



wide bay
AUSTRALIA LTD
banking your way

half yearly report 2003–2004



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—we're banking your way »

AT A GLANCE SUMMARY

WIDE BAY AUSTRALIA LTD SIX MONTHS ENDED 31 DECEMBER 2003

Profit after tax

\$4,753,472

2.75 per cent increase over previous corresponding period

Interim dividend

16.5 cents per share (payable 12 March, 2004)

Assets and loans under management

\$1,317,199,836

Lending for six months

\$264.75 million

66.81 per cent increase over previous corresponding period

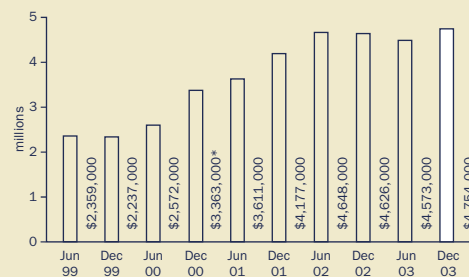
Closing Share Price

\$6.95 (9 February, 2004)

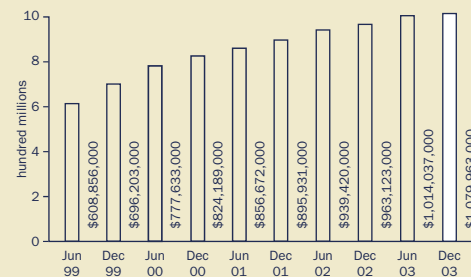
\$6.30 (31 December, 2002)

An increase of \$0.65

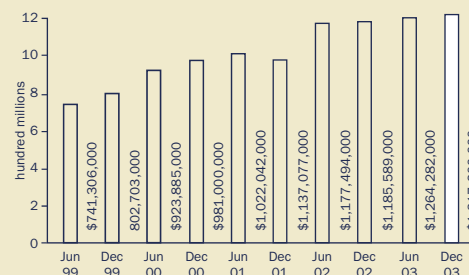
Six monthly after tax profit *before extraordinary item



Loans portfolio



Assets and loans under management



Share price history



YOUR DIRECTORS' REPORT

On behalf of the Board of Directors, we are pleased to report to shareholders that the six months to December 2003, has again been a most satisfactory period.

We have not only achieved solid results, but have experienced some major highlights which will have a long-term effect on the positioning of the Society and our future operations.

These highlights included:

- The change of our name to Wide Bay Australia Ltd. With the Society moving interstate, particularly to include New South Wales, Victoria and South Australia, it was believed the original name was too geographically limiting. The change of name was enthusiastically approved by our shareholders. It has been well received by our many customers and associates.

- The Board approved a restructuring of our lending department which will enable us to electronically process loans from interview to settlement. It also enables us to prepare our own mortgage documentation.

We have already implemented the mortgage portion of the system and are now attending in-house to a significant portion of our mortgage documentation. This system has incurred additional costs during the period, but we anticipate improved efficiencies and substantial savings to loan processing and legal fees.

We will have the capacity to efficiently take our level of loan approvals to far in excess of our existing volume.

- We completed a securitisation program for \$274 million in December. These notes were issued to the investor market and SG Australia Ltd were the lead managers. The issue was well received at satisfactory rates and takes our total on-market securitisation programs to date to \$987 million.

- We reviewed our capital requirements during the period and in December placed a further \$10 million of subordinated debt, which we anticipate will meet our capital requirements at least for the next two years.

- We have resolved to increase our presence in Sydney and in the next few months will establish a branch facility in Parramatta.

- During the period we have been active in preparing for the introduction of the Financial Services Reform legislation. Our training personnel have completed an in-house training structure for all of our staff to ensure that we are compliant with the requirements of that legislation.

We have been able to achieve an after tax surplus of the consolidated group of \$4.754 million, which is an increase of 2.75% over the previous corresponding period.

Our captive mortgage insurer, Mortgage Risk Management Pty Ltd (MRM) continues to perform well and has contributed an after tax surplus of \$476,010 to the consolidated figures.

Loans approved for the period totalled \$264.75 million, compared to \$158.7 million for the previous period, an increase of 66.81%. The impact of this strong lending will take some time to transfer to the operating profit, but we have been able to increase our loan portfolio for the period by 6.83% to \$1.08 billion. This increased loan portfolio will have an impact on the balance of this financial year's result. Importantly, we have maintained our policy of writing off all of our loan establishment costs at the time of establishing the loan.

We anticipate with our increased capacity and efficiencies and our spread interstate that we will be able to maintain a strong level of lending over the next six months even if there is some tightening in the housing market.

YOUR DIRECTORS' REPORT CONTINUED

Your Board has declared a fully franked interim dividend of 16.5 cents per ordinary share which will be paid during March. (2003–16 cents).

Wide Bay Australia's range of products continues to be well supported by our customers. In addition to telephone and internet banking, we became part of the giroPost system enabling our customers access to their deposit and loan accounts at over 2,900 Australia Post outlets across Australia.

There has been considerable press comment over recent weeks in relation to Cashcard Australia and its possibility of being sold. The Directors in the last financial year revalued the investment in Cashcard to \$2.88 million. Wide Bay Australia has a shareholding of 1.6% of Cashcard.

Your Board is still enthusiastic about the prospects in the ensuing 12 months as a result of the position that we have adopted, and while there may be a slowing in the housing market, because of this positioning, we believe we will be able to maintain our performance.



JOHN PRESSLER
CHAIRMAN



RON HANCOCK
MANAGING DIRECTOR

10 February 2004 — Bundaberg

YOUR BOARD OF DIRECTORS



John Pressler
OAM FAICD FIFs
Chairman



Ron Hancock
FCA FAICD FIFs
Managing Director



John Fell
FCA FIFs
Director



Peter Sawyer
FCA FAICD FIFs
Director



Frances McLeod
AIFS
Director

CONDENSED STATEMENT OF FINANCIAL PERFORMANCE

FOR THE HALF YEAR ENDED 31 DECEMBER 2003

	Consolidated	
	6 Months to 31/12/03	6 Months to 31/12/02
Note	\$'000's	\$'000's
Interest revenue	38,685	34,694
Borrowing costs	25,463	22,186
Net interest revenue	13,222	12,508
Non interest revenues	5,361	4,135
Total operating income	18,583	16,643
Bad and doubtful debts expense	29	(3)
Other expenses	11,866	10,029
Profit from ordinary activities before income tax expense	6,688	6,617
Income tax expense relating to ordinary activities	1,969	2,058
Profit from ordinary activities after related income tax expense	4,719	4,559
Outside equity interest in net profit	(35)	(67)
Net profit attributable to members of the parent company	4,754	4,626
Retained profits at the beginning of the financial year	10,201	6,620
Total available for appropriation	14,955	11,246
Transfer from statutory claims equalisation reserve	-	171
Dividends provided for or paid—Ordinary shares	(3,241)	-
Dividends provided for or paid—Resetting Convertible Preference shares	(1,207)	(1,294)
Retained profits at the end of the half year	10,507	10,123
Basic earnings per share (cents per share)	17.49	16.51
Diluted earnings per share (cents per share)	18.34	17.77

CONDENSED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2003

	Note	Consolidated		
		As at 31/12/03 \$000's	As at 30/06/03 \$000's	As at 31/12/02 \$000's
Assets				
Cash and liquid assets		36,712	33,156	24,924
Due from other financial institutions		1,906	1,906	1,737
Accrued receivables		2,617	7,506	2,214
Investment securities		170,366	185,675	167,943
Loans and advances	3	594,502	517,554	498,502
Other investments		3,021	3,021	2,714
Property, plant and equipment		11,281	11,155	12,664
Deferred tax assets		502	468	322
Other assets		7,354	7,358	7,036
Total assets		828,261	767,799	718,056
Liabilities				
Deposits and short term borrowings		654,860	594,099	544,363
Due to other financial institutions		64,553	64,370	60,000
Payables and other liabilities		10,241	13,995	10,103
Tax liabilities		1,204	1,282	1,639
Provisions		8,030	9,127	7,180
Subordinated capital notes		10,000	5,000	14,000
Total Liabilities		748,888	687,873	637,285
Net Assets		79,373	79,926	80,771
Equity				
Parent entity interest in equity				
Contributed equity	4	57,346	58,169	58,429
Reserves		11,915	11,915	12,594
Retained profits		10,507	10,201	10,123
Total parent entity interest in equity		79,768	80,285	81,146
Outside equity interest in controlled entities				
Contributed equity		7	7	7
Retained profits		(402)	(366)	(382)
Total outside equity interest		(395)	(359)	(375)
Total Equity		79,373	79,926	80,771

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CONDENSED STATEMENT OF CASH FLOWS

FOR THE HALF YEAR ENDED 31 DECEMBER 2003

	Note	Consolidated	
		6 Months to 31/12/03 \$000's	6 Months to 31/12/02 \$000's
Cash flows from operating activities			
Interest received		38,088	34,541
Dividends received		16	-
Borrowing costs		(24,947)	(21,224)
Other non interest income received		9,022	8,271
Cash paid to suppliers and employees		(14,118)	(13,756)
Income tax paid		(2,009)	(2,515)
Net cash flows from operating activities		6,052	5,317
Cash flows from investing activities			
Net increase in investment securities		14,999	15,244
Net increase in amounts due from other financial institutions		310	1,976
Net increase in loans	3	(113,284)	179,743
Net increase in other investments		-	(1,403)
Purchase of non current assets		(615)	(638)
Proceeds from sale of property, plant and equipment		76	-
Net cash used in investing activities		(98,514)	194,922
Cash flows from financing activities			
Net increase in deposits and other borrowings		64,921	70,505
Purchase of subordinated capital notes		5,000	-
Net increase in amounts due to other financial institutions and other liabilities	3	31,565	(268,306)
Proceeds from share issue		(1,020)	274
Dividends paid		(4,448)	(4,516)
Net cash flows from financing activities		96,018	(202,043)
Net increase in cash held		3,556	(1,804)
Cash at beginning of financial year		33,156	26,728
Cash at end of half year		36,712	24,924

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2003

1. Basis of preparation

These general purpose half year consolidated accounts have been prepared in accordance with the applicable Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board and Urgent Issues Group Consensus Views.

The accounting policies adopted are consistent with those adopted in the preparation of the financial statements for the year ended 30 June 2003.

We recommend that this report should be read in conjunction with the 2003 Annual Report, which contains notes of the type not included in this interim financial report. This report should also be read in conjunction with the public announcements made by Wide Bay Australia Ltd during the half year in accordance with any continuous disclosure obligations arising under the *Corporations Act 2001*.

2. Dividends provided for or paid

The Board declared an interim dividend of 16.5 cents per ordinary share (\$3.356 million), for the six months to 31 December, 2003, payable on 12 March, 2004.

3. Assets Under Management

The Society has continued to fund its loan activities by use of securitisation of the Society's mortgages. These loans have been precluded from the assets of the consolidated group, having been sold into the securitisation programs but at the same time managed by the Society.

4. Contributed Equity

	As at 31/12/03 \$000's	Consolidated As at 30/06/03 \$000's	As at 31/12/02 \$000's
Fully paid ordinary shares			
Balance at beginning of period	25,083	24,380	24,380
Issued during the period			
Staff share plan	519	703	703
Balance at end of period	25,602	25,083	25,083
Resetting Convertible Preference shares			
Balance at beginning of period	33,087	33,346	33,346
Share buy-back and buy-back costs	1,343	260	-
Balance at end of period	31,744	33,086	33,346
Total Contributed Equity	57,346	58,169	58,429

On 20 December, 2002, the company announced its intention to buy back a maximum number of 70,000 Resetting Convertible Preference shares. A total of 14,089 preference shares were repurchased, and the Final Share Buy-back Notice was issued on 28 October 2003, cancelling further buy-backs.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE HALF YEAR ENDED 31 DECEMBER 2003

5. 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.

6. Contingent Liabilities

There has been no change in contingent liabilities since the last annual reporting date.

7. Change of Name

On 2 December 2003 the shareholders approved a change of company name from Wide Bay Capricorn Building Society Ltd to Wide Bay Australia Ltd.

DIRECTORS' DECLARATION

In the opinion of the Directors of Wide Bay Australia Ltd:

- The consolidated financial statements and notes for the financial period ending 31 December 2003 have been prepared in accordance with accounting standards applicable under the *Corporations Act 2001*;
- The consolidated financial statements and notes for the financial period ending 31 December 2003 present a true and fair view of the financial position and performance of the consolidated entity.
- As at the date of this statement there are reasonable grounds to believe that Wide Bay Australia Ltd 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 Australia Ltd, in accordance with a Resolution of the Board.



RON HANCOCK
DIRECTOR

10 February 2004 — Bundaberg

INDEPENDENT REVIEW REPORT
TO THE MEMBERS OF WIDE BAY AUSTRALIA LTD

Scope

We have reviewed the financial report of Wide Bay Australia Ltd for the half-year ended 31 December 2003 consisting of the Condensed Statement of Financial Performance, Condensed Statement of Financial Position, Condensed Statement of Cash Flows, Notes to the Financial Statements and the Directors' Declaration. The financial report includes the consolidated financial statements of the consolidated entity comprising the Society and the entities it controlled at the end of the half-year or from time to time during the half-year. The Society's directors are responsible for the financial report.

We have performed an independent review of the financial report in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with *Accounting Standard AASB 1029 'Interim Financial Reporting'* and 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 financial position and performance as represented by the results of its operations and its cash flows and in order for the Society to lodge the financial report with the relevant regulatory authorities.

Our review has been conducted in accordance with Australian Auditing Standards applicable to review engagements. A review is limited primarily to inquiries of the Society's personnel and analytical procedures applied to the financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Wide Bay Australia Ltd is not in accordance with:

- a) financial institutions legislation and the *Corporations Act 2001* including:
 - i) giving a true and fair view of the Society's financial position as at 31 December 2003 and of its performance for the half-year ended on that date;
 - ii) complying with *Accounting Standard AASB 1029 'Interim Financial Reporting'*; and
- b) other mandatory professional reporting requirements in Australia.



BENTLEYS MRI
CHARTERED ACCOUNTANTS



BY RJ FORBES
PARTNER

10 February 2004 — Brisbane

DIRECTORS' STATUTORY REPORT
FOR THE HALF YEAR ENDED 31 DECEMBER 2003

The Directors present this report on the Society's accounts and consolidated accounts for the six months period ended 31 December, 2003 in accordance with the provisions of the *Corporations Act 2001*.

The Directors in office during or since the end of the half-year period are:

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 the Chairman 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, which in 2003 changed its name to Wide Bay Australia Ltd.

Mr Hancock has had 36 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, Mortgage Risk Management Pty Ltd, Wide Bay Australia Financial Planning Services Pty Ltd and Wide Bay Australia Mini Lease Pty Ltd.

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 Lindsay Australia 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.

Mrs Frances M McLeod AIFS

Mrs McLeod was appointed to the Board on 14 October 2003. She is currently the Society's Executive Manager and has a wide range of experience based on her involvement with the Society for over 29 years. She is a director of Mortgage Risk Management Pty Ltd and Wide Bay Australia Financial Planning Services 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. He retired from the Board on 14 October 2003.

All directors are members of the Audit Committee.

Review of operations

The activities of the Society remained unchanged during the six month period. These activities include the provision of financial facilities satisfying our customers' savings and investment needs. Funds generated are used to provide finance for residential accommodation and related purposes and for home equity lending secured by registered mortgage over freehold or perpetual leasehold properties. All residential loans are fully protected against loss. The Society has established a separate mortgage fund to provide cover for some of its activities.

The consolidated net operating profit after income tax for the six months ended 31 December 2003 was \$4.754 million. Total assets and loans under management as at 31 December 2003 stood at \$1.318 billion. Loans approved during the half year amounted to \$264.75 million.

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



RON HANCOCK
DIRECTOR

10 February 2004 — Bundaberg



Wide Bay Australia Ltd
ABN 40 087 652 060
Wide Bay Australia House
16–20 Barolin Street
Bundaberg Qld 4670 Australia
Telephone (07) 4153 7777
Facsimile (07) 4153 7714
Email widebay@widebayaust.com.au
www.widebayaust.com.au

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