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wide bay australia ltd annual report and financial statements 2005 » 2006

wide bay
AUSTRALIA LTD
banking your way

ABN 40 087 652 060 AFSL No. 239686

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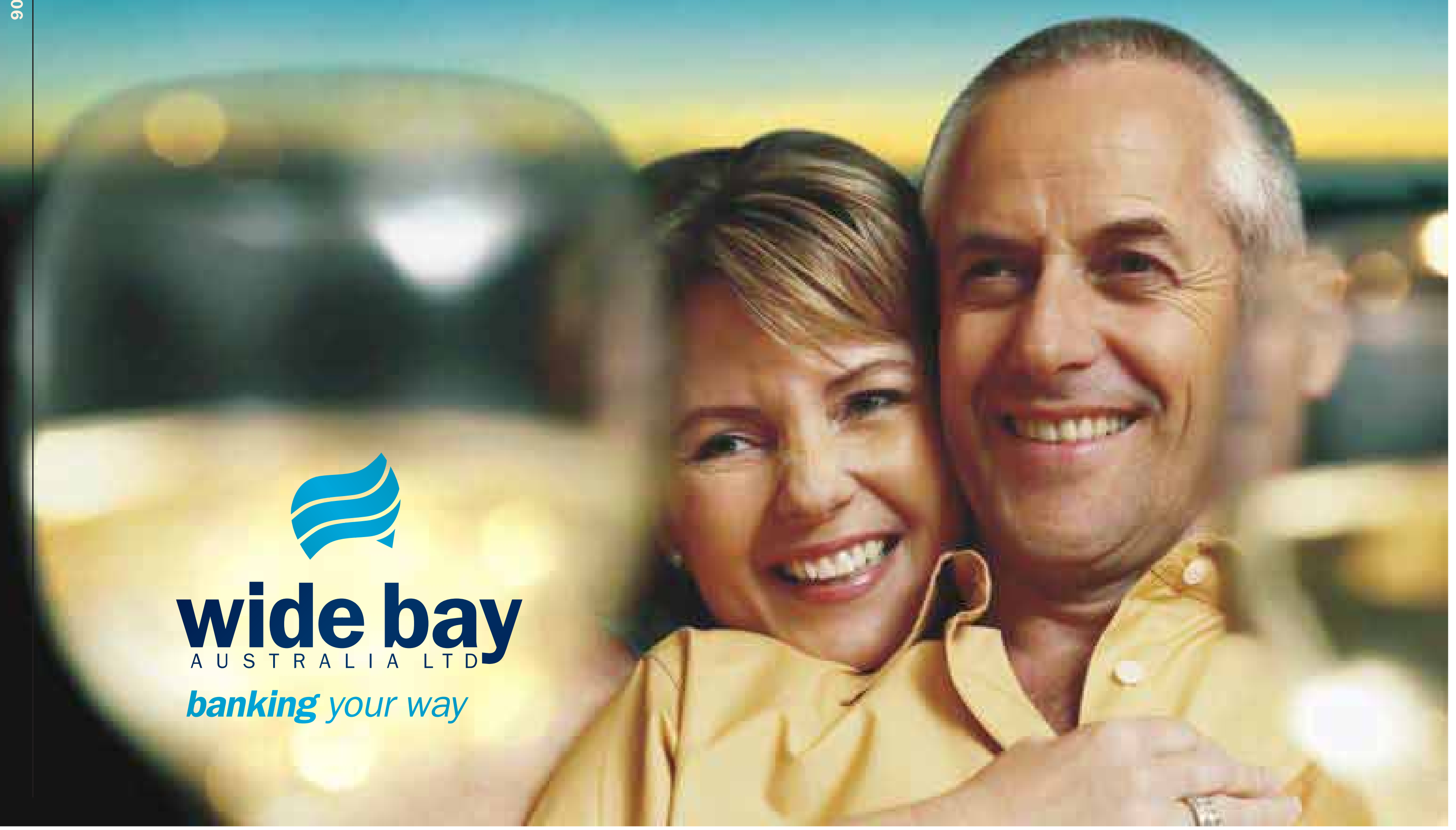
click www.widebayaust.com.au

call 1300 wide bay
business hours 9 4 3 3 2 2

wide bay australia ltd annual report and financial statements 2005 » 2006

celebration

annual report
and financial statements
2005 » 2006



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banking your way

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2005-2006 achievements at a glance »

net profit after tax of $14.48 million ($12.41 million in 2005) - an increase of 16.4%
revenue from ordinary activities $123.4 million ($108.7 million in 2005) - an increase of 13.5%
final fully franked dividend of 26.5 cents per ordinary share providing a total dividend of 51.5 cents for the year (42 cents in 2005)
growth in assets to $1.65 billion ($1.52 billion in 2005) - an increase of 7.87%
return on equity ratio of 16.4% (15% in 2005)
capital adequacy 15.77% (14.05% in 2005)
cost to income ratio of 56.7% (57.8% in 2005)

Wide Bay Australia Ltd celebrated its 40th anniversary this year. Our celebration recognises our investors, borrowers, staff and shareholders for their part in the Wide Bay Australia success story »

Wide Bay Australia Ltd has its roots in the Bundaberg-based Burnett Permanent Building Society which became operational in August 1966 and was created to provide competition to banks.

The formation of the society meant many local people found that they could now afford their first home ■

In 1979 Burnett Permanent merged with the local Maryborough Permanent Building Society to form Wide Bay Capricorn Building Society.

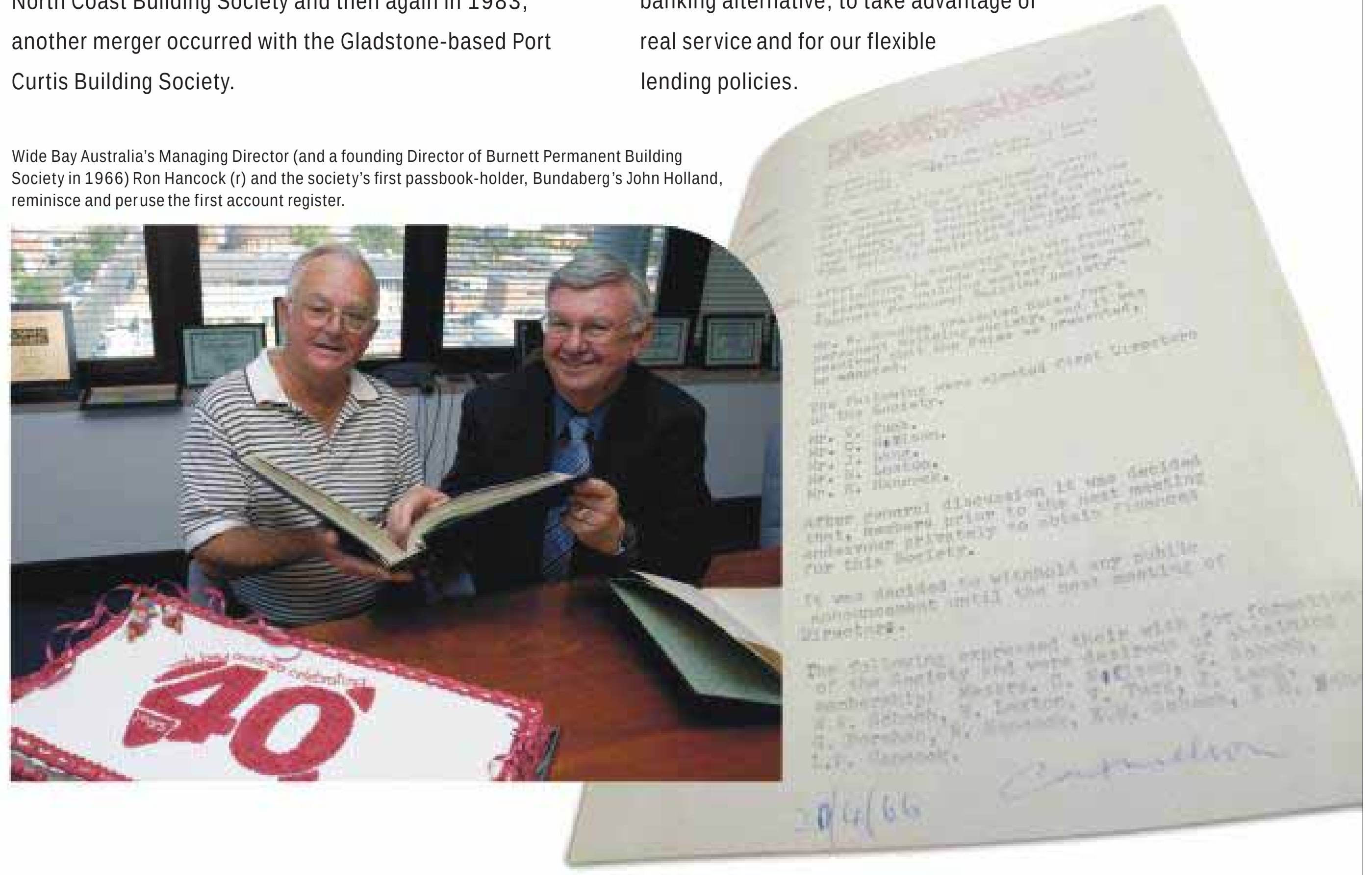
In 1981, Wide Bay Capricorn merged with the Gympie and North Coast Building Society and then again in 1983, another merger occurred with the Gladstone-based Port Curtis Building Society.

On a larger scale, Wide Bay Capricorn continued to foster the aims of its predecessor societies - to coordinate the joint savings of members to foster home-ownership in the community by providing affordable, low deposit home loans.

Wide Bay Capricorn changed its name to Wide Bay Australia Ltd in December 2003 to reflect our growth into the Sydney, Melbourne and Adelaide home loan markets and future expansion.

We continue to grow as a substantial number of former bank customers continue to move to building societies like Wide Bay Australia for a competitive and affordable banking alternative, to take advantage of real service and for our flexible lending policies.

Wide Bay Australia's Managing Director (and a founding Director of Burnett Permanent Building Society in 1966) Ron Hancock (r) and the society's first passbook-holder, Bundaberg's John Holland, reminisce and peruse the first account register.



"success is the sum of small efforts repeated day in & day out"

ROBERT COLLIER

our mission

Every day at Wide Bay Australia *our mission* is 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

By expanding and improving our services, we build on a track record of strength, growth and profitability.

We deliver sound returns for our stakeholders and take seriously our commitment to you.

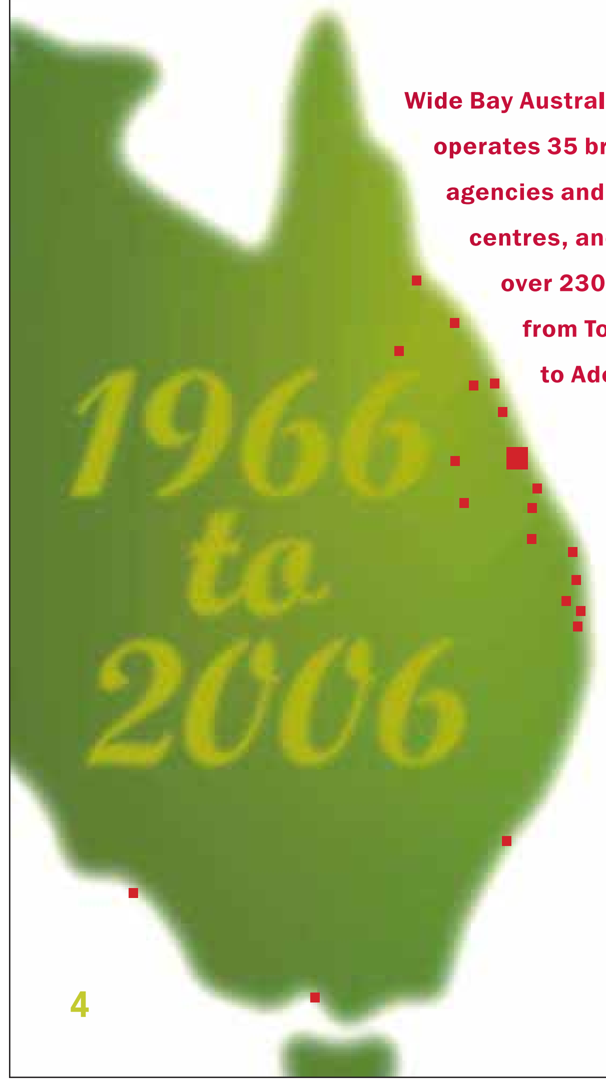
We play an active part in our communities, and our reputation is built around a **true community banking philosophy.**

As a caring corporate citizen we aim to support local activities, organisations and events wherever we can.

Our dedicated and professional staff are the core to Wide Bay Australia'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, friendly and team-oriented environment, where our staff are supported and motivated to succeed for themselves and their Company.

We strive so that you are free to *live life your way* ■



Wide Bay Australia now operates 35 branches, agencies and loan centres, and employ over 230 people from Townsville to Adelaide ■

Through 40 years of growth and technological advancement we have never lost sight of *our values* »

our values

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.

growth

By growing our business, our products and services and our skills we will be leaders in the competitive banking and financial services industry.

performance

We take seriously our commitment to our shareholders, customers and ourselves to deliver financial strength and consistent profitability.

flexibility

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

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.

Peter Sawyer
FCA FAICD FIFS
Director

Frances McLeod
AIFS
Executive Director

John Fell
FCA FAICD FIFS
Director

Ron Hancock
FCA FAICD FIFS
Managing Director

John Pressler
OAM FAICD FIFS
Chairman

directors' report »

Wide Bay Australia Ltd, together with the society's captive, Mortgage Risk Management Pty Ltd and our investment in Financial Technology Securities Pty Ltd have shown a consolidated after tax profit for the year of $14.478 million. This profit, an increase over 2004/2005 of 16.64%, reflects a further year of strong performance through all areas of the society's operations.

Assets and funds under management again showed a steady increase of 7.87% reaching a figure of $1.65 billion. Loan approvals for the year were $417 million, a decrease from $494.6 million for 2004/2005, which was a direct result of the slowing in the housing market particularly over the second half of the financial year. While loans actually approved were down, the level of churning and payouts also declined, which saw our loan book show a steady growth of 8.24% to $1.425 billion in outstanding loans.

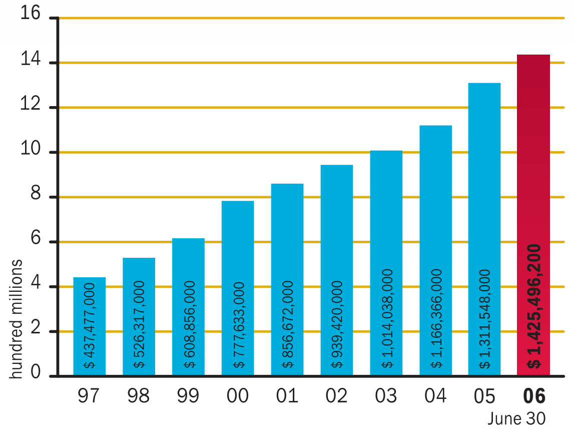
During the year the society resolved to introduce secured commercial loans and is currently developing a specific margin loan product for some of our associated companies. This margin loan product is anticipated to be operational in October 2006 and will provide another diversification in the society's operations.

We continue to develop our branch network and during the year upgraded and relocated our Tewantin branch. We have a further relocation of our Noosa Junction branch to Noosa Civic shopping centre scheduled for October 2006. Our agency at Robina is being restructured to incorporate our own branch in the Robina Shopping Centre and a branch will be opened in Gympie at Centro Gympie shopping centre in December 2006. With our own loan representative in Townsville, we will target a branch in that area in the ensuing financial year.

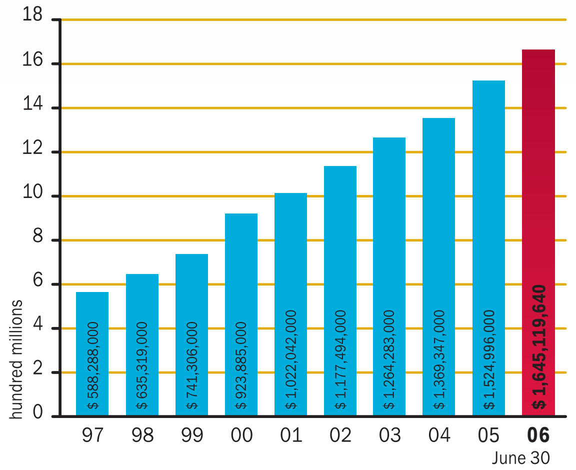
Throughout the year the society has carried out a replacement policy for our old ATM's and has expanded our outlets to now incorporate 23 ATM's and 3 lobby ATM's. A further 5 ATM's are scheduled for installation within the next few months.

While we rely heavily on our branch network for the introduction of loans, it has been resolved that we develop and increase the percentage of our broker processed loans in the 2006/2007 financial year to an amount of up to 25% of total loan approvals. This should see our loan approvals for the year show some increase over 2005/2006. While we will be increasing our use of brokers we will continue our policy of expensing all the loan origination and establishment costs at the time of writing the loan, rather than spreading those costs over the expected life of the loan as adopted by some of our competitors.

loans portfolio



total assets



Our captive, Mortgage Risk Management Pty Ltd has again enjoyed a strong performance and has contributed an after tax surplus of $2.158 million to the society's consolidated results.

Our investment in Financial Technology Securities Pty Ltd has also provided significant benefits to our lending operations and our overall profitability.

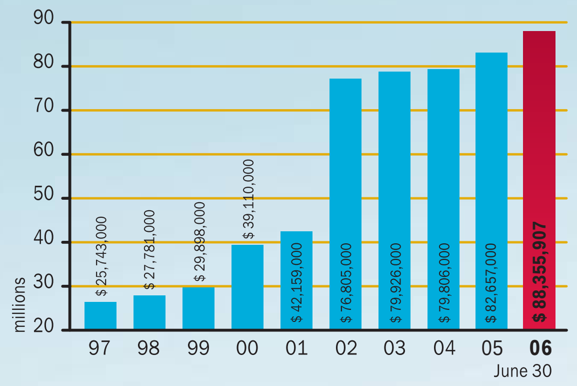
Your Board has declared a final fully franked dividend of 26.5 cents per share payable on 22 September 2006, which brings the total dividend for the year to 51.5 cents per share. (2005 42 cents).

The cost of compliance and regulation continues to be a major cost in our operations and the ensuing years will also incorporate Basel II.

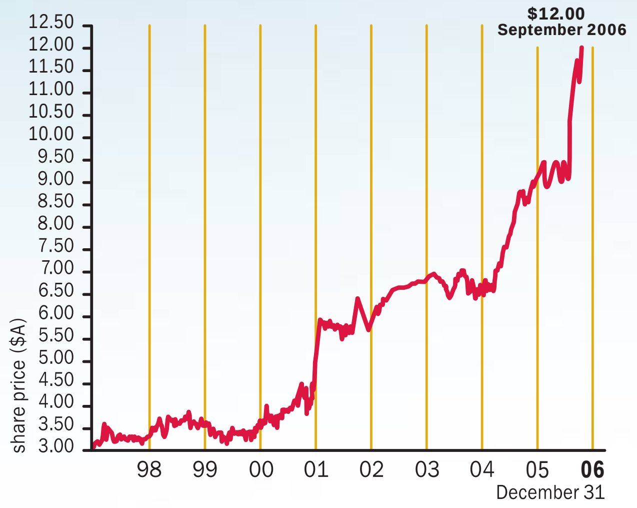
We continue our strong staff training schedule to ensure that not only are our staff proficient and capable, but also meet all the legislative requirements in respect of their knowledge and qualifications. We believe our staff training is a very significant feature in the overall efficient operations of our society and is particularly represented in the various performance ratios achieved.

shareholders' equity

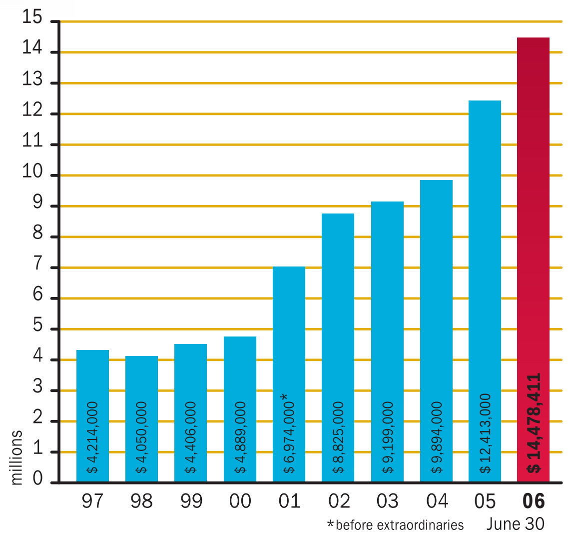
share capital and accumulated reserves



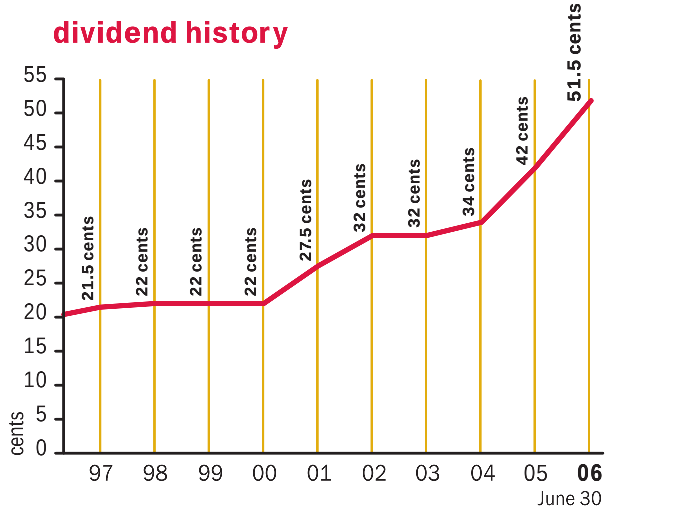
share price history



profitability



dividend history



We continue to monitor our capital. Our capital adequacy as at 30 June 2006 stood at 15.77% compared with 14.05% at June 2005.

We continue to develop our computer network which provides another base for our overall efficient operations.

The majority of in-house mortgage documentation and loan processing is now complete and we are expecting to see significant costs and efficiency synergies with the availability of this electronic processing system.

The Australian Prudential Regulation Authority (APRA), the industry supervisor and regulatory body, continues to develop their standards and have required institutions to review their business continuity plans and corporate governance. Our Corporate Governance is in place as a requirement of the ASX and the APRA requirements have been addressed in this plan together with our Business Continuity Plan amended as required. While regulatory compliance is a significant cost to overall operations, we recognise the importance of a supervisory body and the protection and comfort that is afforded to society depositors and customers.

During the year, your Directors resolved to broaden the composition of the Board over the next 2 years by appointing up to 2 new directors, who will expand the overall expertise available to the Board. This is a consequence of the society steadily moving away from the traditional home loan lending institution to now incorporate its own mortgage lenders insurance company, equity investments in financial planning, development of commercial loan products, margin lending and no doubt a range of issues that will be added in the next few years.

The Board has adopted a Board Renewal Policy that new directors will be appointed for a period of up to 10 years and that future Chairpersons will be appointed for a maximum term of 7 years.

The ensuing year is anticipated to be another year of solid growth with overall growth similar to that of 2005/2006.

As stated, we will continue to focus on our lending operations, the development and expansion of our branch network, the implementation of new products where considered appropriate and will look at any opportunities that emerge that will provide operating synergies for the development of the consolidated group.

The year concluded has again been an exceptional one in our progress and is a reflection of the strength and enthusiasm of our Senior Management Team and staff throughout our total area of operations.

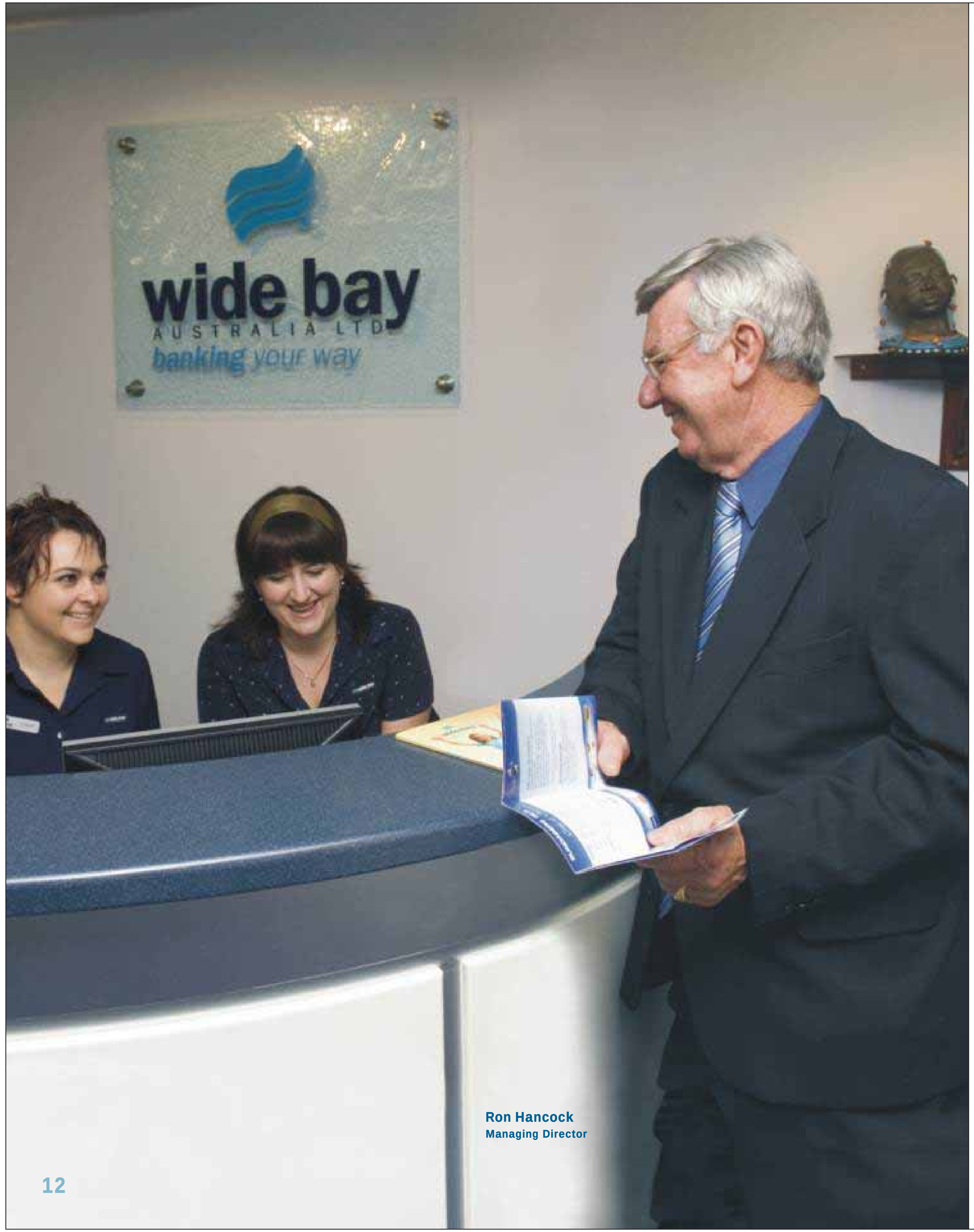
The Directors would particularly congratulate the Managing Director and the Senior Management Team for the society's performance.

To my fellow Directors I also extend my appreciation for their continued commitment, experience and enthusiasm throughout the year.

Yours faithfully,

J F Pressler
Chairman

12 September 2006 - Bundaberg



Ron Hancock
Managing Director

managing director's report »

The slowing in the housing market over the last 12 months, particularly the last six months of the financial year and the society's reluctance to extensively use mortgage brokers, has seen loan approvals for the year reduce to $417 million compared to $494.6 million for 2004/2005. As part of the slowing of the market, we have also seen a slowing in the payouts and churning of existing loans and in fact our loan book has shown a growth of 8.24% with outstanding loans as at 30 June 2006, $1.425 billion.

During 2006/2007 we intend to review our loan products in comparison with the residential market, incorporate secured commercial lending and develop a limited margin loan product targeting a specific market sector. At the same time we intend to increase our use of broker introduced loan approvals representing up to 25% of our total loans. We are targeting solid growth in our lending for the ensuing year.

We continue to develop products as and when required and as opportunities arise. We have a Product Development Committee who are continually monitoring the market and looking for opportunities.

Our profit for the year of $14.478 million showed an increase of 16.64% with Mortgage Risk Management Pty Ltd, our wholly owned lenders mortgage insurer and our investment in Financial Technology Securities Pty Ltd contributing significantly to our overall results.

We continue to achieve excellent results with our cost to income ratio, where for the current year it has further improved from 57.8% to 56.7%. This ratio reflects the strength of our Management Team, the efficiency of our computer system, our training programs and the attention we apply to our overall operations. It represents one of the best ratios achieved in our industry.

These efficiencies are further reflected in the return on equity, which increased from 15% in 2005 to 16.4% for 2006. This is an excellent return for our structure and again reflects the efficiencies referred to previously.

During the year our capital adequacy grew to 15.77% as at 30 June 2006 and Management and the Board are continually monitoring our capital requirements to ensure the maximum efficiencies and management of capital.

Our assets and funds under management showed an increase of 7.87% throughout the year for a total of $1.645 billion as at 30 June 2006. We intend to continue to expand our network organically and various options are currently under consideration, including a further branch in Townsville where we already have a lending operation. New branches are planned for Gympie in December 2006 and the Robina Shopping Centre on the Gold Coast, early in 2007.

Our Chief Financial Officer has constantly monitored the pending changes in respect of the Basel II requirements in January 2008 and changes to the International Financial Reporting Standards, which are now fully operational. While these changes require a special effort from him and his staff, we anticipate that any changes will have only a minimal effect on our overall operations and results.

The payment of 51.5 cents per share fully franked dividend represents a 90% payout ratio consistent with the Board's previous advice, with the final payment of 26.5 cents payable in September 2006.

wide bay australia celebrating 40 years real people, real smiles, real service!

your management team »

Frances McLeod
JP(C.Dec) AIFS
Director/Executive Manager

Bill Schafer
BCom ACA
Chief Financial Officer & Company Secretary

Ian Pokarier
AIFS
Operations Manager

Ron Hancock
FCA FAICD FIFS
Managing Director

Ian Hatton
Branches & Business Development Manager

Ray Linderberg
BBus(Comm) AIFS
Marketing Manager

Gayle Job
Training Manager

The society uses securitisation programs to fund its overall requirements. This has been the most significant contributing feature, with the closing of margin spreads over the past year and has seen our operating margins increase from 1.9% to the 2% to 2.1% range over recent months.

The Staff Share Plan continues to receive strong support from our employees, many of whom have participated annually since introduction in 1996. I believe it is a significant contributor to the support the society receives and enables staff to participate in the growth of the society through the movement in our share price and associated dividends.

Our Management Team is undoubtedly one of the most significant reasons for our continued success. We enjoy a very stable team and again there have been no significant changes for the current year. We work as a collective team and I extend my personal appreciation for their continued support, enthusiasm and commitment.

We also involve all of our staff in regular training sessions with staff training carried out at Head Office, which enables our staff away from Head Office to integrate with staff from other branches, as well as meeting personnel from Head Office, with whom they deal with on a regular basis. Our continuing staff training ensures a level of competency to attend to all enquiries that they receive on a daily basis.

The ensuing year promises to be another exciting year in our development, with those issues already in progress and no doubt the opportunities that will arise. We enthusiastically look forward to another successful year.

Yours faithfully,

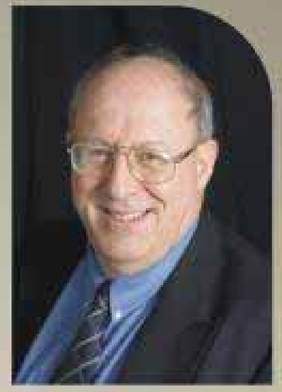
R E Hancock
Managing Director
12 September 2006 - Bundaberg

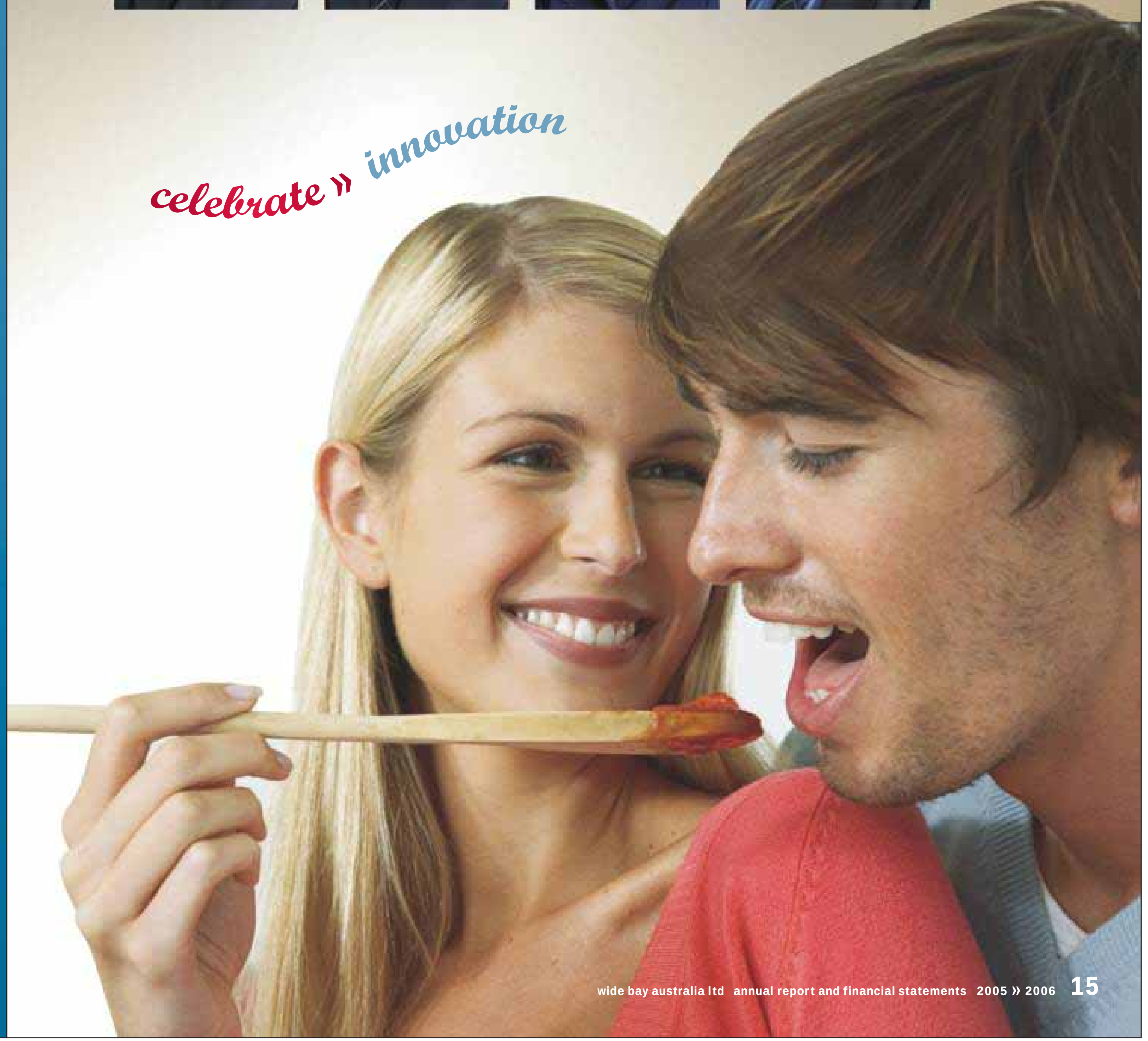
Dale Hancock
BBus SA FIN
Manager - Structured Finance, Products & Interstate Operations

Stephen Butler
Loans Manager

Joanne Norris
Administration Manager

Bob Ashton
CPFA(UK) CISA(US)
Internal Auditor





At Wide Bay Australia we appreciate that your time is precious ... so all our products and services have been designed with you in mind ... easy »

Home Loans

Owner-Occupied Home Loans
Construction Home Loans
Investment Loans
Loans for Vacant Residential Land
Refinance Loans
Debt Consolidation Loans
Home Equity Loans
Wide Bay Holidays

wide bay holidays

Banking Services

Electronic Banking

'smartlink' Internet Banking
'smartlink' Telephone Banking
Cashcard
Automatic Teller Machines (ATM's)
Electronic Funds Transfer at Point of Sale (EFTPOS)
BPAY View
EFTPOS facilities for Business

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

Bank@Post

smartlink phone and internet banking

Lines of Credit

Business Loans and Overdrafts

Credit Cards

'Low Rate' Mastercard
'Rewards' Mastercard

Term Deposits

Deposit Accounts

Transaction Accounts

Today's Choice Account
Today's Options Account
Today's Business Account
Pension Friendly Account
Young Achiever's Account
'Mortgage Muncher' 100% Offset Account

Savings Accounts

Bonus Plus Account
Christmas Club

On-call Investment Accounts

Cash Management Account
Self-Managed Superannuation Fund Account

mortgage muncher »

Insurance Services

Home
Buildings
Contents
Personal Valuables
Landlords

Motor Vehicle
Private Motor
Business/ Commercial Motor

Caravan/Trailer

Boat/Pleasure Craft

Travel
'Comprehensive'
'Frequent Traveller'
'Australia Only'

Commercial/Rural
'Trades and Services Pack'
'Business Pack'
'Office Pack'
'Farm Pack'

Personal Risk
Mortgage Repayment
Personal Accident and Illness
Income Protection
Total and Permanent Disability (TPD)
Trauma
Term Life
Terminal Illness Benefit

widecover insurance

Foreign Exchange Services
Cash Passport
Travellers Cheques
Foreign Cash
International Cheque Drafts
Telegraphic Transfers
International Money Transfers

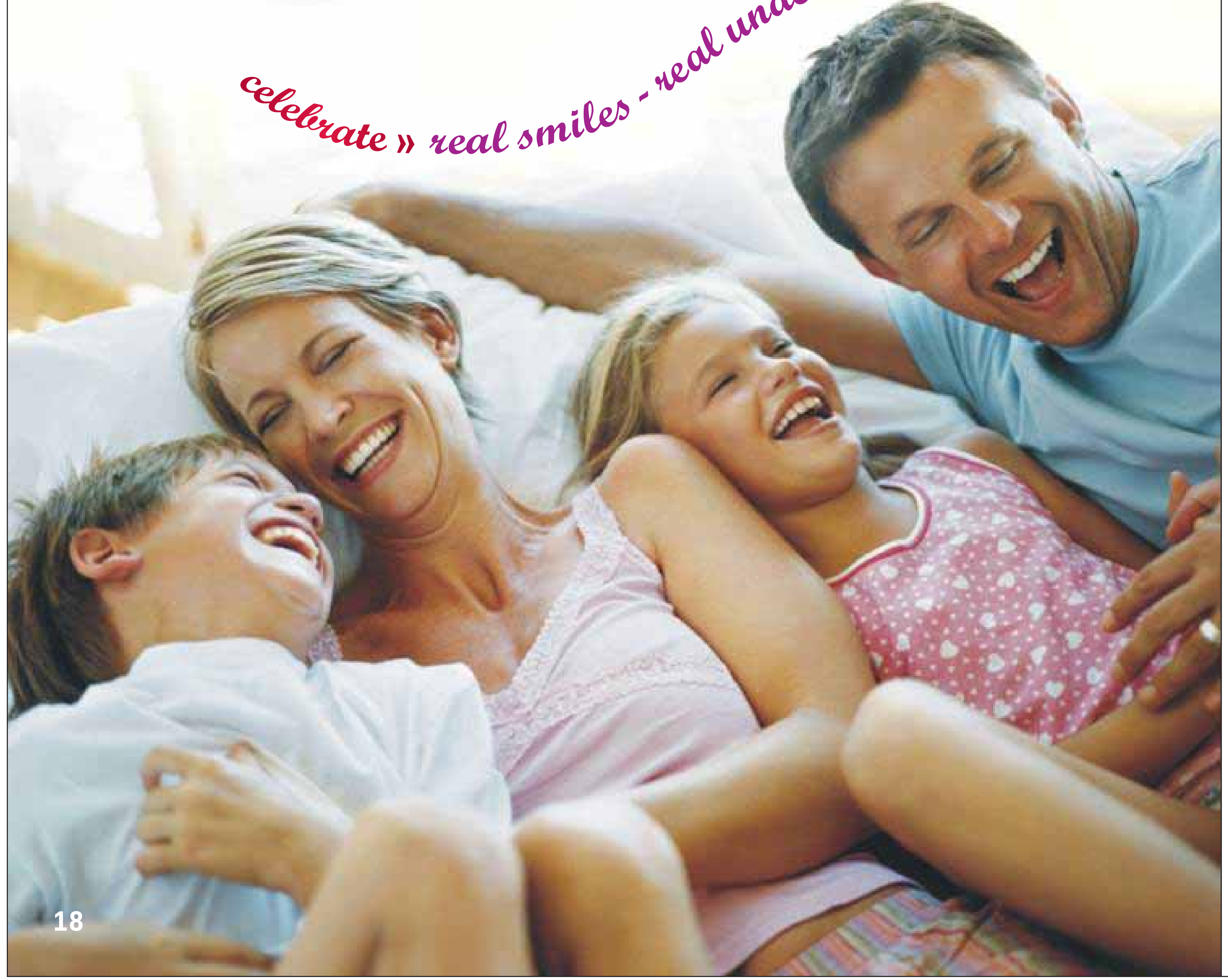
Financial Planning
Wealth Creation
Superannuation
Retirement Planning
Regular Savings Plans
Insurance Advice
Lump Sum Investments

Wide Bay Australia Mini Lease
Leasing
Rental
Vendor Finance

Product Packages
'Professional Australian' Package
'Insurepac'

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

celebrate » real smiles - real understanding



our product and service partners »

Allianz Australia Insurance Limited
ABN 15 000 122 850 AFSL 234708

Club Marine Limited
ABN 12 007 588 347 AFSL 236916

Citibank Pty Limited
ABN 88 004 325 080 AFSL 238098

Travelex Ltd
ABN 36 004 179 953 AFSL 222444

Banklink Limited
ABN 15 274 466 060

Australian Postal Corporation
ABN 28 864 970 579

Financial Technology Securities Pty Ltd
ABN 48 097 317 069 AFSL 300219

Cashcard Australia Limited
ABN 74 002 405 754

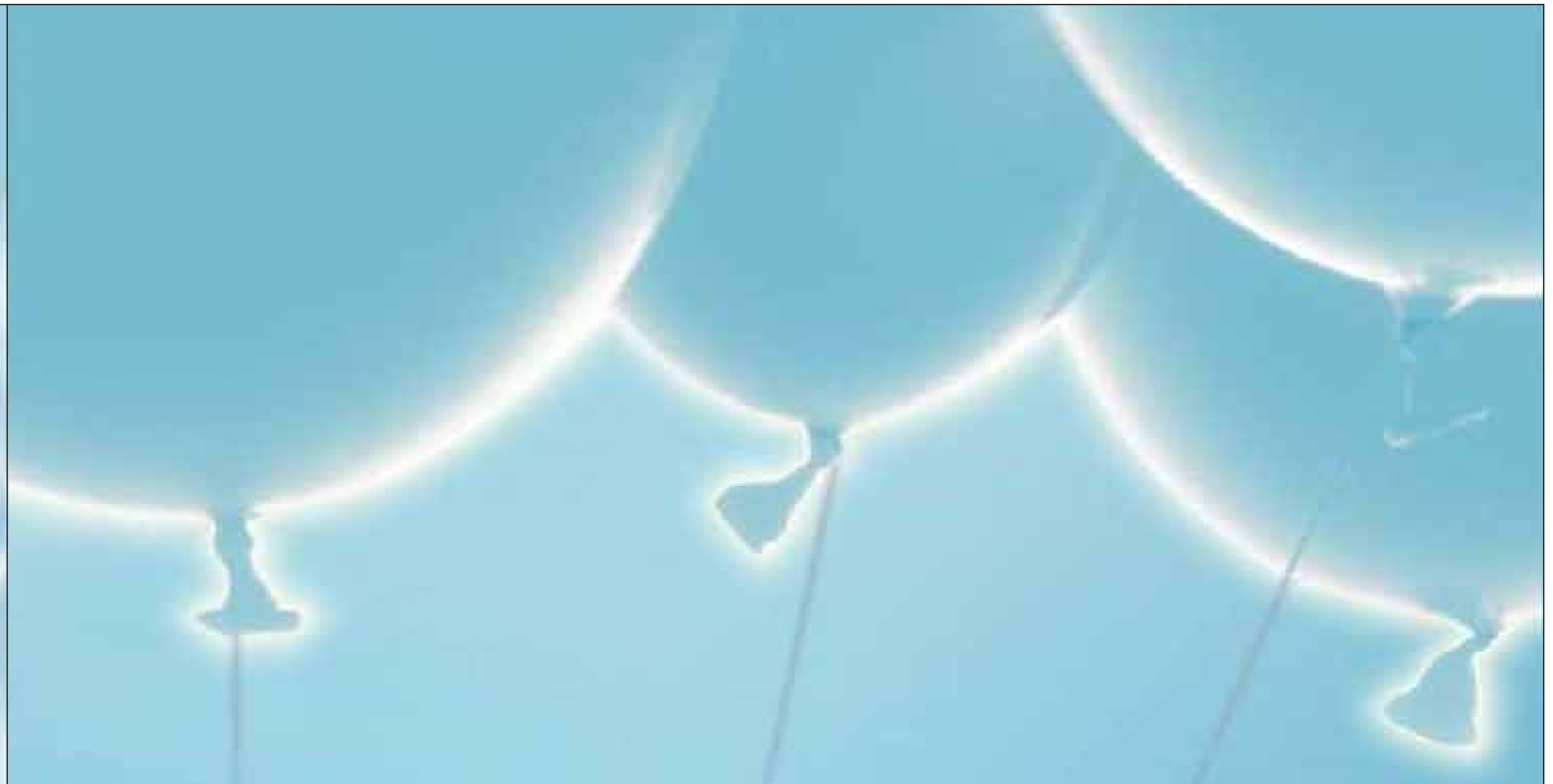
BPAY Pty Ltd
ABN 69 079 137 518

celebrate » great partnerships

our subsidiaries »

Wide Bay Australia Mini Lease Pty Ltd
ABN 69 068 790 152
telephone (07) 3368 2382
www.minilease.com.au

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



wide bay
AUSTRALIA LTD
banking your way

financial statements for the year ended 30 June 2006 »

celebration

"success is the sum of small efforts repeated day in & day out"

ROBERT COLLIER

income statement

for the year ended 30 June 2006

	Note	CONSOLIDATED $ 2006	CONSOLIDATED $ 2005	CHIEF ENTITY $ 2006	CHIEF ENTITY $ 2005
Interest revenue	2	**108,774,237**	96,039,700	**107,665,545**	94,876,007
Borrowing costs	2	**76,772,524**	67,091,413	**76,489,848**	66,822,112
Net interest revenue		**32,001,713**	28,948,287	**31,175,697**	28,053,895
Share of profit of associate	11	**793,548**	-	**793,548**	-
Other non interest revenue	3	**13,839,683**	12,685,469	**11,429,851**	10,777,717
Employee benefits expense		**10,466,159**	9,543,704	**10,256,133**	9,354,182
Depreciation expense		**1,020,865**	823,647	**1,007,588**	809,959
Amortisation expense		**365,745**	307,778	**365,745**	307,778
Occupancy expense		**1,301,777**	1,153,645	**1,276,377**	1,153,645
Bad and doubtful debts expense	10	**42,737**	32,292	**3,521**	1,593
Other expenses	3	**13,226,646**	12,211,940	**11,276,973**	11,475,794
Profit before income tax		**20,211,015**	17,560,750	**19,212,759**	15,728,661
Income tax expense	4	**5,774,675**	5,186,473	**4,853,736**	4,085,809
Profit after tax from continuing operations		**14,436,340**	12,374,277	**14,359,023**	11,642,852
Profit attributable to minority interest		**(42,071)**	(39,151)		
Net profit attributable to shareholders of the company		**14,478,411**	12,413,428	**14,359,023**	11,642,852

Earnings per share

	Note	CONSOLIDATED 2006	CONSOLIDATED 2005
Basic earnings per share (cents per share)	28	**57.47**	47.84
Diluted earnings per share (cents per share)	28	**57.94**	48.14

balance sheet

as at 30 June 2006

	Note	CONSOLIDATED $ 2006	CONSOLIDATED $ 2005	CHIEF ENTITY $ 2006	CHIEF ENTITY $ 2005
ASSETS					
Cash and cash equivalents	6	**60,472,539**	43,400,631	**43,148,267**	28,091,632
Due from other financial institutions	7	**2,283,916**	1,959,894	**2,283,916**	1,959,894
Accrued receivables	8	**7,964,753**	8,671,559	**7,498,108**	8,140,556
Investment securities	9	**117,291,633**	135,998,903	**113,842,367**	130,891,098
Loans and advances	10	**1,425,496,200**	1,316,823,403	**1,423,789,667**	1,312,803,180
Other investments	11	**6,947,410**	141,761	**17,668,451**	10,400,287
Property, plant and equipment	12	**17,156,687**	11,787,292	**17,143,015**	11,760,834
Deferred income tax assets	13	**767,116**	601,787	**373,588**	286,775
Other assets	14	**6,739,386**	5,610,479	**4,191,244**	4,190,889
Total assets		**1,645,119,640**	1,524,995,709	**1,629,938,623**	1,508,525,145
LIABILITIES					
Deposits and short term borrowings	15	**761,859,943**	701,723,251	**763,442,186**	703,662,711
Due to other financial institutions	16	**2,957,326**	65,222,251	**-**	60,000,000
Payables and other liabilities	17	**21,153,231**	21,618,976	**17,434,659**	17,729,141
Securitised loans	10	**747,078,771**	633,105,116	**747,078,771**	633,105,116
Deferred income tax liabilities	18	**4,832,178**	2,785,473	**3,818,123**	1,961,007
Provisions	19	**8,882,284**	8,253,646	**1,456,938**	1,273,047
Subordinated capital notes	20	**10,000,000**	10,000,000	**10,000,000**	10,000,000
Total liabilities		**1,556,763,733**	1,442,708,713	**1,543,230,677**	1,427,731,022
Net assets		**88,355,907**	82,286,996	**86,707,946**	80,794,123
EQUITY					
Parent entity interest in equity					
Contributed equity	21	**58,695,684**	57,918,485	**58,695,684**	57,918,485
Reserves	22	**14,480,537**	11,256,869	**14,480,537**	11,256,869
Retained profits		**15,601,965**	13,569,620	**13,531,725**	11,618,769
Total parent entity interest in equity		**88,778,186**	82,744,974	**86,707,946**	80,794,123
Outside equity interest in controlled entities	23				
Contributed equity		**1,000**	6,555		
Retained profits		**(423,279)**	(464,533)		
Total outside equity interest		**(422,279)**	(457,978)		
Total equity		**88,355,907**	82,286,996	**86,707,946**	80,794,123

cash flow statement

for the year ended 30 June 2006

	Note	CONSOLIDATED $ 2006	$ 2005	CHIEF ENTITY $ 2006	$ 2005
CASH FLOWS FROM OPERATING ACTIVITIES					
Interest received		**108,669,792**	95,966,329	**107,561,101**	94,802,636
Dividends received		**313,548**	25,000	**2,313,548**	1,825,000
Borrowing costs		**(75,905,612)**	(66,592,922)	**(75,622,937)**	(66,323,621)
Other non interest income received		**14,663,160**	18,427,703	**9,470,055**	9,110,345
Cash paid to suppliers and employees		**(27,843,107)**	(25,950,796)	**(24,212,952)**	(22,187,726)
Income tax paid		**(5,365,244)**	(4,592,981)	**(4,465,005)**	(4,043,844)
Net cash flows from operating activities	24	**14,532,537**	17,282,333	**15,043,810**	13,182,790
CASH FLOWS FROM INVESTING ACTIVITIES					
Net increase in investment securities		**23,414,974**	4,592,729	**21,756,435**	8,265,454
Net increase in amounts due from other financial institutions		**(4,707,704)**	1,815,766	**(4,707,704)**	1,815,766
Net increase in loans		**(108,062,708)**	9,272,436	**(110,376,398)**	10,139,745
Net increase in other investments		**(6,649,671)**	(54,442)	**(7,112,186)**	(54,375)
Purchase of non current assets		**(2,064,827)**	(1,619,650)	**(2,064,336)**	(1,618,574)
Proceeds from sale of property, plant & equipment		**(36,046)**	182	**(36,046)**	182
Net cash used in investing activities		**(98,105,982)**	14,007,021	**(102,540,235)**	18,548,198
CASH FLOWS FROM FINANCING ACTIVITIES					
Net increase in deposits and other borrowings		**62,412,909**	49,638,032	**62,055,692**	44,599,964
Net increase in amounts due to other financial institutions and other liabilities		**50,147,174**	(57,959,051)	**52,412,099**	(58,914,370)
Proceeds from share issue		**617,275**	535,230	**617,275**	535,230
Dividends paid		**(12,532,005)**	(10,095,887)	**(12,532,006)**	(10,095,888)
Net cash flows from financing activities		**100,645,353**	(17,881,676)	**102,553,060**	(23,875,064)
NET INCREASE IN CASH HELD		**17,071,908**	13,407,678	**15,056,635**	7,855,924
Cash at beginning of financial year		**43,400,631**	29,992,953	**28,091,632**	20,235,708
CASH AT END OF FINANCIAL YEAR		**60,472,539**	43,400,631	**43,148,267**	28,091,632

For the purposes of the Cash Flow Statement, 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.

statement of changes in equity

for the year ended 30 June 2006

CONSOLIDATED	Share Capital Ordinary $	Perpetual Resetting Convertible Preference Shares $	Retained Profits $	Asset Revaluation Reserve $	General Reserve $	Statutory Reserve $	Doubtful Debts Reserve $	Minority Interests $	Total $
Balance at 01 July 2004	25,602,005	31,743,909	10,944,162	1,125,494	5,833,939	2,676,071	1,929,283	(418,827)	79,436,036
Profit attributable to members of parent company	-	-	12,413,428	-	-	-	-	-	12,413,428
Profit attributable to minority shareholders	-	-	-	-	-	-	-	(39,151)	(39,151)
Revaluation increment of unlisted shares	-	-	307,918	(307,918)	-	-	-	-	-
Subtotal	25,602,005	31,743,909	23,665,508	817,576	5,833,939	2,676,071	1,929,283	(457,978)	91,810,313
Issue of share capital	572,571	-	-	-	-	-	-	-	572,571
Dividends provided for or paid - ordinary shares	-	-	(7,442,191)	-	-	-	-	-	(7,442,191)
Dividends provided for or paid - perpetual resetting convertible preference shares	-	-	(2,653,697)	-	-	-	-	-	(2,653,697)
Balance at 30 June 2005	26,174,576	31,743,909	13,569,620	817,576	5,833,939	2,676,071	1,929,283	(457,978)	82,286,996
Balance at 01 July 2005	26,174,576	31,743,909	13,569,620	817,576	5,833,939	2,676,071	1,929,283	(457,978)	82,286,996
Profit attributable to members of parent company	-	-	14,478,411	-	-	-	-	-	14,478,411
Profit attributable to minority shareholders	-	-	-	-	-	-	-	35,699	35,699
Fair value revaluation for land and buildings	-	-	-	4,691,179	-	-	-	-	4,691,179
Deferred tax liability adjustment on revaluation	-	-	-	(1,381,572)	-	-	-	-	(1,381,572)
Revaluation reserve transfer for property sold	-	-	85,939	(85,939)	-	-	-	-	-
Subtotal	26,174,576	31,743,909	28,133,970	4,041,244	5,833,939	2,676,071	1,929,283	(422,279)	100,110,713
Issue of share capital	777,199	-	-	-	-	-	-	-	777,199
Dividends provided for or paid - ordinary shares	-	-	(9,834,640)	-	-	-	-	-	(9,834,640)
Dividends provided for or paid - perpetual resetting convertible preference shares	-	-	(2,697,365)	-	-	-	-	-	(2,697,365)
Balance at 30 June 2006	**26,951,775**	**31,743,909**	**15,601,965**	**4,041,244**	**5,833,939**	**2,676,071**	**1,929,283**	**(422,279)**	**88,355,907**

CHIEF ENTITY

	Share Capital Ordinary $	Perpetual Resetting Convertible Preference Shares $	Retained Profits $	Asset Revaluation Reserve $	General Reserve $	Statutory Reserve $	Doubtful Debts Reserve $	Minority Interests $	Total $
Balance at 01 July 2004	25,602,005	31,743,909	9,763,887	1,125,494	5,833,939	2,676,071	1,929,283	-	78,674,588
Profit attributable to members of parent company	-	-	11,642,852	-	-	-	-	-	11,642,852
Revaluation increment of unlisted shares	-	-	307,918	(307,918)	-	-	-	-	-
Subtotal	25,602,005	31,743,909	21,714,657	817,576	5,833,939	2,676,071	1,929,283	-	90,317,440
Issue of share capital	572,571	-	-	-	-	-	-	-	572,571
Dividends provided for or paid - ordinary shares	-	-	(7,442,191)	-	-	-	-	-	(7,442,191)
Dividends provided for or paid - perpetual resetting convertible preference shares	-	-	(2,653,697)	-	-	-	-	-	(2,653,697)
Balance at 30 June 2005	26,174,576	31,743,909	11,618,769	817,576	5,833,939	2,676,071	1,929,283	-	80,794,123
Balance at 01 July 2005	26,174,576	31,743,909	11,618,769	817,576	5,833,939	2,676,071	1,929,283	-	80,794,123
Profit attributable to members of parent company	-	-	14,359,023	-	-	-	-	-	14,359,023
Fair value revaluation for land and buildings	-	-	-	4,691,179	-	-	-	-	4,691,179
Deferred tax liability adjustment on revaluation	-	-	-	(1,381,572)	-	-	-	-	(1,381,572)
Revaluation reserve transfer for property sold	-	-	85,939	(85,939)	-	-	-	-	-
Subtotal	26,174,576	31,743,909	26,063,731	4,041,244	5,833,939	2,676,071	1,929,283	-	98,462,753
Issue of share capital	777,199	-	-	-	-	-	-	-	777,199
Dividends provided for or paid - ordinary shares	-	-	(9,834,640)	-	-	-	-	-	(9,834,640)
Dividends provided for or paid - perpetual resetting convertible preference shares	-	-	(2,697,365)	-	-	-	-	-	(2,697,365)
Balance at 30 June 2006	**26,951,775**	**31,743,909**	**13,531,725**	**4,041,244**	**5,833,939**	**2,676,071**	**1,929,283**	**-**	**86,707,946**

notes to the financial statements

for the year ended 30 June 2006

note 1 BASIS OF PREPARATION

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standards. The financial report has also been prepared on a historical cost basis, except for land and buildings, derivative financial instruments and available-for-sale financial assets that have been measured at fair value.

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standard ('AIFRS'). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards ('IFRS').

This is the first financial report based on AIFRS and comparatives for the year ended 30 June 2005 have been restated accordingly. Reconciliations of AIFRS equity and profit for 30 June 2005 to the balances reported in the 30 June 2005 financial reports are detailed in Note 1.o) below.

a) Principles of consolidation

A controlled entity is any entity Wide Bay Australia Ltd has the power to control the financial and operating policies of so as to obtain benefits from its activities.

All inter-company balances and transactions between entities in the economic entity, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistencies with those policies applied by the parent entity.

Where controlled entities have entered or left the economic entity during the year, their operating results have been included/excluded from the date control was obtained or until the date control ceased.

Minority equity interests in the equity and results of the entities that are controlled are shown as a separate item in the consolidated financial report.

b) Income tax

The economic entity adopts the liability method of tax-effect accounting whereby the income tax expense is based on the profit from ordinary activities adjusted for any non-assessable or disallowed items.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

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 taxation legislation and the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

c) Property, plant & equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Freehold land and buildings are shown at their fair value (being the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction), based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the re-valued amount of the asset.

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation reserve in shareholders' equity. Decreases that offset previous increases of the same asset are charged against fair value reserves directly in equity; all other decreases are charged to the income statement.

Depreciation

The depreciable amount of all fixed assets including building and capitalised lease assets, but excluding freehold land, is depreciated on a straight line basis over their useful lives to the economic entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation periods used for each class of depreciable assets 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

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

d) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that are transferred to entities in the economic entity are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over their estimated useful lives where it is likely that the economic entity will obtain ownership of the asset or over the term of the lease.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

e) Financial instruments

Recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Financial assets at fair value through profit and loss

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the income statement in the period in which they arise.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Held-to-maturity investments

These investments have fixed maturities and it is the group's intention to hold these investments to maturity. Any held-to-maturity investments held by the group are stated at amortised cost using the effective interest rate method.

Available-for-sale financial assets

Available-for-sale financial assets include any financial assets not included in the above categories. Available-for-sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity.

Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At each reporting date, the group assess whether there is objective evidence that a financial instrument has been impaired. In the case of available-for sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the income statement.

f) Investments in associates

Investments in associate companies are recognised in the financial statements by applying the equity method of accounting where significant influence is exercised over an investee. Significant influence exists where the investor has the power to participate in the financial and operating policy decisions of the investee but does not have control or joint control over those policies.

The financial statements of the associate are used by the group to apply the equity method. The reporting dates of the associate and the group are identical and both use consistent accounting policies.

The investment in the associate is carried in the consolidated balance sheet at cost plus post-acquisition changes in the group's share of net assets of the associate, less any impairment in value. The consolidated income statement reflects the group's share of the results of operations of the associate.

Where there has been a change recognised directly in the associate's equity, the group recognises its share of any changes and discloses this, when applicable, in the consolidated statement of changes in equity.

g) Intangibles

Goodwill and goodwill on consolidation are initially recorded at the amount by which the purchase price for a business or for an ownership interest in a controlled entity exceeds the fair value attributed to its net assets at date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

h) Employee benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

i) Provisions

Provisions are recognised when the group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

j) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less.

k) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred 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 an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

l) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the group and the revenue can be reliably measured.

Interest is recognised as it accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

Dividend revenue is recognised when the shareholder's right to receive the payment is established.

Fees and commissions are recognised as revenue or expenses on an accrual basis.

Premium Revenue - Mortgage Risk Management Pty Ltd

Premiums have been brought to account as income from the date of attachment of risk. Direct Premiums comprise amounts charged to the policy holder, excluding stamp duties collected on behalf of the statutory authorities. The earned portion of premiums received and receivable is recognised as revenue.

m) Loans and advances - doubtful debts

The society has extended its lending to incorporate limited fully secured commercial lending and continues to insure the majority of new mortgage loans approved, in particular in excess of 75% LVR, with the society's wholly owned subsidiary, Mortgage Risk Management Pty Ltd, a registered lender's mortgage insurer.

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, leases and relevant non recoverable amounts.

n) Comparative figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

o) First-time adoption of Australian Equivalents to International Financial Reporting Standards

The impacts of adopting AIFRS on the total equity and profit after tax as reported under Australian Accounting Standards applicable before 1 January 2005 ('AGAAP') are illustrated below:

i) Reconciliation of total equity as presented under previous AGAAP to that under AIFRS

		CONSOLIDATED		CHIEF ENTITY	
		$ as at 30/06/05	$ as at 01/07/04	**$ as at 30/06/05**	$ as at 01/07/04
Total equity under AGAAP		**82,657,386**	79,806,426	**81,164,513**	79,044,978
Recognition of provision for make-good on leases	A	**(20,000)**	(20,000)	**(20,000)**	(20,000)
Tax effect of asset revaluation reserve	B	**(350,390)**	(350,390)	**(350,390)**	(350,390)
Total equity under AIFRS		**82,286,996**	79,436,036	**80,794,123**	78,674,588

A Make-good provisions

The society has operating leases that require the asset to be returned to the lessor in its original condition. Under AIFRS, a provision for refurbishment costs must be recognised over the period of the lease. At 01 July 2004 a provision of $20,000 for make-good costs associated with these operating leases was recognised.

B Taxation

On transition to AIFRS the balance sheet method of tax effect accounting was adopted. The effects on the consolidated entity at 01 July 2004 were an increase in deferred tax assets of $350,390, and a decrease in asset revaluation reserve of $350,390.

ii) Reconciliation of profit before tax under previous AGAAP to that under AIFRS

	Consolidated	Chief entity
Prior year profit before tax as previously reported	**17,560,750**	**15,728,661**
Prior year profit before tax under AIFRS	**17,560,750**	**15,728,661**

There were no adjustments to profit before tax under AIFRS

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.

	$ Average balance	$ Interest	% Average interest rate
INTEREST REVENUE 2006			
Deposits with other financial institutions	**24,518,053**	**1,414,676**	**5.77**
Investment securities	**116,764,066**	**6,766,128**	**5.79**
Loans and advances	**1,374,307,601**	**99,823,544**	**7.26**
Other	**16,111,364**	**769,889**	**4.78**
	1,531,701,084	**108,774,237**	**7.10**
BORROWING COSTS 2006			
Deposits from other financial institutions	**698,960,320**	**43,755,960**	**6.26**
Customer deposits	**744,893,490**	**32,286,290**	**4.33**
Subordinated notes	**10,000,000**	**730,274**	**7.30**
	1,453,853,810	**76,772,524**	**5.28**
Net interest revenue 2006		**32,001,713**	
INTEREST REVENUE 2005			
Deposits with other financial institutions	20,085,727	1,168,976	5.82
Investment securities	119,618,561	6,906,129	5.77
Loans and advances	1,248,900,200	87,509,697	7.01
Other	10,116,031	454,898	4.50
	1,398,720,519	96,039,700	6.87
BORROWING COSTS 2005			
Deposits from other financial institutions	656,825,927	38,016,803	5.79
Customer deposits	692,315,761	28,354,347	4.10
Subordinated notes	10,000,000	720,263	7.20
	1,359,141,688	67,091,413	4.94
Net interest revenue 2005		28,948,287	

note 3 PROFIT FROM ORDINARY ACTIVITIES

Profit before income tax includes the following revenues and expenses whose disclosure is relevant in explaining the financial performance of the consolidated group.

	CONSOLIDATED $ 2006	CONSOLIDATED $ 2005	CHIEF ENTITY $ 2006	CHIEF ENTITY $ 2005
Profit relating to mortgage insurance activities (also refer Note 1.l)				
Premium revenue	**3,887,289**	2,980,618	**-**	-
Reinsurance expense	**(280,633)**	(54,221)	**-**	-
	3,606,656	2,926,397	**-**	-

note 3 continued

	CONSOLIDATED $ 2006	CONSOLIDATED $ 2005	CHIEF ENTITY $ 2006	CHIEF ENTITY $ 2005
Included in the profit from ordinary activities are the following revenue items:				
Other revenue from ordinary activities				
Dividends				
Controlled entities	**-**	-	**2,000,000**	1,800,000
Other corporations	**-**	25,000	**-**	25,000
Fees and commissions	**8,524,738**	8,225,862	**8,524,738**	8,225,862
Other revenue	**1,708,289**	1,508,210	**905,113**	726,855
	13,839,683	12,685,469	**11,429,851**	10,777,717
The profit from ordinary activities before income tax is arrived at after charging the following items:				
Other expenses from operating activities				
Fees and commissions	**3,578,314**	3,656,840	**3,578,314**	3,656,840
Provisions for employee entitlements	**180,000**	95,000	**180,000**	95,000
General and administration expenses	**8,010,434**	8,328,710	**7,518,659**	7,723,954
Underwriting expenses	**1,457,898**	131,390	**-**	-
	13,226,646	12,211,940	**11,276,973**	11,475,794

note 4 INCOME TAX

The prima facie tax on profit before income tax differs from the income tax provided as follows:

	CONSOLIDATED $ 2006	CONSOLIDATED $ 2005	CHIEF ENTITY $ 2006	CHIEF ENTITY $ 2005
Prima facie tax on profit before income tax at 30% (2005 - 30%)	**6,063,305**	5,268,225	**5,763,828**	4,718,598
Tax effect of permanent differences				
Depreciation of buildings	**10,579**	11,086	**10,579**	11,086
Capital gain on sale of assets	**10,814**	(55)	**10,814**	(55)
Franked dividends	**(238,064)**	(7,500)	**(838,064)**	(547,500)
Other items - net	**27,254**	13,930	**5,792**	2,893
Capital raising expenses	**(99,213)**	(99,213)	**(99,213)**	(99,213)
Income tax expense attributable to profit from ordinary activities	**5,774,675**	5,186,473	**4,853,736**	4,085,809

note 5 DIVIDENDS PAID

	CONSOLIDATED $ 2006	CONSOLIDATED $ 2005	CHIEF ENTITY $ 2006	CHIEF ENTITY $ 2005
Dividends paid during the year				
Interim for current year				
Fully franked dividend on ordinary shares	**5,134,639**	3,559,582	**5,134,639**	3,559,582
Final for previous year				
Fully franked dividend on ordinary shares	**4,700,001**	3,882,609	**4,700,001**	3,882,609
	9,834,640	7,442,191	**9,834,640**	7,442,191
Dividends paid during the year				
Fully franked dividends on non-cumulative perpetual resetting convertible preference shares	**2,697,365**	2,653,697	**2,697,365**	2,653,697
	2,697,365	2,653,697	**2,697,365**	2,653,697

In accordance with Accounting Standards, dividends are only provided for as declared or paid. Subsequent to the reporting date, the Board declared a dividend of 26.5 cents per ordinary share ($5.443 million), for the six months to 30 June 2006, payable on 22 September 2006.

The final dividend for the six months to 30 June 2005 ($4.700 million) was paid on 23 September 2005, and was disclosed in the 2004/05 financial accounts in accordance with Accounting Standards.

The tax rate at which the dividends have been franked is 30% (2005 - 30%).

	CONSOLIDATED $ 2006	$ 2005	CHIEF ENTITY $ 2006	$ 2005
note 5 continued				
The amount of franking credits available for the subsequent financial year are:				
Balance as at the end of the financial year	**3,695,501**	3,551,377	**3,541,492**	3,455,825
Credits that will arise from the payment of income tax payable per the financial statements	**2,224,496**	1,746,595	**1,300,811**	922,129
Debits that will arise from the payment of the proposed dividend	**(2,332,593)**	(2,014,286)	**(2,332,593)**	(2,014,286)
	3,587,404	3,283,686	**2,509,710**	2,363,668
Dividends - cents per share				
Dividend proposed				
Fully franked dividend on ordinary shares	**26.5**	23.0	**26.5**	23.0
Interim dividend paid during the year				
Fully franked dividend on ordinary shares	**25.0**	19.0	**25.0**	19.0
Fully franked dividends on non-cumulative perpetual resetting convertible preference shares	**803.0**	790.0	**803.0**	790.0
Final dividend paid for the previous year				
Fully franked dividend on ordinary shares	**23.0**	17.5	**23.0**	17.5

note 6 CASH AND CASH EQUIVALENTS

	CONSOLIDATED $ 2006	$ 2005	CHIEF ENTITY $ 2006	$ 2005
Cash on hand and at banks	**11,522,539**	10,150,631	**11,448,267**	10,091,632
Deposits on call	**48,950,000**	33,250,000	**31,700,000**	18,000,000
	60,472,539	43,400,631	**43,148,267**	28,091,632

note 7 DUE FROM OTHER FINANCIAL INSTITUTIONS

	CONSOLIDATED $ 2006	$ 2005	CHIEF ENTITY $ 2006	$ 2005
Deposits with SSP's	**2,159,331**	1,835,309	**2,159,331**	1,835,309
Subordinated loans	**124,585**	124,585	**124,585**	124,585
	2,283,916	1,959,894	**2,283,916**	1,959, 894
Maturity analysis				
No maturity specified	**2,283,916**	1,959,894	**2,283,916**	1,959,894

note 8 ACCRUED RECEIVABLES

	CONSOLIDATED $ 2006	$ 2005	CHIEF ENTITY $ 2006	$ 2005
Interest receivable	**1,240,628**	1,079,575	**1,136,997**	978,766
Other	**6,724,125**	7,591,984	**6,361,111**	7,161,790
	7,964,753	8,671,559	**7,498,108**	8,140,556

note 9 INVESTMENT SECURITIES

	CONSOLIDATED $ 2006	$ 2005	CHIEF ENTITY $ 2006	$ 2005
Bills of exchange and promissory notes	**68,674,069**	73,837,021	**68,674,069**	73,837,021
Certificates of deposit	**15,906,379**	23,799,862	**15,906,379**	23,799,862
Notes - Securitisation program & other	**32,711,185**	38,362,020	**29,261,919**	33,254,215
	117,291,633	135,998,903	**113,842,367**	130,891,098
Maturity analysis				
Up to 3 months	**84,580,448**	97,636,883	**84,580,448**	97,636,883
Later than 5 years	**32,711,185**	38,362,020	**29,261,919**	33,254,215
	117,291,633	135,998,903	**113,842,367**	130,891,098

note 10 LOANS AND ADVANCES

	CONSOLIDATED $ 2006	$ 2005	CHIEF ENTITY $ 2006	$ 2005
Term loans	**1,163,583,145**	1,108,958,181	**1,163,583,145**	1,108,958,181
Loan to controlled entity	**-**	-	**3,477,214**	974,047
Other commercial loan	**261,120**	282,621	**261,120**	282,621
Continuing credit loans	**256,480,348**	202,596,970	**256,480,348**	202,596,970
Leases receivable	**5,229,980**	5,036,525	**-**	-
	1,425,554,593	1,316,874,927	**1,423,801,827**	1,312,811,819
Provision for impairment	**(58,393)**	(50,894)	**(12,160)**	(8,639)
Total loans	**1,425,496,200**	1,316,823,403	**1,423,789,667**	1,312,803,180
Provision for impairment				
Specific provision				
Opening balance	**(50,894)**	(23,184)	**(8,639)**	(7,046)
Bad and doubtful debts provided for during the year	**(7,499)**	(27,710)	**(3,521)**	(1,593)
Total provision for impairment	**(58,393)**	(50,894)	**(12,160)**	(8,639)
Charge to profit and loss for bad and doubtful debts comprises:				
Specific provision	**(7,499)**	(27,710)	**(3,521)**	(1,593)
Bad debts recognised directly	**(35,238)**	(4,582)	**-**	-
	(42,737)	(32,292)	**(3,521)**	(1,593)

Under AIFRS, loans and receivables that have been securitised have been brought back onto the balance sheet as the special purpose entity established for the securitisation is considered to be controlled in accordance with UIG Interpretation 112 Consolidation - Special Purpose Entities. AIFRS considers the probability of risks and benefits in determining control, not just the possibility.

The impact on the consolidated entity has been an increase in assets - loans and advances - of $747.079 million (30 June 2005 - $633.105 million) and an increase in liabilities - securitised loans - of $747.079 million (30 June 2005 - $633.105 million).

The costs associated with the establishment of each securitisation program has been reassessed under AIFRS, and there is no impact on the profit and loss of the consolidated entity.

	CONSOLIDATED $ 2006	$ 2005	CHIEF ENTITY $ 2006	$ 2005
Maturity analysis				
Up to 3 months	**687,671**	667,841	**605,331**	584,631
From 3 to 12 months	**688,623**	136,545	**167,974**	24,561
From 1 to 5 years	**9,221,792**	8,089,217	**4,594,800**	3,746,709
Later than 5 years	**1,414,898,114**	1,307,929,800	**1,418,421,562**	1,308,447,279
	1,425,496,200	1,316,823,403	**1,423,789,667**	1,312,803,180

Concentration of risk

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

note 11 OTHER INVESTMENTS

	CONSOLIDATED $ 2006	$ 2005	CHIEF ENTITY $ 2006	$ 2005
Unlisted shares - at Directors' valuation 2006	**164,246**	126,761	**164,246**	164,246
Controlled entities - at cost	**-**	-	**10,721,041**	10,221,041
Investment in associate	**6,768,164**	-	**6,768,164**	-
Interest in joint venture - at cost	**15,000**	15,000	**15,000**	15,000
	6,947,410	141,761	**17,668,451**	10,400,287

note 11 continued

Investment in controlled entities comprises:

Name	Country of incorporation	% 2006	% 2005	Contribution to consolidated operating profit after income tax CONSOLIDATED $ 2006	$ 2005	Investment carrying value CHIEF ENTITY $ 2006	$ 2005
Chief entity							
Wide Bay Australia Ltd	Australia			**11,565,475**	9,842,852		
Controlled entities							
Fincom Pty Ltd	Australia	**0**	44	**(17,079)**	(4,687)	**-**	-
Mortgage Risk Management Pty Ltd	Australia	**100**	100	**2,158,040**	2,609,916	**10,720,000**	10,220,000
Wide Bay Australia Mini Lease Pty Ltd	Australia	**51**	51	**(21,573)**	(34,653)	**1,041**	1,041
				2,119,388	2,570,576	**10,721,041**	10,221,041
Investment in associate comprises:							
Financial Technology Securities Pty Ltd	Australia	**25**	0	**793,548**	-	**6,768,164**	-
				14,478,411	12,413,428	**17,489,205**	10,221,041

The carrying amounts of unlisted shares were reassessed by the Directors as at 30 June 2006 with the reassessments being based on the projections of the current market values of the shares.

Controlled entities

Fincom Pty Ltd has ceased to trade and was deregistered on 26 June 2006.

Mortgage Risk Management Pty Ltd (MRM) is a wholly owned subsidiary of Wide Bay Australia Ltd and is a registered lenders' mortgage insurance provider. The company acts solely for the purpose of insuring the society's residential mortgages and has received APRA approval.

The operations of MRM are subject to and under the supervision of APRA in respect of compliance and capital requirements. MRM meets the S&P model for an "A" rated lenders' mortgage insurance company.

The society controls a 51% share in Wide Bay Australia Mini Lease Pty Ltd. This company provides leasing and rental finance for businesses to acquire plant and equipment.

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 Australia Financial Planning Services Pty Ltd, is a 50/50 structure and acts as an authorised representative of an Australian Financial Services licence holder.

Investment accounted for using the equity method

On 29 July, 2005, Wide Bay Australia Ltd and Aviva Australia (a wholly owned subsidiary of UK listed Aviva Plc) announced that following extensive due diligence, they had agreed to each acquire a 25% interest in Financial Technology Securities Pty Ltd (Financial Technology) giving a collective interest of 50.01%.

Financial Technology has operated since 1993 as financial planners using a plan that utilises investor equity for wealth creation, with Wide Bay Australia being one of their preferred lenders and Navigator their investment platform during that period. The company is a very successful operation primarily based in South East Queensland and New South Wales, with a large clientele developed over the years.

The acquisition will strengthen Wide Bay's presence in the financial planning industry, extending the range of services available to customers and shareholders.

Financial Technology Securities Pty Ltd is not listed on any public exchange and therefore there is no published quotation price for the fair value of this investment. The reporting date of the associate is the same as Wide Bay Australia Ltd. There were no impairment losses relating to the investment in associate or other commitments relating to the associate.

The following table illustrates summarised information of the investment in Financial Technology Securities Pty Ltd:

	$ 2006	$ 2005
Share of associate's balance sheet:		
Current Assets	**429,249**	-
Non-current assets	**464,621**	-
Current Liabilities	**(441,000)**	-
Non-current liabilities	**-**	-
Net Assets	**452,870**	-

	$ 2006	$ 2005
Share of associate's revenue and profit:		
Revenue	**2,378,885**	-
Profit before income tax	**1,195,776**	-
Income tax	**(402,228)**	-
Profit after income tax	**793,548**	-

	CONSOLIDATED $ 2006	$ 2005	CHIEF ENTITY $ 2006	$ 2005
note 12 PROPERTY, PLANT AND EQUIPMENT				
Freehold land and buildings				
At independent valuation - June 2006	**12,065,000**	8,180,000	**12,065,000**	8,180,000
Provision for depreciation	**-**	310,353	**-**	310,353
	12,065,000	7,869,647	**12,065,000**	7,869,647
Movement in carrying amount				
Carrying amount at beginning of year	**7,869,647**	8,025,597	**7,869,647**	8,025,597
Depreciation	**154,263**	155,950	**154,263**	155,950
Sale of property at 124 East Street, Rockhampton	**341,563**	-	**341,563**	-
Revaluation increment (net)	**4,691,179**	-	**4,691,179**	-
Carrying amount at end of year	**12,065,000**	7,869,647	**12,065,000**	7,869,647
Plant and equipment				
At cost	**18,030,474**	15,689,085	**17,935,406**	15,594,508
Provision for depreciation	**12,938,787**	11,771,440	**12,857,391**	11,703,321
	5,091,687	3,917,645	**5,078,015**	3,891,187
Movement in carrying amount				
Carrying amount at beginning of year	**3,917,645**	3,274,357	**3,891,187**	3,234,400
Additions	**2,406,390**	1,618,763	**2,405,899**	1,618,574
Depreciation	**1,232,348**	975,475	**1,219,071**	961,787
Carrying amount at end of year	**5,091,687**	3,917,645	**5,078,015**	3,891,187
	17,156,687	11,787,292	**17,143,015**	11,760,834

Land and buildings were all revalued as at 30 June 2006 by independent registered valuers:
Rod Noakes AAPI, Anthony Carter AAPI and Paul Caspers AAPI of Alex J Saunders Valuations Pty Ltd
The valuations were based on current market values. The society's policy is to revalue freehold land and buildings every three years.

	CONSOLIDATED $ 2006	$ 2005	CHIEF ENTITY $ 2006	$ 2005
note 13 DEFERRED TAX ASSETS				
Deferred tax assets relating to temporary differences	**767,116**	601,787	**373,588**	286,775
note 14 OTHER ASSETS				
Prepayments	**6,739,386**	5,610,479	**4,191,244**	4,190,889
	6,739,386	5,610,479	**4,191,244**	4,190,889
note 15 DEPOSITS AND SHORT TERM BORROWINGS				
Call deposits	**289,038,222**	249,580,153	**290,620,465**	251,519,613
Term deposits	**472,821,721**	452,143,098	**472,821,721**	452,143,098
	761,859,943	701,723,251	**763,442,186**	703,662,711
Maturity analysis				
On call	**204,041,271**	249,580,153	**205,623,514**	251,519,613
Up to 3 months	**386,367,606**	290,301,930	**386,367,606**	290,301,930
From 3 to 12 months	**166,230,932**	152,272,277	**166,230,932**	152,272,277
From 1 to 5 years	**5,220,134**	9,568,891	**5,220,134**	9,568,891
	761,859,943	701,723,251	**763,442,186**	703,662,711

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

	CONSOLIDATED $ 2006	$ 2005	CHIEF ENTITY $ 2006	$ 2005
Secured loans	**2,957,326**	65,222,251	**-**	60,000,000
Maturity analysis				
Up to 3 months	**-**	60,000,000	**-**	60,000,000
From 1 to 5 years	**2,957,326**	5,222,251	**-**	-
	2,957,326	65,222,251	**-**	60,000,000

The loans to the chief entity are secured by charges held over registered mortgage documents.
The carrying amount of these mortgages is now $nil (2005 - $62,457,690).

note 17 PAYABLES AND OTHER LIABILITIES

	CONSOLIDATED $ 2006	$ 2005	CHIEF ENTITY $ 2006	$ 2005
Trade creditors	**4,508,322**	4,025,578	**4,508,322**	4,025,578
Accrued interest payable	**7,691,000**	6,542,168	**7,691,000**	6,542,168
Other creditors	**8,953,909**	11,051,230	**5,235,337**	7,161,395
	21,153,231	21,618,976	**17,434,659**	17,729,141
Maturity analysis				
Up to 3 months	**18,721,595**	19,251,292	**15,003,022**	15,361,457
From 3 to 12 months	**2,361,103**	2,231,332	**2,361,103**	2,231,332
From 1 to 5 years	**70,533**	136,352	**70,534**	136,352
	21,153,231	21,618,976	**17,434,659**	17,729,141

note 18 DEFERRED INCOME TAX LIABILITIES

	CONSOLIDATED $ 2006	$ 2005	CHIEF ENTITY $ 2006	$ 2005
Provision for taxation	**2,523,196**	1,746,595	**1,509,141**	922,129
Deferred taxation	**2,308,982**	1,038,878	**2,308,982**	1,038,878
	4,832,178	2,785,473	**3,818,123**	1,961,007

note 19 PROVISIONS

	CONSOLIDATED $ 2006	$ 2005	CHIEF ENTITY $ 2006	$ 2005
Employee entitlements				
Balance at beginning of year	**1,264,577**	1,163,174	**1,264,577**	1,163,174
Annual leave and long service leave provided for during the year	**171,337**	101,403	**171,337**	101,403
Balance at end of year	**1,435,914**	1,264,577	**1,435,914**	1,264,577
Unearned direct premiums and outstanding claims				
Balance at beginning of year	**6,980,599**	6,139,116	**-**	-
Transfers to the provision during the year	**4,519,849**	4,274,129	**-**	-
Payments from the provision during the year	**4,075,101**	3,432,646	**-**	-
Balance at end of year	**7,425,347**	6,980,599	**-**	-
Other provisions	**21,023**	8,470	**21,024**	8,470
Total provisions	**8,882,284**	8,253,646	**1,456,938**	1,273,047

note 20 SUBORDINATED CAPITAL NOTES

	CONSOLIDATED $ 2006	$ 2005	CHIEF ENTITY $ 2006	$ 2005
Inscribed debenture stock	**10,000,000**	10,000,000	**10,000,000**	10,000,000
Maturity analysis				
Up to 3 months	**10,000,000**	10,000,000	**10,000,000**	10,000,000

note 21 CONTRIBUTED EQUITY

	SHARES 2006 No.	$	SHARES 2005 No.	$
Fully paid ordinary shares				
All ordinary shares have equal voting, dividend and capital repayment rights.				
Balance at beginning of year	**20,434,789**	**26,174,576**	20,340,461	25,602,005
Issued during the year				
Staff share plan	**103,765**	**777,199**	94,328	572,571
Balance at end of year	**20,538,554**	**26,951,775**	20,434,789	26,174,576
Fully Paid Non-cumulative Perpetual Resetting Convertible Preference (RCP) Shares				
Balance at beginning of year	**335,911**	**31,743,909**	335,911	31,743,909
Balance at end of year	**335,911**	**31,743,909**	335,911	31,743,909
		58,695,684		57,918,485

Staff share plan

18 November 2005 - 103,765 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.

	CONSOLIDATED 2006	2005	CHIEF ENTITY 2006	2005
The total number of shares issued to employees since the inception of the staff share plan was	**1,832,352**	1,728,587	**1,832,352**	1,728,587
The total number of shares issued to employees during the financial year was	**103,765**	94,328	**103,765**	94,328
The total market value at date of issue, 18 November 2005 (9 November 2004) was	**933,885**	613,132	**933,885**	613,132
The total amount paid or payable for the shares at that date was	**777,199**	572,571	**777,199**	572,571

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.

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.

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:

a) the Directors, at their discretion, declaring a dividend to be payable;

b) the aggregate amount of dividends or distributions paid in any financial year does not exceed the distributable profits (unless otherwise agreed by APRA);

note 21 continued

c) 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

d) 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.

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:

a) 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;

b) on any proposal to reduce the capital of the society;

c) on any resolution to approve the terms of a buy-back agreement;

d) on any proposal that affects the rights or privileges attaching to the RCP shares;

e) on any proposal to wind-up the society;

f) on any proposal for the disposal of the whole of the society's business, undertaking and assets;

g) during the winding-up of the society; and

h) 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.

The perpetual resetting convertible preference shares, which were classified as equity under AGAAP, are classified as equity under AIFRS.

The underlying documentation was prepared with the intention that the RCP's would be treated as equity. In addition, the Board of Directors have made a public announcement that the RCP's will be converted to ordinary shares in December 2006.

In accordance with APRA standards, the preference shares qualify as tier 1 capital to the extent of 20% of total tier 1 capital, with the remainder classified as upper tier 2 capital.

note 22 RESERVES

	CONSOLIDATED		CHIEF ENTITY	
	$ 2006	$ 2005	**$ 2006**	$ 2005
Movements in reserves				
Asset revaluation reserve				
Balance at beginning of year	**817,576**	1,125,494	**817,576**	1,125,494
Increase due to revaluation increment on land and buildings	**4,691,179**	-	**4,691,179**	-
Deferred tax liability adjustment on revalution increment on land and buildings	**(1,381,572)**	-	**(1,381,572)**	-
Decrease due to transfer to retained profits of revaluation of assets since sold	**(85,939)**	(307,918)	**(85,939)**	(307,918)
Balance at end of year	**4,041,244**	817,576	**4,041,244**	817,576

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

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.

note 22 continued

	CONSOLIDATED		CHIEF ENTITY	
	$ 2006	$ 2005	**$ 2006**	$ 2005
General reserve				
Balance at end of year	**5,833,939**	5,833,939	**5,833,939**	5,833,939

A special reserve was established upon the society issuing fixed share capital in 1992. The special reserve represented accumulated members profits at that date and was transferred to the general reserve over a period of 10 years being finalised in 2001/2002.

Doubtful debts reserve				
Balance at end of year	**1,929,283**	1,929,283	**1,929,283**	1,929,283

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.

Total Reserves	**14,480,537**	11,256,869	**14,480,537**	11,256,869

note 23 OUTSIDE EQUITY INTEREST

Reconciliation of outside equity interest in controlled entities:

	CONSOLIDATED 2006	CONSOLIDATED 2005
Opening balance	**(457,978)**	(418,827)
Share of operating (profit)/loss	**35,699**	(39,151)
Closing balance	**(422,279)**	(457,978)

note 24 CASH FLOW STATEMENT

Reconciliation of profit from ordinary activities after tax to the net cash flows from operations:

	CONSOLIDATED 2006	CONSOLIDATED 2005	CHIEF ENTITY 2006	CHIEF ENTITY 2005
Profit after tax from continuing operations	**14,436,340**	12,374,277	**14,359,023**	11,642,852
Depreciation & amortisation	**1,386,610**	1,131,425	**1,373,333**	1,117,737
(Profit)/Loss on disposal of non-current assets	**36,046**	(182)	**36,046**	(182)
(Increase)/Decrease in Assets				
Accrued interest on investments	**104,386**	(3,935)	**104,386**	(3,935)
Prepayments	**(188,754)**	(527,215)	**(188,754)**	(527,215)
Inventories	**(4,079)**	5,988	**(4,079)**	5,988
Sundry debtors	**68,454**	7,131,607	**(2,391,421)**	(2,524,466)
Future income tax benefit	**(104,527)**	(34,523)	**(86,813)**	(16,809)
Increase/(Decrease) in Liabilities				
Increase in creditors & accruals	**(3,411,868)**	(3,389,206)	**(347,137)**	3,446,254
Increase in deferred tax payable	**1,620,494**	(94,399)	**1,620,494**	(94,399)
Increase in income tax payable	**409,435**	593,496	**388,732**	41,965
Increase in employee entitlement provisions	**180,000**	95,000	**180,000**	95,000
Net cash flows from operating activities	**14,532,537**	17,282,333	**15,043,810**	13,182,790

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.
(Profit)/Loss on disposal of fixed assets.

	CONSOLIDATED $ 2006	$ 2005	CHIEF ENTITY $ 2006	$ 2005

note 25 EXPENDITURE COMMITMENTS

	CONSOLIDATED $ 2006	$ 2005	CHIEF ENTITY $ 2006	$ 2005
Capital expenditure commitment				
Capital expenditure contracted for within one year	**165,149**	1,101,233	**165,149**	1,101,233
Lease expenditure commitments				
Non cancellable operating leases				
Up to 1 year	**1,063,609**	884,708	**1,063,609**	884,708
From 1 to 2 years	**730,190**	693,873	**730,190**	693,873
From 2 to 5 years	**1,366,856**	888,248	**1,366,856**	888,248
Later than 5 years	**191,318**	195,237	**191,318**	195,237
Total lease expenditure	**3,351,973**	2,662,066	**3,351,973**	2,662,066

note 26 EMPLOYEE ENTITLEMENTS AND SUPERANNUATION COMMITMENTS

	CONSOLIDATED $ 2006	$ 2005	CHIEF ENTITY $ 2006	$ 2005
Employee entitlements				
The aggregate employment entitlement liability is comprised of:				
Provisions - (note 19)	**1,435,914**	1,264,577	**1,435,914**	1,264,577

note 27 CONTINGENT LIABILITIES AND CREDIT COMMITMENTS

	CONSOLIDATED $ 2006	$ 2005	CHIEF ENTITY $ 2006	$ 2005
Approved but undrawn loans	**61,411,844**	73,108,629	**61,306,986**	73,063,929
Approved but undrawn credit limits	**63,212,306**	46,790,123	**63,212,306**	46,790,123
	124,624,150	119,898,752	**124,519,292**	119,854,052

note 28 EARNINGS PER SHARE

	CONSOLIDATED $ 2006	$ 2005
Basic earnings per share (cents per share)	**57.47**	47.84
Diluted earnings per share (cents per share)	**57.94**	48.14

Information relating to the calculation of the earnings per share is as follows:	BASIC $ 2006	$ 2005	DILUTED $ 2006	$ 2005
Calculation of numerator				
Net profit attributable to shareholders	**14,478,411**	12,413,428	**14,478,411**	12,413,428
Less dividends paid on preference shares	**2,697,365**	2,653,697	**-**	-
Numerator	**11,781,046**	9,759,731	**14,478,411**	12,413,428
Weighted average number of shares				
Ordinary shares	**20,498,754**	20,400,934	**20,498,754**	20,400,934
Potential ordinary shares	**-**	-	**4,488,232**	5,382,623
Total weighted average ordinary shares	**20,498,754**	20,400,934	**24,986,986**	**25,783,557**

note 29 KEY MANAGEMENT PERSONNEL AND RELATED PARTY DISCLOSURES

a) Details of key management personnel

The following were key management personnel for the entire reporting period.

i) Directors

JF Pressler	*Chairman - Non-executive Director*
RE Hancock	*Managing Director*
JH Fell	*Director - Non-executive*
PJ Sawyer	*Director - Non-executive*
FM McLeod	*Executive Manager*

ii) Executives

IR Pokarier	*Operations Manager*
WR Schafer	*Chief Financial Officer and Company Secretary*
DA Hancock	*Manager Structured Finance, Products and Interstate Operations*
SV Butler	*Loans Manager*
AR Ashton	*Internal Auditor*

Each of the key management personnel, relatives of key management personnel 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.

b) Key management personnel compensation

Remuneration for the year ended 30 June 2006	CONSOLIDATED $ 2006	$ 2005	CHIEF ENTITY $ 2006	$ 2005
Short term employee benefits	**1,857,316**	1,552,977	**1,857,316**	1,552,977
Post employment benefits	**212,937**	278,396	**212,937**	278,396
Termination benefits	**-**	-	**-**	-
Share based payments	**-**	-	**-**	-
Other long term benefits	**-**	-	**-**	-
	2,070,253	1,831,373	**2,070,253**	1,831,373

The company has taken advantage of the relief provided by Corporations Amendment Regulation 2006 (No. 4) and has transferred the detailed remuneration disclosures to the Remuneration Report section of the Directors' Report.

c) Loans to key management personnel

The following table outlines the aggregate of loans to key management personnel. Details are provided on an individual basis for each of the key management personnel whose indebtedness exceeded $100,000 at any time during this reporting period.

Loans have been made in accordance with the normal terms and conditions offered by the society and charged at the Benchmark Interest Rate for the Fringe Benefits Tax year as set by the Australian Taxation Office. This Benchmark Interest Rate would approximate an arms' length interest rate offered by the society.

Loans are also made in accordance with the Staff Share Plan approved by shareholders in 1992. The loans are repayable over 5 years at 0% interest, with the loans being secured by a lien over the relevant shares. Such loans are only available to employees of the society and there is no applicable arm's length interest to take to account in this note.

Loans for the year ended **30 June 2006**	$ Balance 01 July 2005	$ Interest Charged	$ Write-off	**$ Balance 30 June 2006**	Number in Group 30 June 2006
Directors	(678,588)	48,602	-	**(1,634,942)**	3
Executives	(1,038,707)	59,328	-	**(1,206,344)**	5
Total: Key management personnel	(1,717,295)	107,930	-	**(2,841,286)**	8

Loans for the year ended **30 June 2005**	$ Balance 01 July 2004	$ Interest Charged	$ Write-off	**$ Balance 30 June 2005**	Number in Group 30 June 2005
Directors	(302,558)	16,799	-	**(678,588)**	2
Executives	(1,020,981)	57,780	-	**(1,038,707)**	5
Total: Key management personnel	(1,323,539)	74,579	-	**(1,717,295)**	7

note 29 continued

Individuals with loans above $100,000 in reporting period	$ Balance 01 July 2005	$ Interest* Charged	$ Write-off	$ **Balance 30 June 2006**	$ Highest in Period
Directors					
RE Hancock	(438,444)	4,990	-	**(456,258)**	(517,776)
JH Fell	-	29,011	-	**(895,933)**	(895,933)
FM McLeod	(240,144)	14,600	-	**(282,751)**	(282,751)
Executives					
IR Pokarier	(204,456)	7,730	-	**(208,968)**	(236,580)
WR Schafer	(237,590)	14,295	-	**(251,114)**	(274,174)
DA Hancock	(354,792)	21,110	-	**(475,153)**	(478,528)
SV Butler	(223,058)	16,193	-	**(244,990)**	(244,990)

*Actual interest charged is affected by the use of the society's offset account.

d) Equity holdings and transactions

The following table is in respect of ordinary shares held directly, indirectly or beneficially by key management personnel.

	Balance 01 July 2005	Received as Remuneration	Options Exercised	Net Change Other	**Balance 30 June 2006**
Directors					
JF Pressler	-	-	-	-	**-**
RE Hancock	1,646,505	-	-	16,760	**1,663,265**
JH Fell	455,075	-	-	(79,203)	**375,872**
PJ Sawyer	433,001	-	-	18,655	**451,656**
FM McLeod	90,456	-	-	4,375	**94,831**
Executives					
IR Pokarier	249,127	-	-	6,891	**256,018**
WR Schafer	6,625	-	-	4,375	**11,000**
DA Hancock	21,452	-	-	4,175	**25,627**
SV Butler	250	-	-	1,000	**1,250**
AR Ashton	4,537	-	-	2,875	**7,412**
Total	2,907,028	-	-	(20,097)	**2,886,931**

While 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. Mr Pressler does not have a controlling interest in Hestearn Pty Ltd.

There were no shares granted during the reporting period as compensation.

e) Other key management personnel transactions

The following persons and entities related to key management personnel 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.	CONSOLIDATED **$ 2006**	CONSOLIDATED $ 2005	CHIEF ENTITY **$ 2006**	CHIEF ENTITY $ 2005
L R Hancock, a related party by virtue of being a brother of R E Hancock, was a partner of McCullough Robertson Hancock, Solicitors until 31 January 2005. Up to this date, the society paid fees to McCullough Robertson Hancock, predominantly for the preparation of mortgage documentation in addition to general professional advice aggregating:	**-**	218,709	-	200,314
L R Hancock became a partner in BCI Law on 1 February 2005. From this date, the society paid fees to BCI Law for professional advice aggregating:	**14,412**	45,791	14,412	**45,791**

note 30 REMUNERATION OF AUDITORS

	CONSOLIDATED **$ 2006**	CONSOLIDATED $ 2005	CHIEF ENTITY **$ 2006**	CHIEF ENTITY $ 2005
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	**96,658**	78,510	**96,658**	78,510
Other services	**13,093**	32,338	**12,000**	28,163
	109,751	110,848	**108,658**	106,673

note 31 EVENTS SUBSEQUENT TO BALANCE DATE

Takeover bid for Pioneer Permanent Building Society Limited

On 19 July 2006 Wide Bay Australia Ltd announced its intention to make a cash offer of $4.32 per share for all of the outstanding shares in Pioneer Permanent Building Society Limited. The off-market bid valued Pioneer's equity at $44.8 million.

On 2 August 2006 Wide Bay Australia Ltd released a supplementary Bidder's Statement changing the cash offer to $4.55 per share for all of the outstanding shares in Pioneer Permanent Building Society Limited. This offer valued Pioneer's equity at $47.2 million. The Bidder's Statement was forwarded to all Pioneer shareholders on 9 August 2006.

It is recommended that this note to the financial statements be read in conjunction with any public announcements made by Wide Bay Australia Ltd and its controlled entities since the offer was made on 19 July 2006, and the Bidder's Statement and Supplementary Bidder's Statement released to the market on 19 July 2006 and 9 August 2006 respectively.

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 AND OFF BALANCE SHEET ITEMS

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

note 34 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 Instrument	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 6.04% (2005 - 6.01%)
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 5.80% (2005 - 5.66%)
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 4.68% (2005 - 4.63%)

note 34 continued

Recognised Financial Instrument	Notes to Accounts	Accounting Policies	Terms and Conditions
Financial assets continued			
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 6.48% (2005 - 6.54%)
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.	The majority of new mortgage loans approved, in particular in excess of 75% LVR, 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. The securitisation notes have a maturity period of greater than 30 years. The securisation notes are eligible for repayment once the balance of the trust falls below 10% of the invested amount. Interest paid to the note holders is repriced on a monthly basis.
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.	The borrowings of the chief entity are secured by charges held over registered mortgage documents.
Payables and other liabilities	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	5	Dividends payable are recognised when declared by the company.	Details of the final dividend declared by the company for the financial year ended 30 June 2006 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.

Derivatives

Each of the securitisation trusts has an Interest Rate Swap in place to hedge against fixed rate loans held in the trust. The mark to market value of the each of the contracts at the end of the year was as follows:

	$ 2006	$ 2005
WB Trust 2005-1	**(80,820)**	-
WB Trust 2004-1	**(156,365)**	(139,415)
WB Trust 2003-1	**(87,897)**	(177,284)
WB Trust 2002-1	**(44,950)**	(39,572)

note 34 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 1 year or less		Fixed interest rate maturing in 1 to 5 years		Non interest bearing		Total carrying amount per balance sheet		Weighted average effective interest rate	
	$ 2006	$ 2005	**$ 2006**	$ 2005	**$ 2006**	$ 2005	**$ 2006**	$ 2005	**$ 2006**	$ 2005	**% 2006**	% 2005
Financial assets												
Cash and cash equivalents	**58,044,073**	41,982,432	**-**	-	**-**	-	**2,428,466**	1,418,199	**60,472,539**	43,400,631	**6.09**	6.08
Due from other financial institutions	**2,188,916**	1,864,894	**-**	-	**-**	-	**95,000**	95,000	**2,283,916**	1,959,894	**4.63**	4.14
Accrued receivables	**-**	-	**-**	-	**-**	-	**7,942,791**	8,652,954	**7,942,791**	8,652,954	**-**	-
Investment securities	**14,361,919**	9,654,215	**84,580,448**	97,636,883	**18,349,266**	28,707,805	**-**	-	**117,291,633**	135,998,903	**5.46**	5.55
Loans and advances	**1,192,926,878**	1,080,441,611	**133,903,003**	85,503,054	**98,724,712**	150,929,632	**-**	-	**1,425,554,593**	1,316,874,297	**7.17**	6.93
Other investments	**-**	-	**-**	-	**-**	-	**6,932,410**	214,531	**6,932,410**	214,531	**-**	-
Other assets	**-**	-	**-**	-	**-**	-	**4,191,244**	4,190,889	**4,191,244**	4,190,889	**-**	-
Total financial assets	**1,267,521,786**	1,133,943,152	**218,483,451**	183,139,937	**117,073,978**	179,637,437	**21,589,911**	14,571,573	**1,624,669,126**	1,511,292,099		
Financial liabilities												
Deposits and short term borrowings	**289,038,222**	249,580,152	**467,601,587**	442,574,208	**5,220,134**	9,568,891	**-**	-	**761,859,943**	701,723,251	**4.34**	4.10
Due to other financial institutions	**-**	-	**-**	60,000,000	**2,957,326**	5,222,251	**-**	-	**2,957,326**	65,222,251	**7.18**	6.43
Payables and other liabilities	**-**	-	**-**	-	**-**	-	**21,153,231**	21,618,976	**21,153,231**	21,618,976	**-**	-
Securitised loans	**625,167,461**	519,436,906	**70,173,455**	41,106,749	**51,737,855**	72,561,461	**-**	-	**747,078,771**	633,105,116	**5.99**	5.97
Provisions	**-**	-	**-**	-	**-**	-	**8,882,284**	8,253,646	**8,882,284**	8,253,646	**-**	-
Subordinated capital notes	**-**	-	**10,000,000**	10,000,000	**-**	-	**-**	-	**10,000,000**	10,000,000	**7.30**	7.20
Total financial liabilities	**914,205,683**	769,017,058	**547,775,042**	553,680,957	**59,915,315**	87,352,603	**30,035,515**	29,872,622	**1,551,931,555**	1,439,923,240		

Interest Rate Risk Exposure

Interest rate risk is managed by -

1. the existence of Interest Rate Swap agreements in respect of fixed interest loans in securitisation trusts; and
2. on-balance sheet management of interest rate risks generally and comprising the element of fixed interest loans not included in securitisation trusts.

note 34 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 balance sheet		Aggregate net fair value	
	$ 2006	$ 2005	**$ 2006**	$ 2005
Financial assets				
Cash and cash equivalents	**60,472,539**	43,400,631	**60,472,539**	43,400,631
Due from other financial institutions	**2,283,916**	1,959,894	**2,283,916**	1,959,894
Accrued receivables	**7,942,791**	8,652,954	**7,942,791**	8,652,954
Investment securities	**117,291,633**	135,998,903	**118,211,184**	136,962,019
Loans and advances	**1,425,554,593**	1,316,874,297	**1,427,907,817**	1,320,024,864
Other investments	**6,932,410**	214,531	**6,932,410**	214,531
Other assets	**4,191,244**	4,190,889	**4,191,244**	4,190,889
Total financial assets	**1,624,669,126**	1,511,292,099	**1,627,941,901**	1,515,405,782
Financial liabilities				
Deposits and short term borrowings	**761,859,943**	701,723,251	**760,008,559**	699,884,181
Due to other financial institutions	**2,957,326**	65,222,251	**2,901,876**	64,899,334
Payables and other liabilities	**21,153,231**	21,618,976	**21,153,231**	21,618,976
Securitised loans	**747,078,771**	633,105,116	**748,312,006**	634,619,794
Provisions	**8,882,284**	8,253,646	**8,882,284**	8,253,646
Subordinated capital notes	**10,000,000**	10,000,000	**10,000,000**	10,000,000
Total financial liabilities	**1,551,931,555**	1,439,923,240	**1,551,257,956**	1,439,275,931

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

Cash and cash equivalents

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

Due from other financial institutions

The fair values of amounts due from other financial institutions are estimated using discounted cash flow analysis, based on current lending rates for similar types of investments. The carrying amount approximates fair value.

Accrued 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 assets

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

note 34 continued

Deposits and short term borrowings

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

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.

Payables 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.

Securitised loans

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

Provisions

The carrying amount approximates fair value.

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 the majority of new mortgage loans, particularly in excess of 75 % LVR, 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

1 In the opinion of the Directors of Wide Bay Australia Ltd ("the Company"):

a) the financial statements and notes and the remuneration disclosures that are contained in the Remuneration Report are in accordance with the Corporations Act 2001, including:

i) giving a true and fair view of the financial position of the Company and consolidated entity as at 30 June 2006 and of their performance, as represented by the results of their operations and their cash flows, for the year ended on that date; and

ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and

b) the audited remuneration disclosures that are contained in the Remuneration Report in the Directors' Report comply with Australian Accounting Standard AASB 124 Related Party Disclosures

c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2 The Directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the Managing Director and Chief Financial Officer for the financial year ended 30 June 2006.

The Company has taken advantage of the relief provided by Corporation Amendment Regulation 2006 (No. 4) and has transferred the detailed remuneration disclosures to the Remuneration Report section of the Directors' Report.

Signed in accordance with a resolution of the Directors.

R E Hancock
Director

J F Pressler
Director

12 September 2006
Bundaberg

independent audit report

to the members of Wide Bay Australia Ltd

for the year ended 30 June 2006

Scope

The financial report, remuneration disclosures and directors' responsibilities

The financial report comprises the Income Statement, Balance Sheet, Cash Flow Statement, Statement of Changes in Equity, accompanying notes to the financial statements and the Directors' Declaration for Wide Bay Australia Ltd (the company) and Wide Bay Australia Ltd (the consolidated entity) for the year ended 30 June 2006. The consolidated entity comprises both the company and the entities it controlled during that year.

The company has disclosed information about the remuneration of directors and executives ("remuneration disclosures"), as required by Accounting Standard AASB 124 "Related Party Disclosures", under the heading of "Remuneration Disclosures" on pages 52 and 53 in the Directors' Statutory Report and not in the financial report and as permitted by the Corporations Regulations 2001.

The directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error and for the accounting policies and accounting estimates inherent in the financial report. The directors are also responsible for the remuneration disclosures contained in the Directors' Statutory Report.

Audit Approach

We conducted an independent audit in order to express an opinion to the members of the company. Our audit was conducted in accordance with Australian Auditing Standards in order to provide reasonable assurance as to whether the financial report is free of material misstatement and the remuneration disclosures in the Directors' Statutory Report comply with Accounting Standard AASB 124 and the Corporations Regulations 2001. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Corporations Act 2001, including compliance with Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the company's and the consolidated entity's financial position and of their performance as represented by the results of their operations and cash flows and whether the remuneration disclosures in the Directors' Statutory Report comply with Accounting Standard AASB 124 and the Corporations Regulations 2001.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report and the remuneration disclosures in the Directors' Statutory Report, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

Audit Opinion

In our opinion, the financial report of Wide Bay Australia Ltd is in accordance with:

a) the Corporations Act 2001, including:

i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2006 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; and

c) the remuneration disclosures that are contained on pages 52 and 53 in the Directors' Statutory Report comply with Accounting Standard AASB 124 and the Corporations Regulations 2001.

Bentleys MRI

BENTLEYS MRI
Brisbane Partnership
Chartered Accountants

R J Forbes
Partner

12 September 2006
Brisbane

directors' statutory report

Review and Results of Operations

The consolidated net profit after income tax for the year was $14,478,411. This compares with a figure of $12,413,428 from last year. The society's captive LMI Mortgage Risk Management Pty Ltd contributed an after tax surplus for the year of $2,158,040. Total assets and funds under management now total $1,645,119,640 representing an increase of 7.87%. Loans for the year totalled $417,010,519.

Principal Activities and Significant Changes

There have been no significant 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.

During the year the society extended its lending to incorporate limited fully secured commercial lending and continues to insure the majority of new mortgage loans approved, in particular in excess of 75% LVR, with the society's wholly owned subsidiary, Mortgage Risk Management Pty Ltd, a registered lender's mortgage insurer.

The society continued to raise a portion of its funding for loans through the expansion of a securitisation program.

Wide Bay Australia Ltd is a company limited by shares and incorporated in Australia.

The number of full time equivalent employees at 30 June 2006 was 227.

Matters Subsequent to the End of the Financial Year and Future Developments

Since the end of the year, the society made an offer to acquire the shares in Pioneer Permanent Building Society Limited and issued the appropriate Bidders Statement. At the time of this declaration, Bank of Queensland Limited has made a higher offer, which has been supported by the Board of Pioneer. At this stage we have not withdrawn our offer but extended it to the middle of October and will be monitoring the situation to determine any further action, if any, that we will undertake in endeavouring to make this acquisition.

The society's capital adequacy as at 30 June 2006 was 15.77%. The Board is monitoring this level of capital and any future impacts, particularly in regards to securitisation, with a view to ensuring that our capital is appropriately managed.

In December 2006 the society will convert the remaining 335,911 Resetting Convertible Preference Shares issued in December 2001 into ordinary shares.

Likely Developments

The projections for the next 12 months are consistent with the trend for 2005/2006 and with the anticipated growth of the society's assets and loan book, a further increase in trading results is projected.

The society is currently developing a limited margin lending product for use through our associated financial investment company.

Business Strategies and Prospects For Future Financial Years

The society continues to focus on residential lending as its primary target throughout its own branches, however for the ensuing year intends to extend its broker introduced loans to a targeted 25% of total lending.

We have recently re-opened our refurbished branch in Tewantin and are planning the relocation of our Noosa Junction branch to Noosa Civic Shopping Centre, which is scheduled to be opened in October. An additional branch will be opened in Centro Gympie in December 2006 and we are planning to relocate and upgrade our agency in Robina to a full branch facility in the Robina Shopping Centre around February 2007. Management will undertake an assessment of the potential for additional branches in Townsville and Cairns.

The Board intends that the society will continue to look at all opportunities as they emerge, particularly mergers of 'like' institutions and/or acquisitions that will compliment the society's overall operations.

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 dividend of 25 cents per ordinary share was paid on 17 March 2006 (18 March 2005 - 19 cents).
- A final fully franked dividend of 26.5 cents per ordinary share has been declared by the Directors and will be paid on 22 September 2006 (23 September 2005 - 23 cents).

Resetting Convertible Preference (RCP) Shares

A total amount of $2,697,365 fully franked was paid quarterly in respect of RCP Shares for the year. ($2,653,697 - 2005)

Directors

The Directors of the society in office during this period:

Mr John H Fell FCA, FAICD, 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 is Chairman of Mortgage Risk Management Pty Ltd and a member of the Audit Committee. He was a practising Chartered Accountant for many years and is a member of the Institute of Chartered Accountants. Mr Fell is an independent director and is aged 56.

Mr Ronald E Hancock FCA, FAICD, FIFS

Mr Hancock is the Managing Director. He was a foundation director and manager of the Burnett Permanent Building Society formed in 1966, which subsequently merged with other Queensland societies to form Wide Bay Capricorn Building Society Ltd, subsequently Wide Bay Australia Ltd.

Mr Hancock was a practising Chartered Accountant for 32 years and is a member of the Institute of Chartered Accountants, a director of Wide Bay Australia Financial Planning Services Pty Ltd, Mortgage Risk Management Pty Ltd and Financial Technology Securities Pty Ltd. He is Chairman of Wide Bay Australia Mini Lease Pty Ltd. Mr Hancock is an executive director and is aged 64.

Mr John F Pressler OAM, FAICD, FIFS

Mr Pressler is Chairman. He was appointed to the Board in 1988. He is a prominent figure in Emerald's agricultural and horticultural industries and is the Chairman of the listed Lindsay Australia Ltd. He is a director of Mortgage Risk Management Pty Ltd and a member of the Audit Committee. Mr Pressler is an independent director and is aged 64.

Mr Peter J Sawyer FCA, FAICD, FIFS

Mr Sawyer has been a director since 1987. He is a partner of the firm Ulton, Chartered Accountants of Bundaberg, Hervey Bay and Maryborough and is a Fellow of the Institute of Chartered Accountants. He is involved in a wide range of business activities.

Mr Sawyer is the Chairman of the Audit Committee, is an independent director and is aged 56.

Mrs Frances M McLeod AIFS

Mrs McLeod was appointed to the Board in 2003. She is currently Executive Manager of Wide Bay Australia Ltd and has a wide range of experience based on her involvement with the society for over 30 years. She is a director of Mortgage Risk Management Pty Ltd and Wide Bay Australia Financial Planning Services Pty Ltd.

Mrs McLeod is an executive director and is aged 48.

Company Secretary

Mr William R Schafer B.Com CA

Mr Schafer was appointed Company Secretary in August 2001. He has extensive experience in public accounting and management (law firms).

Directors' Meetings

During the financial year, 14 meetings of the Directors, 4 meetings of the Audit Committee and 1 meeting of the Remuneration Committee were held, in respect of which each Director attended the following number:

	Board	Audit	Remuneration
JF Pressler	13	4	1
RE Hancock	14	n/a	1
JH Fell	14	4	n/a
PJ Sawyer	14	4	n/a
FM McLeod	14	n/a	n/a

Directors' Shareholdings

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

	Ordinary Shares
RE Hancock	1,663,265
JH Fell	375,872
PJ Sawyer	451,656
FM McLeod	94,831

While 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. Mr Pressler does not have a controlling interest in Hestearn Pty Ltd.

Related Party Disclosure

No Directors 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.

Remuneration Report

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 in the aggregate and the individual allocation is approved by the Board.

The remuneration of the Managing Director is a matter for the non-executive directors and is linked to his performance and responsibilities.

Remuneration of senior executives and other executive directors 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.

No company performance based payments were made to senior executives during the year.

Details of the nature and amount of each major element of the remuneration of each director and each of the named officers of the society receiving the highest remuneration are:

		Short Term Benefits			Post Employment Benefits		Termination Benefits	Share Based Payments	Other Long Term Benefits	Total
		Cash Salary and Fees	Cash Bonus	Non-Monetary	Superannuation	Retirement Benefits	Termination Benefits	Options		
Specified Directors										
Hancock, RE	2005/06	$735,538		$25,308	$100,587					$ 861,433
Managing Director	2004/05	$673,295		$9,782	$95,980					$ 779,057
Pressler, JF	2005/06	$69,333			$17,333					$ 86,667
Chairman (non-exec)	2004/05	$64,000			$16,000					$ 80,000
Sawyer, PJ	2005/06	$49,333			$12,333					$ 61,667
Director (non-exec)	2004/05	$44,000			$11,000					$ 55,000
Fell, JH	2005/06	$49,333			$12,333					$ 61,667
Director (non-exec)	2004/05	$44,000			$11,000					$ 55,000
McLeod, FM	2005/06	$160,550		$6,606	$14,450					$181,606
Director & Executive Manager	2004/05	$128,440		$1,505	$11,560					$141,505
Total Remuneration - Specified Directors										
	2005/06	$1,064,088		$31,914	$157,037					$1,253,039
	2004/05	$953,735		$11,287	$145,540					$1,110,562
Other Key Management Personnel										
Pokarier, IR	2005/06	$246,360		$10,405	$12,139					$268,905
Operations Manager	2004/05	$157,415		$2,709	$94,585					$254,709
Schafer, WR	2005/06	$160,550		$6,606	$14,450					$181,606
Chief Financial Officer	2004/05	$128,440		$1,505	$11,560					$141,505
Butler, SV	2005/06	$114,679		$1,510	$10,321					$126,510
Loans Manager	2004/05	$105,505			$9,495					$115,000
Ashton, AR	2005/06	$105,505		$4,341	$9,495					$119,341
Internal Auditor	2004/05	$97,706			$8,794					$106,500
Hancock, DA	2005/06	$105,505		$5,851	$9,495					$120,851
Manager Structured Finance, Products and Interstate Operations	2004/05	$93,578		$1,096	$8,422					$103,096
Total Remuneration - Specified Executives										
	2005/06	$732,600		$28,714	$55,900					$817,214
	2004/05	$582,644		$5,311	$132,856					$720,811

Indemnities and Insurance Premiums for Officers and Auditors

During the financial year the society has paid premiums to indemnify directors and officers against personal losses arising from their respective positions within the society. During the reporting period and subsequent to 30 June 2006, no amounts have been paid under the indemnities by the society.

Premiums paid during the financial year were in respect of Directors' and Officers' Liability and Company Reimbursement, Directors' and Officers' Legal Expenses and Employment Practices Liability. These policies insure Directors and senior officers against certain liabilities arising in the course of their duties. The total premium paid was $60,222.

Non-Audit Services

During the year, Bentleys MRI, the society's Auditor, has performed certain other services in addition to their statutory duties.

The Board has considered the non-audit services provided during the year by the Auditor, and in accordance with advice provided by the Audit Committee, is satisfied that the provision of those non-audit services during the year by the Auditor is compatible with, and did not compromise, the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- All non-audit services were subject to the corporate governance procedures adopted by the society and have been reviewed by the Audit Committee to ensure they do not impact the integrity and objectivity of the Auditor, and
- The non-audit services provided do not undermine the general principles relating to auditor independence as set out in Professional Statement F1 Professional Independence, as they did not involve reviewing or auditing the Auditor's own work, acting in a management or decision making capacity for the society, acting as an advocate for the society or jointly sharing risks and rewards.

A copy of the Auditor's Independence Declaration, as required under Section 307C of the Corporations Act, is included in the Director's Report.

Non-audit services paid to Bentleys MRI are as follows:

	$ **2006**	$ 2005
Due Diligence Fees	**2,775**	28, 163
Tax Return Subsidiaries	**5,646**	4,175
Tax Advice	**4,672**	-
Total	**13,093**	32,338

auditor's independence declaration

under Section 307C of the Corporations Act 2001

to the directors of Wide Bay Australia Ltd

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2006 there have been:

i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Bentleys MRI

BENTLEYS MRI
Brisbane Partnership
Chartered Accountants

R J Forbes
Partner

12 September 2006
Brisbane

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

J F Pressler
Director

12 September 2006
Bundaberg

Corporate Governance Practices

The Board of Directors of Wide Bay Australia Ltd has always had a commitment to a high level of ethical standards and corporate governance.

The Board of Directors and Management are aware of and have had regard to the Australian Stock Exchange (ASX) Corporate Governance Council's *Principles of Good Corporate Governance and Best Practice Recommendations.*

The Board has adopted a Board Charter, which sets out the society's compliance with those principles. The Board Charter is available on the company's website, www.widebayaust.com.au.

The independent non-executive directors each have many years of service and with that experience and knowledge of the industry together with their diversified backgrounds they continue to make an integral contribution to the ongoing development of the society.

A revised Board Renewal Policy has been adopted, which provides for a maximum term for 10 years for new directors and 7 years for new chairpersons.

Issued Shares

Wide Bay Australia Ltd shares are listed on the Australian Stock Exchange. The securities are permanent ordinary shares and at the date of this Report there were 20,538,554 shares.

Also listed are Wide Bay Australia Ltd Resetting Convertible Preference Shares, and at the date of this Report there were 335,911 shares.

Voting Rights of Shareholders

A shareholder is entitled to exercise one vote in respect of each fully paid Ordinary Permanent Share held in accordance with the provisions of the Constitution.

Under the terms of issue a holder of Resetting Convertible Preference Shares is only entitled to vote in the following circumstances:

a) if at the time of the meeting, a Dividend (or part of a Dividend) in respect of RCP Shares has been declared but has not been paid in full by the relevant Dividend Payment Date;

b) on any proposal to reduce the capital of Wide Bay Australia;

c) on any resolution to approve the terms of a buy-back agreement;

d) on any proposal that affects the rights or privileges attaching to the RCP Shares;

e) on any proposal to wind-up Wide Bay Australia;

f) on any proposal for the disposal of the whole of Wide Bay Australia's business, undertaking and assets;

g) during the winding-up of Wide Bay Australia; and

h) 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 and as to voting in respect of each RCP Share as those conferred on ordinary shareholders in respect of each Ordinary Share.

Substantial Shareholders

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

Permanent Ordinary Shares

As at 7 September 2006

	No. of Shares	% of Total
Hancock, R E	1,663,265	8.10
Drenwood Pty Ltd / Skipglen Pty Ltd (associated entities & associates)	1,276,910	6.22

Distribution of Shareholders

Permanent Ordinary Shares

As at 7 September 2006

Range	No. of Shareholders
1 - 1,000	919
1,001 - 5,000	1,193
5,001 - 10,000	295
10,001 - 100,000	259
100,001 - over	32
Total number of shareholders	2,698

10 shareholders held less than a marketable parcel.

Resetting Convertible Preference Shares

As at 7 September 2006

Range	No. of Shareholders
1 - 1,000	309
1,001 - 5,000	19
5,001 - 10,000	2
10,001 - 100,000	4
100,001 - over	0
Total number of shareholders	334

List of Top 20 Permanent Shareholders

Permanent Ordinary Shares

As at 7 September 2006

	Name	No. of Shares	%
1	Hancock, RE	851,725	4.15
2	Hancock, RE & LP	785,998	3.83
3	Drenwood Pty Ltd	517,972	2.52
4	Skipglen Pty Ltd	499,953	2.43
5	Sawyer, K	462,719	2.25
6	Sawyer, PJ ATF P Sawyer Family Fund	400,000	1.95
7	Olsen, RC	330,520	1.61
8	Kennedy, J W & G J	308,710	1.50
9	Hestearn Pty Ltd	303,743	1.48
10	McBride, KG & PA	295,888	1.44
11	Drenwood Pty Ltd (Protection A/c)	258,985	1.26
12	Mertan Pty Ltd	250,422	1.22
13	Australian Executor Trustees Ltd (No 1 A/c)	218,284	1.06
14	DR & CA Emmerton (Warambul Super)	207,989	1.01
15	Runge, B	205,477	1.00
16	G & S Messer (G Messer Super Fund)	200,625	0.98
17	Wealthcoach Pty Ltd (Sunrise A/c)	170,000	0.83
18	WG Loeskow	135,595	0.66
19	NW Pressler	134,881	0.66
20	LC Smith	133,408	0.65
Top 20 Permanent Shareholders		**6,672,894**	**32.49**

Registered Office

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

Secretary

The Secretary is Mr William Ray Schafer.

Resetting Convertible Preference Shares

As at 7 September 2006

	Name	No. of Shares	%
1	J P Morgan Nominees Australia Ltd	100,000	29.77
2	National Nominees Ltd	43,413	12.92
3	Invia Custodian Pty Ltd (Wilson Invmt Fund Ltd A/c)	23,000	6.85
4	ANZ Nominees Ltd (Cash Income A/c)	14,860	4.42
5	BR & CL Sprake	6,070	1.81
6	Woodduck Pty Ltd	5,800	1.73
7	UBS Nominees Pty Ltd	5,000	1.49
8	Nivesa Pty Ltd	3,780	1.13
9	BR & CL Sprake (RG Sprake & Co Super A/c)	3,350	1.00
10	Trust Company Superannuation Services Ltd (SERF A/c)	2,609	0.78
11	Brencorp No 11 Pty Ltd	2,500	0.74
12	Woodduck Pty Ltd	2,300	0.68
13	J Grace (Grace Family Super Fund A/c)	2,140	0.64
14	Dixon Trust Pty Ltd (No 1 A/c)	2,050	0.61
15	The Aged and Disabled Persons Hostel and Welfare Assoc	2,000	0.60
16	UBS Wealth Management Australia Nominees Pty Ltd	2,000	0.60
17	S Wall & A Wall (Estate Robert E Wall)	2,000	0.60
18	Trust Company of Australia Ltd (1st Super Master Plan A/c)	1,850	0.55
19	Warman Investments Pty Ltd	1,800	0.54
20	IW & GJ Bailey (Bailey Family Super Fund A/c)	1,750	0.52
Top 20 RCP Shareholders		**228,272**	**67.98**

Share Register

The registers of holders of Permanent Ordinary and Resetting Convertible Preference shares are kept at the office of Computershare Investor Services Pty Ltd, Level 19, 307 Queen Street, Brisbane, Queensland, telephone (07) 3237 2100.

On-Market Buy Back

There is no on-market buy back.

our corporate directory »

Directors

John F Pressler OAM FAICD FIFS (Chairman)
Ronald E (Ron) Hancock FCA FAICD FIFS (Managing Director)
John H Fell FCA FIFS
Peter J Sawyer FCA FAICD FIFS
Frances McLeod AIFS

Secretary

William R (Bill) Schafer BCom ACA

Registered Office

Level 5 Wide Bay Australia House
16-20 Barolin Street
Bundaberg QLD 4670
telephone (07) 4153 7777
facsimile (07) 4153 7714
email widebay@widebayaust.com.au
website www.widebayaust.com.au

Australian Stock Exchange Code

WBB (ordinary shares)
WBBPB (non-cumulative perpetual resetting convertible preference shares)

Principal Banker

Westpac Banking Corporation

Auditors

Bentleys MRI
Brisbane Partnership
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

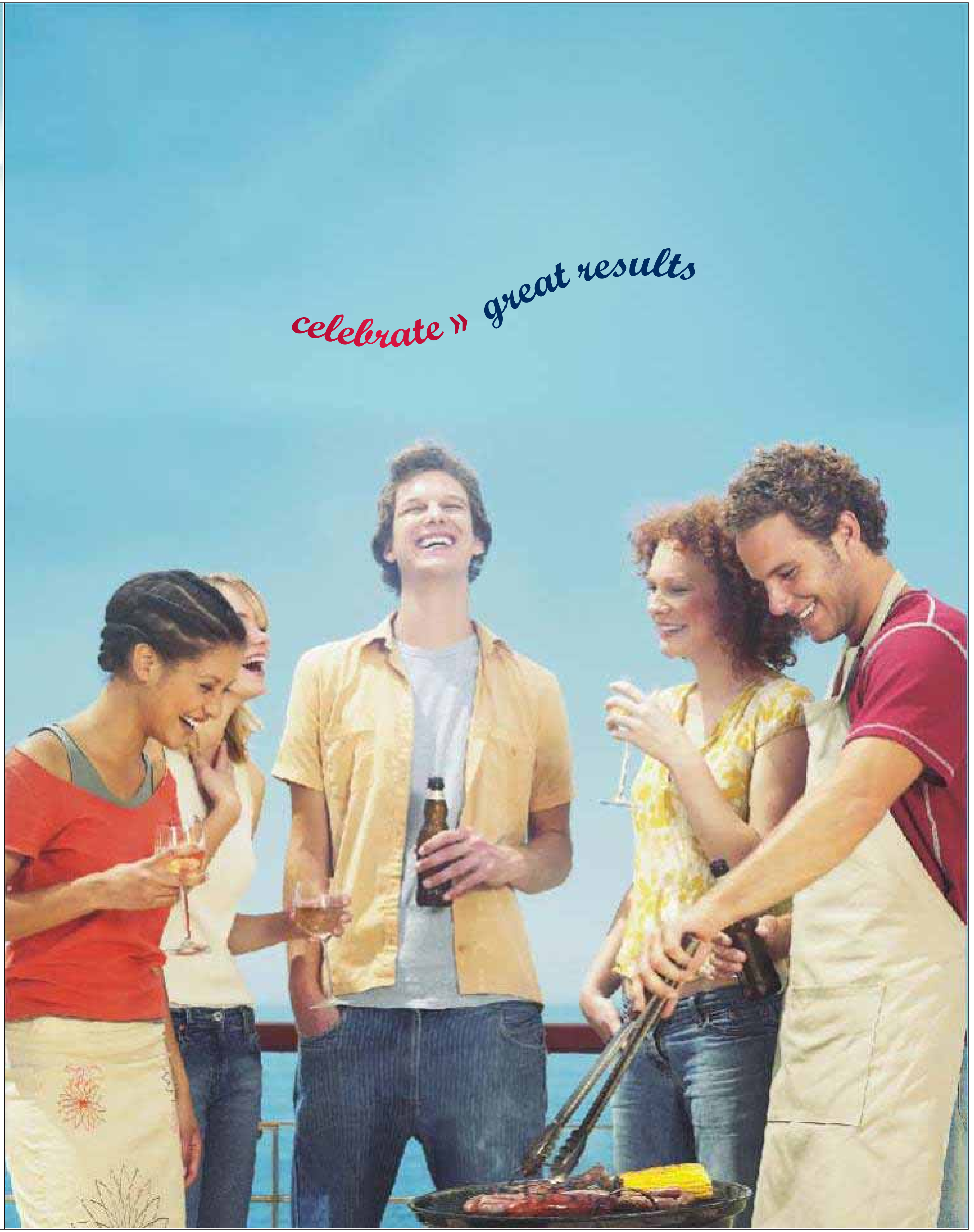
MRH Lawyers
Level 6 Wide Bay Australia House
16-20 Barolin Street
Bundaberg Qld 4670
telephone (07) 4154 5500
facsimile (07) 4152 8819
email info@mrh.com.au

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

Share Register

Computershare Investor Services Pty Limited
Level 19
307 Queen Street
Brisbane Qld 4000
telephone (07) 3237 2100
facsimile (07) 2118 9860
email brisbane.services@computershare.com.au



appendix to the
wide bay australia ltd annual report and financial statements and addendum to the directors' statutory report

supplied in accordance with Australian Stock Exchange Ltd 'Listing Rule 4.10'

Substantial Shareholders

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

Permanent Ordinary Shares

As at 16 October 2006

	No. of Shares	% of Total
Hancock, R E	1,663,265	8.10
Drenwood Pty Ltd / Skipglen Pty Ltd (associated entities & associates)	1,276,910	6.22

Distribution of Shareholders

Permanent Ordinary Shares

As at 29 September 2006

Range	No. of Shareholders
1 - 1,000	983
1,001 - 5,000	1,229
5,001 - 10,000	302
10,001 - 100,000	263
100,001 - over	33
Total number of shareholders	2,810

11 shareholders held less than a marketable parcel.

Resetting Convertible Preference Shares

As at 29 September 2006

Range	No. of Shareholders
1 - 1,000	312
1,001 - 5,000	20
5,001 - 10,000	2
10,001 - 100,000	4
100,001 - over	0
Total number of shareholders	338

List of Top 20 Permanent Shareholders

Permanent Ordinary Shares

As at 16 October 2006

	Name	No. of Shares	%
1	Hancock, RE	851,725	4.15
2	Hancock, RE & LP	785,998	3.83
3	Drenwood Pty Ltd	517,972	2.52
4	Skipglen Pty Ltd	499,953	2.43
5	Sawyer, K	462,719	2.25
6	Sawyer, PJ ATF P Sawyer Family Fund	400,000	1.95
7	Olsen, RC	330,520	1.61
8	Kennedy, J W & G J	308,710	1.50
9	Hestearn Pty Ltd	303,743	1.48
10	McBride, KG & PA	295,888	1.44
11	Drenwood Pty Ltd (Protection A/c)	258,985	1.26
12	Mertan Pty Ltd	250,422	1.22
13	Australian Executor Trustees Ltd (No 1 A/c)	215,684	1.05
14	DR & CA Emmerton (Warambul Super)	207,989	1.01
15	Runge, B	205,477	1.00
16	G & S Messer (G Messer Super Fund)	200,625	0.98
17	Wealthcoach Pty Ltd (Sunrise A/c)	170,000	0.83
18	WG Loeskow	135,595	0.66
19	NW Pressler	134,881	0.66
20	LC Smith	133,408	0.65
Top 20 Permanent Shareholders		**6,670,294**	**32.48**

Resetting Convertible Preference Shares

As at 16 October 2006

	Name	No. of Shares	%
1	J P Morgan Nominees Australia Ltd	100,000	29.77
2	National Nominees Ltd	43,413	12.92
3	Invia Custodian Pty Ltd (Wilson Invmt Fund Ltd A/c)	23,000	6.85
4	ANZ Nominees Ltd (Cash Income A/c)	14,250	4.24
5	BR & CL Sprake	6,070	1.81
6	Woodduck Pty Ltd	5,800	1.73
7	UBS Nominees Pty Ltd	5,000	1.49
8	BR & CL Sprake (RG Sprake & Co Super A/c)	4,643	1.38
9	Nivesa Pty Ltd	3,780	1.13
10	Trust Company Superannuation Services Ltd (SERF A/c)	2,609	0.78
11	Brencorp No 11 Pty Ltd	2,500	0.74
12	Woodduck Pty Ltd	2,300	0.68
13	J Grace (Grace Family Super Fund A/c)	2,140	0.64
14	Dixon Trust Pty Ltd (No 1 A/c)	2,050	0.61
15	The Aged and Disabled Persons Hostel and Welfare Assoc	2,000	0.60
16	UBS Wealth Management Australia Nominees Pty Ltd	2,000	0.60
17	S Wall & A Wall (Estate Robert E Wall)	2,000	0.60
18	Trust Company of Australia Ltd (1st Super Master Plan A/c)	1,850	0.55
19	Warman Investments Pty Ltd	1,800	0.54
20	IW & GJ Bailey (Bailey Family Super Fund A/c)	1,750	0.52
Top 20 RCP Shareholders		**228,955**	**68.18**

appendix
and addendum