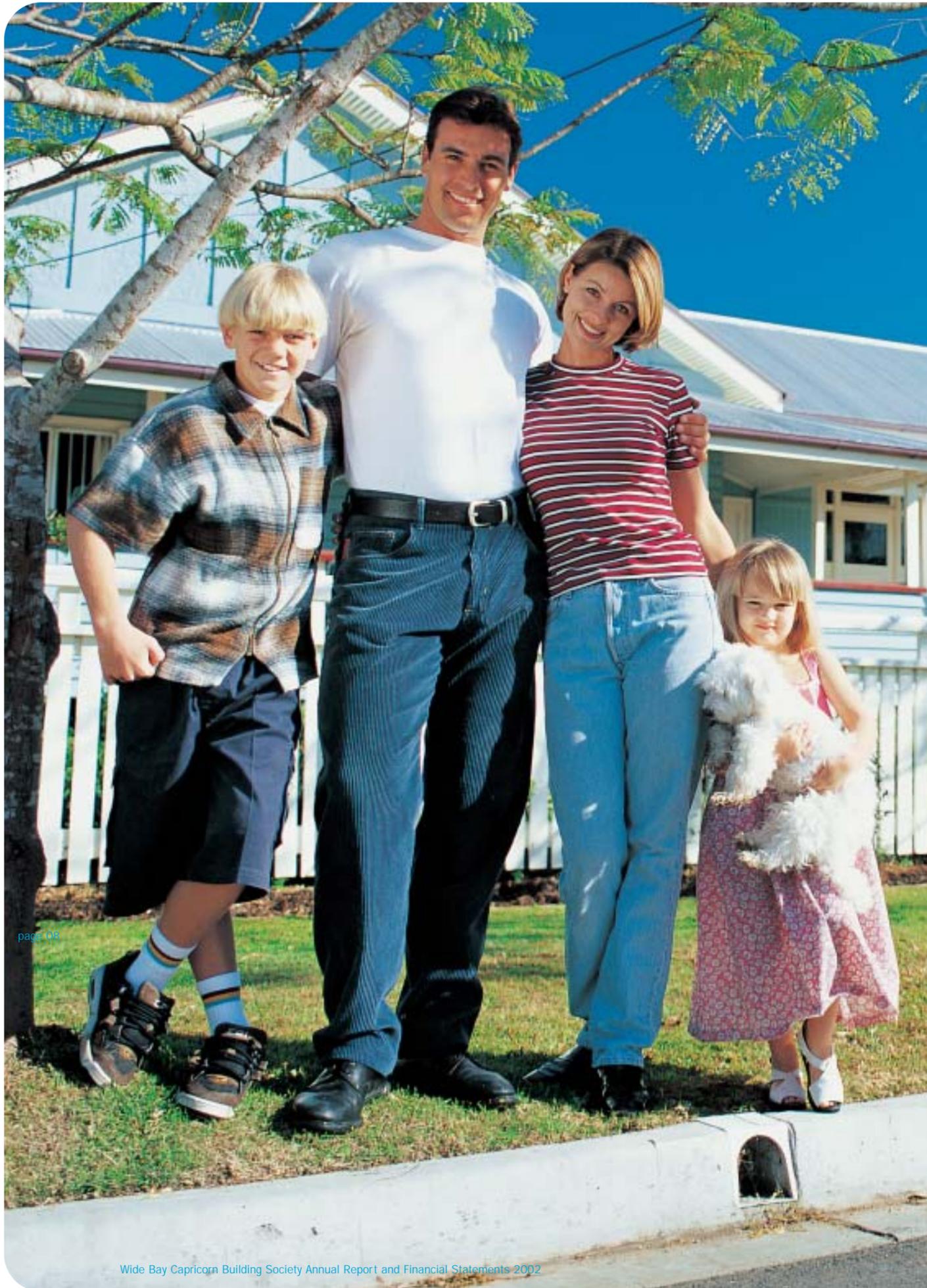
To achieve these results it is essential that our products remain attractive and competitive and we are constantly monitoring the market to ensure our range of products and services offer competitive alternatives to our investors, borrowers and the public generally.

Our Website www.widebaycap.com.au is used extensively and smartlink Internet and Telephone banking facilities show ever increasing volumes each month. Other financial services such as our Widecover Insurance, Wealthpath Financial Planning, Travelex Foreign Exchange and Cashcard are widely accepted. Wealthpath, in particular, has operated in a very competitive environment and is now beginning to achieve growth and support.

While we have adopted the industry standard of charging fees to recover the cost of providing various transactions and services we endeavour to ensure that in the main these are substantially less than our major competitors.

"committed to you wherever you are"

seeing the world



page 08

YOUR DIRECTORS' REPORT (CONTINUED)



We are very fortunate to have developed such a competent computer systems team, under the guidance of our Operations Manager, Ian Pokarier. Upgrades and developments are occurring continually in respect to our systems. This development and expansion demands continued increased capacity and line speed. We are currently embarking on a major expansion of our network.

This year we have also progressively introduced the 'Prosper' customer relationship management software package, enabling staff to manage and market our products and services. We are continuing to develop our facilities to generally meet our customers' needs to ensure that we are indeed a 'one-stop' service providing a full range of personal banking and financial services.

Wide Bay Capricorn continues to be supervised by the regulatory authority responsible for all financial institutions including banks, building societies and credit unions — the Australian Prudential Regulation Authority (APRA). Your Board and Management welcome this supervision and the regulations that emanate from APRA, in that it provides for strong prudent management and adherence to specific standards — ensuring the ongoing stability of the finance industry and protection of investors.

We continue to offer a Staff Share Plan — with 122,406 shares allocated to staff in 2001/2002. We believe this is an excellent exercise providing all staff, both new and old, with the ability to hold the Society's shares and participate in the growth and results that they generate as employees of the Company. The Board intends to continue the Staff Share Plan into the foreseeable future.

Your Board is proud and appreciative of our Management team that has come together over the years. We enjoy a flat management structure with people who are extremely qualified, experienced and committed to the development of the Company. The Board considers this stable management structure to be one of the main reasons for the continuing strong results achieved from year to year.

We are committed to a comprehensive, regular training program incorporating all Staff for, in addition to Management, we have a strong commitment from all our Staff in general. On behalf of the Board, I extend our appreciation for all their effort throughout the past year.

The year ahead suggests a slight slowdown in the housing market with a possible interest rate increase and continued competition in the market place. In spite of these prospects, your Board is comfortable with Wide Bay Capricorn's positioning and looks forward to another year of growth and expansion.

On behalf of the Board, I extend our appreciation for the strong support we have received from our Shareholders and Customers throughout the year.

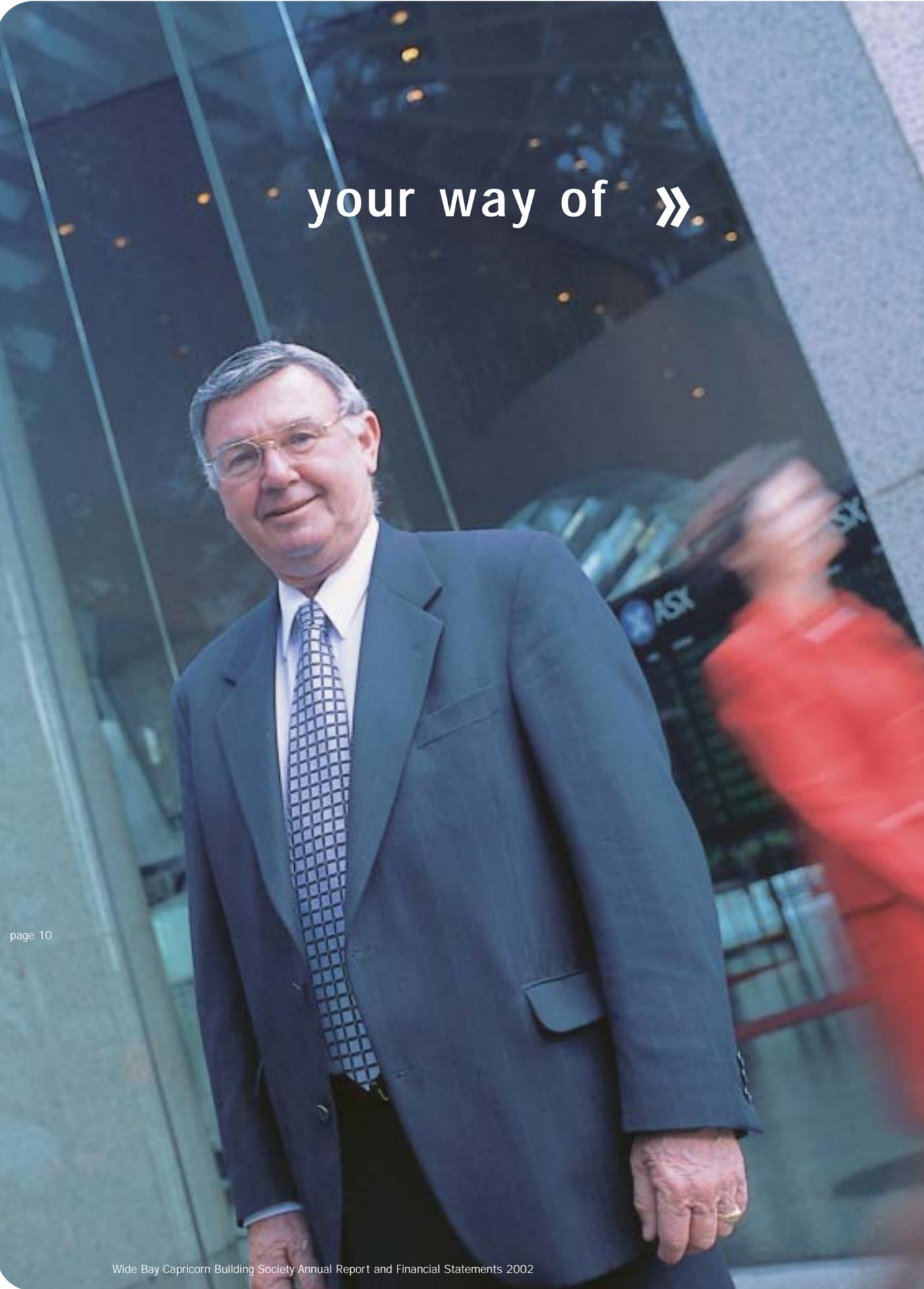
Yours faithfully,

J.F. PRESSLER
CHAIRMAN

5 September 2002
Bundaberg

page 09

"meeting your needs and those of a growing number of Australian families"



your way of »

page 10

YOUR MANAGING DIRECTOR'S REPORT



Wide Bay Capricorn's strong growth in both asset size and loan approvals has provided the basis for another record performance in 2001/2002.

We experienced strong growth in interstate lending, particularly in Sydney and Melbourne, and while that market appears to be slowing somewhat we are anticipating another strong contribution from interstate in the ensuing 12 months.

There has certainly been an increase in housing activity in the Queensland market, particularly the south-east sector, with this now flowing through to the provincial areas of Queensland and being reflected in our branch lending performances.

The growth in our assets and loans under management to \$1.177 billion, an increase of 15.21% over the 2001 financial year, has been funded both by growth in retail deposits and through our access to a strong securitisation program through SG Australia. This securitisation program involves a warehouse facility that we are able to access as required from month to month for both operational and liquidity funding purposes. The warehouse is cleared from time to time and it was only recently that we issued \$235 million of paper to the market.

While we are able to use securitisation for funding — growing our on-call and term retail deposits through our branch network remains very important to our operations.

At the same time as experiencing growth in our assets, we have been able to maintain a steady margin, allowing this growth to flow to our overall profit. It is anticipated that we will be able to maintain this situation in 2002/2003.

With the current speculation regarding a possible increase in interest rates we do not

envisage a great impact on our overall operations, given that rates are currently at an almost all time low. It is interesting to note that a very high percentage of our loan portfolio is in advance with their repayments. This is because as interest rates and the consequent required monthly repayments were falling, many of our borrowers elected to maintain their payments based on the higher interest rates.

We have always endeavoured to maintain a competitive position in the market place and this has been reflected in the figures we have achieved through the year. We have endeavoured to contain our fees and charges and still do not charge a monthly account-keeping fee to our borrowers. While we levy various transaction and service fees, we attempt to maintain these at a level below our major competitors.

During 2001/2002, we were very conscious of our cost ratios. Our cost to income has improved to 59.5% (61.5% – 2000/2001) with our cost of average assets 1.65% (1.7% – 2000/2001). These figures represent the overall efficiencies within the organisation and compare very favourably with other larger building societies and regional banks. We continue to target these cost ratios, while at the same time ensuring that we do not suffer through a lack of service and facilities.

Our computer operations, under the management of Ian Pokarier, provide an excellent service for our branch network and Head Office administration. Ian and his Team is constantly looking to ensure the speed of transactions and our capacity to handle new enhancements.

The past year has seen quite surprising growth in electronic banking with our staff reporting positive comments on the ease of using facilities such as our Website, Internet and Telephone Banking and BPAY.

page 11

«
Ron Hancock
Managing Director

“another record performance”

building the future

YOUR MANAGEMENT TEAM



« **Ian Pokarier** AIFS
Operations Manager



« **Frances McLeod**
AIFS JP(Cdec)
Executive Manager



« **Bill Schafer** BCom ACA
Secretary and Financial
Accountant



» **Ian Hatton**
Business Development
Manager



» **Ray Linderberg**
BBus (Comm) AIFS
Marketing Manager



» **Dale Hancock**
BBus (Acc) AIFS
Securitisation and
Interstate Operations
Manager



» **Gayle Job**
Training Manager



» **Stephen Butler**
Loans Manager



« **Bob Ashton** CPFA CISA
Internal Auditor



« **Joanne Norris**
Administration Supervisor

YOUR MANAGING DIRECTOR'S REPORT
(CONTINUED)

We constantly review our range of products and services to ensure that we offer the broad cross section to our depositors, borrowers and clients generally that one would expect from a 'community banking' structure.

Our branches remain our main source of business. Our Business Development Team are constantly reviewing locations and positioning of our existing branches. We have recently relocated our branch at Caboolture which now offers a very attractive spacious facility, have opened another branch in Mackay and are currently investigating other opportunities including Townsville.

Our Management Team has worked together for many years now. One of the benefits of being located in a provincial city such as Bundaberg is that there is greater stability and continuity of employment allowing us to develop this Team who are experienced in a broad range of responsibilities.

We have our own internal staff training personnel and all our staff visit our Head Office regularly for training — covering our systems, product and service enhancements or general refreshing of knowledge. We believe this not only develops greater quality of service at the branches, but is very important in establishing a Team working together through our total area of operations.

From a management point of view, the past year has been very challenging with market competition and the introduction of new structures. At the same time it has been very interesting and satisfying. A huge amount of effort was involved in the issue of \$35 million of Resetting Convertible Preference Shares — particularly with myself and the Executive Manager and our Team.

All insurance companies were required to resubmit for reauthorisation by 30 June 2002

and while the reauthorisation process for our captive mortgage insurer was also challenging it is again pleasing to note that this was achieved.

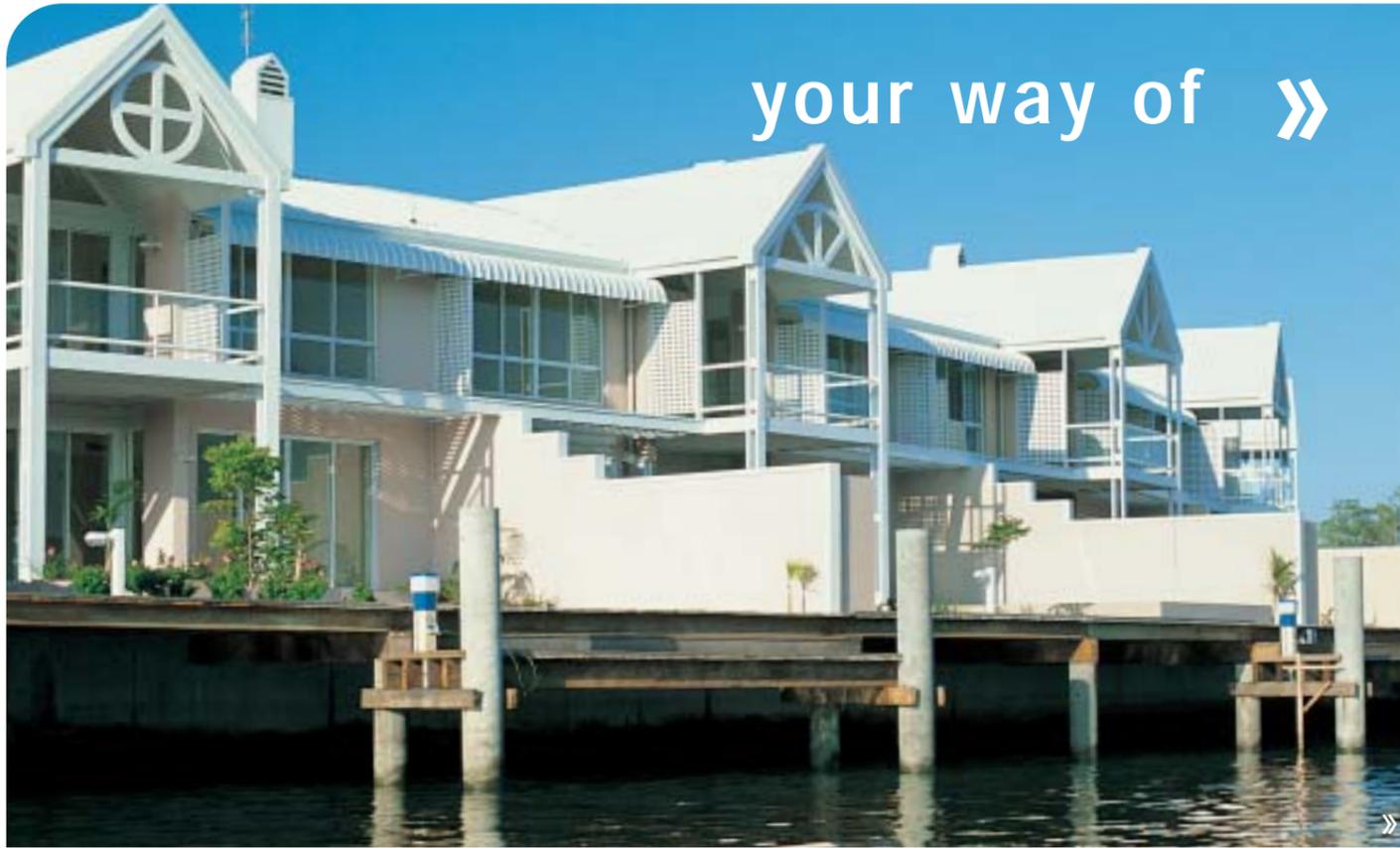
Possibly the most significant achievement during the year was the issuing of an off balance sheet securitisation program in August 2002 for \$235 million. This form of funding releases capital that is normally required under the capital adequacy ratios and prudential standards as laid down by the Australian Prudential Regulation Authority (APRA). It is the intention that future securitisation programs will continue to be off balance sheet. This will give us the opportunity in the next few months of working with the Board and reviewing our Capital Management Plan for the ensuing years — deciding whether we have excess capital and what action is best suited. It certainly will ensure that our capital requirements are catered for over the next few years.

Finally I would like to extend my greatest appreciation to the Management Team with whom I work — a very dedicated, enthusiastic and experienced group — and to our Staff in general — whose enthusiasm and commitment forms part of the Wide Bay culture. They have always been one of the strengths of Wide Bay Capricorn.

Next year will again be competitive, but as they have in the past I am sure that our Team will handle these challenges.

Yours faithfully,

RE HANCOCK
MANAGING DIRECTOR
5 September 2002
Bundaberg



OUR GROWTH



Our today

Wide Bay Capricorn Building Society Ltd helps everyday Australians achieve home ownership and continue building their wealth using the equity in their homes. For investors, we provide financial opportunities that offer attractive and secure returns. Our extensive range of personal banking services includes home loans, term and on-call deposits, insurance and financial planning services.

Operating in Brisbane, Sydney, Melbourne, Adelaide and throughout regional Queensland, our innovative business is based on a foundation of strength, consistent growth and profitability.

We play an active part in the communities we serve and have built our reputation around a true community banking philosophy. We nurture and grow one-to-one relationships with our customers, staff, business partners and our communities.

Our dedication to building personal relationships guides every aspect of our business and has made us a stand-out performer in the financial services sector. In fact, we were rated as Australia's best performing financial sector stock in 2000/2001.

We deliver solid growth and returns for our stakeholders and take seriously the commitment to shareholders, customers and ourselves to maintain financial strength and consistent profitability.

Wide Bay Capricorn has its own wholly-owned mortgage insurer. As part of our commitment to prudential excellence all loans are insured, providing protection for depositors and investors. In addition, Wide Bay's 'AAA' rated mortgage loan securitisation program provides a source of additional funding for the continued growth of the group's loan book.

We are one of Australia's larger non-bank Approved Deposit Taking institutions, regulated under APRA (Australian Prudential Regulation Authority), the group responsible for the prudential supervision of banks, building societies and credit unions.

Our yesterday

Our origins are in the local communities of Queensland's Wide Bay Burnett region. We were formed in 1979 from the merger of the Burnett Permanent Building Society (based in Bundaberg) and the Maryborough Permanent Building Society, both of which had operated since the early 1960s.

In 1981, Wide Bay Capricorn amalgamated with the Gympie and North Coast Building Society and in 1983 another merger occurred with the Gladstone-based Port Curtis Building Society.

Wide Bay Capricorn Building Society Ltd listed on the Australian Stock Exchange Limited in 1994. Since then our shares have traded strongly — reflecting our record of growth and profitability.

From a strong support base in Central and South-East Queensland, the group has expanded interstate to become a national organisation.

In 1997 the Society was one of the first unrated non-bank financial institutions to use securitisation as a liquidity management tool.

"helping everyday Australians like you build wealth through their homes"

Wide Bay Capricorn and SG Australia Ltd launched the largest 'AAA' rated high LVR mortgage loan securitisation in the Australian market in August 2000.

In the 2000/2001 financial year Wide Bay Capricorn exceeded \$1 billion in assets and loans under management.

Our future

By growing our business, our products, services and our skills we will continue to excel as a leading national banking group that is strengthened by our commitment to service and community partnerships.

2002 will herald an exciting new era for the group with further national growth and expansion planned.

Wide Bay Capricorn looks forward to a dynamic, profitable future led by a Board and management team who share a drive to succeed as a publicly listed company, as a financial institution, as an employer and as an active member of the community.

getting more out of life

your way of »



page 16

OUR COMMITMENT TO SECURITY



We understand that when our shareholders and depositors invest their hard-earned money, they're looking for stability, a sound return and peace-of-mind.

As well as providing competitive and attractive products and services, our policies and controls safeguard the interests of all investors and comply with statutory and regulatory requirements.

Our commitment to quality, safety and security has produced a consistent record of stability and growth and helped form a strong foundation for the future.

Quality loans portfolio

A significant component of our operations is our lending activity, with the majority of our loans restricted to residential property secured by registered mortgages.

We have a policy of insuring each and every loan. This insurance helps protect us against loss in the event of default by a borrower and provides additional comfort to depositors and investors.

Statutory and regulatory authorities

Australian Prudential Regulation Authority

We are supervised by the Australian Prudential Regulation Authority (APRA)—as are all building societies, banks and credit unions.

APRA is responsible for prudential supervision—that is the promotion of safety and soundness by these institutions.

APRA provides a consistent approach to the supervision of both banks and building societies including capital adequacy standards.

Capital is fundamental to an Approved Deposit Taking Institution's (ADT) strength. The maintenance of adequate capital reserves can engender confidence in the financial soundness and stability of the institution by providing continued assurance the ADI will continue to honour its obligations to depositors and creditors.

APRA Infoline: 13 10 60

APRA Website: www.apra.gov.au

Australian Securities and Investments

Commission The Australian Securities and Investments Commission (ASIC) is another body responsible for protecting account-holders and shareholders.

ASIC protects consumers from misleading and deceptive conduct, and also regulates matters affecting incorporation, corporate governance and disclosure.

ASIC Infoline: 1300 300 630

ASIC Website: www.asic.gov.au

Australian Stock Exchange Limited

As a listed company on the Australian Stock Exchange Limited (ASX) we are required to meet strict reporting and disclosure requirements.

Our shares have traded on the ASX since 1994 and have consistently performed strongly. In 2000/2001 we were rated as Australia's best performing financial sector stock.

page 17

“forming a strong foundation for you”

protecting your future



your way of »

“a ‘one-stop-shop’ for your personal banking needs”

Agents for



Allianz Australia Insurance Limited (ABN 15 000 122 850)



Cashcard Australia Limited (ABN 74 002 405 754)



AIFS Australian Independent Friendly Society Limited (ABN 98 087 649 198)



Citibank Limited (ABN 88 004 325 080)



ING Life Limited (33 009 657 176)



Banklink Limited (ABN 15 274 466 060)



Medibank Private Limited (ABN 47 080 890 259)



BPAY Pty Ltd (ABN 69 079 137 518)



Thomas Cook Ltd (ABN 36 004 179 953)

OUR PRODUCTS AND SERVICES

Home Loans

- Owner-Occupied Home Loans
- Construction Home Loans
- Investment Loans
- Loans for Vacant Residential Land
- Re-finance Loans
- Debt Consolidation Loans
- Home Equity Loans

Term Deposits

Banking Services

Electronic Banking:

- “smartlink” Internet Banking
- “smartlink” Telephone Banking
- Cashcard
- Automatic Teller Machines (ATM’s)
- Electronic Funds Transfer at Point of Sale (EFTPOS)

Cheque Payments:

- Cheque Books
- Counter Cheques

Electronic Payments/Transfers:

- Direct Debits
- Direct Credits
- Periodical Payments
- BPAY
- Auto-Sweep

Statement Services:

- Passbooks
- Transaction Statements
- Interest Statements
- “Banklink” Business Statements

Deposit Accounts

Transaction Accounts:

- Top Account
- Pension Friendly Account
- Young Achiever’s Account
- “Mortgage Muncher” 100% Offset Account

Savings Accounts:

- Bonus Plus Account
- Christmas Club

Investment Accounts:

- Cash Management Account
- Self-Managed Superannuation Fund Account

Foreign Exchange Services

- Cash Passport
- Travellers Cheques
- Foreign Cash
- International Cheque Drafts
- Telegraphic Transfers
- “MoneyGram” International Money Transfers

Insurance Services

Home Insurance:

- Buildings
- Contents
- Personal Valuables
- Rental Properties

Motor Vehicle Insurance:

- Private Motor
- Business/Commercial Motor

Caravan/Trailer Insurance

Boat/Pleasure Craft Insurance

Commercial/Rural Insurance:

- Business
- Farms
- Office Professionals
- Tradespeople

Private Health Insurance

Funeral Benefits Fund

Personal Risk Insurance:

- Term Life
- Mortgage Repayment Insurance
- Personal Accident and Illness

“Wealthpath” Financial Planning Services

- Wealth Creation
- Superannuation
- Retirement Planning
- Regular Savings Plans
- Insurance Advice
- Lump Sum Investments

Wide Bay Capricorn Mini Lease Pty Ltd

- Leasing
- Rental
- Vendor Finance

Some products and services are offered by arrangement with third parties — full details on application.

building your dreams

OUR BRANCHES



Code Key

- Cashcard Automatic Teller Machine
- Cashcard Cash Dispenser
- Home Loans Consultant available for consultation at this location
- Home Loans Consultant available for consultation at this location by appointment
- Medibank Private — Full service agency (new memberships, premium payments, cheque or cash claims, cover alterations)
- Medibank Private — Service agency (new memberships, cover alterations)
- 'Wealthpath' Financial Planning Adviser available for consultation at this location
- 'Wealthpath' Financial Planning Adviser available for consultation at this location by appointment

MACKAY

Mackay 4740

- Shop 35, Caneland Central (Branch 82)
Cnr Victoria Street and Mangrove Road or PO Box 35, Caneland Central
Telephone (07) 4951 1992
Facsimile (07) 4951 1958

Society Preferred ATM
Mackay Permanent Building Society —
71 Victoria Street

North Mackay 4740

- 146B, Mt Pleasant Shopping Centre (Branch 81)
Cnr Phillip Street and Bucasia Road
Telephone (07) 4942 0177
Facsimile (07) 4942 0188

EMERALD, THE CAPRICORN COAST AND ROCKHAMPTON

Emerald 4720

- 50 Borilla Street or PO Box 787 (Branch 31)
Telephone (07) 4980 7735
Facsimile (07) 4980 7739

Yeppoon 4703

- 6 James Street or PO Box 1240 (Branch 65)
Telephone (07) 4939 4700
Facsimile (07) 4939 1077

Society Preferred ATM
The Rock Building Society —
Keppel Bay Plaza, James Street

Rockhampton 4700

- 124 East Street (on the mall) or PO Box 1491 (Branch 73)
Telephone (07) 4927 1944
Facsimile (07) 4922 7054

North Rockhampton 4701

- Shop 83, Rockhampton Shopping Fair (Branch 74)
Yaamba Road or PO Box 3201
Telephone (07) 4928 0502
Facsimile (07) 4928 1050

GLADSTONE/PORT CURTIS

Gladstone 4680

- 78 Goondoon Street or PO Box 518 (Branch 3)
Telephone (07) 4972 3400
Facsimile (07) 4972 2130

Apart from Society and Society Preferred ATM's listed on this directory, Cashcard may also be used at other automatic teller machines including:

Kin Kora 4680

- Shop 19, Kin Kora Centre Phillip Street (Branch 15)
Telephone (07) 4978 3000
Facsimile (07) 4978 6974

Boyne Island 4680

- Shop 8, Boyne Plaza Shoppingtown (Branch 62)
Cnr Centenary Drive and Wyndham Ave
Telephone/Facsimile (07) 4973 7750

BUNDABERG/BURNETT

Bundaberg 4670

- Wide Bay Capricorn House (Branch 1)
16-20 Barolin Street or PO Box 1063
Telephone (07) 4153 7777
Facsimile (07) 4153 7714

- 124 Bourbong Street (Branch 2)
Telephone (07) 4153 7730
Facsimile (07) 4151 0701

- Shop 24, Hinkler Place (Branch 9)
- Cnr George and Maryborough Streets
Telephone (07) 4152 0571
Facsimile (07) 4152 0823

- Cashcard Cash Dispenser only
Hinkler Mall, Cnr George and Maryborough Streets

- Shop 321, Sugarland Shoppingtown (Branch 72)
Takalvan Street
Telephone (07) 4152 3632
Facsimile (07) 4151 3892

Bargara 4670

- Bargara Beach Plaza (Branch 80)
- Shop 3, See Street or PO Box 8110
Telephone (07) 4159 0088
Facsimile (07) 4159 0288

Gayndah 4625

- 28 Capper Street or PO Box 45 (Branch 45)
Telephone (07) 4161 1738

Monto 4630

- 36-38 Newton Street (Branch 55)
Telephone (07) 4166 1436
Facsimile (07) 4166 1263

MARYBOROUGH/FRASER COAST

Maryborough 4650

- 230 Adelaide Street or PO Box 147 (Branch 7)
Telephone (07) 4121 2297
Facsimile (07) 4123 3526

- Shop 33, Station Square Shopping Centre (Branch 70)
Cnr Alice and Lennox Street
Telephone (07) 4122 3655
Facsimile (07) 4121 0882

Hervey Bay 4655

- 5 Torquay Road, Pialba (Branch 10)
Telephone (07) 4128 3210
Facsimile (07) 4124 6182

- Urgan Central Shopping Centre (Branch 76)
Shop 2A, Cnr Boat Harbour Drive and Elizabeth Street
Telephone (07) 4124 9400
Facsimile (07) 4125 5678

Suncorp-Metway ATM's
ANZ Night and Day Banks
Commonwealth Autobanks
Credit Union Redi-tellers
American Express — Express Cash ATM's

Bank of Queensland
Easy Banks
Westpac Handybanks
National Australia Bank
FlexiTellers
St George Bank ATM's

Cashcard may be used to pay for goods or services at any retail outlet where an EFTPOS symbol is displayed.

GYMPIE

Gympie 4570

- 102 Mary Street or PO Box 393 (Branch 20)
Telephone (07) 5482 5555
Facsimile (07) 5482 1835

- Shop 14, Goldfields Plaza (Branch 67)
Monklands Street
Telephone (07) 5482 5555
Facsimile (07) 5482 7122

SUNSHINE COAST/HINTERLAND

Cooroy 4563

- Shop 1, 1 Emerald Street (Branch 59)
Telephone (07) 5447 6872
Facsimile (07) 5447 7822

Tewantin 4565

- 94 Poinciana Ave or PO Box 998 (Branch 18)
Telephone (07) 5449 7149
Facsimile (07) 5474 3133

Noosa Heads 4567

- Shop 18A, Noosa Junction Plaza (Branch 19)
Sunshine Beach Road
Telephone (07) 5447 4755
Facsimile (07) 5449 2430

Society Preferred ATM
ANZ Bank — 23 Sunshine Beach Road

Nambour 4560

- Shop 12, Nambour Central Mall, Lowe Street (Branch 83)
Telephone (07) 5476 2099
Facsimile (07) 5476 2699

Society Preferred ATM
ANZ Bank — 66 Currie Street

Maroochydore 4558

- Cnr Ocean Street and Horton Pde or PO Box 592 (Branch 69)
Telephone (07) 5479 2077
Facsimile (07) 5443 9225

Society Preferred ATM
Westpac Bank — Cnr Ocean Street and Horton Parade

Caloundra 4551

- Shop 1, Caloundra City Centre (Branch 66)
Cnr Bulcock & Minchinton Street or PO Box 781
Telephone (07) 5491 7761
Facsimile (07) 5491 7827

Society Preferred ATM
ANZ Bank — 55 Bulcock Street

SOUTH EAST

Caboolture/Morayfield/Bribie Island 4506

- 156 Morayfield Road, Morayfield or PO Box 25 (Branch 57)
Telephone (07) 5495 5499
Facsimile (07) 5495 3801

Southport/Gold Coast 4215

- Level 3 Connaught Centre, 26 Marine Pde (Branch 61) or PO Box 1827
Telephone (07) 5591 7988
Facsimile (07) 5591 5754

Society Preferred ATM
ANZ Bank — 81 Scarborough Street

OUR LOANS CONSULTANTS



Mackay

Garth Morgan
Telephone (07) 4951 1992
Facsimile (07) 4951 1958
Mobile 0408 197 674
Email gmorgan@widebaycap.com.au

Emerald

Irma Ter-Wiel
Telephone (07) 4980 7735
Facsimile (07) 4980 7739
Email iter-wiel@widebaycap.com.au

Yeppoon

Chris Ward
Telephone (07) 4939 4700
Facsimile (07) 4939 1077
Mobile 0408 779 767
Email cward@widebaycap.com.au

Rockhampton

Sally Fairley
Telephone (07) 4928 0522
Facsimile (07) 4928 1050
Mobile 0409 614 038
Email sfairley@widebaycap.com.au

Gladstone

Cheryl Lee
Telephone (07) 4972 3400
Facsimile (07) 4972 2130
Mobile 0418 736 569
Email cleee@widebaycap.com.au

Bundaberg

Bill Beimers
Paul Rehbein
Telephone (07) 4153 3650
Facsimile (07) 4153 7711
Mobile 0407 760 622
Email bbeimers@widebaycap.com.au
Email prehbein@widebaycap.com.au

Maryborough

Barry Hancock
Telephone (07) 4121 2297
Facsimile (07) 4123 3526
Mobile 0438 705 283
Email bhancock@widebaycap.com.au

Hervey Bay

Lisa Manskie
Telephone (07) 4128 3210
Facsimile (07) 4124 6182
Mobile 0419 021 294
Email lmanskie@widebaycap.com.au

Gympie

Margaret Fleming
Jodie McKean
Telephone (07) 5482 5555
Facsimile (07) 5482 1835
Email mfleming@widebaycap.com.au
Email jmckean@widebaycap.com.au

North Sunshine Coast

Greg Duff
Telephone (07) 5449 7149
Facsimile (07) 5474 3133
Mobile 0407 912 923
Email gduff@widebaycap.com.au

South Sunshine Coast

Des Macaulay
Telephone (07) 5479 2077
Facsimile (07) 5443 9225
Mobile 0419 647 281
Email dmacaulay@widebaycap.com.au

Caboolture/Morayfield

Keith Murray
Telephone (07) 5495 5499
Facsimile (07) 5495 3801
Mobile 0417 732 599
Email kmurray@widebaycap.com.au

Brisbane

Pat Bonus — Mobile 0408 455 812
3 West Moreland Blvd,
Springwood Qld 4127
or PO Box 2181, Logan City DC Qld 4114
Telephone (07) 3380 2387
Facsimile (07) 3380 2596

Gold Coast

Carmel Gibb
Telephone (07) 5591 7988
Facsimile (07) 5591 5754
Email cgibb@widebaycap.com.au

Sydney

Jaki Smith — Mobile 0412 311 482
Unit 7/30 Foundry Road,
Seven Hills NSW 2147
or PO Box 6222,
Blacktown NSW 2148
Telephone (02) 8824 2502
Facsimile (02) 8824 2570

Melbourne

Rob Hutchison — Mobile 0417 545 500
Mario Stepancic — Mobile 0417 546 517
195A Middleborough Road,
Box Hill Vic 3128
Telephone (03) 9899 7544
Facsimile (03) 9899 4755

Adelaide

John Mudie — Mobile 0408 820 660
Ron Michalski — Mobile 0411 712 000
Pioneer Ct, cnr Main North and
The Grove Way
Salisbury Heights SA 5109
Telephone (08) 8283 0699
Facsimile (08) 8283 0799

OUR FINANCIAL ADVISERS



Bundaberg

Allan Wood — Telephone 1300 138 832
Facsimile (07) 4153 7799
Telephone Direct (07) 4153 7599
Email awood@widebaycap.com.au

Mary Walsh — Telephone 1300 138 832
Facsimile (07) 4153 7799
Telephone Direct (07) 4153 7598
Email mw Walsh@widebaycap.com.au

Sunshine Coast/Caboolture/Gympie

Tony Pearson — Telephone 1300 138 832
Facsimile (07) 5476 2699
Telephone Direct (07) 5476 2099
Mobile 0439 737 008
Email tpearson@widebaycap.com.au

OUR HEAD OFFICE



PO Box 1063, 16-20 Barolin Street,
Bundaberg Qld 4670
Telephone (07) 4153 7777
Facsimile (07) 4153 7714

Administration —
Telephone (07) 4153 3644
Facsimile (07) 4153 7714

Loans —
Telephone (07) 4153 3650
Facsimile (07) 4153 7711

Widecover Insurance —
Telephone (07) 4153 7773
Facsimile (07) 4153 7515

Wealthpath Wealth Generation —
Telephone 1300 138 832
Facsimile (07) 4153 7799

Website and internet banking
www.widebaycap.com.au
Email widebaycap@widebaycap.com.au

Cashcards lost or stolen only —
Freecall 1800 072 111

Telephone Banking —
Telephone 1300 137 735

BSB (Bank Statement Branch)
Number 656 400

OUR SUBSIDIARIES



Wide Bay Capricorn Mini Lease Pty Ltd
(ABN 69 068 790 152)
Telephone (07) 3368 2382

MRM

Mortgage Risk Management Pty Ltd
(ABN 99 082 740 010)
Telephone (07) 4153 7702

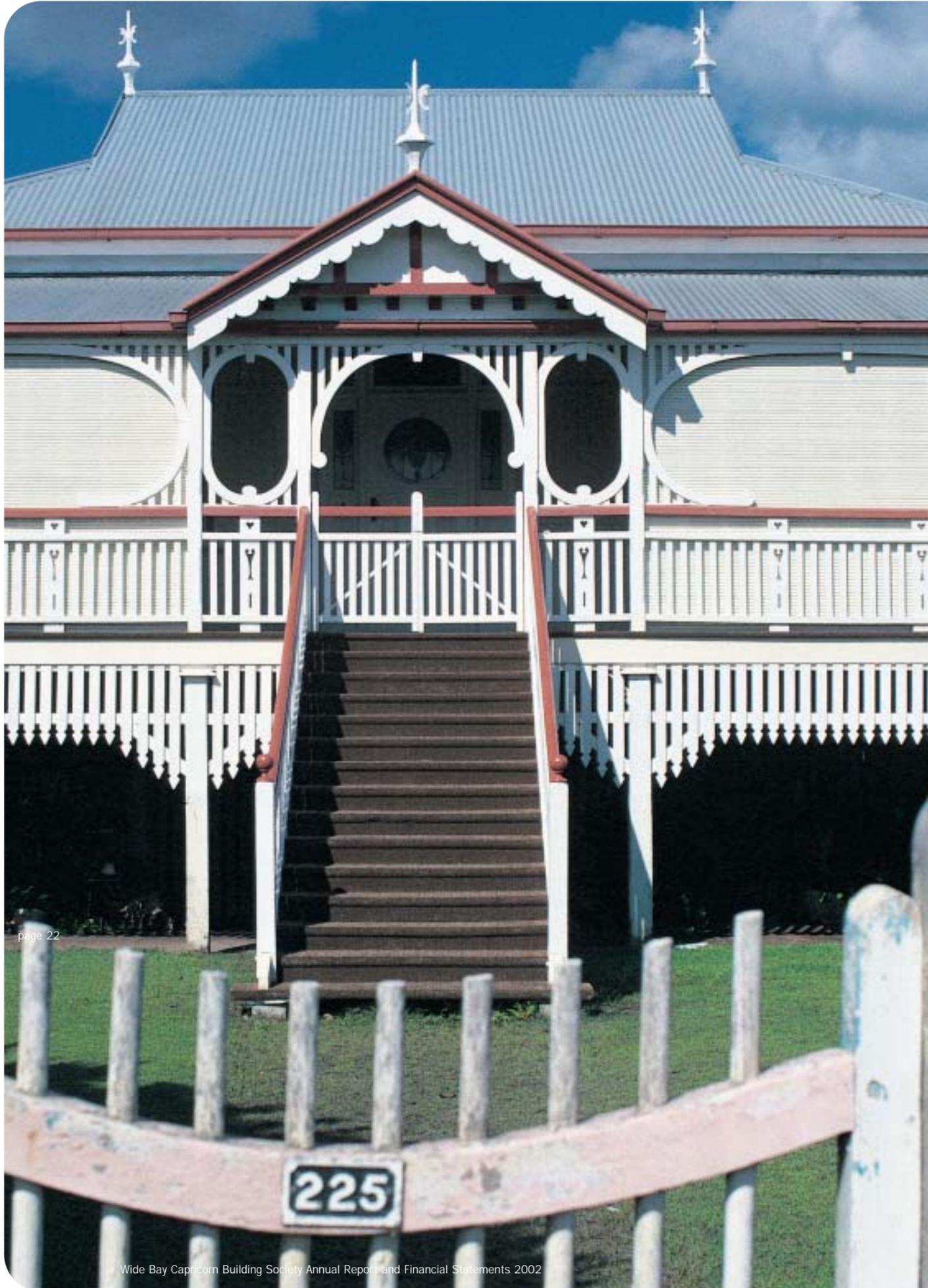


Fincom Pty Ltd
(ABN 44 070 598 828)
Telephone (07) 4153 7740

OUR JOINT VENTURE



Wide Bay Capricorn Financial Planning
Services Pty Ltd
(ABN 15 088 124 172)
Telephone 1300 138 832



page 22

page 23

financial statements »

STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2002



	Notes	\$ 2002	Consolidated \$ 2001	\$ 2002	Chief Entity \$ 2001
Interest revenue	2	64,947,052	68,478,044	65,015,097	68,365,049
Borrowing costs	2	41,118,383	47,673,302	41,226,893	47,816,983
Net interest revenue		23,828,669	20,804,742	23,788,204	20,548,066
Other revenue from ordinary activities	3	6,774,694	6,664,227	6,408,595	5,358,456
Employee benefits expense		7,347,418	6,184,422	7,152,031	6,184,422
Depreciation expense		595,653	966,190	583,111	966,190
Amortisation expense		242,100	129,363	242,100	129,363
Occupancy expense — operating leases		883,200	861,822	883,200	861,822
Bad and doubtful debts expense		(1,675)	994	(1,675)	994
Other expenses from ordinary activities	3	9,143,509	8,724,180	8,693,139	8,130,039
Profit from ordinary activities before income tax		12,393,158	10,601,998	12,644,893	9,633,692
Income tax expense relating to ordinary activities	4	3,678,103	3,584,916	3,711,822	3,324,162
Profit from ordinary activities after income tax		8,715,055	7,017,082	8,933,071	6,309,530
Extraordinary item — distribution from former Queensland Building Societies Fund		—	1,782,800	—	1,782,800
Income tax relating to extraordinary item		—	606,152	—	606,152
Profit on extraordinary item after income tax		—	1,176,648	—	1,176,648
Net profit		8,715,055	8,193,730	8,933,071	7,486,178
Outside equity interest in net profit		(109,911)	42,962		
Net profit attributable to shareholders of the company		8,824,966	8,150,768	8,933,071	7,486,178
Retained profits at the beginning of the financial year		5,075,249	4,840,280	4,658,748	4,970,650
Total available for appropriation		13,900,215	12,991,048	13,591,819	12,456,828
Transfer to statutory reserve	22	12,733	117,719	—	—
Transfer to/(from) doubtful debts reserve	22	(367,797)	2,297,081	(367,797)	2,297,081
Dividends provided for or paid	5	7,634,983	5,500,999	7,634,983	5,500,999
Retained profits at the end of the financial year		6,620,296	5,075,249	6,324,633	4,658,748
EARNINGS PER SHARE					
Basic earnings per share (cents per share)	28	37.98	34.93		
Diluted earnings per share (cents per share)	28	37.68			

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2002



	Notes	\$ 2002	Consolidated \$ 2001	\$ 2002	Chief Entity \$ 2001
ASSETS					
Cash and liquid assets	6	26,727,644	14,316,702	20,627,472	11,528,858
Due from other financial institutions	7	1,840,388	2,822,108	1,840,388	2,822,108
Accrued receivables	8	4,099,117	4,168,358	3,996,697	4,075,616
Investment securities	9	185,143,828	126,275,615	185,143,828	126,275,615
Loans and advances	10	379,486,477	417,561,549	380,363,993	417,561,549
Other investments	11	1,755,641	1,789,640	7,014,452	4,325,503
Property, plant & equipment	12	12,486,845	12,615,484	12,425,882	12,615,484
Deferred tax assets	13	466,334	655,423	466,334	655,423
Other assets	14	5,554,556	2,726,781	1,935,150	2,445,328
TOTAL ASSETS		617,560,830	582,931,660	613,814,196	582,305,484
LIABILITIES					
Deposits and short term borrowings	15	475,198,891	467,113,774	478,864,389	470,545,135
Due to other financial institutions	16	30,000,000	30,000,000	30,000,000	30,000,000
Payables and other liabilities	17	9,913,432	10,535,049	8,178,004	8,904,255
Tax liabilities	18	2,019,156	2,751,807	1,949,856	2,472,345
Provisions	19	9,624,793	5,371,950	4,176,487	3,846,739
Subordinated capital notes	20	14,000,000	25,000,000	14,000,000	25,000,000
TOTAL LIABILITIES		540,756,272	540,772,580	537,168,736	540,768,474
NET ASSETS		\$76,804,558	\$42,159,080	\$76,645,460	\$41,537,010
EQUITY					
Parent entity interest in equity					
Contributed equity	21	57,726,614	23,916,252	57,726,614	23,916,252
Reserves	22	12,765,662	13,120,726	12,594,213	12,962,010
Retained profits		6,620,296	5,075,249	6,324,633	4,658,748
Total parent entity interest in equity		77,112,572	42,112,227	76,645,460	41,537,010
Outside equity interest in controlled entities	23				
Contributed equity		6,555	5,555		
Retained profits		(314,569)	41,298		
Total outside equity interest		(308,014)	46,853		
TOTAL EQUITY		\$76,804,558	\$42,159,080	\$76,645,460	\$41,537,010

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2002**



	Notes	\$ 2002	Consolidated \$ 2001	\$ 2002	Chief Entity \$ 2001
CASH FLOWS FROM OPERATING ACTIVITIES					
Interest received		65,001,963	68,452,281	65,070,007	68,339,288
Dividends received		5,099	—	85,109	—
Borrowing costs		(42,212,024)	(47,028,403)	(42,320,534)	(47,172,084)
Other non interest income received		15,480,206	12,231,443	6,856,027	7,777,057
Cash paid to suppliers & employees		(25,285,339)	(18,259,630)	(17,146,464)	(15,584,153)
Income tax paid		(4,484,018)	(3,839,690)	(4,045,222)	(3,646,282)
NET CASH FLOWS FROM OPERATING ACTIVITIES	24	8,505,887	11,556,001	8,498,923	9,713,826
CASH FLOWS FROM INVESTING ACTIVITIES					
Net increase in investment securities		(57,200,812)	(17,013,763)	(57,200,812)	(17,013,763)
Net increase in amounts due from other financial institutions		(1,437,276)	3,815,416	(1,437,276)	3,815,416
Net increase in loans		(83,887,011)	(71,249,876)	(84,764,527)	(71,249,876)
Net increase in other investments		1,314,085	(1,061,382)	(1,408,863)	(1,065,195)
Purchase of non current assets		(696,571)	(1,100,943)	(635,609)	(1,100,943)
NET CASH USED IN INVESTING ACTIVITIES		(141,907,585)	(86,610,548)	(145,447,087)	(86,614,361)
CASH FLOWS FROM FINANCING ACTIVITIES					
Net increase in deposits and other borrowings		8,305,278	42,633,410	8,539,415	37,558,571
Redemption of subordinated capital notes		(11,000,000)	—	(11,000,000)	—
Net increase in amounts due to other financial institutions and other liabilities		122,184,109	45,769,452	122,184,109	50,873,784
Proceeds from share issue		33,738,616	354,190	33,738,616	354,190
Dividends paid		(7,415,362)	(4,687,687)	(7,415,362)	(4,687,687)
NET CASH FLOWS FROM FINANCING ACTIVITIES		145,812,641	84,069,365	146,046,778	84,098,858
NET INCREASE IN CASH HELD		12,410,943	9,014,818	9,098,614	7,198,323
Cash at beginning of financial year		14,316,701	5,301,884	11,528,858	4,330,535
CASH AT END OF FINANCIAL YEAR		\$26,727,644	\$14,316,702	\$20,627,472	\$11,528,858

For the purposes of the Statement of Cashflows, cash includes cash on hand and deposits on call. The cash at the end of the year can be agreed directly to the Statement of Financial Position.

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2002**



NOTE 1

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This general purpose financial report has been prepared in accordance with the historical cost convention except for certain assets which are at valuation. The accounting policies adopted are consistent with those of previous years except where indicated.

The accounts of the Society have been prepared in accordance with the accounting concepts, standards and disclosure requirements of the Australian accounting bodies, Urgent Issues Group Consensus Views, Accounting Standards and the requirements of law, so far as they are applicable to Building Societies.

A) ASSETS ON BALANCE SHEET AND UNDER MANAGEMENT

The accounts have been prepared excluding assets funded under the securitisation program from assets shown in the statement of financial position. The accounts should be read taking both these figures into consideration. Assets and loans under management at 30 June 2002 totalled \$1,177,494,488. (2001 – \$1,022,041,846)

B) DEPRECIATION

Depreciation is provided on a straight line basis on all property, plant and equipment other than freehold land.

Depreciation periods for major categories are:

- Buildings — 40 years
- Plant and equipment — 4 to 6 years
- Leasehold improvements — 4 to 6 years or the term of the lease, whichever the lesser.

A review of depreciation rates resulted in the reassessment of the lives of computer equipment to a useful life of 6 years. The financial effect of this reassessment, applicable from 1 July 2001, was a reduction in the depreciation expense for the year of \$346,848.

C) EMPLOYEE ENTITLEMENTS

Contributions made to employee superannuation funds are charged as an expense when incurred.

D) CHANGES IN COMPARATIVE FIGURES

Where necessary comparative figures for 2001 have been adjusted to conform with financial statements disclosures adopted in 2002.

NOTE 1 (CONTINUED)

E) LOANS AND ADVANCES — DOUBTFUL DEBTS

All Society loans, excluding staff share loans, are protected with either one of the recognised mortgage insurers or through the Society's wholly owned subsidiary Mortgage Risk Management Pty Ltd, an approved lenders mortgage insurer, and secured by registered mortgage over residential property. With respect to the staff share loans, these loans are secured by a lien over the relevant shares and dividends.

There are no loans on which interest is not being accrued and no specific provision for doubtful debts for any type of loan.

Specific provisions for doubtful debts and write-off of debts are in respect of overdrawn savings accounts and relevant non recoverable amounts.

F) LEASES

As lessor, Wide Bay Capricorn Mini Lease Pty Ltd classifies leases at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership. As direct financing leases, an asset is recognised at the beginning of the lease term at an amount equal to the aggregate of the present value of the minimum lease payments and the present value of any unguaranteed residual value expected to accrue to the benefit of the lessor at the end of the lease term. Lease finance revenue is recognised progressively over the lease term to achieve a constant periodic rate of return on the carrying amount of the lease receivable at the beginning of each lease payment period. Due to the immaterial nature of total leases receivable, the asset has been included in loans and advances of the group.

G) RECOVERABLE AMOUNT

The carrying amounts of all assets are reviewed at least annually to determine whether they are in excess of their recoverable amount. If the carrying amounts of the assets exceed the recoverable amount, the asset is written down to the lower value. Expected net cash flows have not been discounted in determining recoverable amounts.

H) REVENUE RECOGNITION

Interest revenue is recognised on a proportional basis taking into account the interest rate applicable to financial assets. Dividend income is taken into profit when received. Fees and commissions are recognised as revenue or expenses on an accrual basis.

NOTE 1 (CONTINUED)

I) INCOME TAX

Tax-effect accounting is applied using the liability method whereby income tax is regarded as an expense and is calculated on the accounting profit after allowing for permanent differences. The timing differences that occur on items between accounting treatment and taxation treatment are reflected as a future income tax benefit or a provision for deferred income tax calculated at the prevailing income tax rates. The income tax expense has been calculated at 30% (2001 – 34%), and the future tax benefit and deferred tax balances have been calculated at 30% (2001 – 30%). Future income tax benefits are not brought to account unless realisation of the asset is assured beyond any reasonable doubt. Future income tax benefits in relation to tax losses are not brought to account unless there is virtual certainty of realisation of the benefit. The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income tax legislation, and the anticipation that the Society will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

J) PRINCIPLES OF CONSOLIDATION

The consolidated financial statements are those of the consolidated entity, comprising Wide Bay Capricorn Building Society Ltd (the parent entity) and all entities controlled by Wide Bay Capricorn Building Society Ltd during the year and at balance date. The financial statements of subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies. All intercompany balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full.

K) SECURITISED LOANS

The Society has since June 1997 funded its loan activities by an increasing use of securitisation of the Society's mortgages. For the purposes of capital adequacy, these programs are not considered at arm's length and are taken to account within the Society's risk weighted assets and appropriate capital held. These loans have been precluded from the assets of the chief entity and the consolidated group, having been sold into the securitisation programs but at the same time managed by the Society. The accounts should be read in conjunction with the amount of loans under management (see note 10). The costs associated with each securitisation program are amortised over the life of the program.

L) GOODS AND SERVICES TAX (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the expense. Receivables and payables are stated with the amount of GST included.

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2002
(CONTINUED)**

	Average Balance \$	Interest \$	Average Interest Rate %
NOTE 2			
INTEREST REVENUE AND INTEREST EXPENSE			
The following tables show the average balance for each of the major categories of interest bearing assets and liabilities, the amount of interest revenue or expense and the average interest rate. Month end averages are used as they are representative of the entity's operations during the period.			
INTEREST REVENUE 2002			
Deposits with other financial institutions	16,049,475	795,008	4.95
Investment securities	69,777,004	3,226,141	4.62
Loans and advances	909,509,974	60,782,574	6.68
Other	4,460,305	143,329	3.21
	<u>999,796,758</u>	<u>64,947,052</u>	<u>6.50</u>
BORROWING COSTS 2002			
Deposits from other financial institutions	557,218,419	22,691,991	4.07
Customer deposits	485,242,917	17,073,784	3.52
Subordinated notes	18,583,333	1,352,608	7.28
	<u>1,061,044,669</u>	<u>41,118,383</u>	<u>3.88</u>
NET INTEREST REVENUE 2002		<u>23,828,669</u>	
INTEREST REVENUE 2001			
Deposits with other financial institutions	17,101,154	902,240	5.28
Investment securities	60,354,518	3,439,458	5.70
Loans and advances	832,370,627	64,022,008	7.69
Other	2,045,484	114,338	5.59
	<u>911,871,783</u>	<u>68,478,044</u>	<u>7.51</u>
BORROWING COSTS 2001			
Deposits from other financial institutions	436,881,697	24,053,832	5.51
Customer deposits	472,646,556	21,678,783	4.59
Subordinated notes	25,000,000	1,940,687	7.76
	<u>934,528,253</u>	<u>47,673,302</u>	<u>5.10</u>
NET INTEREST REVENUE 2001		<u>20,804,742</u>	

page 30

	\$ 2002	Consolidated \$ 2001	\$ 2002	Chief Entity \$ 2001
NOTE 3				
PROFIT FROM ORDINARY ACTIVITIES				
Included in the profit from ordinary activities are the following revenue items:				
Other revenue from ordinary activities				
Dividends				
Controlled entities			80,010	—
Other corporations	5,099	—	5,099	—
Fees and commissions	5,721,378	4,778,853	5,721,378	4,778,853
Other revenue	991,041	758,188	602,108	579,603
Net earned premium revenue	57,176	1,127,186	—	—
	<u>6,774,694</u>	<u>6,664,227</u>	<u>6,408,595</u>	<u>5,358,456</u>
The profit from ordinary activities before income tax is arrived at after charging the following items:				
Other expenses from operating activities				
Fees and commissions	3,740,764	3,138,176	3,740,764	3,138,176
Provisions for employee entitlements	202,371	86,689	202,371	86,689
General and administration expenses	5,170,690	4,855,954	4,750,004	4,905,174
Underwriting expenses	29,684	643,360	—	—
	<u>9,143,509</u>	<u>8,724,180</u>	<u>8,693,139</u>	<u>8,130,039</u>
NOTE 4				
INCOME TAX				
The prima facie tax on profit from ordinary activities differs from the income tax provided as follows:				
Prima facie tax on profit from ordinary activities at 30% (2001 – 34%)				
	3,717,947	3,604,679	3,793,468	3,275,455
Tax effect of permanent differences				
Depreciation of buildings	25,575	28,986	25,575	28,986
Tax losses transferred from controlled entities	(117,444)	(133,427)	(117,444)	(133,427)
Underprovision in prior year	—	15,358	—	15,358
Other items — net	151,238	69,320	109,436	137,790
Capital raising expenses	(99,213)	—	(99,213)	—
Income tax expense attributable to profit from ordinary activities	<u>3,678,103</u>	<u>3,584,916</u>	<u>3,711,822</u>	<u>3,324,162</u>

page 31

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2002
(CONTINUED)**

	\$ 2002	Consolidated \$ 2001	\$ 2002	Chief Entity \$ 2001
NOTE 5				
DIVIDENDS PROVIDED FOR OR PAID				
Dividend proposed				
Fully franked dividend on ordinary shares	3,220,166	3,000,545	3,220,166	3,000,545
Dividend paid during the year				
Interim for current year				
Fully franked dividend on ordinary shares	3,220,166	2,500,454	3,220,166	2,500,454
Fully franked dividends on non-cumulative perpetual resetting convertible preference shares	1,194,651	—	1,194,651	—
	7,634,983	5,500,999	7,634,983	5,500,999
Dividend paid during the year				
Final for previous year				
Fully franked dividend on ordinary shares	3,000,545	2,187,230	3,000,545	2,187,230
	3,000,545	2,187,230	3,000,545	2,187,230

The tax rate at which the interim dividend has been franked is 30% (2001 – 34%). The final dividend will be franked at 30% (2001 – 30%).

The amount of franking credits available for the subsequent financial year are:

Balance as at the end of the financial year	5,523,774	3,417,475	5,523,774	3,417,475
Credits that will arise from the payment of income tax payable per the financial statements	3,561,255	4,260,065	3,561,255	4,260,065
Debits that will arise from the payment of the proposed dividend	3,220,166	3,000,545	3,220,166	3,000,545
	5,864,863	4,676,995	5,864,863	4,676,995

As a result of the introduction of the simplified imputation regime, the carried forward balance of the franking account will be adjusted to \$2,367,332 as at 1 July 2002. After adjusting for credits that will arise from the payment of income tax payable per the financial statements and for debits that will arise from the payment of the proposed dividend, the balance of the franking account will be \$2,513,513.

Dividends — cents per share

Dividend proposed				
Fully franked dividend on ordinary shares	16.0	15.0	16.0	15.0
Interim dividend paid during the year				
Fully franked dividend on ordinary shares	16	12.5	16	12.5
Fully franked dividends on non-cumulative perpetual resetting convertible preference shares	341.3	0	341.3	0
Final dividend paid for the previous year				
Fully franked dividend on ordinary shares	15	11	15	11

page 32

	\$ 2002	Consolidated \$ 2001	\$ 2002	Chief Entity \$ 2001
NOTE 6				
CASH AND LIQUID ASSETS				
Cash on hand and at banks	15,227,644	8,116,702	9,127,472	5,328,858
Deposits on call	11,500,000	6,200,000	11,500,000	6,200,000
	26,727,644	14,316,702	20,627,472	11,528,858
NOTE 7				
DUE FROM OTHER FINANCIAL INSTITUTIONS				
Interest earning deposits	19,875	250,000	19,875	250,000
Deposits with SSP's	1,712,272	2,463,867	1,712,272	2,463,867
Subordinated loans	108,241	108,241	108,241	108,241
	1,840,388	2,822,108	1,840,388	2,822,108
Maturity analysis				
No maturity specified	1,840,388	2,822,108	1,840,388	2,822,108
NOTE 8				
ACCRUED RECEIVABLES				
Interest receivable	543,203	542,265	543,203	542,265
Other	3,555,914	3,626,093	3,453,494	3,533,351
	4,099,117	4,168,358	3,996,697	4,075,616
NOTE 9				
INVESTMENT SECURITIES				
Bills of exchange and promissory notes	31,254,480	36,746,171	31,254,480	36,746,171
Certificates of deposit	9,913,097	8,898,573	9,913,097	8,898,573
Notes — Securitisation programme	143,976,251	80,630,871	143,976,251	80,630,871
	185,143,828	126,275,615	185,143,828	126,275,615
Maturity analysis				
Up to 3 months	41,167,577	45,644,744	41,167,577	45,644,744
Later than 5 years	143,976,251	80,630,871	143,976,251	80,630,871
	185,143,828	126,275,615	185,143,828	126,275,615

page 33

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2002
(CONTINUED)**

	\$ 2002	Consolidated \$ 2001	\$ 2002	Chief Entity \$ 2001
NOTE 10				
LOANS AND ADVANCES				
Term loans	843,446,904	770,013,851	843,446,904	770,013,851
Securitised loans under management (refer note 1 K) and below	(559,933,658)	(439,110,186)	(559,933,658)	(439,110,186)
Loan to controlled entity	—	—	3,022,456	—
Continuing credit loans	93,835,087	86,666,355	93,835,087	86,666,355
Leases receivable	2,144,940	—	—	—
	379,493,273	417,570,020	380,370,789	417,570,020
Provision for impairment	(6,796)	(8,471)	(6,796)	(8,471)
Net loans and advances per Statement of Financial Position	379,486,477	417,561,549	380,363,993	417,561,549
Securitised loans under management	559,933,658	439,110,186	559,933,658	439,110,186
Total loans	939,420,135	856,671,735	940,297,651	856,671,735
Provision for impairment				
Specific provision				
Opening balance	(8,471)	(7,477)	(8,471)	(7,477)
Bad and doubtful debts provided for during the year	1,675	(994)	1,675	(994)
Total provision for impairment	(6,796)	(8,471)	(6,796)	(8,471)
Charge to profit and loss for bad and doubtful debts comprises:				
Specific provision	1,675	(994)	1,675	(994)
Bad debts recognised directly	—	—	—	—
	1,675	(994)	1,675	(994)
Maturity analysis				
Up to 3 months	763,689	541,913	505,428	541,913
From 3 to 12 months	1,148,382	315,263	462,600	315,263
From 1 to 5 years	5,064,060	4,714,455	6,885,619	4,714,455
Later than 5 years	372,510,346	411,989,918	372,510,346	411,989,918
	379,486,477	417,561,549	380,363,993	417,561,549

Concentration of risk

The loan portfolio of the Society does not include any loan which represents 10% or more of capital.

	\$ 2002	Consolidated \$ 2001	\$ 2002	Chief Entity \$ 2001	
NOTE 11					
OTHER INVESTMENTS					
Unlisted shares	1,740,641	1,774,640	1,778,411	1,722,733	
Controlled entities	—	—	5,221,041	2,587,770	
Interest in joint venture	15,000	15,000	15,000	15,000	
	1,755,641	1,789,640	7,014,452	4,325,503	
Investment in controlled entities comprises:					
Name	Country of incorporation	2002 %	2001 %	Contribution to consolidated operating profit after income tax	Investment carrying value
Chief entity					
Wide Bay Capricorn Building Society Ltd	Australia			8,933,071	7,486,178
Controlled entities					
WBC No 1 Pty Ltd	Australia	—	—	—	230,763
WBC No 4 Pty Ltd	Australia	100	100	—	—
Fincom Pty Ltd	Australia	44	44	(79,765)	34,377
Mortgage Risk Management Pty Ltd	Australia	100	100	86,376	399,450
Wide Bay Capricorn Mini Lease Pty Ltd	Australia	51	—	(114,716)	—
				8,824,966	8,150,768
				5,221,041	2,587,770

NOTE 11 (CONTINUED)

Mortgage Risk Management Pty Ltd is a wholly owned subsidiary of Wide Bay Capricorn Building Society Ltd and is a registered lender's mortgage insurance provider. The company acts solely for the purpose of insuring the Society's residential mortgages and has received APRA approval. The Society's operations are subject to and under the supervision of APRA in respect of compliance and capital requirements. The Society's exposure to risk is limited with a major reinsurance contract in place with one of the larger world reinsurers.

The Society held an investment in QSI Payments Inc. at a value of \$1,517,942. In addition, the subsidiary, Fincom Pty Ltd, held shares in QSI Payments Inc. at a book value of \$50,000.

In June 2002, QSI merged its interest with News Connect and Hub Information Technology to form Dialect Solutions Group. The Group is financially sound, well funded and supported by their parent company, Queensland Press Pty Ltd, an associate of News Corporation. Budgeted forecasts indicate profit projections within the next few years but with the current environment and uncertainty in business valuation, the Society has devalued the holding to \$1.25 million at 30 June 2002 by a write-off of the investment in Fincom and the devaluation of the carrying value of shares by \$355,712. \$308,620 of this devaluation has been reflected in the asset revaluation reserve account. The Board will reassess the situation over the next 12 months as to the carrying value of this investment.

WBC No 1 Pty Ltd and WBC No 4 Pty Ltd were registered for the sole purpose of enabling the Society to undertake research and development projects. The benefit of the projects for the group are in the form of tax benefits passed on to the chief entity as a consequence of research and development expenditure and purchase of core technology. WBC No 1 Pty Ltd was disposed of in July 2000.

The remaining project may earn royalty income in future years and any such income will be brought to account in the year in which it is earned.

The Society has entered into a joint venture with Tamsu Pty Ltd as trustee for the FT(WBC) Unit Discretionary Trust to establish a vehicle for the provision of financial planning and services. The company, Wide Bay Capricorn Financial Planning Services Pty Ltd, is a 50/50 structure and holds a security dealer's licence in its own right.

The Society during the year acquired a 51% share in Wide Bay Capricorn Mini Lease Pty Ltd. This company provides leasing and rental finance for businesses to acquire plant and equipment.

	\$ 2002	Consolidated \$ 2001	\$ 2002	Chief Entity \$ 2001
NOTE 12				
PROPERTY, PLANT AND EQUIPMENT				
Freehold land and buildings				
At independent valuation — June 2000	10,620,000	10,620,000	10,620,000	10,620,000
Provision for depreciation	409,698	204,849	409,698	204,849
	10,210,302	10,415,151	10,210,302	10,415,151
Movement in carrying amount				
Carrying amount at beginning of year	10,415,151	10,620,000	10,415,151	10,620,000
Depreciation	204,849	204,849	204,849	204,849
Carrying amount at end of year	10,210,302	10,415,151	10,210,302	10,415,151
Plant and equipment				
At cost	11,478,825	10,756,488	11,392,098	10,756,488
Provision for depreciation	9,202,282	8,556,155	9,176,518	8,556,155
	2,276,543	2,200,333	2,215,580	2,200,333
Movement in carrying amount				
Carrying amount at beginning of year	2,200,333	1,990,095	2,200,333	1,990,095
Carrying amount in newly acquired subsidiary	61,477	—	—	—
Additions	647,638	1,100,942	635,609	1,100,942
Depreciation	632,905	890,704	620,362	890,704
Carrying amount at end of year	2,276,543	2,200,333	2,215,580	2,200,333
	12,486,845	12,615,484	12,425,882	12,615,484

Land and buildings were all revalued as at 30 June 2000 by independent registered valuers:

N L Maddern FAPI of Maddern Valuation Services
G W Litherland FAPI and C L Roffey AAPI of Herron Todd White Valuers
I D Clarkson AAPI, B.Bus (RPVA) of Clarkson & Thomas Valuations

The valuations were based on current market values. The Society's policy is to revalue freehold land and buildings every three years. The Directors consider the fair values of freehold land and buildings at 30 June 2002 do not differ materially from the respective independent valuations at 30 June 2000.

In valuing freehold land and buildings, the Directors have not taken into account the potential impact of capital gains tax on the grounds that such assets are an integral part of the Society's operations and there is no intention to sell the assets.

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2002
(CONTINUED)**

	\$ 2002	Consolidated \$ 2001	\$ 2002	Chief Entity \$ 2001
NOTE 13				
DEFERRED TAX ASSETS				
Deferred tax assets attributable to timing differences	466,334	655,423	466,334	655,423
NOTE 14				
OTHER ASSETS				
Prepayments	5,554,556	2,726,781	1,935,150	2,445,328
	5,554,556	2,726,781	1,935,150	2,445,328
NOTE 15				
DEPOSITS AND SHORT TERM BORROWINGS				
Call deposits	186,144,684	165,995,627	186,144,684	165,995,627
Term deposits	289,054,207	301,118,147	292,719,705	304,549,508
	475,198,891	467,113,774	478,864,389	470,545,135
Maturity analysis				
On call	186,122,893	164,719,983	186,144,684	165,995,627
Up to 3 months	186,335,904	184,165,232	189,979,611	186,320,950
From 3 to 12 months	95,239,029	109,330,003	95,239,029	109,330,002
From 1 to 5 years	7,501,065	8,898,556	7,501,065	8,898,556
	475,198,891	467,113,774	478,864,389	470,545,135

The Society's deposit portfolio does not include any deposit which represents 10% or more of total liabilities.

NOTE 16				
DUE TO OTHER FINANCIAL INSTITUTIONS				
Secured loans	30,000,000	30,000,000	30,000,000	30,000,000
Maturity analysis				
Up to 3 months	30,000,000	30,000,000	30,000,000	30,000,000

These loans are secured by charges held over registered mortgage documents. The carrying amount of these mortgages is \$36,833,447 (2001 – \$37,413,000).

page 38

	\$ 2002	Consolidated \$ 2001	\$ 2002	Chief Entity \$ 2001
NOTE 17				
PAYABLES AND OTHER LIABILITIES				
Trade creditors	2,575,354	2,978,826	2,575,354	2,978,826
Accrued interest payable	3,373,526	4,568,333	3,373,526	4,568,333
Other creditors	3,964,552	2,987,890	2,229,124	1,357,096
	9,913,432	10,535,049	8,178,004	8,904,255
Maturity analysis				
Up to 3 months	8,790,888	9,024,183	7,055,460	7,393,389
From 3 to 12 months	1,040,672	1,397,150	1,040,672	1,397,150
From 1 to 5 years	81,872	113,716	81,872	113,716
	9,913,432	10,535,049	8,178,004	8,904,255
NOTE 18				
TAX LIABILITIES				
Provision for taxation	1,595,552	2,105,204	1,526,252	1,825,742
Deferred taxation	423,604	646,603	423,604	646,603
	2,019,156	2,751,807	1,949,856	2,472,345
NOTE 19				
PROVISIONS				
Dividends on ordinary shares	3,221,189	3,001,567	3,221,189	3,001,567
Employee entitlements	887,105	792,077	887,105	792,077
Other	5,516,500	1,578,306	68,194	53,095
	9,624,793	5,371,950	4,176,487	3,846,739
NOTE 20				
SUBORDINATED CAPITAL NOTES				
Inscribed debenture stock	14,000,000	25,000,000	14,000,000	25,000,000
Maturity analysis				
Up to 3 months	14,000,000	25,000,000	14,000,000	25,000,000

page 39

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2002
(CONTINUED)**

	Shares 2002 No.	2002 \$	Shares 2001 No.	2001 \$
NOTE 21				
CONTRIBUTED EQUITY				
Fully paid ordinary shares				
All ordinary shares have equal voting, dividend and capital repayment rights.				
Balance at beginning of year	20,003,632	23,916,252	19,883,912	23,559,487
Issued during the year				
Share staff plan	122,406	463,919	119,720	356,765
Balance at end of year	20,126,038	24,380,171	20,003,632	23,916,252
Fully Paid Non-cumulative Perpetual Resetting Convertible Preference (RCP) Shares				
Balance at beginning of year	—	—	—	—
Issued during the year				
Private issue — 17 December 2001	350,000	35,000,000	—	—
Less share issue costs	—	1,653,557	—	—
Balance at end of year	350,000	33,346,443	—	—
		57,726,614		23,916,252

Staff share plan

18 October 2001 — 122,406 ordinary shares were issued.

Shares issued pursuant to the Society's staff share plan were at a price of 90% of the weighted average price of the Society's shares traded on the Australian Stock Exchange for the 10 days prior to the issue of the invitation to subscribe for the shares.

The members of the Society approved a staff share plan in 1992 enabling the staff to participate to a maximum of 10% of the shares of the Society. The share plan is available to all employees under the terms and conditions as decided from time to time by the Directors, but in particular, limits the maximum loan to each participating employee to 40% of their gross annual income. The plan requires employees to provide a deposit of 10% with the balance able to be repaid over a period of 5 years at no interest.

	Shares 2002 No.	2002 \$	Shares 2001 No.	2001 \$
--	-----------------------	------------	-----------------------	------------

NOTE 21 (CONTINUED)

The total number of shares issued to employees since the inception of the staff share plan was	1,419,836	1,297,430	1,419,836	1,297,430
The total number of shares issued to employees during the financial year was	122,406	119,720	122,406	119,720
The total market value at date of issue, 18 October 2001 (24 October 2000) was	515,466	395,076	515,466	395,076
The total amount paid or payable for the shares at that date was	463,919	356,765	463,919	356,765

Non-cumulative Perpetual Resetting Convertible Preference shares

On 17 December 2001 the Society issued 350,000 non-cumulative perpetual resetting convertible preference shares by way of private placement to sophisticated and professional investors. The 350,000 preference shares were issued at a price of \$100, raising \$35,000,000.

The principal terms applicable to these shares are as follows:

Dividends

Dividends are non-cumulative.

A holder of RCP shares will be entitled to receive a dividend subject to:

- 1) the Directors, at their discretion, declaring a dividend to be payable;
- 2) the aggregate amount of dividends or distributions paid in any financial year does not exceed the distributable profits (unless otherwise agreed by APRA);
- 3) the Society being in compliance with APRA's prevailing prudential standards and guidelines (unless otherwise agreed by APRA) at the time of declaration of the dividend; and
- 4) at the time of the declaration of the dividend, APRA not having announced or issued to the Society any objection to the dividend payment or not having stated that if the dividend is paid the RCP shares will cease to be treated as Tier 1 or Upper Tier 2 Capital.

Ranking

RCP shares rank equally amongst themselves in all respects and are subordinated in right of:

- a) return of capital (not exceeding the Issue Price); and
- b) payment of any Dividend declared but unpaid, to all creditors and depositors of the Society.

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2002
(CONTINUED)**

NOTE 21 (CONTINUED)

Voting Rights

The holders of RCP shares will not be entitled to speak or to vote at general meetings of the Society except in each of the following circumstances:

- if at the time of the meeting, a dividend (or part of a dividend) in respect of RCP shares has been declared but not been paid in full by the relevant dividend payment date;
- on any proposal to reduce the capital of the Society;
- on any resolution to approve the terms of a buy-back agreement;
- on any proposal that affects the rights or privileges attaching to the RCP shares;
- on any proposal to wind-up the Society;
- on any proposal for the disposal of the whole of the Society's business, undertaking and assets;
- during the winding-up of the Society; and
- in any other circumstance in relation to which, at any time, the ASX Listing Rules require the holders of the RCP shares to be entitled to vote, in which case a holder of RCP shares has the same rights as to manner of attendance as to voting in respect of each RCP share as those conferred on ordinary shareholders in respect of each ordinary share.

	\$ 2002	Consolidated \$ 2001	\$ 2002	Chief Entity \$ 2001
--	------------	----------------------------	------------	----------------------------

NOTE 22

RESERVES

Movements in reserves

Special reserve

Balance at beginning of year	583,393	1,166,787	583,393	1,166,787
Transfer to general reserve	583,393	583,394	583,393	583,394
Balance at end of year	—	583,393	—	583,393

This reserve was established upon the Society issuing fixed share capital in 1992. The reserve represents accumulated members profits at that date and has been and is being transferred to general reserve over a period of 10 years being finalised in 2001/2002.

Asset revaluation reserve

Balance at beginning of year	2,154,919	2,154,919	2,154,919	2,154,919
Increase due to revaluation of shares	308,620	—	308,620	—
Decrease due to devaluation of shares (see note 11)	(308,620)	—	(308,620)	—
Balance at end of year	2,154,919	2,154,919	2,154,919	2,154,919

The balance of this reserve represents the excess of the independent valuation over the original cost of the land and buildings.

page 42

	\$ 2002	Consolidated \$ 2001	\$ 2002	Chief Entity \$ 2001
--	------------	----------------------------	------------	----------------------------

NOTE 22 (CONTINUED)

Statutory reserve — Building Societies
Fund Act 1993

Balance at end of year	2,676,071	2,676,071	2,676,071	2,676,071
------------------------	-----------	-----------	-----------	-----------

This is a statutory reserve created on a distribution from the Queensland Building Society Fund.

General reserve

Balance at beginning of year	5,250,546	4,667,152	5,250,546	4,667,152
Transfer from special reserve	583,393	583,394	583,393	583,394
Balance at end of year	5,833,939	5,250,546	5,833,939	5,250,546

See special reserve above.

Doubtful debts reserve

Balance at beginning of year	2,297,081	—	2,297,081	—
Transfer (to)/from retained profits	(367,797)	2,297,081	(367,797)	2,297,081
Balance at end of year	1,929,284	2,297,081	1,929,284	2,297,081

Under APRA Harmonised Standards the Society is required to establish a general reserve for doubtful debts. The amount is generally up to 0.5% of Risk Weighted Assets. This figure represents 0.5% of Risk Weighted Assets at 30 June 2002 and will be adjusted annually.

Statutory claims equalisation reserve

Balance at beginning of year	158,716	40,997		
Transfer from retained profits	12,733	117,719		
Balance at end of year	171,449	158,716		

This is a statutory reserve created pursuant to the general insurance licence for Mortgage Risk Management Pty Ltd.

Total Reserves	12,765,662	13,120,726	12,594,213	12,962,010
----------------	------------	------------	------------	------------

NOTE 23

OUTSIDE EQUITY INTEREST

Reconciliation of outside equity interest
in controlled entities:

Opening balance	46,853	3,892		
Balance of newly acquired subsidiary	(144,966)	—		
Share of operating profit/(loss)	(109,911)	42,961		
Less dividends	99,990	—		
Closing balance	(308,014)	46,853		

page 43

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2002
(CONTINUED)**

	\$ 2002	Consolidated \$ 2001	\$ 2002	Chief Entity \$ 2001
NOTE 24				
STATEMENT OF CASH FLOWS				
Reconciliation of profit from ordinary activities after tax to the net cash flows from operations:				
Profit from ordinary activities after income tax	8,715,055	7,017,082	8,933,071	6,309,530
Depreciation and amortisation	837,753	1,095,553	825,211	1,095,553
(Increase)/Decrease in Assets				
Accrued interest on investments	(3,775)	37,099	(3,775)	37,099
Prepayments	510,178	(14,891)	510,178	(14,891)
Inventories	33,477	14,031	33,477	14,031
Sundry debtors	7,482,601	6,358,696	(1,309,718)	3,307,630
Future income tax benefit	189,089	78,640	189,089	78,640
Increase/(Decrease) in Liabilities				
Increase in creditors & accruals	(8,431,948)	(3,353,141)	(324,582)	(1,369,352)
Increase in deferred tax payable	(222,999)	(115,135)	(222,999)	(115,135)
Increase in income tax payable	(805,915)	351,378	(333,400)	284,032
Increase in employee entitlement provisions	202,371	86,689	202,371	86,689
Net cash flows from operating activities	8,505,887	11,556,001	8,498,923	9,713,826

The aggregate amounts arising from the acquisition of Wide Bay Capricorn Mini Lease Pty Ltd were as follows:

Purchase consideration	1,041
Amount of the purchase consideration discharged in cash	1,041
Amount of cash held by Wide Bay Capricorn Mini Lease Pty Ltd at acquisition date	38,809

Amounts of the other assets and liabilities of Wide Bay Capricorn Mini Lease Pty Ltd at acquisition date:

Assets	
Plant and equipment	74,698
Accumulated depreciation	(13,221)
Other assets	3,145
Leases receivable	691,841
Liabilities	
Loan — bank	1,003,374
Creditors and accruals	39,629
Lease liability	49,160

Cash flows arising from the following activities are presented on a net basis:

- Deposits to and withdrawals from customer deposit accounts.
- Advances and repayments on loans, advances and other receivables.
- Sales and purchases of investment securities.
- Insurance and reinsurance premiums.

page 44

	\$ 2002	Consolidated \$ 2001	\$ 2002	Chief Entity \$ 2001
NOTE 25				
EXPENDITURE COMMITMENTS				
Capital expenditure commitment				
Capital expenditure contracted for within one year	197,450	156,329	197,450	156,329
Lease expenditure commitments				
Non cancellable operating leases				
Up to 1 year	803,410	402,368	803,410	402,368
From 1 to 2 years	685,916	319,339	685,916	319,339
From 2 to 5 years	1,024,336	371,487	1,024,336	371,487
Later than 5 years	—	185,601	—	185,601
Total lease expenditure	2,513,662	1,278,795	2,513,662	1,278,795

NOTE 26

EMPLOYEE ENTITLEMENTS AND SUPERANNUATION COMMITMENTS

Employee entitlements				
The aggregate employment entitlement liability is comprised of:				
Provisions — (note 19)	887,105	792,077	887,105	792,077

NOTE 27

CONTINGENT LIABILITIES AND CREDIT COMMITMENTS

Approved but undrawn loans	61,831,736	53,109,790	61,831,736	53,109,790
Approved but undrawn credit limits	21,054,331	20,060,675	21,054,331	20,060,675
	82,886,067	73,170,465	82,886,067	73,170,465

NOTE 28

EARNINGS PER SHARE

Basic earnings per share (cents per share)	37.98	34.93		
Diluted earnings per share (cents per share)	37.68			
	\$ 2002	Basic \$ 2001	\$ 2002	Diluted \$ 2001

Information relating to the calculation of the earnings per share is as follows:

Calculation of numerator				
Net profit attributable to shareholders	8,824,966	6,974,120	8,824,966	
Less dividends paid on preference shares	1,194,651	—	—	
Numerator	7,630,315	6,974,120	8,824,966	

page 45

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2002
(CONTINUED)**

	\$ 2002	Basic \$ 2001	\$ 2002	Diluted \$ 2001
NOTE 28 (CONTINUED)				
Weighted average number of shares				
Ordinary shares	20,089,484	19,967,552	20,089,484	
Potential ordinary shares	—	—	3,332,362	
Total weighted average ordinary shares	<u>20,089,484</u>	19,967,552	<u>23,421,846</u>	

(2001 — There were no other securities on issue during the year that could be converted to ordinary shares. Diluted earnings per share is therefore the same as basic earnings per share.)

	\$ 2002	Consolidated \$ 2001	\$ 2002	Chief Entity \$ 2001
--	------------	----------------------------	------------	----------------------------

NOTE 29

REMUNERATION OF DIRECTORS

Income paid or payable, or otherwise made available, in respect of the financial year, to all Directors of each entity in the economic entity, directly or indirectly, by the entities of which they are Directors or any related party.

Three executive staff hold Directors positions on the Society's subsidiaries, Fincom Pty Ltd, Mortgage Risk Management Pty Ltd and Wide Bay Capricorn Mini Lease Pty Ltd, and are included in this note.

Directors remuneration and superannuation	1,241,371	1,035,478	829,457	740,620
---	-----------	-----------	---------	---------

Remuneration for individual Directors fell within the following income bands:

\$30,000 – \$39,999	—	3	—	3
\$40,000 – \$49,999	3	—	3	—
\$60,000 – \$69,999	1	1	1	1
\$70,000 – \$79,999	—	1	—	—
\$80,000 – \$89,999	1	—	—	—
\$90,000 – \$99,999	1	—	—	—
\$220,000 – \$229,999	1	1	—	—
\$560,000 – \$569,999	—	1	—	1
\$630,000 – \$639,999	1	—	1	—

page 46

	\$ 2002	Consolidated \$ 2001	\$ 2002	Chief Entity \$ 2001
--	------------	----------------------------	------------	----------------------------

NOTE 30

REMUNERATION OF EXECUTIVE OFFICERS

Remuneration received or due and receivable by executive officers of the economic entity whose remuneration is \$100,000 or more, from entities in the economic entity or a related party, in connection with the management of the affairs of the entities in the economic entity whether as an executive officer or otherwise.

Executive officers remuneration and superannuation	867,906	780,000	867,906	780,000
--	---------	---------	---------	---------

Remuneration for individual executive officers fell within the following income bands:

\$220,000 – \$229,999	1	1	1	1
\$560,000 – \$569,999	—	1	—	1
\$630,000 – \$639,999	1	—	1	—

NOTE 31

REMUNERATION OF AUDITORS

Amounts received or due and receivable by the auditors of the Society for:

an audit or review of the financial statements of the entity and any other entity in the economic entity	69,996	53,500	69,996	48,500
other services	6,000	10,025	6,000	10,025
	<u>75,996</u>	<u>63,525</u>	<u>75,996</u>	<u>58,525</u>

NOTE 32

BUSINESS AND GEOGRAPHICAL SEGMENT INFORMATION

The Society operates predominantly in one industry. The principal activities of the Society are confined to the raising of funds and the provision of finance for housing. The Society operates within the States of Queensland, New South Wales, Victoria and South Australia.

NOTE 33

CONCENTRATION OF ASSETS AND LIABILITIES

The Directors are satisfied that there is no undue concentration of risk by way of geographical area, customer group or industry group.

page 47

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2002
(CONTINUED)**

	\$ 2002	Consolidated \$ 2001	\$ 2002	Chief Entity \$ 2001
--	------------	----------------------------	------------	----------------------------

NOTE 34

RELATED PARTY DISCLOSURES

Directors

The Directors of Wide Bay Capricorn Building Society Ltd who served during the year were Messrs. J H Fell, R E Hancock, K G McBride, J F Pressler and P J Sawyer.

Each of the Directors, relatives of Directors and related business entities which hold share capital and/or deposits with the Society do so on the same conditions as those applying to all other members of the Society.

Loan to Managing Director

A loan to R E Hancock has been made in accordance with the staff share plan on the same terms and conditions as loans to other participants. The loan is repayable over 5 years at 0% interest, with the loan being secured by a lien over the relevant shares. No breach of the terms of the loan has occurred.

Balance at beginning of year	160,247	152,981	160,247	152,981
Amounts advanced during the year	68,015	49,657	68,015	49,657
Loan repayments	54,864	42,391	54,864	42,391
Balance at end of year	173,398	160,247	173,398	160,247

A loan to R E Hancock has been made in accordance with the normal terms and conditions offered by the Society. No breach of the terms and conditions of the loan has occurred.

Balance at beginning of year	100,535	203,482	100,535	203,482
Redraw of advance repayments	100,000	200,000	100,000	200,000
Interest earned included in the determination of operating profit	8,305	9,953	8,305	9,953
Loan repayments	60,000	312,900	60,000	312,900
Balance at end of year	148,840	100,535	148,840	100,535

Transactions with other related parties

The following persons and entities related to Directors have provided services to the Society.

In each case the transactions have occurred within a normal supplier — customer relationship on terms and conditions no more favourable than those available to other suppliers.

P J Sawyer of Ulton provided professional accountancy advice aggregating:	30	2,024	30	2,024
Until September 2001, Ulton also occupied premises owned by the Society and paid rental at a commercial rate in respect of the office accommodation:	41,405	95,880	41,405	95,880

	\$ 2002	Consolidated \$ 2001	\$ 2002	Chief Entity \$ 2001
--	------------	----------------------------	------------	----------------------------

NOTE 34 (CONTINUED)

J H Fell provides secretarial and administrative services for the operation of the Society's agencies at Gympie at a fee determined by the board aggregating:

	484,000	484,000	484,000	484,000
--	---------	---------	---------	---------

L R Hancock, a related party by virtue of being a brother of R E Hancock, is a partner of McCullough Robertson Hancock, Solicitors. The Society paid fees to McCullough Robertson Hancock during the year, predominantly for the preparation of mortgage documentation in addition to general professional advice aggregating:

	953,989	834,144	953,989	834,144
--	---------	---------	---------	---------

The aggregate number of shares held by Directors and Director related entities at the end of the year was:

	2,799,127	2,829,013
--	-----------	-----------

The aggregate number of shares acquired by Directors and Director related entities during the year was:

	32,565	76,763
--	--------	--------

The aggregate number of shares disposed of by Directors and Director related entities during the year was:

	62,451	92,496
--	--------	--------

No options have been issued by the Society.

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2002
(CONTINUED)**

NOTE 35

FINANCIAL INSTRUMENTS

Terms, conditions and accounting policies

The economic entity's accounting policies, including the terms and conditions of each class of financial asset, financial liability and equity instrument, both recognised and unrecognised at the balance date, are as follows:

Recognised Financial Instruments	Notes to Accounts	Accounting Policies	Terms and Conditions
Financial assets			
Short term deposits	6 7	Short term deposits are stated at the lower of cost and net realisable values. Interest is recognised when earned.	Short term deposits have an effective interest rate of 4.27% (2001 – 5.88%)
Accrued receivables	8	Amounts receivable are recorded at their recoverable amount.	
Bills of exchange and promissory notes	9	Bills of exchange and promissory notes are stated at the lower of cost and net realisable value.	Bills of exchange and promissory notes have an effective interest rate of 4.57% (2001 – 5.70%)
Certificates of deposit	9	Certificates of deposit are carried at cost. Interest revenue is recognised when earned.	Certificates of deposit have an effective interest rate of 4.88% (2001 – 5.63%)
Notes	9	Notes are carried at the principal amount.	These notes are an overcover required as part of the securitisation of loans. They have an effective interest rate of 5.49% (2001 – 6.47%)
Loans and advances	10	Loan interest is calculated on the closing daily outstanding balance and is charged in arrears to the customer's account on a monthly basis. Loans and advances are recorded at their recoverable amount.	All home loans and home equity loans are protected with either one of the recognised mortgage insurers or through the Society's wholly owned subsidiary Mortgage Risk Management Pty Ltd, an approved lenders mortgage insurer, and are secured by first mortgage over residential property. Loans made for the purchase of staff shares are secured by the shares themselves. The loan to subsidiary is secured by a fixed and floating charge over all property, assets and rights of the subsidiary. Certain of the Society's loans have been securitised and continue to be managed by the Society. Further details are disclosed in note 10

NOTE 35 (CONTINUED)

Recognised Financial Instruments	Notes to Accounts	Accounting Policies	Terms and Conditions
Financial liabilities			
Deposits	15	Deposits are recorded at the principal amount.	Details of maturity of the deposits are set out in note 15. Interest is calculated on the daily balance.
Due to other financial institutions	16	The borrowings are carried at the principal amount. Interest is charged as an expense as it accrues.	These borrowings are secured by charges held over registered mortgage documents.
Trade creditors, other creditors and accruals.	17	Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the economic entity.	Trade creditors are normally settled on 30 day terms.
Dividends payable	19	Dividends payable are recognised when declared by the company.	Dividends payable represent a final dividend on ordinary shares for the financial year ended 30 June 2002. Further details are disclosed in note 5.
Subordinated capital notes	20	The subordinated capital notes are inscribed debenture stock.	These notes are issued for an initial period of 5 years and thereafter can be redeemed on an annual basis until the final redemption date of 10 years.

NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2002
(CONTINUED)

NOTE 35 (CONTINUED)

Interest rate risk

The economic entity's exposure to interest rate risks and the effective interest rates of financial assets and financial liabilities, both recognised and unrecognised at the balance date, are as follows:

Financial instruments	Floating interest rate		Fixed interest rate maturing in:		Non interest bearing		Total carrying amount per statement of financial position		Weighted average effective interest rate	
	\$	2002	\$	2002	\$	2002	\$	2002	\$	2002
Cash and liquid assets	25,937,581	13,225,014	—	—	790,063	1,091,688	26,727,644	14,316,702	4.36	5.88
Receivables due from other financial institutions	1,725,513	2,477,108	19,875	250,000	95,000	95,000	1,840,388	2,822,108	3.27	5.63
Receivables	—	—	—	—	3,192,662	2,728,747	3,192,662	2,728,747	—	—
Investment securities	10,586,368	8,918,967	41,167,577	45,644,744	—	—	185,143,828	126,275,615	5.09	5.70
Loans and advances	257,842,243	279,557,151	44,735,080	71,630,005	—	—	378,789,838	416,938,332	6.63	7.65
Other investments	—	—	—	—	1,778,411	1,722,733	1,778,411	1,722,733	—	—
Other	—	—	—	—	1,935,148	2,445,326	1,935,148	2,445,326	—	—
Total financial assets	296,091,703	304,178,240	85,922,532	117,524,749	209,602,399	137,463,080	599,407,919	567,249,563		
Financial liabilities										
Deposits	186,096,382	165,828,329	281,465,767	281,211,130	—	—	475,198,891	467,113,774	3.51	4.53
Payables due to other financial institutions	—	—	30,000,000	30,000,000	—	—	30,000,000	30,000,000	5.36	6.66
Accounts payable and other liabilities	—	—	—	—	9,913,431	10,535,049	9,913,431	10,535,049	—	—
Provisions	—	—	—	—	9,624,793	5,371,950	9,624,793	5,371,950	—	—
Subordinated capital notes	—	—	14,000,000	25,000,000	—	—	14,000,000	25,000,000	7.28	7.76
Total financial liabilities	186,096,382	165,828,329	325,465,767	336,211,130	19,538,225	15,906,999	538,737,116	538,020,774		

NOTE 35 (CONTINUED)

Net fair values

The aggregate net fair values of financial assets and financial liabilities, both recognised and unrecognised, at the balance date are as follows:

	Total carrying amount per statement of financial position		Aggregate net fair value	
	\$	2002	\$	2001
FINANCIAL ASSETS				
Cash and liquid assets	26,727,644	14,316,702	26,727,644	14,316,702
Receivables due from other financial institutions	1,840,388	2,822,108	1,840,462	2,823,045
Receivables	3,192,662	2,728,747	3,192,662	2,728,747
Investment securities	185,143,828	126,275,615	185,596,126	126,980,871
Loans and advances	378,789,838	416,938,332	380,386,580	418,439,779
Other investments	1,778,411	1,722,733	1,778,411	1,722,733
Other	1,935,148	2,445,326	1,935,148	2,445,326
Total financial assets	599,407,919	567,249,561	601,457,033	569,457,202
FINANCIAL LIABILITIES				
Deposits	475,198,891	467,113,774	474,000,206	465,682,839
Payables due to other financial institutions	30,000,000	30,000,000	29,887,500	29,887,500
Accounts payable and other liabilities	9,913,431	10,535,049	9,913,431	10,535,049
Provisions	9,624,793	5,371,950	9,624,793	5,371,950
Subordinated capital notes	14,000,000	25,000,000	14,000,000	25,000,000
Total financial liabilities	538,737,115	538,020,773	537,425,930	536,477,338

The following methods and assumptions are used to determine the net fair values of financial assets and liabilities:

CASH AND LIQUID ASSETS

The carrying amount approximates fair value because these assets are receivable on demand or have a short term to maturity.

RECEIVABLES DUE FROM OTHER FINANCIAL INSTITUTIONS

The fair values of receivables are estimated using discounted cash flow analysis, based on current lending rates for similar types of investments.

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2002
(CONTINUED)**

NOTE 35 (CONTINUED)

RECEIVABLES

The carrying amount approximates fair value as they are short term in nature.

INVESTMENT SECURITIES

For the financial instruments traded in organised financial markets, fair value is the current quoted market price adjusted for any realisation costs.

LOANS AND ADVANCES

The fair values of loans receivable are estimated using discounted cash flow analysis, based on current lending rates for similar types of loans.

OTHER INVESTMENTS

The carrying amount for other investments is considered to be the reasonable estimate of net fair value.

OTHER

The carrying amount for these prepaid fees and expenses is considered to be the reasonable estimate of net fair value.

DEPOSITS

The fair values of deposits are estimated using discounted cash flow analysis, based on current lending rates for similar types of deposits.

PAYABLES DUE TO OTHER FINANCIAL INSTITUTIONS

The fair values of these liabilities are estimated using discounted cash flow analysis, based on current borrowing rates for similar types of borrowing arrangements.

ACCOUNTS PAYABLE AND OTHER LIABILITIES

This includes interest payable and trade payables for which the carrying amount is considered to be a reasonable estimate of net fair value. For the liabilities which are long term the fair value is estimated using discounted cash flow analysis, based on current rates for similar types of liability.

PROVISIONS

The carrying amount approximates fair value.

NOTE 35 (CONTINUED)

SUBORDINATED CAPITAL NOTES

The carrying amount approximates fair value.

CREDIT RISK EXPOSURE

The economic entity's maximum exposure to credit risk at balance date in relation to each class of recognised financial asset is the carrying amount of those assets as indicated in the balance sheet. The maximum credit risk exposure does not take into account the value of any security held or the value of any mortgage or other insurance to cover the risk exposure.

CONCENTRATION OF CREDIT RISK

The Society minimises concentrations of credit risk in relation to loans receivable by undertaking transactions with a large number of customers within the states of Queensland, New South Wales, Victoria and South Australia. The majority of customers are concentrated in Australia.

Credit risk in loans receivable is managed by protecting all home loans and home equity loans with either one of the recognised mortgage insurers or through the Society's wholly owned subsidiary Mortgage Risk Management Pty Ltd, an approved lenders mortgage insurer, and by securing the loans by first mortgages over residential property.

DIRECTORS' DECLARATION
FOR THE YEAR ENDED 30 JUNE 2002



In the opinion of the Directors of Wide Bay Capricorn Building Society Ltd:

- (a) The financial statements and notes of the Society and of the consolidated entity have been prepared in accordance with accounting standards applicable under the Corporations Act 2001 for the year ended 30 June 2002; and
- (b) The financial statements and notes for the year ended 30 June 2002 present a true and fair view of the financial position and performance of the Society and consolidated entity; and
- (c) As at the date of this statement there are reasonable grounds to believe that the Society will be able to pay its debts as and when they become due and payable.

Signed on behalf of the Board of Directors of Wide Bay Capricorn Building Society Ltd in accordance with a Resolution of the Board.

R E HANCOCK
DIRECTOR
5 September 2002
Bundaberg

P J SAWYER
DIRECTOR

INDEPENDENT AUDIT REPORT
TO THE MEMBERS OF WIDE BAY CAPRICORN BUILDING SOCIETY LTD
FOR THE YEAR ENDED 30 JUNE 2002



SCOPE

We have audited the financial statements of the Society for the financial year ended 30 June 2002 as set out on pages 24 to 56. The financial statements include the consolidated financial statements of the consolidated entity comprising the Society and the entities it controlled at year's end or from time to time during the financial year. The Directors of the Society are responsible for the financial statements. We have conducted an independent audit of these financial statements in order to express an opinion on them to the members of the Society.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial statements are free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial statements and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial statements are presented fairly in accordance with Accounting Standards, other mandatory professional reporting requirements in Australia and statutory requirements so as to present a view which is consistent with our understanding of the Society's and the consolidated entity's financial position and performance as represented by the results of their operations and their cash flows.

The audit opinion expressed in this report has been formed on the above basis.

AUDIT OPINION

In our opinion, the financial statements of the Society are in accordance with:

- (a) the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Society's and consolidated entity's financial position as at 30 June 2002 and of their performance for the year ended on that date; and
 - (ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and
- (b) other mandatory professional reporting requirements in Australia.

BENTLEYS MRI
BRISBANE PARTNERSHIP
CHARTERED ACCOUNTANTS
5 September 2002
Brisbane

R J FORBES
PARTNER



REVIEW OF OPERATIONS

The consolidated net profit after income tax for the year was \$8,824,966. This compares with a figure of \$8,150,768 from last year, which included an after tax extraordinary item of a distribution from the former Queensland Building Societies Fund of \$1,176,648. Compared to the profit from the Society's ordinary activities of \$6,974,120 last year the final result shows an increase of 26.5%. Total assets of the Society and funds under management now total \$1,177,494,488 representing an increase of 15.21%. Loans for the year totalled \$305,140,146.

There have been no changes in the principal activities of the Society during the financial year, which is the provision of banking facilities and financial services, including the raising of funds on deposits and the provision of housing finance over mortgages secured by residential property and insured with a registered lender's mortgage insurer.

During the year the Society insured all new loans approved with the Society's wholly owned subsidiary, Mortgage Risk Management Pty Ltd, a registered lender's mortgage insurer.

During the year the Society raised a further \$35 million in Resetting Convertible Preference Shares.

The Society continued to raise a portion of its funding for loans through the expansion of a securitisation program, with the latest \$235 million being off balance sheet.

The Society is a company limited by shares and incorporated in Australia.

The number of full time equivalent employees at the reporting date was 148.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR AND FUTURE DEVELOPMENTS.

There has been no matter or circumstance since the end of the year that will significantly effect the results of operations in future years or the state of affairs of the Society.

The Board expects the operations for the ensuing year to be consistent with the current activities and with the growth of the Society's assets and loan book also expect an increase in trading results.

With the Society's securitisation program now moving to off balance sheet, the Board and Management will be reviewing the Society's future capital management plan and requirements.

DIVIDENDS

Ordinary Shares

Dividends paid or declared by the Society, since the end of the last financial year, are as follows:

An interim fully franked ordinary dividend of 16 cents per share was paid on 8 March 2002 (9 March 2001 – 12.5 cents). A final fully franked ordinary dividend of 16 cents per share has been declared by the Directors and will be paid on 27 September 2002 (5 October 2001 – 15 cents).

Resetting Convertible Preference Shares

An amount of \$1,194,651 fully franked was paid in respect of RCP Shares for the year.

DIRECTORS

There have been no changes to the Directors of the Society during the year. The Directors of the Society in office as at the date of this report were:

MR JOHN H FELL FCA, FIFS

Mr Fell was a director and secretary of the Gympie and North Coast Building Society from 1976 until merger with the Society in 1981. He was a partner of Fell Laird, Chartered Accountants of Gympie and is a director of Mortgage Risk Management Pty Ltd.

MR RONALD E HANCOCK FCA, FAICD, FIFS

Mr Hancock is the Managing Director of the Society. He was a foundation director and manager of the Burnett Permanent Building Society formed in 1966, which in 1979 amalgamated with the Maryborough Permanent Building Society to form Wide Bay Capricorn Building Society.

Mr Hancock has had 32 years experience as a practising Chartered Accountant and is a member of the Institute of Chartered Accountants and a director of Cashcard Australia Ltd, Fincom Pty Ltd and Mortgage Risk Management Pty Ltd.

MR KERRY G MCBRIDE FIFS

Mr McBride was appointed to the Board in 1987. He is a retired partner of Corser Sheldon & Gordon, Solicitors of Maryborough and Hervey Bay.

MR JOHN F PRESSLER FAICD, FIFS

Mr Pressler is Chairman of the Society. He was appointed to the Board in 1988. He is a prominent figure in Emerald's agricultural and horticultural industries and is a director of P & H Rural Ltd. He is a director of Mortgage Risk Management Pty Ltd.

MR PETER J SAWYER FCA, FAICD, FIFS

Mr Sawyer has been a director of the Society since 1987. He is a partner of the firm Ulton, Chartered Accountants of Bundaberg and Maryborough.

Mr Sawyer is the Chairman of the Audit Committee.

All Directors are members of the Audit Committee.

DIRECTORS' STATUTORY REPORT
FOR THE YEAR ENDED 30 JUNE 2002
(CONTINUED)

During the financial year, 14 meetings of the Society's Directors and 4 meetings of the Society's Audit Committee were held, in respect of which each Director of the Society attended the following number:

	Board Meeting	Audit Committee
J F Pressler	13	3
R E Hancock	14	4
J H Fell	13	4
P J Sawyer	14	4
K G McBride	14	4

DIRECTORS' SHAREHOLDINGS

The Directors currently hold shares of the company in their own name or a related body corporate as follows:

	Ordinary Shares
R E Hancock	1,610,163
J H Fell	455,075
P J Sawyer	433,001
K G McBride	300,888

Whilst Mr J F Pressler does not hold shares individually or in a related body corporate he is a director of Hestearn Pty Ltd, which holds 303,743 shares.

RELATED PARTY DISCLOSURE

No Directors of the Society have during or since the end of the financial year received or become entitled to receive a benefit by reason of a contract made by the Society except for the following:

Mr John Fell who provides secretarial and administrative services for the operation of the Society's agencies at Gympie at a fee determined by the Board from time to time aggregating \$484,000 (2001 – \$484,000).

Mr Peter Sawyer of Ulton provided professional accountancy advice for an aggregate fee of \$30 (2001 – \$2,024). Ulton also partly occupied premises owned by the Society and paid rental at a commercial rate in respect of office accommodation amounting to \$41,405 (2001 – \$95,880). Ulton vacated the Bundaberg premises on 24 September 2001.

The transactions have occurred within a normal supplier — customer relationship on terms and conditions no more favourable than those that are available to other suppliers.

DIRECTORS' AND OFFICERS' REMUNERATION

The fees payable for non-executive Directors are determined with reference to Industry Standards, the size of the Society, performance and profitability. The Directors' fees are approved by the shareholders at the Annual General Meeting.

The remuneration of the Managing Director is a matter for the non-executive Directors. Remuneration of senior executives is subject to the Remuneration Panel and ratified by the Board. Relevant remuneration is based on the individual's performance throughout the year, the duties and responsibilities undertaken and is set so as to reflect the remuneration commensurate with the market place, given those duties and performances.

The remuneration provided to Directors and the five most highly remunerated officers, are as follows:

	Base Salary \$	Chairman's Allowance \$	Car Allowance \$	Superannuation \$	Total Remuneration \$
NON-EXECUTIVE DIRECTORS					
JF Pressler	33,861	22,153		8,465	64,479
PJ Sawyer	33,861			8,465	42,326
KG McBride	33,861			8,465	42,326
JH Fell	33,861			8,465	42,326
EXECUTIVE DIRECTOR					
RE Hancock	557,946			80,054	638,000
OFFICERS					
IR Pokarier	148,177			81,729	229,906
WR Schafer	90,000			7,200	97,200
IL Hatton	65,634		14,500	5,251	85,385
FM McLeod	78,526			6,282	84,808
SV Butler	74,308			5,945	80,253

INDEMNITIES AND INSURANCE PREMIUMS FOR OFFICERS AND AUDITORS

During the financial year the Society has paid premiums in respect of Directors' and Officers' Liability and Company Reimbursement, Directors' and Officer's Legal Expenses and Employment Practices Liability. Total premium was \$44,475.38.

This Report is signed for and on behalf of the Board of Directors in accordance with a resolution of the Board of Directors.



R E HANCOCK
DIRECTOR
5 September 2002
Bundaberg



P J SAWYER
DIRECTOR

ADDITIONAL STOCK EXCHANGE REQUIREMENTS

STOCK EXCHANGE

Wide Bay Capricorn Building Society Ltd shares are listed on the Australian Stock Exchange. The securities are permanent ordinary shares of 25 cents each par value and at the date of this Report there were 20,126,038 shares.

CORPORATE GOVERNANCE PRACTICES

The Board of Directors consists of five directors, four of whom are non-executive directors. An executive director is not eligible to be the Chairperson of the Society. The Board comprises Directors with an appropriate range of qualifications and expertise and meets monthly to review a wide range of Society operations, assess performance levels and to participate in all discussions of Society performances and future activities.

The Managing Director is appointed by the Board in accordance with the Society's Constitution and retains that position at the discretion of the Board. Directors as and when required, review the membership of the Board and recommend potential new Directors, having regard to the current structure of the Board. Retirement from the Board will be generally at the conclusion of the Annual General Meeting of the Society commencing next, after the Director attains the age of 72 years.

All Directors are entitled to seek professional independent advice at the Society's expense in respect to the furtherance of their duties.

A Remuneration Panel is comprised of the Chairman, Mr John Pressler and the Managing Director, Mr Ron Hancock — with the full Board ratifying remuneration levels.

An Audit Committee is comprised of the full Board with Mr Peter Sawyer the Chairman, which oversees accounting, reports and disclosure activities, in addition to reviewing the interim and annual financial statements. It also reviews the activities and efficiencies of both the Internal and External Auditors and relationships with management.

As the need arises from time to time in the development of products or attending various requirements, subcommittees are appointed by the full Board to attend those functions comprising management and the directors as deemed necessary.

A high level of ethical standards is expected and risk management procedures are reviewed regularly and are in accordance with APRA standards, and procedures and standards adopted by the Society.

BOARD RESPONSIBILITIES

The Board is aware of its obligations and accountability to shareholders, as well as other regulatory and ethical expectations. The responsibility for the operation and administration of the Society is delegated by the Board to the chief executive officer and the executive team and monitored regularly by the Board.

SUBSTANTIAL SHAREHOLDERS

The Society's register of substantial shareholders recorded the following substantial shareholders interests:

	Number of Shares	% of Total
Hancock, R E	1,610,163	8.00%
Drenwood Pty Ltd/ Skipglen Pty Ltd (Associated entities & associates)	1,279,910	6.34%

VOTING RIGHTS OF SHAREHOLDERS

Voting rights of shareholders are governed by the Society's Rules. A shareholder is entitled to exercise one vote in respect of each fully paid permanent share held in accordance with the provisions of the Constitution.

DISTRIBUTION OF SHAREHOLDERS

As at 26 August 2002

Range	Number of Shareholders
1 – 1,000	703
1,001 – 5,000	1188
5,001 – 10,000	317
10,001 – 100,000	258
100,001 – OVER	27
TOTAL NUMBER OF SHAREHOLDERS	2494

77 shareholders held less than a marketable parcel.

LIST OF TOP 20 PERMANENT SHAREHOLDERS

As at 26 August 2002

Name	Number of Shares	%
1. Hancock, RE & LP	785,998	3.90
2. Drenwood Pty Ltd	776,957	3.86
3. Hancock, RE	512,710	2.54
4. Skipglen Pty Ltd	499,953	2.48
5. Sawyer, K	400,000	1.98
6. Sawyer, PJ ATF P Sawyer Family Fund	400,000	1.98
7. Caulco Pty Ltd	340,000	1.68
8. Olsen, RC	330,520	1.64
9. Kennedy, JW & GJ	308,710	1.53
10. Hestearn Pty Ltd	303,743	1.50
11. McBride, KG & PA	300,888	1.50
12. Hancock, RE	261,913	1.30
13. Mertan Pty Ltd (J & C Fell Super Fund)	239,086	1.19
14. Emmerton, DR & CA (Warambul Super Fund)	207,989	1.03
15. Runge, B	205,477	1.02
16. Messer, GF & SU (G Messer Super Fund)	200,625	1.00
17. Fell, JH & CR	139,205	0.69
18. Milelawn Pty Ltd	138,819	0.69
19. Pressler, NW	134,881	0.67
20. Loeskow, WG	133,145	0.66
TOP 20 PERMANENT SHAREHOLDERS	6,523,964	33.04

DIRECTORS' STATUTORY REPORT
FOR THE YEAR ENDED 30 JUNE 2002
(CONTINUED)

REGISTERED OFFICE

The registered office and principal place of business of the Society is 5th Floor, Wide Bay Capricorn House, 16–20 Barolin Street, Bundaberg, telephone (07) 4153 7777.

SECRETARY

The Secretary of the Society is Mr William Ray Schafer.

SHARE REGISTER

The register of holders of permanent ordinary shares of the Society is kept at the office of Computershare Investor Services Pty Ltd, Central Plaza One, Level 27, 345 Queen Street, Brisbane, Queensland, telephone (07) 3237 2100.

ON-MARKET BUY-BACK

There is no current on-market buy-back.

OUR CORPORATE DIRECTORY



DIRECTORS

John F Pressler FAICD FIFS (Chairman)
Ronald E (Ron) Hancock FCA FAICD FIFS
(Managing Director)
John H Fell FCA FIFS
Kerry G McBride FIFS
Peter J Sawyer FCA FAICD FIFS

SECRETARY

William R (Bill) Schafer BCom ACA

REGISTERED OFFICE

Level 5 Wide Bay Capricorn House
16–20 Barolin Street
Bundaberg Qld 4670
Telephone (07) 4153 7777
Facsimile (07) 4153 7714
Email widebaycap@widebaycap.com.au
Website www.widebaycap.com.au

AUSTRALIAN STOCK EXCHANGE CODE

WBB

PRINCIPAL BANKER

Westpac Banking Corporation

AUDITORS

Bentleys MRI
Chartered Accountants
Level 26 AMP Place
10 Eagle Street
Brisbane Qld 4000
Telephone (07) 3222 9777
Facsimile (07) 3221 9250
Email admin@bris.bentleys.com.au

PRINCIPAL LAWYERS

McCullough Robertson Hancock
Level 6 Wide Bay Capricorn House
16–20 Barolin Street
Bundaberg Qld 4670
Telephone (07) 4154 5500
Facsimile (07) 4152 8819
Email info@mrh.com.au

QUEENSLAND STOCK BROKER

Wilson HTM Ltd
Level 21 Riverside Centre
123 Eagle Street
Brisbane Qld 4000
Telephone (07) 3212 1333
Facsimile (07) 3212 1399
Email info@wilsonhtm.com.au

INTERSTATE STOCK BROKER

Cameron Securities Limited
Level 5 CGU House
10 Spring Street
Sydney NSW 2000
Telephone (02) 9232 7700
Facsimile (02) 9232 7272
Email mail@camstock.com.au

INSTITUTIONAL STOCK BROKER

Macquarie Equities
Level 2 No 1 Martin Place
Sydney NSW 2000
Telephone (02) 8232 4565
Facsimile (02) 8232 4200
Email rduggan@macquarie.com.au

SHARE REGISTER

Computershare Investor Services Pty Limited
Level 27 Central Plaza One
345 Queen Street
Brisbane Qld 4000
Telephone (07) 3237 2100
Facsimile (07) 3229 9860
Email brisbane.services@computershare.com.au



HEAD OFFICE

Wide Bay Capricorn Building Society Ltd
ABN 40 087 652 060
Wide Bay Capricorn House
16-20 Barolin Street
Bundaberg Qld 4670
Telephone (07) 4153 7777
Facsimile (07) 4153 7714
Email widebaycap@widebaycap.com.au
Website www.widebaycap.com.au