



ABN 40 087 652 060 AFSL No. 239686

head office

Wide Bay Australia House

16-20 Barolin Street or PO Box 1063

Bundaberg Queensland 4670 Australia

telephone (07) 4150 4000 facsimile (07) 4153 7714

email widebay@widebayaust.com.au



www.widebayaust.com.au



1300 wide bay

business hours 9 4 3 3 2 2

wide bay australia ltd annual report and financial statements 2006 » 2007



wide bay
AUSTRALIA LTD



annual report and financial statements 2006 » 2007

banking your way



home finance
saving & investing
everyday banking
insurance
credit cards
travel money & foreign exchange
business banking & finance
wealth creation & financial planning



“making banking easy
for everyday Australians”

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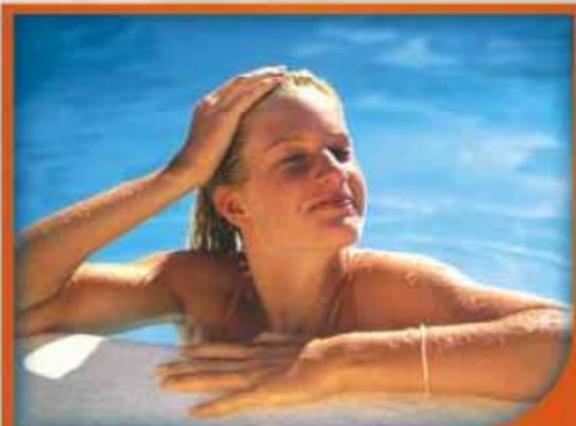
- new and existing homes »
- investment »
- vacant land »
- home equity loans »
- refinancing and debt consolidation »
- lines-of-credit »
- 'mortgage muncher' 100% offset »
- account
- mortgage repayment insurance »
- home insurance »
- 'wide bay holidays' star rewards »



“now we can
put down our roots”



“there was
no messing around”



“our free holiday
was heavenly”



“we can rely on great tips
to really get ahead”



“we never dreamed
it could be so easy”

home finance your way

our mission



every day at wide bay australia we work to fulfil the commitments we make to our valued customers and shareholders,
local communities 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 you are free to live life *your way*.

“in 1968 you gave me my first home loan when our regular bank would not help us... I am one of your happiest fans”

D. Fitzgerald (Boyne Island, Central Qld)





“from small beginnings...”



“happy with the higher returns”

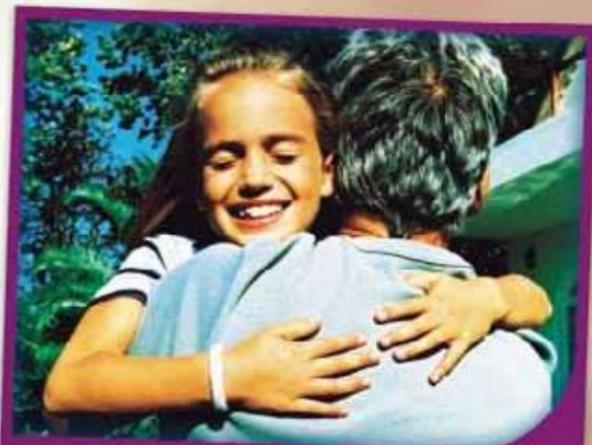
- » term deposits
- » savings accounts
- » cash management account
- » wealth creation and financial planning



“security is everything”



“we can afford to celebrate”



“I always feel important”

saving & investing your way

our values



our commitment to customers, shareholders, communities and staff is underpinned by dedication to our core 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 our 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.

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.

performance »

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

“we changed to you because you offered friendly personal service and worked with us to achieve our goals”

M. & L. McGeown (Eimeo, North Qld)





directors' report »

On behalf of the Board of Directors, I am pleased to report that 2006/2007 has produced another record profit of \$16.27 million - an increase of 12.38% over that of 2005/2006.

Our captive lender's mortgage insurer, Mortgage Risk Management Pty Ltd, contributed an after tax profit of \$2.23 million. Financial Technology Securities Pty Ltd, a financial planning company in which we hold a 25% interest, continues to expand and grow with full operations commencing in Melbourne and a business acquisition in Mackay. This investment has generated excellent returns on capital.

Our lending for the year was \$485.2 million representing a 16.36% increase over the previous year. We continued to develop our commercial loans and introduced margin loans for managed funds. We expect significant increased lending from these areas in the year ahead.

Assets and funds under management showed an increase of 5.25% with our loan portfolio increasing to \$1.548 billion - an increase of 8.62%.

Your Board is very pleased with our results achieved across all of Wide Bay Australia's operations and in particular that they have been achieved in a highly competitive market.

A final fully franked dividend of 30 cents per share will be paid on 14 September 2007, taking total fully franked dividends for the 2007 financial year to a record 60 cents per share.

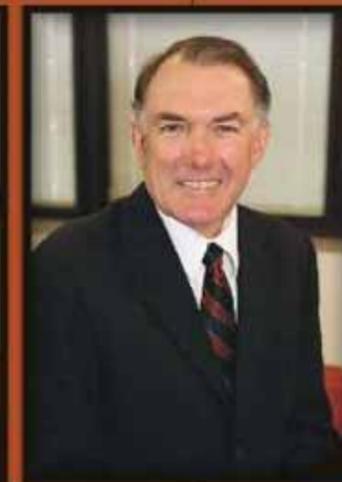
Wide Bay's capital adequacy as at 30 June 2007 stood at 13.85% - well above Australian Prudential Regulation Authority (APRA) requirements.

The society continues to expand its operations. Our branches in Sydney and Melbourne have shown steady growth, particularly in lending and two new branches were opened during the year in Queensland at Centro Gympie Shopping Centre and Robina Town Centre on the Gold Coast. Our branches are a very integral part of our operation, generating substantial retail funds and providing the bulk of our loan applications.

your board of directors



Frances McLeod MAICD FIFS
Executive Director



John Fell FCA FAICD FIFS
Director



John Pressler OAM FAICD FIFS
Chairman



Ron Hancock FCA FAICD FIFS
Managing Director



Peter Sawyer FCA FAICD FIFS
Director

“ pleasing results achieved across all of our operations... in a highly competitive market ”

In 2007, broker introduced loans accounted for only 8% of total loan approvals. We are looking to expand this percentage and build strategic relationships with some well established associates.

We are anticipating significant growth in our lending operations in the year ahead, not only with increased residential lending but with the development of our commercial and margin loans. This will contribute to our results, where we expect to maintain solid growth consistent with the trend of previous years, ultimately producing increased dividends.

Our IT Department continues to provide significant efficiencies and cost benefits through the development of systems. The year has seen the implementation of a computerised loan processing system which provides for a quick and efficient turnaround and settlement of loans. It also provides for increased lending capacity.

We continue to be supervised by APRA, who develop standards and requirements in respect of the activities of Approved Deposit Taking Institutions. While this need for regulatory compliance is a significant cost, we do recognise the importance of that body and the protection and comfort afforded to our depositors and customers.

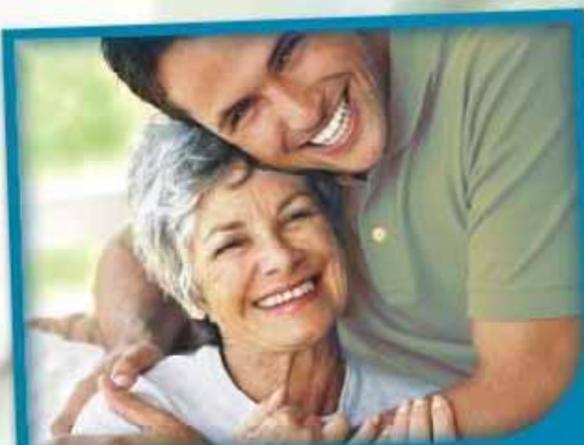
everyday banking your way



“something for everyone”



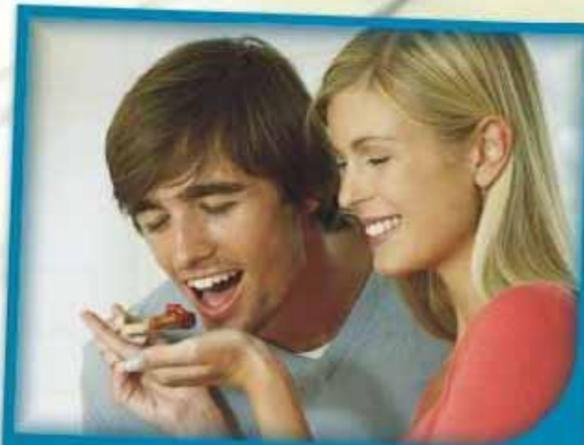
“free to live life our way”



“they make me feel special”



“never too young to learn responsibility”



“you cannot resist the service”

- everyday bank accounts »
- cash management accounts »
- branch banking »
- ‘smartlink’ internet and phone banking »
- atm’s and eftpos »
- BPAY[®] and BPAY[®] view »
- bank@post[™] »
- cashcards and cheque books »
- passbooks and statements »
- electronic payments and transfers »

2006 - 2007 achievements at a glance »

net profit after tax of \$16.27 million (\$14.48 million in 2006) - an increase of 12.38%

revenue from ordinary activities \$138.4 million (\$123.4 million in 2006) - an increase of 12.17%

final fully franked dividend of 30 cents per ordinary share providing a total dividend of 60 cents for the year (51.5 cents in 2006)

growth in assets to \$1.73 billion (\$1.65 billion in 2006) - an increase of 5.25%

return on equity ratio of 17.6% (16.4% in 2006)

cost to income ratio of 53.6% (56.7% in 2006)

directors’ report continued »

This coming year we will see the introduction of Basel II requirements, which will require changes in addressing risk, risk management and capital requirements. We have however identified that this will not create any issues and there will be no additional capital required. Legislation will also be introduced for anti money laundering and this will require additional effort from our computer personnel.

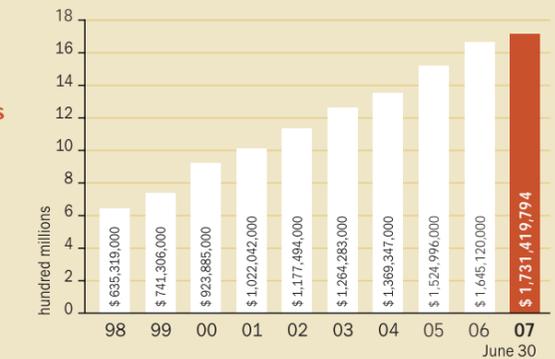
The Board is committed to continuous staff training where all staff attend our Head Office in Bundaberg from time to time, to not only ensure that we meet all legislative requirements but maintain their proficiency, knowledge and qualifications.

The Management Team of Wide Bay Australia is recognised as one of our real strengths and a significant contributing factor to our continued growth and performance.

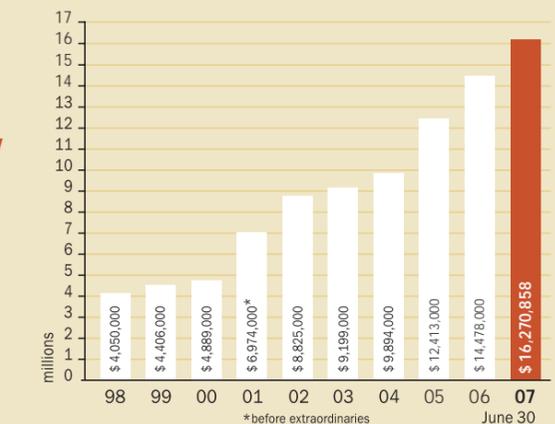
“we no longer dread having to go into the bank”

D. & M. Sargent (Howard, Wide Bay, Qld)

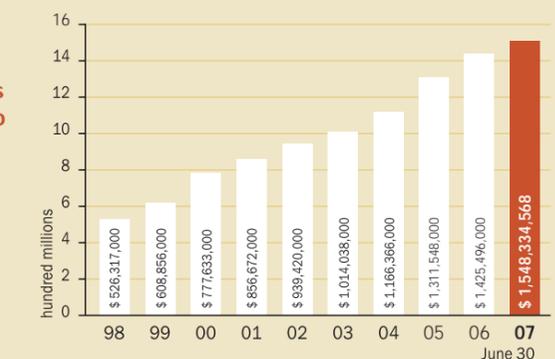
total assets



profitability

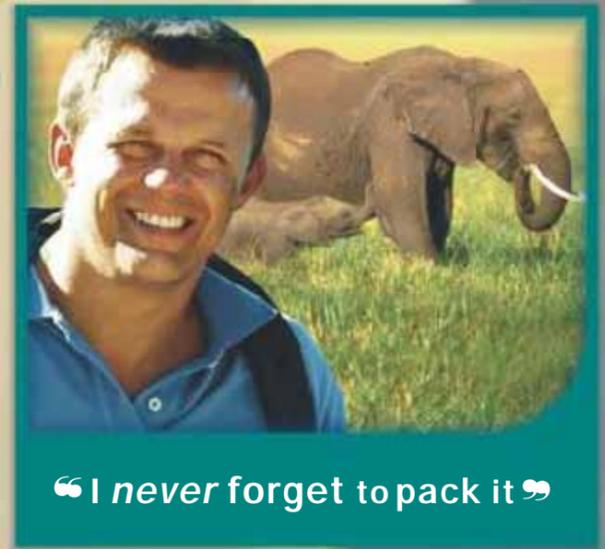
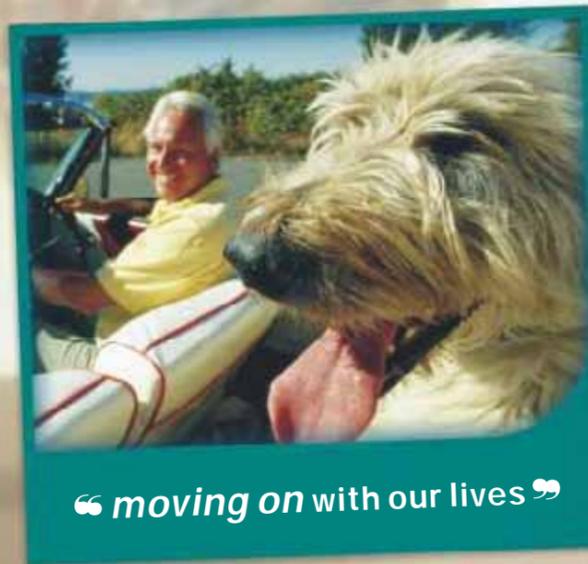
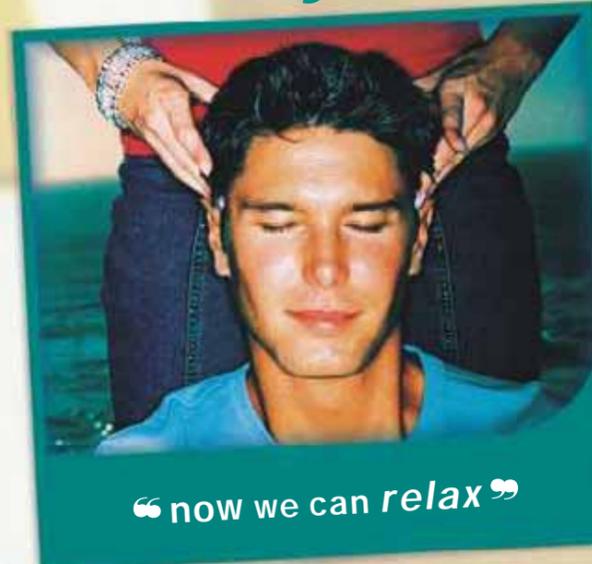


loans portfolio



insurance your way

- home building and contents »
- landlords »
- mortgage repayment »
- motor vehicles »
- caravans and trailers »
- boats and pleasure craft »
- travel »
- commercial and farm »
- life, trauma and income protection »



directors' report continued »

The Directors extend their appreciation and congratulations to not only the Managing Director and the Senior Management Team but to all staff for their efficiency, commitment and enthusiasm.

I would also extend my personal appreciation to my fellow Directors for their enthusiasm and commitment to what is a very responsible and at times, demanding position.

On a final note we were saddened by the passing of our former Chairman Albert (Alby) Keers in Maryborough on 9 May 2007. Alby was a former Director and Chairman of Maryborough Permanent Building Society and became a Director of Wide Bay Capricorn Building Society upon the amalgamation of Maryborough Permanent and the Bundaberg based Burnett Permanent Building Society in 1979. He served as Chairman of Wide Bay Capricorn from September 1982 until his retirement in October 1987. Alby made a significant contribution to our success and we will always appreciate his dedication, commitment and service.

Yours faithfully,

J F Pressler
Chairman
3 September 2007 - Bundaberg

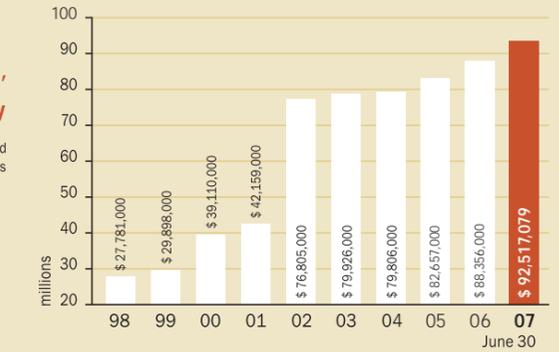


“everyone should save themselves time and heartache... and come straight to you”

R. & T. Collins (Tewantin, Sunshine Coast, Qld)

shareholders' equity

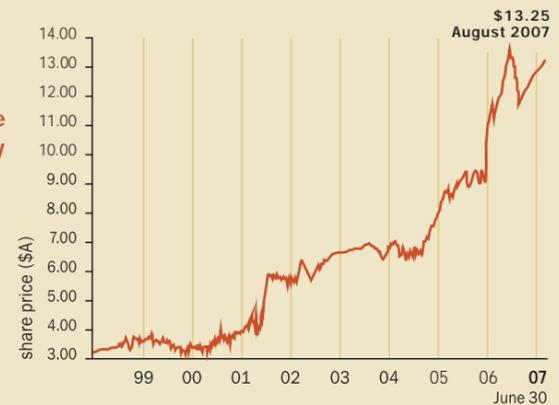
share capital and accumulated reserves



dividend history



share price history





managing director's report »

From a Managing Director's perspective 2006/2007 has been a further milestone in the ongoing development and achievement of Wide Bay Australia Ltd.

Our after tax profit was an all time high of \$16.27 million, representing an 12.38% increase over the 2005/2006 results. This result was after writing off the expenses of our involvement in the attempted takeover of Pioneer Permanent Building Society Limited where we were ultimately unsuccessful. These expenses were in the range of \$325,000 and from a taxation point of view are only able to be claimed over a five year period. Our profit growth excluding these expenses was approximately 14% for the year.

Our cost to income ratio further strengthened during the year improving by 3.1% from 56.7% in 2006 to 53.6% in 2007. This ratio is the best within the Australian building society/credit union sector for an organisation such as ours and rates very favourably with the cost performances of the regional banks.

This is reflected in the ongoing commitment of the society to the development of our computer systems contributing to on-going efficiencies and information access for our managers and staff. Our computerised loan processing system is being used extensively. It provides a very quick turnaround for loan applications, approvals and processing of the offer and

your management team



Ron Hancock FCA FAICD FIFS
Managing Director



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



Bill Schafer BCom CA
Chief Financial Officer & Company Secretary



Ian Pokarier AIFS
Operations Manager

“ with the initiatives already in place, we see another exciting year in our development ”

mortgage documents but at the same time has tremendous capacity for us to expand our lending operations without further IT developments.

Our Senior Management Team is also very dedicated and lead, by example, a team of well trained and enthusiastic employees. The society continues to maintain the Staff Share Plan introduced when fixed shares were issued. This provides additional incentives for all staff to acquire Wide Bay Australia shares on an annual basis, with the assistance of an interest free loan, at a discount to the market of 10%, giving them an involvement and interest in the society's operations.

This year we are targeting an increase in our lending, predominantly through the area of commercial lending and margin loans that have been developed for managed funds. During the year we were approved by Aviva Australia Group, who operates the Navigator Australia Limited platform in respect of managed funds, as one of their four authorised lenders. In the ensuing year we will be promoting this product, with not only our own associated financial planning company, Financial Technology Securities Pty Ltd, of which we hold a 25% interest, but also to financial planners generally.



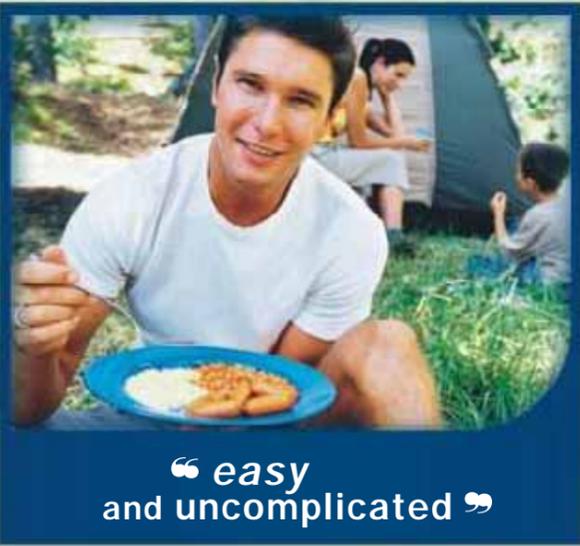
“I can shop from anywhere”



“we save a heap”



“world wide acceptance”



“easy and uncomplicated”



“really rewarding”

‘low rate’ credit card »
‘rewards’ credit card »

credit cards your way

your management team continued »



Stephen Butler
Loans Manager



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



Joanne Norris
Administration Manager



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

managing director's report continued »

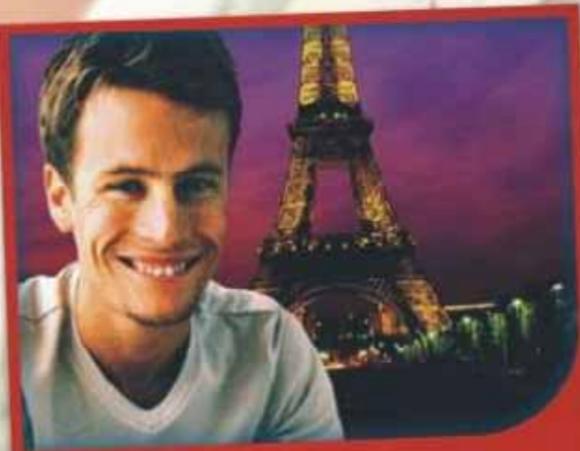
Our lenders mortgage insurance captive, Mortgage Risk Management Pty Ltd (MRM) has contributed an after tax profit of \$2.23 million. This result was after we experienced an increase in claims for the year particularly in the Sydney market, where in some cases inner city units were devalued by up to 40% and also the western suburbs which has experienced a significant downturn and increase in mortgagee sales. We expect to maintain similar results for MRM for the coming year.

New branches continue to steadily expand our network and during the year a branch was opened in Gympie and Robina on the Gold Coast, bringing our total number of branches and agencies to 36 plus 2 lending centres. Additional ATM's have also been deployed where considered appropriate.

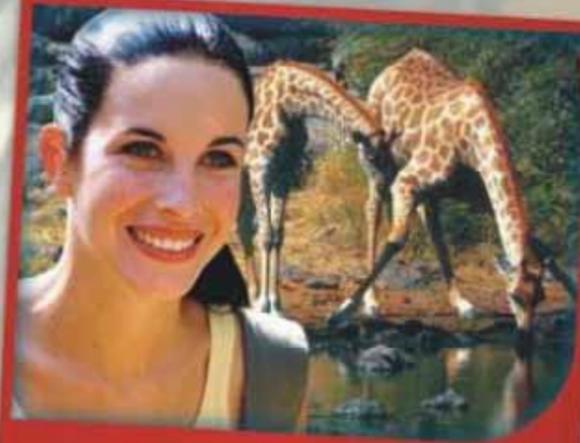
A final fully franked dividend of 30 cents will be paid on 14 September 2007 bringing the total dividend for the year to 60 cents per share - a total payout of 92.9%. The Board has indicated they intend to maintain a dividend payout of 90% for the ensuing year, with capital adequacy currently 13.85% - well above the Australian Prudential Regulation Authority (APRA) requirement.

“stress free and uncomplicated... we are more than happy with the service you provide”

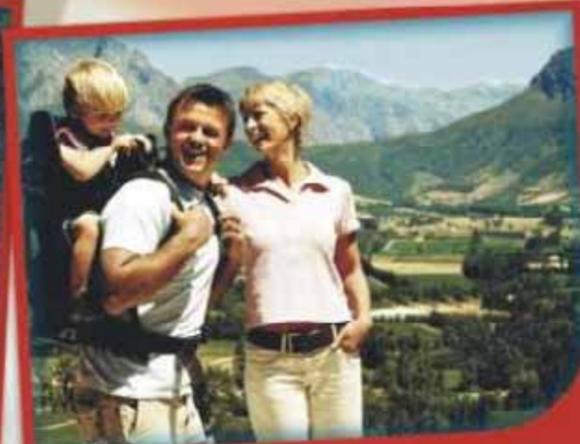
M. & A. Godfrey (Noosaville, Sunshine Coast, Qld)



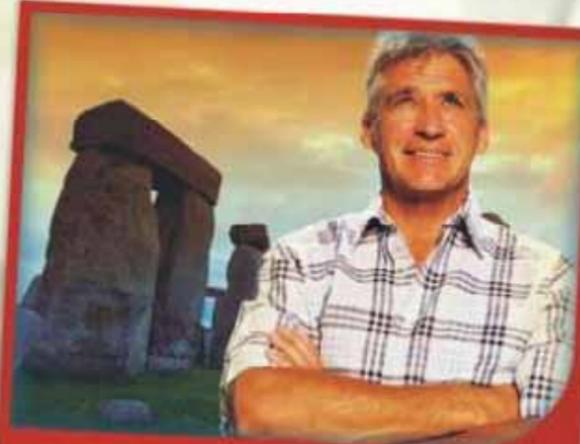
“ au revoir
to currency hassles ”



“ hard-to-reach places...
easy ”



“ a wide range of choice ”



“ they take
the mystery out of it ”



“ we had a ball ”

- » foreign cash
- » traveller's cheques
- » cash passport (prepaid atm card)
- » foreign drafts and cheques
- » international money transfers
- » travel insurance

travel money & foreign exchange your way

your management team continued »



Ray Linderberg BBus(Comm) AIFS
Marketing Manager



Gayle Job FIFS
Training Manager



Ian Hatton
Branches & Business Development Manager

leadership
relationships
growth
flexibility
ambition
performance

managing director's report continued »

The year ahead will see the implementation of the Basel II requirements and also the introduction of money laundering legislation. While this will cause some additional work requirements, we do not anticipate any major issues. The standards under which we operate, set by APRA, are being continually reviewed and updated. While there is a significant compliance cost we totally support their involvement.

I extend my appreciation for the support of our shareholders, customers, staff and agents. In particular I appreciate the cooperation and commitment of our Senior Management Team, where we enjoy an extremely harmonious association.

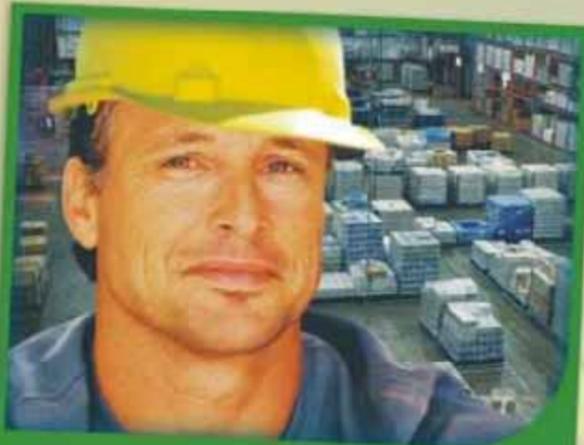
Our forecast is for trends of past years to be maintained for the ensuing year and with some of the initiatives already in place, see another exciting year in our development.

Yours faithfully,

R E Hancock
Managing Director
3 September 2007 - Bundaberg

“ reliable, dependable and approachable at every turn ”

J. Lamb (Noosa, Sunshine Coast, Qld)



“the freedom to expand upon demand”

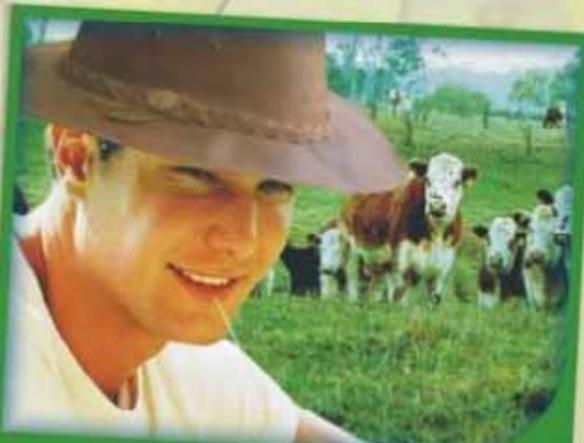


“I love a fresh approach”

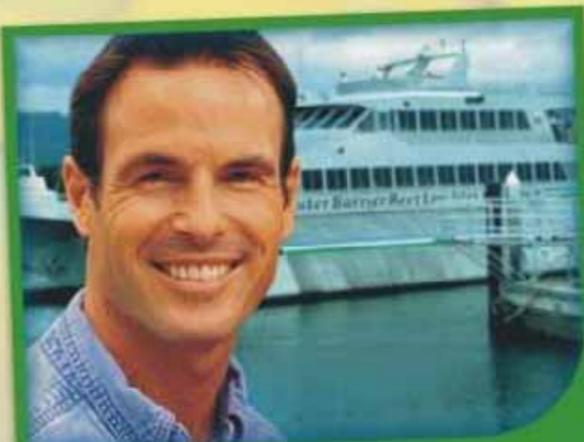
- » business loans and overdrafts
- » term deposits
- » business and cash management accounts
- » self managed superannuation fund account
- » point of sale merchant facilities
- » 'banklink' business statements
- » commercial and farm insurance
- » travel money and foreign exchange
- » group superannuation



“now I can set higher goals”



“they make growing easy”



“set a course for success”

business banking & finance your way

the products and services we offer at wide bay australia have been designed with you in mind... easy »

home finance

- 'Wide Bay' home loan
- 'Equity' home loan
- 'Australian' home loan
- 'Professional Australian' home loan
- 'Freedom Line' line of credit
- 'Professional Australian' line of credit
- 'Wide Bay Holidays' rewards



business finance

- 'Business Solution' loan
- 'Business Freedom' overdraft
- margin loans

saving & investing

- term deposits
- Cash Management account
- 'Bonus Plus' savings account
- Christmas Club

everyday accounts

- 'Today's Choice' account
- 'Today's Options' account
- 'Pension Friendly' account
- 'Young Achiever's' account
- 'Mortgage Muncher' 100% offset account
- 'Mortgage Muncher Professional' 100% offset account



business accounts

- 'Today's Business' account
- Self Managed Superannuation Fund account

banking services

- face-to-face banking
- branch banking
- Bank@Post™

on-line & electronic banking

- 'smartlink' internet banking
- 'smartlink' telephone banking
- Cashcard
- automatic teller machines (ATM's)
- Electronic Funds Transfer at Point of Sale (EFTPOS)
- BPAY View®



electronic payments/transfers

- direct debits
- direct credits
- periodical payments
- BPAY®
- Auto-Sweep
- Real Time Gross Settlement (RTGS)

cheque payments

- cheque books
- counter cheques

statement services

- passbooks
- transaction statements
- interest statements

business services

- Point of Sale merchant facility
- 'Banklink' business statements

insurance

- home
 - buildings
 - contents
 - personal valuables
 - landlords
- motor vehicle
 - private motor
 - commercial motor
- caravan/trailer
- boat/pleasure craft
- travel
 - 'Comprehensive International'
 - 'Frequent Traveller'
 - 'Australia Only'
- commercial/rural
 - 'Trades and Services Pack'
 - 'Business Pack'
 - 'Office Pack'
 - 'Farm Pack'
- personal risk
 - mortgage repayment
 - life, trauma & income protection
- widcover insurance

credit cards

- 'Low Rate' Mastercard
- 'Rewards' Mastercard

travel money & foreign exchange

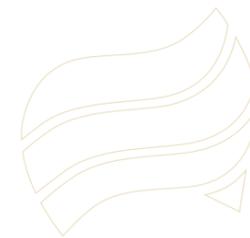
- 'Cash Passport' pre-paid atm card
- travellers cheques
- foreign cash
- international cheque drafts
- telegraphic transfers

financial planning

- wealth creation
- investment advice & planning
- budget & cash flow management
- debt management
- estate planning
- superannuation & salary packaging
- redundancies & rollovers
- taxation planning
- retirement planning

product packages

- 'Professional Australian' package
- 'Insurepac' savings & discounts



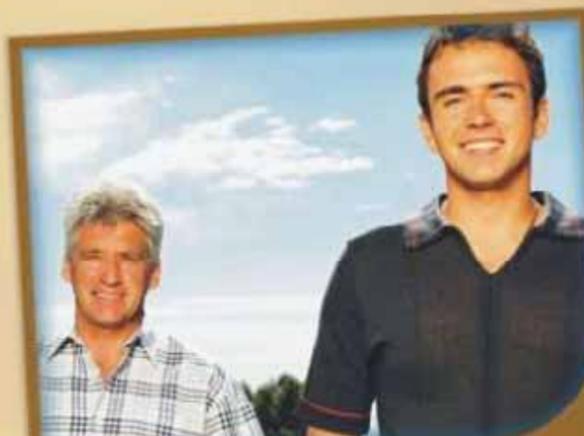
“for the past 8 years you have provided me with all I have needed for my business banking... your staff are great”

J. Gauci (Dancewear, Mackay Qld)

wealth creation & financial planning your way



“ they connected us
to the *right* people ”



“ advice
you can *depend* on ”



“ we learnt
some *great* moves ”



“ a toast...
to a *secure* future ”



“ solutions
for an *easier* ride ”

- » saving and investing
- » investment finance and margin loans
- » investment advice and planning
- » budget and cash flow management
- » debt management
- » estate planning
- » superannuation and salary packaging
- » redundancies and rollovers
- » retirement planning
- » taxation planning

our products and services 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



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



Travelx Ltd
ABN 36 004 179 953 AFSL 222444



Australian Postal Corporation
ABN 28 864 970 579



Cashcard Australia Limited
ABN 74 002 405 754



Banklink Limited
ABN 15 274 466 060



BPAY Pty Ltd
ABN 69 079 137 518

our subsidiary »

mrm

Mortgage Risk Management Pty Ltd
ABN 99 082 740 010
telephone (07) 4150 4002

All loans and lines of credit are subject to terms and conditions. Fees and Charges are payable. Full details are available on application. Loans are only available to approved applicants offering security in approved property in Queensland, New South Wales, Victoria and South Australia.

Wide Bay Australia Ltd ABN 40 087 652 060 (AFS Licence No: 239686) is the issuer of any Accounts and the non-cash payment facilities that may be used in conjunction with them. To decide if they are appropriate for you please carefully read the booklet 'Your Guide to Wide Bay Australia's Accounts and Banking Services'.

Bank@Post™ and its associated device marks are trademarks (registered or otherwise) of the Australian Postal Corporation (ABN 28 864 970 579) all rights reserved.

BPAY™ and BPAY View are trade marks of BPAY Pty Ltd (ABN 69 079 137 518)

Cheque services are supplied by arrangement with Westpac Banking Corporation ABN 33 007 457 141.

In offering insurance we act as an agent of Allianz Australia Insurance Ltd ABN 15 000 122 850 (AFS Licence No: 234708) and its associated companies.

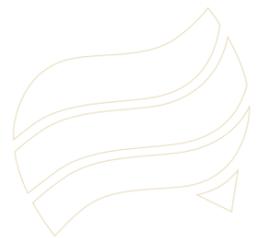
Wide Bay Australia MasterCards are supplied by arrangement with Card Services - a division of Citigroup Pty Ltd ABN 88 004 325 080 (AFS Licence No: 238098)

Travel Money and Foreign Exchange services are supplied by arrangement with Travelx Limited ABN 36 004 179 953 (AFS Licence No: 222444)

Financial Planning services and advice are provided by Financial Technology Securities Pty Ltd ABN 48 097 317 069 (AFS Licence No: 300219)

“ I am blown away by the exceptional service I get from you ”

K. Briggs (Sydney, NSW)



our branch network

it's *nice* to deal

with people *face to face*...

and that's *why* we are committed

to *maintaining and expanding*

our *branch network*... where

you can enjoy great people

delivering great service »

QUEENSLAND

Bundaberg

■ Head Office

16-20 Barolin Street, Bundaberg Qld 4670
po box 1063 Bundaberg Qld 4670
phone (07) 4150 4000 fax (07) 4153 7714

■ 124 Bourbong Street, Bundaberg Qld 4670
phone (07) 4150 4220 fax (07) 4151 0701

■ shop 63 Hinkler Central
Maryborough Street, Bundaberg Qld 4670
phone (07) 4150 4904 fax (07) 4152 0823

■ shop 321 Sugarland Shoppingtown
Takalvan Street, Bundaberg Qld 4670
phone (07) 4150 4800 fax (07) 4151 3892

■ shop 3 Bargara Beach Plaza
See Street, Bargara Qld 4670
po box 8110, Bargara Qld 4670
phone (07) 4158 9400 fax (07) 4159 0288

■ Townsville *loans only*

Hermit Park Business Centre
134 Charters Towers Road, Hermit Park Qld 4810
po box 1194 Aitkenvale 4814
phone (07) 4772 3283 fax (07) 4772 3783

■ Cannonvale *agency**

suite 2 Whitsunday Business Centre
230 Shute Harbour Road, Cannonvale Qld 4802
po box 1046, Cannonvale Qld 4802
phone (07) 4948 4555 fax 07 4946 6979

Mackay

■ shop 35 Caneland Central
cnr Victoria Street & Mangrove Road,
Mackay Qld 4740
po box 35, Caneland Central, Mackay Qld 4740
phone (07) 4953 7200 fax (07) 4951 1958

■ shop 146B
Mt Pleasant Greenfields Shopping Centre
cnr Phillip Street & Bucasia Road, Mackay Qld 4740
phone (07) 4965 4500 fax (07) 4942 0188

■ 55 Gordon Street, Mackay Qld 4740 *agency**
phone (07) 4953 2666 fax (07) 4944 2082

Emerald *agency*

■ 50 Borilla Street, Emerald Qld 4720
po box 787, Emerald Qld 4720
phone (07) 4987 8200 fax (07) 4987 7284

Rockhampton

■ shop 24 Allenstown Plaza Shopping Centre
Canning Street, Allenstown Qld 4700
po box 8439, Allenstown Qld 4700
phone (07) 4999 4600 fax (07) 4922 8566

■ shop 83 Stockland Rockhampton
Yaamba Road, North Rockhampton Qld 4701
po box 3201, Red Hill, Rockhampton Qld 4701
phone (07) 4923 4400 fax (07) 4928 1050

Yeppoon

■ 6 James Street, Yeppoon Qld 4703
po box 758, Yeppoon Qld 4703
phone (07) 4925 5000 fax (07) 4939 1077

Gladstone / Tannum Sands

■ 78 Goondoon Street, Gladstone Qld 4680
po box 518, Gladstone Qld 4680
phone (07) 4977 8000 fax (07) 4972 2130

■ shop 19 Stockland Gladstone
Phillip Street, Kin Kora Qld 4680
phone (07) 4978 3000 fax (07) 4978 6974

■ shop 7 Tannum Central
101 Hampton Drive, Tannum Sands Qld 4680
po box 3003, Tannum Sands 4680
phone (07) 4971 9100 fax (07) 4973 7072

■ Gayndah *agency*

28 Capper Street, Gayndah Qld 4625
phone (07) 4161 1738

■ Monto *agency*

54 Newton Street, Monto Qld 4630
phone (07) 4166 1436 fax (07) 4166 1436

Maryborough

■ 230 Adelaide Street, Maryborough Qld 4650
po box 147, Maryborough Qld 4650
phone (07) 4122 7300 fax (07) 4123 3526

■ shop 33 Station Square Shopping Plaza
cnr Alice & Lennox Street, Maryborough Qld 4650
phone (07) 4122 7155 fax (07) 4121 0882

Hervey Bay

■ 5 Torquay Road, Pialba Qld 4655
phone (07) 4197 3000 fax (07) 4124 6182

■ Urangan Central Shop 2A
cnr Boat Harbour Drive & Elizabeth Street,
Urangan Qld 4655
phone (07) 4197 2100 fax (07) 4125 5678

Gympie

■ 102 Mary Street, Gympie Qld 4570
po box 393, Gympie Qld 4570
phone (07) 5489 6100 fax (07) 5482 1835

■ shop 38 Centro Gympie
Bruce Highway, Gympie Qld 4570
phone (07) 5489 6300 fax (07) 5482 4008

■ shop 14 Goldfields Plaza
Monklands Street, Gympie Qld 4570
phone (07) 5489 6200 fax (07) 5482 7122

Sunshine Coast

■ shop 1/1 Emerald Street, Cooroy Qld 4563
phone (07) 5454 9300 fax (07) 5447 7822

■ 94 Poinciana Avenue, Tewantin Qld 4565
po box 998, Tewantin Qld 4565
phone (07) 5440 6400 fax (07) 5474 3133

■ shop 1064 Noosa Civic Mall
28 Eenie Creek Road, Noosaville Qld 4566
phone (07) 5473 3300 fax (07) 5449 2430

■ shop 12 Nambour Central Mall
Lowe Street, Nambour Qld 4560
phone (07) 5459 2000 fax (07) 5476 2699

■ shop 2 Ryan's Plaza
cnr Ocean Street & Horton Parade,
Maroochydore Qld 4558
po box 592, Maroochydore Qld 4558
phone (07) 5409 3100 fax (07) 5443 9225

■ shop 1 Caloundra City Centre
cnr Bulcock & Minchinton Streets,
Caloundra Qld 4551
po box 781, Caloundra Qld 4551
phone (07) 5413 3200 fax (07) 5491 7827

Caboolture

■ suite 1, 156 Morayfield Road, Morayfield, Caboolture Qld 4506
po box 25, Morayfield Qld 4506
phone (07) 5431 8100 fax (07) 5495 3801

Brisbane

■ Home Loan & Investment Centre, shop 3 Wide Bay Australia House
1957-1961 Logan Road, Upper Mount Gravatt Qld 4122
po box 6042, Upper Mount Gravatt Qld 4122
phone (07) 3828 7700 fax (07) 3349 2253

Gold Coast

■ tenancy L509, level 4
Robina Town Centre Drive, Robina Town Centre Qld 4230
po Box 4845, Robina Town Centre Qld 4230
phone (07) 5656 5200 fax (07) 5580 9785

NEW SOUTH WALES

■ Home Loan & Investment Centre
1/3 Horwood Place, Parramatta, Sydney NSW 2150
po box 1077, Parramatta NSW 2124
phone (02) 8841 2200 fax (02) 9635 9855

VICTORIA

■ Home Loan & Investment Centre
3/1414 Toorak Road, Camberwell, Melbourne Vic 3124
po box 564, Burwood Vic 3125
phone (03) 8855 4700 fax (03) 9809 4055

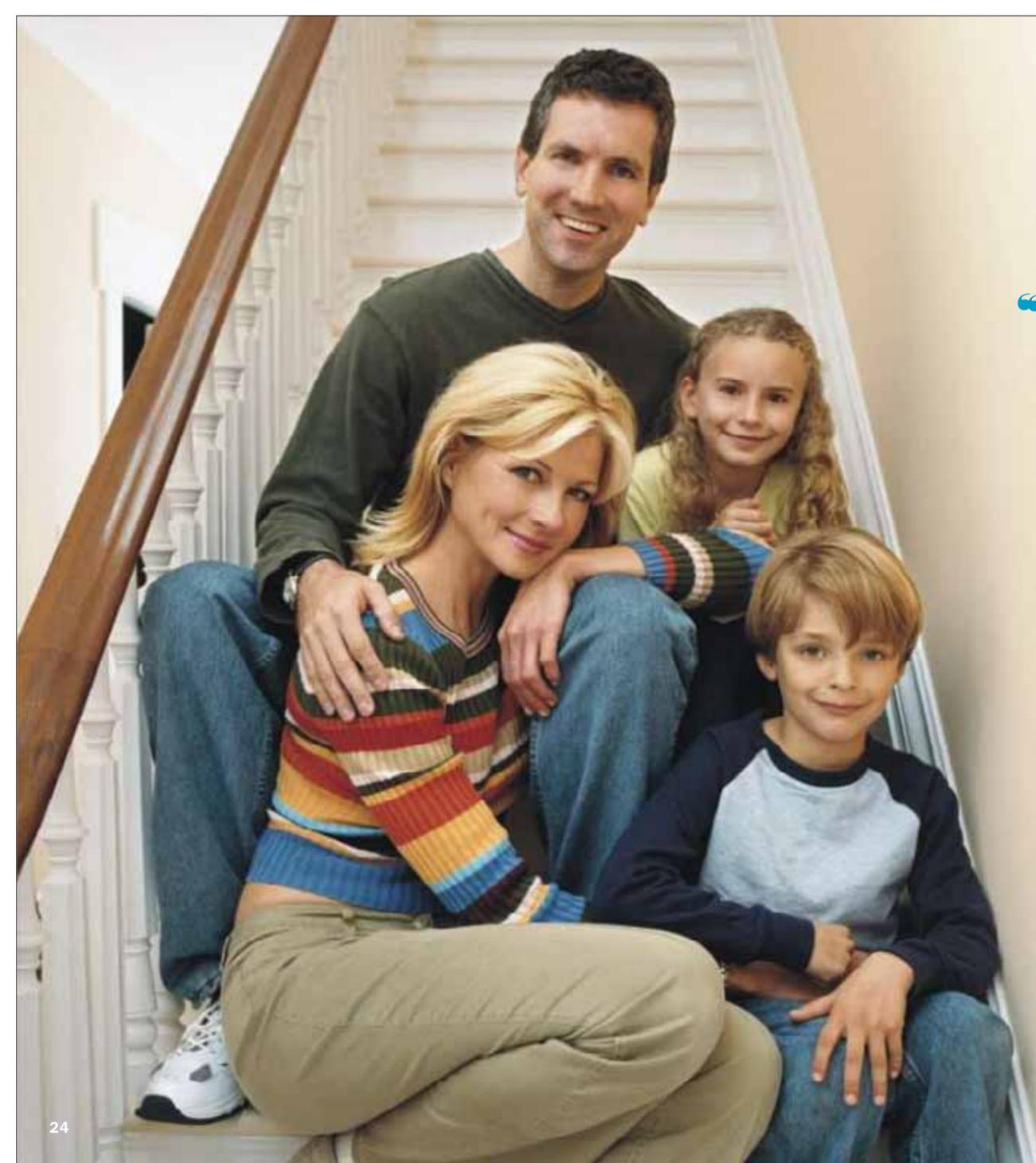
SOUTH AUSTRALIA *loans only*

■ Pioneer Court
cnr Main North Road & the Grove Way, Salisbury Heights, Adelaide SA 5109
phone (08) 8283 0699 fax (08) 8283 0799

“ real people, real smiles, real service... you can bank on it ”



* Hoss Pty Ltd acts as Wide Bay Australia's Agent under Corporate Authorised Representative No. 310799.



“climbing
the steps
of success...
together”



financial statements » for the year ended 30 June 2007

banking your way

income statement

for the year ended 30 June 2007

	Note	CONSOLIDATED		CHIEF ENTITY	
		\$ 2007	\$ 2006	\$ 2007	\$ 2006
Interest revenue	2	123,884,144	108,774,237	122,800,753	107,665,545
Borrowing costs	2	89,054,098	76,772,524	89,027,006	76,489,848
Net interest revenue		34,830,046	32,001,713	33,773,747	31,175,697
Share of profit of associate	11	1,029,791	793,548	1,029,791	793,548
Other non interest revenue	3	13,513,581	13,839,683	11,465,307	11,429,851
Employee benefits expense		10,927,748	10,466,159	10,737,186	10,256,133
Depreciation expense		1,307,402	1,020,865	1,298,752	1,007,588
Amortisation expense		357,975	365,745	357,975	365,745
Occupancy expense		1,488,820	1,301,777	1,462,250	1,276,377
Bad and doubtful debts expense	10	18,297	42,737	(2,644)	3,521
Other expenses	3	12,370,588	13,226,646	10,784,275	11,276,973
Profit before income tax		22,902,588	20,211,015	21,631,051	19,212,759
Income tax expense	4	6,603,366	5,774,675	5,620,087	4,853,736
Profit after tax from continuing operations		16,299,222	14,436,340	16,010,964	14,359,023
Profit/(loss) attributable to minority interest		28,364	(42,071)		
Net profit attributable to members of the parent company		16,270,858	14,478,411	16,010,964	14,359,023
Earnings per share					
Basic earnings per share (cents per share)	28	64.79	57.47		
Diluted earnings per share (cents per share)	28	65.09	57.94		

ASSETS

	Note	CONSOLIDATED		CHIEF ENTITY	
		\$ 2007	\$ 2006	\$ 2007	\$ 2006
Cash and cash equivalents	6	50,072,811	60,472,539	33,046,986	43,148,267
Due from other financial institutions	7	2,283,916	2,283,916	2,283,916	2,283,916
Accrued receivables	8	11,298,073	7,964,753	10,621,006	7,498,108
Financial assets available for sale	9	84,340,720	117,291,633	82,313,678	113,842,367
Loans and advances	10	1,548,334,568	1,425,496,200	1,548,311,911	1,423,789,667
Other investments	11	7,065,063	6,947,410	17,786,104	17,668,451
Property, plant and equipment	12	17,333,526	17,156,687	17,328,504	17,143,015
Deferred income tax assets	13	1,012,845	767,116	576,196	373,588
Other assets	14	9,678,272	6,739,386	4,979,085	4,191,244

Total assets

1,731,419,794 1,645,119,640 1,717,247,386 1,629,938,623

LIABILITIES

Deposits and short term borrowings	15	830,994,432	761,859,943	832,761,761	763,442,186
Due to other financial institutions	16	1,305,912	2,957,326	-	-
Payables and other liabilities	17	23,866,169	21,153,231	19,847,416	17,434,659
Securitised loans	10	758,389,467	747,078,771	758,389,467	747,078,771
Income tax payable	18	2,674,903	2,523,196	1,651,742	1,509,141
Deferred income tax liabilities	18	2,345,168	2,308,982	2,345,168	2,308,982
Provisions	19	9,326,664	8,882,284	1,670,972	1,456,938
Subordinated capital notes	20	10,000,000	10,000,000	10,000,000	10,000,000

Total liabilities

1,638,902,715 1,556,763,733 1,626,666,526 1,543,230,677

Net assets

92,517,079 88,355,907 90,580,860 86,707,946

EQUITY

Parent entity interest in equity					
Contributed equity	21	59,620,618	58,695,684	59,620,618	58,695,684
Reserves	22	14,480,537	14,480,537	14,480,537	14,480,537
Retained profits		18,809,839	15,601,965	16,479,705	13,531,725

Total parent entity interest in equity

92,910,994 88,778,186 90,580,860 86,707,946

Minority interest in controlled entities

Contributed equity		1,000	1,000		
Retained profits		(394,915)	(423,279)		

Total outside equity interest

(393,915) (422,279)

Total equity

92,517,079 88,355,907 90,580,860 86,707,946

balance sheet

as at 30 June 2007

cash flow statement

for the year ended 30 June 2007

Note	CONSOLIDATED		CHIEF ENTITY	
	\$ 2007	\$ 2006	\$ 2007	\$ 2006
CASH FLOWS FROM OPERATING ACTIVITIES				
Interest received	123,993,707	108,669,792	122,910,316	107,561,101
Dividends received	1,029,791	313,548	3,029,791	2,313,548
Borrowing costs	(88,303,160)	(75,905,612)	(88,276,068)	(75,622,937)
Other non interest income received	16,709,769	14,663,160	9,437,391	9,470,055
Cash paid to suppliers and employees	(35,059,163)	(27,843,107)	(28,927,102)	(24,212,952)
Income tax paid	(7,408,569)	(5,365,244)	(5,643,907)	(4,465,005)
Net cash flows from operating activities	10,962,375	14,532,537	12,530,421	15,043,810
CASH FLOWS FROM INVESTING ACTIVITIES				
Net increase in investment securities	33,002,947	23,414,974	31,580,723	21,756,435
Net increase in amounts due from other financial institutions	(52,033)	(4,707,704)	(52,033)	(4,707,704)
Net increase in loans	(124,632,384)	(108,062,708)	(126,316,259)	(110,376,398)
Net increase in other investments	(117,653)	(6,649,671)	(117,653)	(7,112,186)
Purchase of non current assets	(1,747,402)	(2,064,827)	(1,747,402)	(2,064,336)
Proceeds from sale of property, plant & equipment	-	(36,046)	-	(36,046)
Net cash used in investing activities	(93,546,525)	(98,105,982)	(96,652,624)	(102,540,235)
CASH FLOWS FROM FINANCING ACTIVITIES				
Net increase in deposits and other borrowings	71,907,215	62,412,909	72,092,301	62,055,692
Net increase in amounts due to other financial institutions and other liabilities	12,677,611	50,147,174	14,329,025	52,412,099
Proceeds from share issue	662,580	617,275	662,580	617,275
Dividends paid	(13,062,984)	(12,532,005)	(13,062,984)	(12,532,006)
Net cash flows from financing activities	72,184,422	100,645,353	74,020,922	102,553,060
NET INCREASE/(DECREASE) IN CASH HELD	(10,399,728)	17,071,908	(10,101,281)	15,056,635
Cash at beginning of financial year	60,472,539	43,400,631	43,148,267	28,091,632
CASH AT END OF FINANCIAL YEAR	50,072,811	60,472,539	33,046,986	43,148,267

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 Balance Sheet.

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 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
Balance at 01 July 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
Profit attributable to members of parent company	-	-	16,270,858	-	-	-	-	-	16,270,858
Profit attributable to minority shareholders	-	-	-	-	-	-	-	28,364	28,364
Subtotal	26,951,775	31,743,909	31,872,823	4,041,244	5,833,939	2,676,071	1,929,283	(393,915)	104,655,129
Issue of share capital	924,934	-	-	-	-	-	-	-	924,934
Conversion of perpetual resetting convertible preference shares	31,743,909	(31,743,909)	-	-	-	-	-	-	-
Dividends provided for or paid - ordinary shares	-	-	(11,632,003)	-	-	-	-	-	(11,632,003)
Dividends provided for or paid - perpetual resetting convertible preference shares	-	-	(1,430,981)	-	-	-	-	-	(1,430,981)
Balance at 30 June 2007	59,620,618	-	18,809,839	4,041,244	5,833,939	2,676,071	1,929,283	(393,915)	92,517,079

statement of changes in equity

for the year ended 30 June 2007

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 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
Balance at 01 July 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
Profit attributable to members of parent company	-	-	16,010,964	-	-	-	-	-	16,010,964
Fair value revaluation for land and buildings	-	-	-	-	-	-	-	-	-
Subtotal	26,951,775	31,743,909	29,542,689	4,041,244	5,833,939	2,676,071	1,929,283	-	102,718,910
Issue of share capital	924,934	-	-	-	-	-	-	-	924,934
Conversion of resetting convertible preference shares	31,743,909	(31,743,909)	-	-	-	-	-	-	-
Dividends provided for or paid - ordinary shares	-	-	(11,632,003)	-	-	-	-	-	(11,632,003)
Dividends provided for or paid - perpetual resetting convertible preference shares	-	-	(1,430,981)	-	-	-	-	-	(1,430,981)
Balance at 30 June 2007	59,620,618	-	16,479,705	4,041,244	5,833,939	2,676,071	1,929,283	-	90,580,860

statement of changes in equity
for the year ended 30 June 2007
continued

notes to the financial statements for the year ended 30 June 2007

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).

The financial report covers the consolidated group of Wide Bay Australia Ltd and controlled entities, ("consolidated entity/economic entity") and Wide Bay Australia Ltd as an individual parent entity ("the society"). Wide Bay Australia is a listed public company, incorporated and domiciled in Australia.

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 company.

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 investees 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.

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) Change in accounting policy

i) Loans and advances - change in accounting policy - loan origination fees

The society incurs loan origination fees on loans sourced from brokers and some agencies. In prior financial periods these origination fees have been recognised immediately as an expense in the income statement. With the introduction of commercial loan and margin loan products during the financial year to 30 June 2007, and an expectation that the loans from brokers will increase, the directors resolved to capitalise loan origination fees and write each individual fee off over a period of 4 years. Origination fees are written off immediately where the loan for which the fee was incurred is paid out.

The change in accounting policy had the following impact on these financial statements:

Income Statement for the year ended 30 June 2007

A decrease in brokers fees expense charge to the income statement of \$589,882.

An increase in the earnings per share of 1.80 cents (basic) and 1.65 cents (diluted).

Balance Sheet at 30 June 2007

Recognition of capitalised loan origination fees of \$589,882.

There has been no change to prior year profit and loss as a result of the change in accounting policy. The directors considered the calculation of prior year adjustments and amendment of prior year results to be impractical, considering the cost and time to recalculate the balance in prior periods.

ii) The following Australian Accounting Standards have been issued or amended and are applicable to the parent and consolidated group but are not yet effective. They have not been adopted in preparation of the financial statements at reporting date.

AASB Amendment	Standards effected
AASB 2005-10: Amendments to Australian Accounting Standards	AASB 1: First time adoption of AIFRS AASB 4: Insurance Contracts AASB 101: Presentation of Financial Statements AASB 114: Segment Reporting AASB 117: Leases AASB 133: Earnings per Share AASB 1023: General Insurance Contracts AASB 1038: Life Insurance Contracts AASB 139: Financial Instruments: Recognition and Measurement
AASB 7: Financial Instruments: Disclosures	AASB 132: Financial Instruments: Disclosure and Presentation
Application Date of Standards	1 January 2007
Application Date for Group	1 July 2007

o) Comparative figures

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

p) Critical accounting estimates and judgments

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the group.

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 2007			
Deposits with other financial institutions	18,429,960	1,072,560	5.82
Investment securities	116,068,595	7,245,377	6.24
Loans and advances	1,480,445,843	114,602,115	7.74
Other	15,590,544	964,092	6.18
	1,630,534,942	123,884,144	7.60

	\$ Average balance	\$ Interest	% Average interest rate
BORROWING COSTS 2007			
Deposits from other financial institutions	766,232,124	50,374,147	6.57
Customer deposits	801,404,933	37,888,809	4.73
Subordinated notes	10,000,000	791,142	7.91
	1,577,637,057	89,054,098	5.64
Net interest revenue 2007		34,830,046	
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	

	CONSOLIDATED		CHIEF ENTITY	
	\$ 2007	\$ 2006	\$ 2007	\$ 2006

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.

Profit relating to mortgage insurance activities (also refer Note 1.1)				
Premium revenue	3,614,258	3,887,289	-	-
Reinsurance expense	(470,881)	(280,633)	-	-
	3,143,377	3,606,656	-	-

	CONSOLIDATED		CHIEF ENTITY	
	\$ 2007	\$ 2006	\$ 2007	\$ 2006
note 3 continued				
Included in the profit from ordinary activities are the following revenue items:				
Other revenue from ordinary activities				
Dividends				
Controlled entities	-	-	2,000,000	2,000,000
Fees and commissions	8,610,859	8,524,738	8,610,859	8,524,738
Other revenue	1,759,345	1,708,289	854,448	905,113
	13,513,581	13,839,683	11,465,307	11,429,851

	CONSOLIDATED		CHIEF ENTITY	
	\$ 2007	\$ 2006	\$ 2007	\$ 2006
The profit from ordinary activities before income tax is arrived at after charging the following items:				
Other expenses from operating activities				
Fees and commissions	3,163,915	3,578,314	3,163,915	3,578,314
Provisions for employee entitlements	216,000	180,000	216,000	180,000
General and administration expenses	7,882,506	8,010,434	7,404,360	7,518,659
Underwriting expenses	1,108,167	1,457,898	-	-
	12,370,588	13,226,646	10,784,275	11,276,973

note 4

INCOME TAX

	CONSOLIDATED		CHIEF ENTITY	
	\$ 2007	\$ 2006	\$ 2007	\$ 2006
Major components of tax expense for the year are:				
Current income tax	6,812,909	6,051,472	5,786,508	5,052,017
Deferred income tax	(209,543)	(276,797)	(166,421)	(198,281)
	6,603,366	5,774,675	5,620,087	4,853,736

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

	CONSOLIDATED		CHIEF ENTITY	
	\$ 2007	\$ 2006	\$ 2007	\$ 2006
Prima facie tax on profit before income tax at 30% (2006 - 30%)	6,870,777	6,063,305	6,489,315	5,763,828
Tax effect of permanent differences				
Depreciation of buildings	37,928	10,579	37,928	10,579
Capital gain on sale of assets	-	10,814	-	10,814
Franked dividends	(308,937)	(238,064)	(908,937)	(838,064)
Other items - net	3,598	27,254	1,781	5,792
Capital raising expenses	-	(99,213)	-	(99,213)
Income tax expense attributable to profit from ordinary activities	6,603,366	5,774,675	5,620,087	4,853,736

note 5

DIVIDENDS PAID

	CONSOLIDATED		CHIEF ENTITY	
	\$ 2007	\$ 2006	\$ 2007	\$ 2006
Dividends paid during the year				
Interim for current year	6,189,286	5,134,639	6,189,286	5,134,639
Fully franked dividend on ordinary shares				
Final for previous year	5,442,717	4,700,001	5,442,717	4,700,001
Fully franked dividend on ordinary shares				
	11,632,003	9,834,640	11,632,003	9,834,640
Dividends paid during the year				
Fully franked dividends on non-cumulative perpetual resetting convertible preference shares	1,430,981	2,697,365	1,430,981	2,697,365
	1,430,981	2,697,365	1,430,981	2,697,365

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 30 cents per ordinary share (\$7.499 million), for the six months to 30 June 2007, payable on 14 September 2007.

The final dividend for the six months to 30 June 2006 (\$5.443 million) was paid on 22 September 2006, and was disclosed in the 2005/06 financial accounts in accordance with Accounting Standards.

The tax rate at which the dividends have been franked is 30% (2006 - 30%).

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

	CONSOLIDATED		CHIEF ENTITY	
	\$ 2007	\$ 2006	\$ 2007	\$ 2006
Balance as at the end of the financial year	5,806,189	3,695,501	4,835,034	3,541,492
Credits that will arise from the payment of income tax payable per the financial statements	1,763,718	2,224,496	1,641,694	1,300,811
Debits that will arise from the payment of the proposed dividend	(3,214,003)	(2,332,593)	(3,214,003)	(2,332,593)
	4,355,904	3,587,404	3,262,725	2,509,710
Dividends - cents per share				
Dividend proposed				
Fully franked dividend on ordinary shares	30.0	26.5	30.0	26.5
Interim dividend paid during the year				
Fully franked dividend on ordinary shares	30.0	25.0	30.0	25.0
Fully franked dividends on non-cumulative perpetual resetting convertible preference shares	426.0	803.0	426.0	803.0
Final dividend paid for the previous year				
Fully franked dividend on ordinary shares	26.5	23.0	26.5	23.0

note 6

CASH AND CASH EQUIVALENTS

	CONSOLIDATED		CHIEF ENTITY	
	\$ 2007	\$ 2006	\$ 2007	\$ 2006
Cash on hand and at banks	18,222,811	11,522,539	18,046,986	11,448,267
Deposits on call	31,850,000	48,950,000	15,000,000	31,700,000
	50,072,811	60,472,539	33,046,986	43,148,267

note 7

DUE FROM OTHER FINANCIAL INSTITUTIONS

	CONSOLIDATED		CHIEF ENTITY	
	\$ 2007	\$ 2006	\$ 2007	\$ 2006
Deposits with SSP's	2,159,331	2,159,331	2,159,331	2,159,331
Subordinated loans	124,585	124,585	124,585	124,585
	2,283,916	2,283,916	2,283,916	2,283,916
Maturity analysis				
No maturity specified	2,283,916	2,283,916	2,283,916	2,283,916

note 8

ACCRUED RECEIVABLES

	CONSOLIDATED		CHIEF ENTITY	
	\$ 2007	\$ 2006	\$ 2007	\$ 2006
Interest receivable	1,666,354	1,240,628	1,074,790	1,136,997
Other	9,631,719	6,724,125	9,546,216	6,361,111
	11,298,073	7,964,753	10,621,006	7,498,108

note 9

FINANCIAL ASSETS AVAILABLE FOR SALE

	CONSOLIDATED		CHIEF ENTITY	
	\$ 2007	\$ 2006	\$ 2007	\$ 2006
Bills of exchange and promissory notes	62,937,635	68,674,069	62,937,635	68,674,069
Certificates of deposit	2,962,091	15,906,379	2,962,091	15,906,379
Notes - Securitisation program & other	18,440,994	32,711,185	16,413,952	29,261,919
	84,340,720	117,291,633	82,313,678	113,842,367
Maturity analysis				
Up to 3 months	65,899,726	84,580,448	65,899,726	84,580,448
Later than 5 years	18,440,994	32,711,185	16,413,952	29,261,919
	84,340,720	117,291,633	82,313,678	113,842,367

note 10

LOANS AND ADVANCES

	CONSOLIDATED		CHIEF ENTITY	
	\$ 2007	\$ 2006	\$ 2007	\$ 2006
Term loans	1,216,099,832	1,163,583,145	1,216,099,832	1,163,583,145
Loan to controlled entity	-	-	4,180,350	3,477,214
Other commercial loan	-	261,120	-	261,120
Continuing credit loans	328,041,245	256,480,348	328,041,245	256,480,348
Leases receivable	4,226,206	5,229,980	-	-
	1,548,367,283	1,425,554,593	1,548,321,427	1,423,801,827
Provision for impairment	(32,715)	(58,393)	(9,516)	(12,160)
Total loans	1,548,334,568	1,425,496,200	1,548,311,911	1,423,789,667
Provision for impairment				
Specific provision				
Opening balance	(58,393)	(50,894)	(12,160)	(8,639)
Bad and doubtful debts provided for during the year	25,678	(7,499)	2,644	(3,521)
Total provision for impairment	(32,715)	(58,393)	(9,516)	(12,160)
Charge to profit and loss for bad and doubtful debts comprises:				
Specific provision	25,678	(7,499)	2,644	(3,521)
Bad debts recognised directly	(43,975)	(35,238)	-	-
	(18,297)	(42,737)	2,644	(3,521)

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 \$758.389 million (30 June 2006 - \$747.079 million) and an increase in liabilities - securitised loans - of \$758.389 million (30 June 2006 - \$747.079 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		CHIEF ENTITY	
	\$ 2007	\$ 2006	\$ 2007	\$ 2006
Maturity analysis				
Up to 3 months	394,647	687,671	324,257	605,331
From 3 to 12 months	357,774	688,623	5,944	167,974
From 1 to 5 years	17,995,515	9,221,792	14,191,529	4,594,800
Later than 5 years	1,529,586,632	1,414,898,114	1,533,790,181	1,418,421,562
	1,548,334,568	1,425,496,200	1,548,311,911	1,423,789,667

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

	CONSOLIDATED		CHIEF ENTITY	
	\$ 2007	\$ 2006	\$ 2007	\$ 2006

note 11

OTHER INVESTMENTS

	CONSOLIDATED		CHIEF ENTITY	
	\$ 2007	\$ 2006	\$ 2007	\$ 2006
Unlisted shares - at Directors' valuation 2006	164,246	164,246	164,246	164,246
Controlled entities - at cost	-	-	10,721,041	10,721,041
Investment in associate	6,885,817	6,768,164	6,885,817	6,768,164
Interest in joint venture - at cost	15,000	15,000	15,000	15,000
	7,065,063	6,947,410	17,786,104	17,668,451

Investment in controlled entities comprises:

Name	Country of incorporation	% 2007	% 2006	Contribution to consolidated operating profit after income tax	Investment carrying value
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Chief entity

Wide Bay Australia Ltd	Australia			12,981,173	11,565,475
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Controlled entities

Fincom Pty Ltd	Australia	0	44	-	(17,079)	-	-
Mortgage Risk Management Pty Ltd	Australia	100	100	2,230,373	2,158,040	10,720,000	10,720,000
Wide Bay Australia Mini Lease Pty Ltd	Australia	51	51	29,521	(21,573)	1,041	1,041
				2,259,894	2,119,388	10,721,041	10,721,041

Investment in associate comprises:

Financial Technology Securities Pty Ltd	Australia	25	25	1,029,791	793,548	6,885,817	6,768,164
				16,270,858	14,478,411	17,606,858	17,489,205

The carrying amounts of unlisted shares were reassessed by the Directors as at 30 June 2007 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 APRA's acceptable LMI test and all residential mortgage loans insured with the company qualify for a concessional risk-weight of 50%.

note 11 continued

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 directors have resolved not to issue new leasing and rental contracts and wind the business down as existing contracts are paid out.

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 operates primarily in South East Queensland and New South Wales, with a large clientele developed over the years.

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:

	\$ 2007	\$ 2006
Share of associate's balance sheet:		
Current Assets	695,560	429,249
Non-current assets	478,273	464,621
Current Liabilities	(554,968)	(441,000)
Non-current liabilities	-	-
Net Assets	618,865	452,870

Share of associate's revenue and profit:

Revenue	3,107,003	2,378,885
Profit before income tax	1,622,627	1,195,776
Prior year accrual adjustment	(42,934)	-
Income tax	(549,902)	(402,228)
Profit after income tax	1,029,791	793,548

note 12

PROPERTY, PLANT AND EQUIPMENT

	CONSOLIDATED		CHIEF ENTITY	
	\$ 2007	\$ 2006	\$ 2007	\$ 2006
Freehold land and buildings				
At independent valuation - June 2006	12,065,000	12,065,000	12,065,000	12,065,000
Provision for depreciation	245,425	-	245,425	-
	11,819,575	12,065,000	11,819,575	12,065,000

Movement in carrying amount

Carrying amount at beginning of year	12,065,000	7,869,647	12,065,000	7,869,647
Depreciation	245,425	154,263	245,425	154,263
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	11,819,575	12,065,000	11,819,575	12,065,000

Plant and equipment

At cost	19,872,690	18,030,474	19,777,622	17,935,406
Provision for depreciation	14,358,739	12,938,787	14,268,693	12,857,391
	5,513,951	5,091,687	5,508,929	5,078,015

Movement in carrying amount

Carrying amount at beginning of year	5,091,687	3,917,645	5,078,015	3,891,187
Additions	1,842,218	2,406,390	1,842,217	2,405,899
Depreciation	1,419,954	1,232,348	1,411,303	1,219,071
Carrying amount at end of year	5,513,951	5,091,687	5,508,929	5,078,015

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.

note 13

DEFERRED INCOME TAX ASSETS

Deferred income tax assets are attributable to:

	CONSOLIDATED		CHIEF ENTITY	
	\$ 2007	\$ 2006	\$ 2007	\$ 2006
Employee leave provisions	494,700	429,900	494,700	429,900
Other provisions	9,815	3,648	2,855	3,648
Property, plant & equipment	413,934	261,229	(15,755)	(82,083)
Takeover expenses	72,666	-	72,666	-
Tax losses carried forward	-	50,216	-	-
Other items	21,730	22,123	21,730	22,123
	1,012,845	767,116	576,196	373,588

In respect of each temporary difference the adjustment was charged to income.

note 14

OTHER ASSETS

Prepayments	9,678,272	6,739,386	4,979,085	4,191,244
	9,678,272	6,739,386	4,979,085	4,191,244

note 15

DEPOSITS AND SHORT TERM BORROWINGS

Call deposits	329,742,871	289,038,222	331,510,200	290,620,465
Term deposits	501,251,561	472,821,721	501,251,561	472,821,721
	830,994,432	761,859,943	832,761,761	763,442,186

Maturity analysis

On call	227,504,247	204,041,271	229,271,576	205,623,514
Up to 3 months	440,530,457	386,367,606	440,530,457	386,367,606
From 3 to 12 months	155,840,076	166,230,932	155,840,076	166,230,932
From 1 to 5 years	7,119,652	5,220,134	7,119,652	5,220,134
	830,994,432	761,859,943	832,761,761	763,442,186

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		CHIEF ENTITY	
	\$ 2007	\$ 2006	\$ 2007	\$ 2006
Secured loans	1,305,912	2,957,326	-	-
Maturity analysis				
From 1 to 5 years	1,305,912	2,957,326	-	-
	1,305,912	2,957,326	-	-
	23,866,169	21,153,231	19,847,416	17,434,659
Maturity analysis				
Up to 3 months	21,455,165	18,721,595	17,436,412	15,003,022
From 3 to 12 months	2,312,347	2,361,103	2,312,347	2,361,103
From 1 to 5 years	98,657	70,533	98,657	70,534
	23,866,169	21,153,231	19,847,416	17,434,659

note 18

DEFERRED INCOME TAX LIABILITIES

Provision for taxation	2,674,903	2,523,196	1,651,742	1,509,141
Deferred income tax liabilities are attributable to:				
Asset revaluation reserve	1,731,962	1,731,962	1,731,962	1,731,962
Prepayments	495,258	473,903	495,258	473,903
Accrued interest	117,948	103,117	117,948	103,117
	2,345,168	2,308,982	2,345,168	2,308,982
	5,020,071	4,832,178	3,996,910	3,818,123

In respect of each temporary difference the adjustment was charged to income.

note 19

PROVISIONS

	CONSOLIDATED		CHIEF ENTITY	
	\$ 2007	\$ 2006	\$ 2007	\$ 2006
Employee entitlements				
Balance at beginning of year	1,435,914	1,264,577	1,435,914	1,264,577
Annual leave and long service leave provided for during the year	214,035	171,337	214,035	171,337
Balance at end of year	1,649,949	1,435,914	1,649,949	1,435,914
Unearned direct premiums and outstanding claims				
Balance at beginning of year	7,425,347	6,980,599	-	-
Transfers to the provision during the year	4,185,246	4,519,849	-	-
Payments from the provision during the year	3,954,901	4,075,101	-	-
Balance at end of year	7,655,692	7,425,347	-	-
Premium revenues are earned over 10 years in accordance with actuarial advice based on historical claim patterns. The unearned portion is recognised as unearned premium liability. The outstanding claims liability is based on independent actuarial advice and estimates of claims incurred but not settled at balance date. The estimation is based on statistical analyses of historical experience.				
Other provisions	21,023	21,023	21,023	2,1024
Total provisions	9,326,664	8,882,284	1,670,972	1,456,938

note 20

SUBORDINATED CAPITAL NOTES

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 2007		SHARES 2006	
	No.	\$	No.	\$
Fully paid ordinary shares				
All ordinary shares have equal voting, dividend and capital repayment rights.				
Balance at beginning of year	20,538,554	26,951,775	20,434,789	26,174,576
Issued during the year				
Staff share plan	92,401	924,934	103,765	777,199
Conversion of Non-cumulative Perpetual Resetting Convertible Preference (RCP) Shares	4,366,843	31,743,909	-	-
Balance at end of year	24,997,798	59,620,618	20,538,554	26,951,775
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
Conversion of Non-cumulative Perpetual Resetting Convertible Preference (RCP) Shares	(335,911)	(31,743,909)	-	-
Balance at end of year	-	-	335,911	31,743,909
		59,620,618		58,695,684

Effective 1 July 1998, the Company Law Review Act abolished the concept of par value shares and the concept of authorised capital. Accordingly, the company does not have authorised capital or par value in respect of its issued shares.

Staff share plan

21 November 2006 - 92,401 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.

note 21 continued

	CONSOLIDATED		CHIEF ENTITY	
	2007	2006	2007	2006
The total number of shares issued to employees since the inception of the staff share plan was	1,924,753	1,832,352	1,924,753	1,832,352
The total number of shares issued to employees during the financial year was	92,401	103,765	92,401	103,765
The total market value at date of issue, 21 November 2006 (18 November 2005) was	1,155,013	933,885	1,155,013	933,885
The total amount paid or payable for the shares at that date was	924,934	777,199	924,934	777,199

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 RCP shares were converted to Ordinary Shares on 20 December 2006. Under the relative terms and conditions, and the price of Ordinary Shares at the time of conversion, the RCP shares converted to 4,366,843 shares, bringing the total number of Ordinary Shares to 24,905,397. This figure subsequently increased to 24,997,798 on 21 November 2006, with the issue of 92,401 shares under the staff shares scheme, with a total issue price of \$924,934.

The principal terms applicable to the RCP shares are as follows:

Dividends

Dividends are non-cumulative.

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

- the Directors, at their discretion, declaring a dividend to be payable;
- the aggregate amount of dividends or distributions paid in any financial year does not exceed the distributable profits (unless otherwise agreed by APRA);
- 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
- 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:

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

note 21 continued

Voting rights

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

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

	CONSOLIDATED		CHIEF ENTITY	
	\$ 2007	\$ 2006	\$ 2007	\$ 2006

note 22

RESERVES

Movements in reserves

Asset revaluation reserve

Balance at beginning of year	4,041,244	817,576	4,041,244	817,576
Increase due to revaluation increment on land and buildings	-	4,691,179	-	4,691,179
Deferred tax liability adjustment on revaluation 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)	-	(85,939)
Balance at end of year	4,041,244	4,041,244	4,041,244	4,041,244

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

note 22 continued

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	14,480,537	14,480,537	14,480,537
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note 23

OUTSIDE EQUITY INTEREST

Reconciliation of outside equity interest in controlled entities:

Opening balance	(422,279)	(457,978)		
Share of operating (profit)/loss	28,364	35,699		
Closing balance	(393,915)	(422,279)		

note 24

CASH FLOW STATEMENT

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

Profit after tax from continuing operations	16,299,222	14,436,340	16,010,964	14,359,023
Depreciation & amortisation	1,665,377	1,386,610	1,656,727	1,373,333
(Profit)/Loss on disposal of non-current assets	-	36,046	-	36,046

(Increase)/Decrease in Assets

Accrued interest on investments	(144,499)	104,386	(144,499)	104,386
Prepayments	(787,842)	(188,754)	(787,842)	(188,754)
Inventories	(12,593)	(4,079)	(12,593)	(4,079)
Sundry debtors	5,821,703	68,454	3,584,308	(2,391,421)
Future income tax benefit	(220,322)	(104,527)	(202,608)	(86,813)

	CONSOLIDATED		CHIEF ENTITY	
	\$ 2007	\$ 2006	\$ 2007	\$ 2006

note 24 continued

Increase/(Decrease) in Liabilities

Increase in creditors & accruals	(11,105,658)	(3,411,868)	(7,802,401)	(347,137)
Increase in deferred tax payable	36,186	1,620,494	36,186	1,620,494
Increase in income tax payable	(805,199)	409,435	(23,821)	388,732
Increase in employee entitlement provisions	216,000	180,000	216,000	180,000

Net cash flows from operating activities

	10,962,375	14,532,537	12,530,421	15,043,810
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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.

note 25

EXPENDITURE COMMITMENTS

Capital expenditure commitment

Capital expenditure contracted for within one year	94,815	165,149	94,815	165,149
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Lease expenditure commitments

Non cancellable operating leases				
Up to 1 year	1,305,960	1,063,609	1,305,960	1,063,609
From 1 to 2 years	1,200,700	730,190	1,200,700	730,190
From 2 to 5 years	2,144,953	1,366,856	2,144,953	1,366,856
Later than 5 years	360,020	191,318	360,020	191,318

Total lease expenditure

	5,011,633	3,351,973	5,011,633	3,351,973
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note 26

EMPLOYEE ENTITLEMENTS AND SUPERANNUATION COMMITMENTS

Employee entitlements

The aggregate employment entitlement liability is comprised of:				
Provisions - (note 19)	1,649,949	1,435,914	1,649,949	1,435,914

	CONSOLIDATED		CHIEF ENTITY	
	\$ 2007	\$ 2006	\$ 2007	\$ 2006

	CONSOLIDATED		CHIEF ENTITY	
	\$ 2007	\$ 2006	\$ 2007	\$ 2006

note 27

CONTINGENT LIABILITIES AND CREDIT COMMITMENTS

Approved but undrawn loans	62,189,792	61,411,844	62,153,823	61,306,986
Approved but undrawn credit limits	79,239,917	63,212,306	79,239,917	63,212,306
	141,429,709	124,624,150	141,393,740	124,519,292

note 28

EARNINGS PER SHARE

Basic earnings per share (cents per share)	64.79	57.47		
Diluted earnings per share (cents per share)	65.09	57.94		

	BASIC		DILUTED	
	\$ 2007	\$ 2006	\$ 2007	\$ 2006

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

Calculation of numerator

Net profit attributable to shareholders	16,270,858	14,478,411	16,270,858	14,478,411
Less dividends paid on preference shares	1,430,981	2,697,365	-	-
Numerator	14,839,877	11,781,046	16,270,858	14,478,411

Weighted average number of shares

Ordinary shares	22,903,797	20,498,754	24,997,798	20,498,754
Potential ordinary shares	-	-	-	4,488,232
Total weighted average ordinary shares	22,903,797	20,498,754	24,997,798	24,986,986

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

note 29 continued

ii) Executives

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

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.

	CONSOLIDATED		CHIEF ENTITY	
	\$ 2007	\$ 2006	\$ 2007	\$ 2006
b) Key management personnel compensation				
Remuneration for the year ended 30 June 2007				
Short term benefits				
Cash salary and fees	1,736,203	1,796,688	1,736,203	1,796,688
Cash bonus	-	-	-	-
Non-monetary	57,510	60,628	57,510	60,628
Post employment benefits				
Superannuation	470,814	212,937	470,814	212,937
Retirement benefits	-	-	-	-
Termination benefits	-	-	-	-
Share based payments	-	-	-	-
Other long term benefits	-	-	-	-
	2,264,527	2,070,253	2,264,527	2,070,253

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.

note 29 continued

Loans for the year ended 30 June 2007

	\$ Balance 01 July 2006	\$ Interest Charged	\$ Write-off	\$ Balance 30 June 2007	Number in Group 30 June 2007
Directors	(1,634,942)	77,868	-	(1,715,368)	3
Executives	(1,206,344)	101,418	-	(1,463,783)	5
Total:					
Key management personnel	(2,841,286)	179,286	-	(3,179,151)	8

	\$ 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 2006

	\$ Balance 01 July 2006	\$ Interest* Charged	\$ Write-off	\$ Balance 30 June 2007	\$ Highest in period
Directors	(456,258)	3,453	-	(486,852)	(556,966)
JH Fell	(895,933)	60,392	-	(967,471)	(967,471)
FM McLeod	(282,751)	14,023	-	(261,045)	(274,938)
Executives					
IR Pokarier	(208,968)	6,704	-	(191,496)	(201,830)
WR Schafer	(251,114)	36,740	-	(564,165)	(756,871)
DA Hancock	(475,153)	40,843	-	(428,569)	(511,905)
SV Butler	(244,990)	17,131	-	(243,495)	(246,207)

Individuals with loans above \$100,000 in reporting period

Directors

RE Hancock	(456,258)	3,453	-	(486,852)	(556,966)
JH Fell	(895,933)	60,392	-	(967,471)	(967,471)
FM McLeod	(282,751)	14,023	-	(261,045)	(274,938)

Executives

IR Pokarier	(208,968)	6,704	-	(191,496)	(201,830)
WR Schafer	(251,114)	36,740	-	(564,165)	(756,871)
DA Hancock	(475,153)	40,843	-	(428,569)	(511,905)
SV Butler	(244,990)	17,131	-	(243,495)	(246,207)

* Does not include Bob Ashton as his loan was less than \$100,000.

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

note 29 continued

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 2006	Received as Remuneration	Options Exercised	Net Change Other	Balance 30 June 2007
Directors					
JF Pressler	-	-	-	-	-
RE Hancock	1,663,265	-	-	15,281	1,678,546
JH Fell	375,872	-	-	17,954	393,826
PJ Sawyer	451,656	-	-	-	451,656
FM McLeod	94,831	-	-	4,257	99,088
Executives					
IR Pokarier	256,018	-	-	3,069	259,087
WR Schafer	11,000	-	-	2,000	13,000
DA Hancock	25,627	-	-	5,341	30,968
SV Butler	1,250	-	-	500	1,750
AR Ashton	7,412	-	-	2,775	10,187
Total	2,886,931	-	-	51,177	2,938,108

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.

L R Hancock, a related party by virtue of being a brother of R E Hancock, became a partner in BCI Law on 1 February 2005. The society paid fees to BCI Law for professional advice aggregating:

	CONSOLIDATED		CHIEF ENTITY	
	\$ 2007	\$ 2006	\$ 2007	\$ 2006
	-	14,412	-	14,412

note 30

REMUNERATION OF AUDITORS

Amounts received or due and receivable by the auditors of the Chief Entity are as follows:

	\$ 2007	\$ 2006	\$ 2007	\$ 2006
Audit or review of the financial statements of the entity and any other entity in the economic entity	95,469	96,658	95,469	96,658
Other services	8,031	13,093	6,531	12,000
Total	103,500	109,751	102,000	108,658

	CONSOLIDATED		CHIEF ENTITY	
	\$ 2007	\$ 2006	\$ 2007	\$ 2006
Audit or review of the financial statements of the entity	22,500	21,500	-	-
Other services	8,500	7,000	-	-
Total	31,000	28,500	-	-
Total	134,500	138,251	102,000	108,658

note 30 continued

Amounts received or due and receivable by the auditor of Mortgage Risk Management Pty Ltd are as follows:

	\$ 2007	\$ 2006	\$ 2007	\$ 2006
Audit or review of the financial statements of the entity	22,500	21,500	-	-
Other services	8,500	7,000	-	-
Total	31,000	28,500	-	-
Total	134,500	138,251	102,000	108,658

note 31

EVENTS SUBSEQUENT TO BALANCE DATE

a) Proposed acquisition of Mackay Permanent Building Society Ltd

On 24 July 2007 Wide Bay Australia Ltd (Wide Bay) announced it had approached Mackay Permanent Building Society Ltd (Mackay Permanent) seeking:

- agreement to the acquisition of Mackay Permanent by Wide Bay, pursuant to a scheme of arrangement;
- a unanimous Mackay Permanent Board recommendation in support of the proposed acquisition; and
- confirmation by each Mackay Permanent director that they would vote in favour of the scheme of arrangement in respect of their own shares.

Under the proposed acquisition, Wide Bay would offer to Mackay Permanent shareholders for each Mackay Permanent ordinary share:

- \$7.20 cash plus a fully franked dividend of \$0.80, meaning Mackay Permanent shareholders would receive \$8.00 cash per ordinary share; or
- 0.6 of a Wide Bay share (or three Wide Bay shares for every five Mackay Permanent shares) plus a fully franked dividend of \$0.80.

The proposed dividend of \$0.80 per share would be subject to agreement with the Mackay Permanent Board and obtaining any required regulatory approvals.

b) The financial statements were authorised for issue by the directors on the date the director's declaration was signed.

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 6.96% (2006 - 6.04%)
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 6.25% (2006 - 5.80%)
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 5.16% (2006 - 4.68%)
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 7.12% (2006 - 6.48%)
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 securitisation 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.	
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 2007 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.

note 34 continued

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:

	\$ 2007	\$ 2006
WB Trust No.3	(1,254,183)	-
WB Trust 2006-1	(602,494)	-
WB Trust 2005-1	(299,990)	(80,820)
WB Trust 2004-1	(193,502)	(156,365)
WB Trust 2003-1	(107,344)	(87,897)
WB Trust 2002-1	-	(44,950)

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 from 1 to 5 years		Non interest bearing		Total carrying amount per balance sheet		Weighted average effective interest rate	
	\$ 2007	\$ 2006	\$ 2007	\$ 2006	\$ 2007	\$ 2006	\$ 2007	\$ 2006	\$ 2007	\$ 2006	% 2007	% 2006
Financial assets												
Cash and cash equivalents	47,548,584	58,044,073	-	-	-	-	2,524,227	2,428,466	50,072,811	60,472,539	7.03	6.09
Due from other financial institutions	2,188,916	2,188,916	-	-	-	-	95,000	95,000	2,283,916	2,283,916	5.50	4.63
Accrued receivables	-	-	-	-	-	-	11,263,518	7,942,791	11,263,518	7,942,791	-	-
Investment securities	14,413,952	14,361,919	65,899,726	84,580,448	4,027,042	18,349,266	-	-	84,340,720	117,291,633	6.05	5.46
Loans and advances	1,119,271,231	1,192,926,878	174,434,908	133,903,003	254,661,144	98,724,712	-	-	1,548,367,283	1,425,554,593	7.64	7.17
Other investments	-	-	-	-	-	-	7,050,063	6,932,410	7,050,063	6,932,410	-	-
Other assets	-	-	-	-	-	-	4,979,085	4,191,244	4,979,085	4,191,244	-	-
Total financial assets	1,183,422,683	1,267,521,786	240,334,634	218,483,451	258,688,186	117,073,978	25,911,893	21,589,911	1,708,357,396	1,624,669,126		
Financial liabilities												
Deposits and short term borrowings	329,742,871	289,038,222	494,131,909	467,601,587	7,119,652	5,220,134	-	-	830,994,432	761,859,943	4.70	4.34
Due to other financial institutions	-	-	-	-	1,305,912	2,957,326	-	-	1,305,912	2,957,326	8.53	7.18
Payables and other liabilities	-	-	-	-	-	-	23,866,169	21,153,231	23,866,169	21,153,231	-	-
Securitised loans	548,218,450	625,167,461	85,438,125	70,173,455	124,732,892	51,737,855	-	-	758,389,467	747,078,771	6.55	5.99
Provisions	-	-	-	-	-	-	9,326,664	8,882,284	9,326,664	8,882,284	-	-
Subordinated capital notes	-	-	10,000,000	10,000,000	-	-	-	-	10,000,000	10,000,000	7.91	7.30
Total financial liabilities	877,961,321	914,205,683	589,570,034	547,775,042	133,158,456	59,915,315	33,192,833	30,035,515	1,633,882,644	1,551,931,555		

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	
	\$ 2007	\$ 2006	\$ 2007	\$ 2006
Financial assets				
Cash and cash equivalents	50,072,811	60,472,539	50,072,811	60,472,539
Due from other financial institutions	2,283,916	2,283,916	2,283,916	2,283,916
Accrued receivables	11,263,518	7,942,791	11,263,518	7,942,791
Investment securities	84,340,720	117,291,633	85,040,993	118,211,184
Loans and advances	1,548,367,283	1,425,554,593	1,553,796,310	1,427,907,817
Other investments	7,050,063	6,932,410	7,050,063	6,932,410
Other assets	4,979,085	4,191,244	4,979,085	4,191,244
Total financial assets	1,708,357,396	1,624,669,126	1,714,486,696	1,627,941,901
Financial liabilities				
Deposits and short term borrowings	830,994,432	761,859,943	829,007,944	760,008,559
Due to other financial institutions	1,305,912	2,957,326	1,281,426	2,901,876
Payables and other liabilities	23,866,169	21,153,231	23,866,169	21,153,231
Securitised loans	758,389,467	747,078,771	761,048,602	748,312,006
Provisions	9,326,664	8,882,284	9,326,664	8,882,284
Subordinated capital notes	10,000,000	10,000,000	10,000,000	10,000,000
Total financial liabilities	1,633,882,644	1,551,931,555	1,634,530,805	1,551,257,956

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.

note 34 continued

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.

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.

Securitized loans

The fair values of securitized 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.

Interest rate risk

Interest rate risk is measured by analysis of rate risk inherent in the balance sheet. The society monitors the risk by matching maturity, volume and interest rate sensitivity of assets and liabilities.

Interest rate risk is managed utilising the balance sheet repricing gap analysis and setting triggers for reporting and acting on exposures. Solutions may include balance sheet solutions whereby current products are priced to generate the desired outcome, and the purchase of financial instruments to hedge mismatches in the balance sheet.

Liquidity risk

Liquidity risk is monitored and managed in accordance with APRA standards, and the society actively forecasts cash flows and ensures adequate unutilised facilities are maintained.

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:
 - ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretation) and the Corporations Regulations 2001;
- b) i) giving a true and fair view of the financial position of the Company and consolidated entity as at 30 June 2007 and of their performance, as represented by the results of their operations and their cash flows, for the year ended on that date; and
- c) the financial report also complies with International Financial Reporting Standards as disclosed in note 1;
- d) 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; and
- e) 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 2007.

Signed in accordance with a resolution of the Directors.



J F Pressler
Director

3 September 2007
Bundaberg



P J Sawyer
Director

independent auditor's report to the members of Wide Bay Australia Ltd

for the year ended 30 June 2007

Report on the Financial Report

We have audited the accompanying financial report of Wide Bay Australia Ltd (the company) and Wide Bay Australia Ltd and Controlled Entities (the consolidated entity), which comprises the balance sheet as at 30 June 2007, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

As permitted by the Corporations Regulations 2001, the company has disclosed information about the remuneration of directors and executives (remuneration disclosures), required by Accounting Standard AASB124: Related Party Disclosures, under the heading 'Remuneration Report' in the directors' statutory report and not in the financial report.

Directors' Responsibility for the Financial Report

The directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB101: Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards (IFRS) ensures that the financial report, comprising the financial statements and notes, complies with IFRS.

The directors also are responsible for preparation and presentation of the remuneration disclosures contained in the directors' statutory report in accordance with Corporations Regulations 2001.

Auditors' Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements, and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement and that the remuneration disclosures in the directors' statutory report comply with Accounting Standard AASB124.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment,

including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report and the remuneration disclosures in the directors' statutory report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, provided to the directors of Wide Bay Australia Ltd on 29 August 2007, would be in the same terms if provided to the directors as at the date of this auditors' report.

Auditor's Opinion

In our opinion:

- a) the financial report of Wide Bay Australia Ltd and Wide Bay Australia Ltd and Controlled Entities is in accordance with 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 2007 and of their performance for the year ended on that date; and
 - ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001;
- b) the financial report also complies with the International Financial Reporting Standards as disclosed in Note 1; and
- c) the remuneration disclosures that are contained in the directors' statutory report comply with Accounting Standard AASB124.

Bentleys MRI
Brisbane Partnership

3 September 2007
Brisbane

P M Power
Partner

directors' statutory report

Review and Results of Operations

The consolidated net profit after income tax for the year was \$16,270,858. This compares with a figure of \$14,478,411 from last year. The society's captive LMI, Mortgage Risk Management Pty Ltd, contributed an after tax surplus for the year of \$2,230,373. Total assets and funds under management now total \$1,731,419,794 representing an increase of 5.25%. Loans approved for the year totalled \$485,234,491.

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.

The society 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.

We have now developed our margin loan product for lending in respect of managed funds and it is anticipated that this product will show significant growth for 2007/2008.

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

The number of full time equivalent employees at 30 June 2007 was 171.

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

Wide Bay Australia approached Mackay Permanent Building Society (MPBS) on 23 July 2007 and made a formal offer of \$8.00 per share for 100% of the company. Total assets of MPBS at 30 June 2006 were \$333.9 million. The MPBS Board have now recommended to its shareholders to accept a higher offer from Bank of Queensland.

Our capital adequacy as at 30 June 2007 was 13.85%. 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.

Likely Developments

The projections for the next 12 months are consistent with the trend for 2006/2007. With the anticipated growth of the society's assets and loan book a further increase in trading results is projected.

Business Strategies & 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.

Our business strategies will be influenced by the result of our bid for MPBS, however in the event that this does not proceed we will be looking closely at expanding our branch network further into the Townsville/Cairns area to provide total coverage along the Queensland coast.

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 complement 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 30 cents per ordinary share was paid on 19 December 2006 (17 March 2006 - 25 cents).
- A final fully franked dividend of 30 cents per ordinary share has been declared by the Directors and will be paid on 14 September 2007 (22 September 2006 - 26.5 cents).

Resetting Convertible Preference (RCP) Shares

A total amount of \$1,430,981 fully franked dividend was paid for the half year in respect of RCP Shares. (\$2,697,365 - 2006). In December 2006, the society converted the remaining 335,911 Resetting Convertible Preference Shares issued in December 2001 into ordinary shares.

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 57.

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 65.

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 65.

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, Maryborough and Gladstone 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 57.

Mrs Frances M McLeod MAICD, FIFS

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 49.

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, 21 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	21	4	1
RE Hancock	21	4	1
JH Fell	19	3	n/a
PJ Sawyer	21	4	n/a
FM McLeod	21	4	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	1,678,546
JH Fell	393,826
PJ Sawyer	451,656
FM McLeod	99,088

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.

Remuneration Report continued

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 and the key management personnel 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	2006/07	814,875		16,962	105,113					936,950
<i>Managing Director</i>	2005/06	735,538		25,308	100,587					861,433
Pressler, JF	2006/07	72,800			18,200					91,000
<i>Chairman (non-exec)</i>	2005/06	69,333			17,333					86,667
Sawyer, PJ	2006/07	0			64,750					64,750
<i>Director (non-exec)</i>	2005/06	49,333			12,333					61,667
Fell, JH	2006/07	0			64,750					64,750
<i>Director (non-exec)</i>	2005/06	49,333			12,333					61,667
McLeod, FM	2006/07	167,640		4,725	42,359					214,724
<i>Director & Executive Manager</i>	2005/06	160,550		6,606	14,450					181,606
Total Remuneration - Specified Directors										
	2006/07	1,055,315		21,687	295,172					1,372,174
	2005/06	1,064,088		31,914	157,037					1,253,039

		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		
		\$	\$	\$	\$	\$	\$	\$	\$	
Other Key Management Personnel										
Pokarier, IR	2006/07	161,387		3,406	105,113					269,906
<i>Operations Manager</i>	2005/06	246,360		10,405	12,139					268,905
Schafer, WR	2006/07	185,626		10,364	17,339					213,329
<i>Chief Financial Officer</i>	2005/06	160,550		6,606	14,450					181,606
Butler, SV	2006/07	125,709		7,639	11,951					145,299
<i>Loans Manager</i>	2005/06	114,679		1,510	10,321					126,510
Ashton, AR	2006/07	91,906		3,080	30,093					125,079
<i>Internal Auditor</i>	2005/06	105,505		4,341	9,495					119,341
Hancock, DA	2006/07	116,260		11,334	11,146					138,740
<i>Manager Structured Finance, Products and Interstate Operations</i>	2005/06	105,505		5,851	9,495					120,851
Total Remuneration - Specified Executives										
	2006/07	680,888		35,823	175,642					892,353
	2005/06	732,600		28,714	55,900					817,214

Employment Contracts

All named Key Management Personnel and the Managing Director and Executive Manager have employment contracts. Major provisions of those agreements are summarised below:

Managing Director - R E Hancock

- Contract dated - 21 May 2007
- Term of agreement - no fixed term
- Wide Bay Australia or R E Hancock may terminate this agreement by providing 4 months written notice or provide payment in lieu of the notice period.
- Payment on early termination due to a takeover or not being offered ongoing employment in Bundaberg in an equivalent position, equal to 6 months salary plus 2 weeks salary per year of service with a minimum payment of 20 weeks and a maximum payment of 104 weeks.

Director & Executive Manager - F M McLeod

- Contract dated - 21 May 2007
- Term of agreement - no fixed term
- Wide Bay Australia or F M McLeod may terminate this agreement by providing 4 months written notice or provide payment in lieu of the notice period.
- Payment on early termination due to a takeover or not being offered ongoing employment in Bundaberg in an equivalent position, equal to 6 months salary plus 2 weeks salary per year of service with a minimum payment of 20 weeks and a maximum payment of 104 weeks.

Operations Manager - I R Pokarier

- Contract dated - 21 May 2007
- Term of agreement - no fixed term
- Wide Bay Australia or I R Pokarier may terminate this agreement by providing 4 months written notice or provide payment in lieu of the notice period.
- Payment on early termination due to a takeover or not being offered ongoing employment in Bundaberg in an equivalent position, equal to 6 months salary plus 2 weeks salary per year of service with a minimum payment of 20 weeks and a maximum payment of 104 weeks.

Chief Financial Officer & Company Secretary - W R Schafer

- Contract dated - 28 May 2007
- Term of agreement - no fixed term

- Wide Bay Australia or W R Schafer may terminate this agreement by providing 4 months written notice or provide payment in lieu of the notice period.
- Payment on early termination due to a takeover or not being offered ongoing employment in Bundaberg in an equivalent position, equal to 6 months salary plus 2 weeks salary per year of service with a minimum payment of 20 weeks and a maximum payment of 104 weeks.

Loans Manager - S V Butler

- Contract dated - 18 May 2007
- Term of agreement - no fixed term
- Wide Bay Australia or S V Butler may terminate this agreement by providing 4 months written notice or provide payment in lieu of the notice period.
- Payment on early termination due to a takeover or not being offered ongoing employment in Bundaberg in an equivalent position, equal to 6 months salary plus 2 weeks salary per year of service with a minimum payment of 20 weeks and a maximum payment of 104 weeks.

Manager - Structured Finance, Products and Interstate Operations - D A Hancock

- Contract dated - 28 May 2007
- Term of agreement - no fixed term
- Wide Bay Australia or D A Hancock may terminate this agreement by providing 4 months written notice or provide payment in lieu of the notice period.
- Payment on early termination due to a takeover or not being offered ongoing employment in Bundaberg in an equivalent position, equal to 6 months salary plus 2 weeks salary per year of service with a minimum payment of 20 weeks and a maximum payment of 104 weeks.

Internal Auditor - AR Ashton

- Contract dated - 29 May 2007
- Term of agreement - no fixed term
- Wide Bay Australia or A R Ashton may terminate this agreement by providing 3 months written notice or provide payment in lieu of the notice period.
- Payment on early termination due to a takeover or not being offered ongoing employment in Bundaberg in an equivalent position, equal to 4 months salary plus 2 weeks salary per year of service with a minimum payment of 16 weeks and a maximum payment of 104 weeks.

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 2007, 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 \$85,833.

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 Directors' Statutory Report.

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

	\$ 2007	\$ 2006
Due Diligence Fees		2,775
Tax Return Subsidiaries	4,020	5,646
Tax Advice	4,011	4,672
Total	8,031	13,093

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 2007 there have been:

- no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- no contraventions of any applicable code of professional conduct in relation to the audit.

Bentleys MRI

**Bentleys MRI
Chartered Accountants**

29 August 2007
Brisbane

Martin Power

**P M Power
Partner**

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



J F Pressler
Director

3 September 2007
Bundaberg



P J Sawyer
Director

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.

Audit Committee

The Audit Committee has a documented Charter, approved by the Board. The Audit Committee Charter is available on the company's website - www.widebayaust.com.au - and sets out the society's compliance with the principles of the ASX Corporate Governance Council's *Principles of Good Corporate Governance and Best Practice Recommendations*.

The internal and external auditors, the Managing Director, Chief Financial Officer and the Executive Manager are invited to Audit Committee meetings at the discretion of the Committee.

Risk Management

The Audit Committee also carries out various aspects of the financial risk management process and the controls applicable. They are required to review regularly with management the appropriateness of policies and programs in respect of management assessment and any other activities that may be deemed relevant having regard to the prudential standards, APRA requirements and the ASX Corporate Governance Council's *Principles of Good Corporate Governance and Best Practice Recommendations*.

The Managing Director and the Chief Financial Officer have declared, in writing to the Board, that the integrity of financial statements is founded on a sound system of risk management and internal compliance and control, which implements the policies adopted by the Board and the society's risk management and internal compliance and controls have been assessed and found to be operating efficiently and effectively.

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 24,997,798 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.

Substantial Shareholders

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

Permanent Ordinary Shares

	No. of Shares	% of Total
As at 7 September 2007		
Hancock, R E	1,678,546	6.71
Drenwood Pty Ltd / Skipglen Pty Ltd (associated entities & associates)	1,276,910	5.11

Distribution of Shareholders

Permanent Ordinary Shares

As at 7 September 2007

Range	No. of Shareholders
1 - 1,000	1,096
1,001 - 5,000	1,388
5,001 - 10,000	379
10,001 - 100,000	301
100,001 - over	40
Total number of shareholders	3,204

17 shareholders held less than a marketable parcel.

List of Top 20 Permanent Shareholders

Permanent Ordinary Shares

As at 7 September 2007

	Name	No. of Shares	%
1	J P Morgan Nominees Australia Ltd	1,208,421	4.83
2	Hancock, RE	867,006	3.47
3	Hancock, RE & LP	785,998	3.15
4	National Nominees Limited	647,978	2.59
5	Drenwood Pty Ltd	517,972	2.07
6	Skipglen Pty Ltd	499,953	2.00
7	Sawyer, K	462,719	1.85
8	Sawyer, PJ ATF P Sawyer Family Fund	400,000	1.60
9	Invia Custodian Pty Ltd ATF Wilson Inv Fund Ltd A/c	381,760	1.53
10	Olsen, RC	330,520	1.32
11	Hestearn Pty Ltd	303,743	1.22
12	McBride, KG & PA	290,888	1.17
13	Drenwood Pty Ltd (Protection A/c)	258,985	1.04
14	Mertan Pty Ltd	283,186	1.13
15	Sprake BR & CL ATF RG Sprake & Co Super A/c	245,381	0.98
16	Wealthcoach Pty Ltd (Sunrise A/c)	230,650	0.92
17	Emmerton DR & CA ATF Warambul Superannuation A/c	207,989	0.83
18	Kennedy WJ & GJ	205,710	0.82
19	Runge, B	205,477	0.82
20	Messer GF & SU ATF G Messer Super Fund A/c	200,625	0.80
Top 20 Permanent Shareholders		8,534,961	34.14

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, Queensland
telephone (07) 4150 4000

Secretary

The Secretary is Mr William Ray Schafer.

Share Register

The registers of holders of Permanent Ordinary shares are kept at the office of
Computershare Investor Services Pty Ltd
Level 19, 307 Queen Street, Brisbane, Queensland
telephone 1300 552 270

On-Market Buy Back

There is no on-market buy back.

your notes

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 M McLeod MAICD FIFs

Secretary

William R (Bill) Schafer BCom CA

Registered Office

Level 5 Wide Bay Australia House
16-20 Barolin Street
Bundaberg QLD 4670
telephone (07) 4150 4000
facsimile (07) 4153 7714
email widebay@widebayaust.com.au
website www.widebayaust.com.au

Australian Stock Exchange Code

WBB

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 1300 552 270
facsimile (07) 2118 9860
email brisbane.services@computershare.com.au

“ helping Australian families
achieve home ownership and increase
their wealth ”

