wide bay australia ltd

annual report & financial statements 2007 » 2008

BIG news!

a year of

the growing success story!

It's been a full and exciting year 'under the spotlight' for Wide Bay Australia Ltd...

“similar origins, histories and philosophies - a strong cultural fit

our approach is driven by the compelling logic of bringing the two companies together”

JOHN PRESSLER / CHAIRMAN
ASX MARKET RELEASE / JULY 2007

LISTED ON AUSTRALIAN STOCK EXCHANGE

Mackay Permanent adds value!

In July 2007, Wide Bay Australia proposed an agreement to acquire Mackay Permanent Building Society Ltd (MPBS) via a scheme of arrangement.

Wide Bay Australia subsequently announced an off-market takeover bid for MPBS shares, achieving over 90% acceptance of its offer at the close of the extended offer period in early January 2008.

Wide Bay Australia moved to compulsory acquisition of the remaining MPBS shares and, by late January, had welcomed on board, as shareholders in the company, those former MPBS shareholders who had accepted the share offer.

Wide Bay Australia's Board and Management assumed full control of MPBS - with full systems integration completed by June 2008.

AUSTRALIAN FINANCIAL REVIEW / 25 JULY 2007
Wide Bay bids for Mackay

COURIER MAIL / 31 OCTOBER 2007
Wide Bay ups the ante in battle for Mackay Permanent

COURIER MAIL / 4 NOVEMBER 2007
Fight for Mackay swings

AUSTRALIAN FINANCIAL REVIEW / 15 NOVEMBER 2007
Wide Bay fires fresh salvo

COURIER MAIL / 20 NOVEMBER 2007
Wide Bay triumph on Mackay

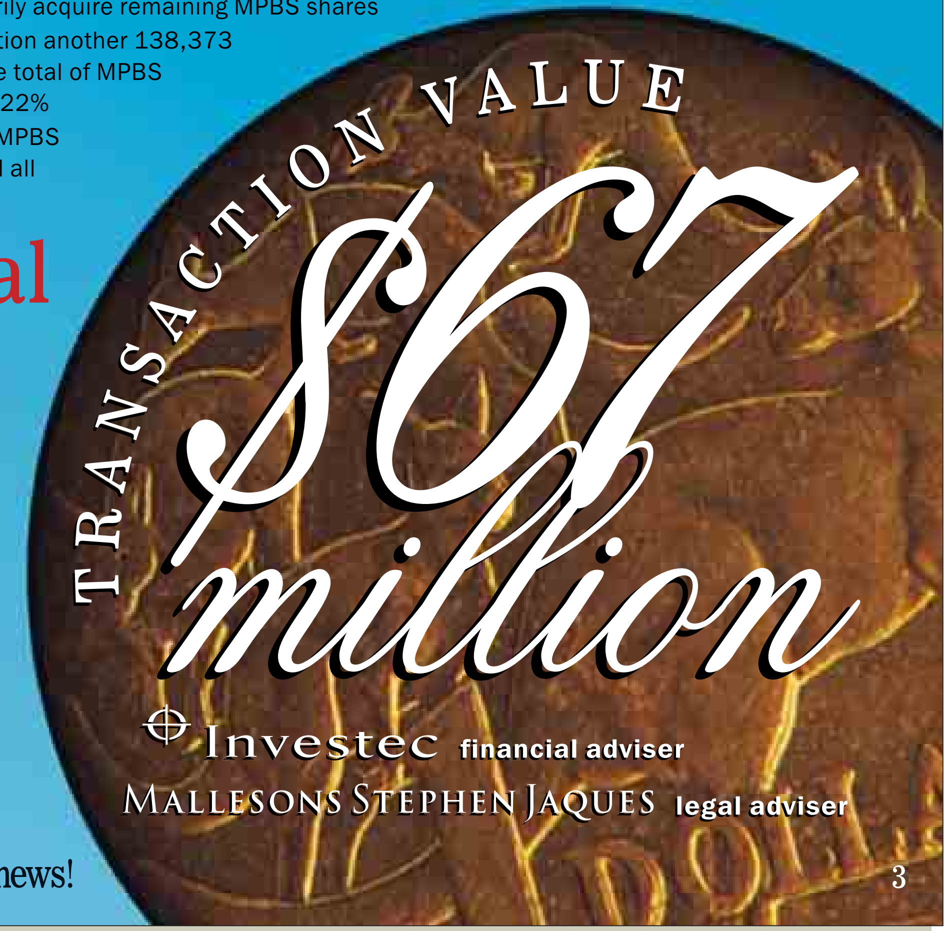
ambition

Significant Dates

24 July 2007 - proposed acquisition of MPBS via scheme of arrangement
29 October 2007 - launch of off-market takeover bid with offer period closing 24 December 2007
13 December 2007 - Wide Bay extends offer period to 21 January 2008
10 January 2008 - Wide Bay gains control of MPBS after achieving 90% acceptance from MPBS shareholders
21 January 2008 - extended offer period closes with acceptances received for over 94.79% of MPBS shares representing 91.09% of MPBS shareholders
30 January 2008 - Wide Bay welcomes former MPBS shareholders who accepted the scrip offer by issuing 4,068339 additional ordinary WBB shares
4 February - Wide Bay moves to compulsorily acquire remaining MPBS shares
19 March 2008 - after compulsory acquisition another 138,373 ordinary WBB shares are issued bringing the total of MPBS acceptors of the Wide Bay scrip offer to 95.22%
1 June 2008 - Wide Bay welcomes former MPBS customers - with full system integration and all regulator approvals obtained

“an exceptional response... an overwhelming majority of MPBS shareholders chose to invest in Wide Bay's shares”

RON HANCOCK / MANAGING DIRECTOR
ASX MARKET RELEASE / JANUARY 2008



growing presence ...bright future!

“we now boast arguably one of Queensland’s best provisional branch service networks”

RON HANCOCK / MANAGING DIRECTOR
ASX MARKET RELEASE / JUNE 2008

Wide Bay Australia’s recent North Queensland expansion has cemented its position as the largest Queensland building society and non-bank Approved Deposit Taking Institution based north of Brisbane.

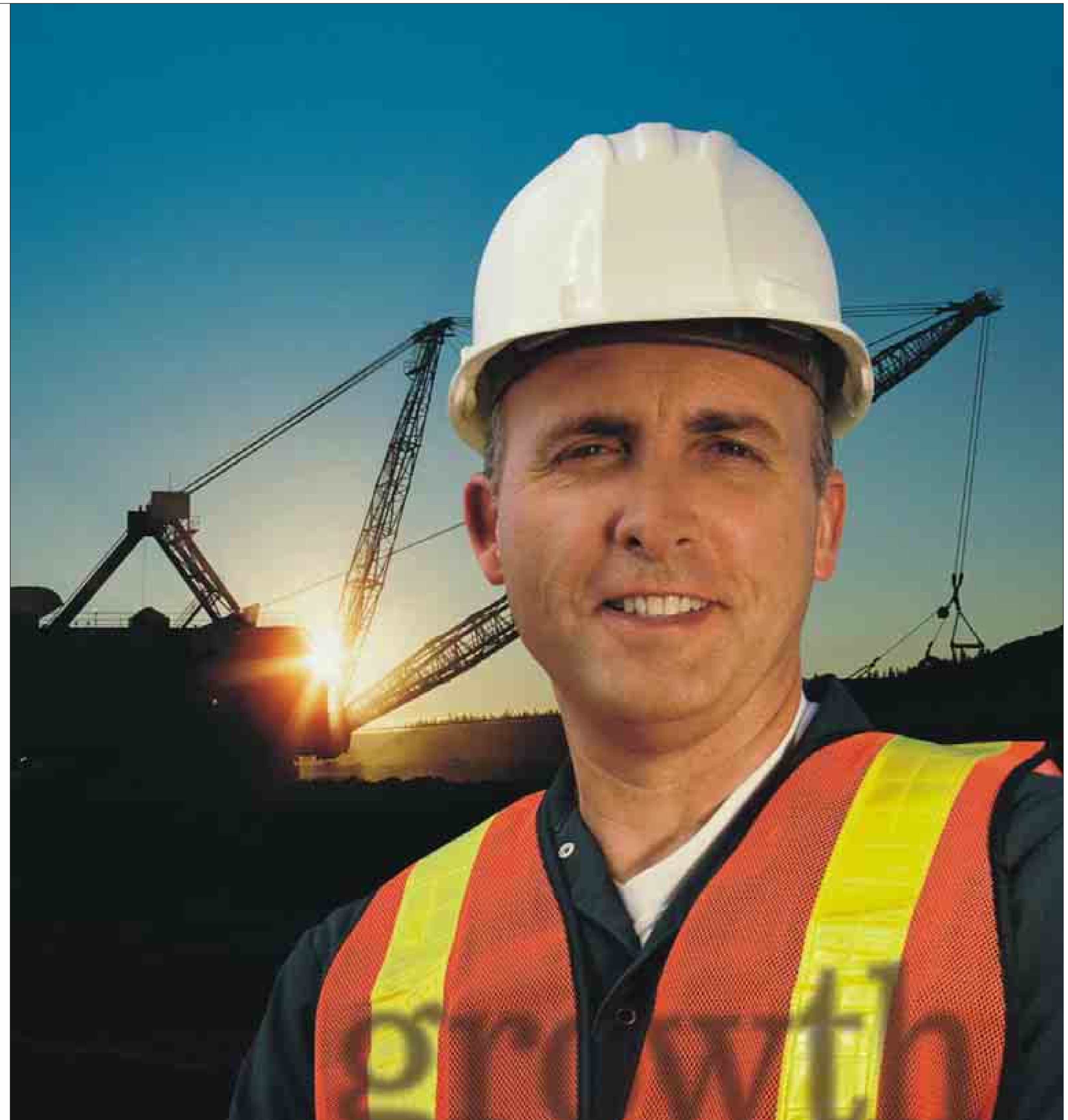
From the Head Office in Bundaberg, Wide Bay Australia now delivers finance, banking and financial services via a network that covers regional Queensland - from Cairns to the Gold Coast and west to the Central Highlands and Coalfields.

Branches at Upper Mt Gravatt in Brisbane, Parramatta in Sydney and Camberwell in Melbourne act as a hub for Wide Bay’s metropolitan customers, business partners and introducers.

Wide Bay Australia customers are certainly benefiting from the additional branches and ATM’s in Mackay, Whitsundays, Townsville and Cairns.

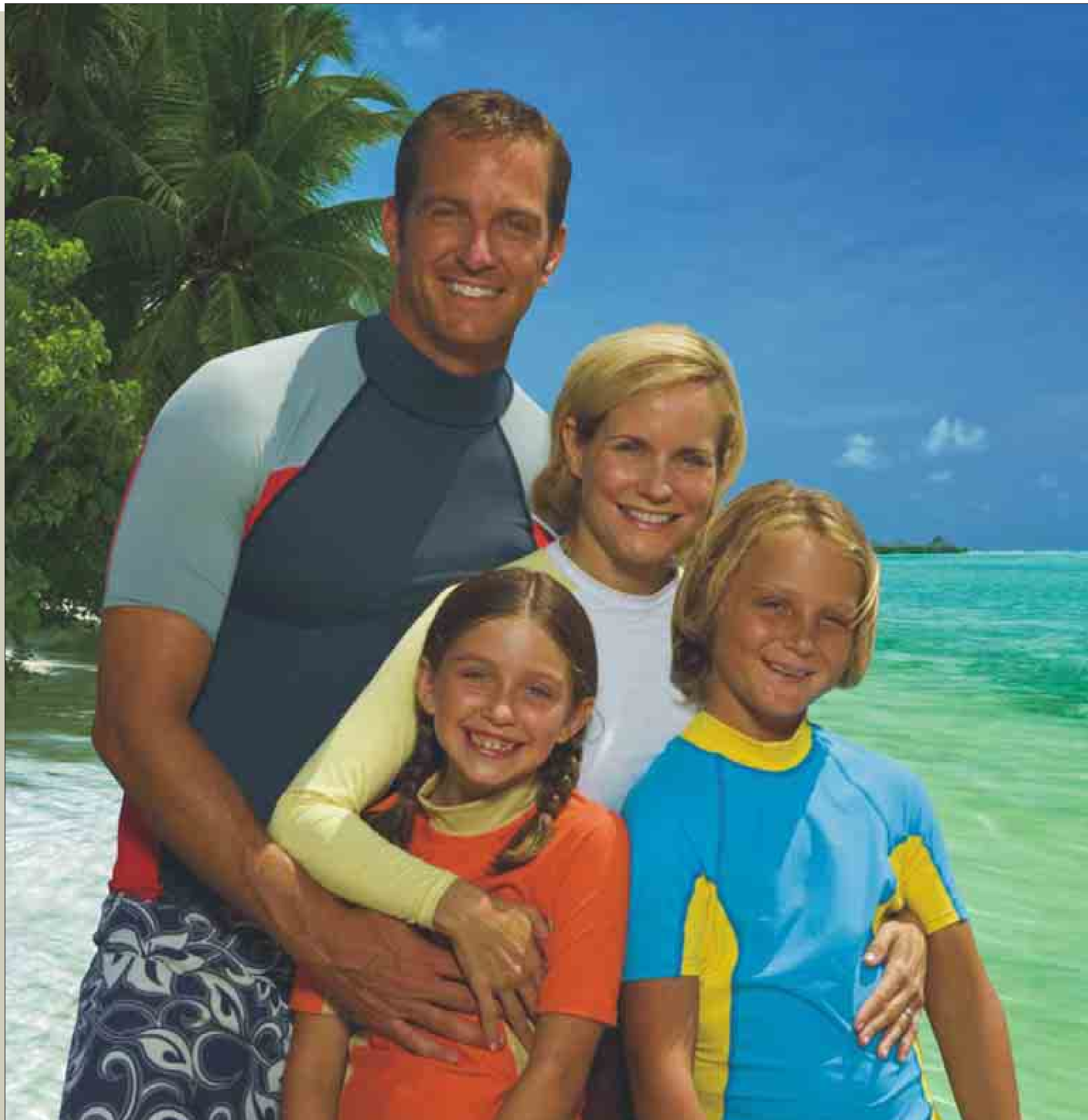
Former Mackay Permanent Building Society customers now have access to a substantially wider network reaching interstate - plus they’ve joined Wide Bay Australia customers in being able to access their accounts and loans through the Australia-wide Bank@Post network.

46 branches & full service agencies + 46 ATM’s + over 3200 Bank@Post outlets + lending in all states and territories



“the aquisition strengthens our presence in some booming economies and provides a raft of opportunities for all”

RON HANCOCK / MANAGING DIRECTOR
ASX MARKET RELEASE / JUNE 2008



❝ whether you like holidaying at the beach
the bright city lights
the peace of a country retreat
or lazing around a resort pool...
we've got you covered ❞

WIDE BAY HOLIDAYS WEBSITE / www.widebayholidays.com.au

wide bay holidays
our way of saying 'thanks'!

customer numbers skyrocket!

Wide Bay Australia has built its reputation on meeting customer's needs by delivering competitive financial services but with a flexible, personalised approach that makes Wide Bay Australia stand out.

Customer numbers received a huge boost on 1st June 2008, when Mackay Permanent Building Society loan, deposit and insurance customers were welcomed on board. They've joined the thousands of individuals, families and businesses already enjoying the benefits of dealing with a real alternative for managing their finance and banking.

Importantly, many of Wide Bay Australia's personnel are local people who readily identify with the needs and aspirations of their local community and customers.

Wide Bay Australia branches open earlier and close later than the 'big banks' on most weekdays and, when a customer phones their branch, they are greeted by a real person - not a computerised call queue.

The Wide Bay Holidays program, where home loan applicants can enjoy a free holiday to their choice of over 200 destinations in Australia or the Pacific, is just one example of how Wide Bay Australia rewards its customers.

Along with staff training, Wide Bay Australia has also made a considerable investment in 'Prosper'. This Customer Relationship Management platform helps staff identify clients needs, manage customer interactions and ensures that Wide Bay Australia delivers on its promises.

FACT FILE

- over 100,000 active accounts
- on average 1 million+ transactions a month
- on average $1million+ in transaction value every hour

❝ wow! what wonderful personal service... beats the big-banks hands down... we recommend Wide Bay Australia to all our friends ❞

GRAHAM & BERNI FORBES
LANDSBOROUGH QLD
APRIL 2008

❝ in the minds of many struggling families the word 'bank' feels like a bad word and leaves a nasty taste in your mouth... but that is because they don't know Wide Bay Australia... the bank with a heart ❞

RHONDA & MICHAEL COMER
KILMORE VIC
MARCH 2008

banking your way!

even more real people!

“I was very impressed with the home loan service my daughter and I received from your Mackay Area Manager - Garth Morgan.

I would not hesitate to recommend him to anyone wanting their own home.

He is the most respectable, honest person I have ever met and I think Wide Bay Australia should be proud to have such a great man on their staff!”

BEVERLEY McARTHUR / MACKAY QLD
AUGUST 2008

“There’s no way to improve Wide Bay Australia. Your Rockhampton Loan Consultant, Sue James, is outstanding. Nothing is ever too hard for her. A winning combination!”

TONY SVENSON / ALTON DOWNS
via ROCKHAMPTON QLD
APRIL 2008

Over 295 staff now deliver Wide Bay Australia’s promise of “banking your way”.

After assuming control of Mackay Permanent Building Society, and in line with earlier commitments, Wide Bay Australia retained the majority of customer service staff. These loans and branch staff quickly received extensive training and support in Wide Bay Australia’s products and procedures - delivered in Mackay by Wide Bay Australia’s own in-house training specialists.

They are now part of a dedicated and professional team - which is core to Wide Bay Australia’s success as one of Australia’s leading financial institutions.

As an employer Wide Bay Australia offers many opportunities, particularly in regional Queensland, for individuals seeking to assist in delivering a true banking alternative to Australians.

Every day, the people at Wide Bay Australia work to fulfil the commitments they make to their local communities and their valued customers and shareholders.

Just as their staff are committed to helping customers and shareholders build their wealth, Wide Bay Australia is committed to building and sustaining a progressive, team-oriented and friendly environment, where staff are supported and offered challenging and rewarding career paths.

REAL PEOPLE REAL SMILES REAL SERVICE

our *mission* is guided by a set of *values* that represent the qualities of our company and our people

growth — by *growing* our business, our products & services and our people we will be leaders in the competitive banking & financial services industry

ambition — our Board and management team share a *drive* to succeed as a publicly listed company, as a financial institution, as an employer and as an active member of the community

performance — we take seriously our commitment to shareholders, customers and ourselves to be strong and consistently *performing* above and beyond expectations

relationships — our success is built on the *relationships* we share with our customers, shareholders and each other - we value their loyalty and are committed to providing service excellence

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

flexibility — being *flexible* allows us to respond quickly to change, to capitalise on opportunities and deliver financial solutions to meet our customers’ changing needs

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

flexi
bility

product and service range expands!

Customers' needs are constantly changing - so Wide Bay Australia continually evolves to meet those needs.

2007/08 saw the society continue its commitment to offering competitive finance options, attractive investment opportunities and a wider range of banking, insurance and financial planning services.

In January 2008, Wide Bay Australia launched its **'refreshed' website www.widebayaust.com.au**. The site is now easier to navigate and contains many additional features including 'obtain a quote' and 'apply' online options. Wide Bay Australia's customers who don't live or work near a branch now have fingertip access to services. The new 'Customer Help' section makes it easier for existing customers to contact Wide Bay Australia for assistance with the products and services they have purchased. There is also shareholder information, innovative calculators, handy resources, and the latest special promotions and savings being offered on Wide Bay Australia's products and services.

In February, Wide Bay Australia in association with Travelex Limited launched **'Cash Passport' in New Zealand dollars**. Cash Passport is a pre-paid, PIN protected card that enables customers to obtain local currency from foreign ATM's. The new currency, added to the existing range, enables travellers to 'lock in' an exchange rate before they cross the Tasman.

In April Wide Bay Australia, in association with Allianz Australia Insurance Limited, commenced offering **Compulsory Third Party (CTP) Insurance** to Queensland drivers. CTP provides compensation for other people injured when the driver's vehicle is 'at fault' in an accident. Allianz Qld CTP is unique in that it comes with extra driver protection features, at no extra cost.

In June, former Mackay Permanent customers gained access to financial services not previously on offer to them, such as foreign exchange and travel money products, free BPAY, 'Low Rate' MasterCard and '5 year' term deposits.

Three new deposit accounts were also launched - **Business Cash Management Account**, **Farm Management Deposit Account** and the **Today's Club Account** for non-profit and community organisations - all based on former Mackay Permanent products.

designed to give you the freedom to live life your way!

our product and service partners

Allianz Australia Insurance Limited
ABN 15 000 122 850 AFSL 234708

Club Marine Limited
ABN 12 007 588 347 AFSL 236916

Australian Postal Corporation
ABN 28 864 970 579

BPAY Pty Ltd
ABN 69 079 137 518

Travelex Ltd
ABN 36 004 179 953 AFSL 222444

Citibank Pty Limited
ABN 88 004 325 080 AFSL 238098

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

Banklink Limited
ABN 15 274 466 060

our subsidiary

mrm
Mortgage Risk Management Pty Ltd
ABN 99 082 740 010

local communities receive boost!

For over 40 years, Wide Bay Australia has supported a plethora of sporting, cultural, educational and charitable organisations and events across regional Queensland.

That support includes small local bodies and clubs to larger nationally-recognised events where funds raised are reinvested into community groups - such as the Wide Bay Australia International Airshow or the Wide Bay Australia Bundy Thunder, one of Australia's largest powerboat races.

While Wide Bay Australia can't support every worthwhile cause brought to their attention,they hope their actions inspire other businesses and corporations to also play their part.

In keeping with its impressive record as a caring corporate citizen, Wide Bay Australia has not only reconfirmed its commitment to local communities serviced by the former Mackay Permanent Building Society, but strengthened it!

Apart from a number of donations and sponsorships of community groups in Mackay, Sarina, the Whitsundays and Moranbah, some significant examples of this support have included the following.

In February, Wide Bay Australia branches acted as collection points for the Mackay Flood Relief Appeal being organised by the Mackay City Council and the Mackay Foundation. The Appeal assisted those worst effected by the February 'one in 200 year' flooding and ensured that funds raised stayed in the Mackay community. In excess of $350,000 was raised and distributed by local assessment community charity representatives and the Red Cross.

In May, Wide Bay Australia announced major 'naming rights' sponsorship of the annual Mackay Show - one of the biggest events on the city's social calendar. This year's Show - organised by the Mackay & District Agricultural, Pastoral & Industrial Association - continues a 129 year tradition which fosters community spirit and provides a fantastic opportunity for community groups and individuals to showcase their talents and products.

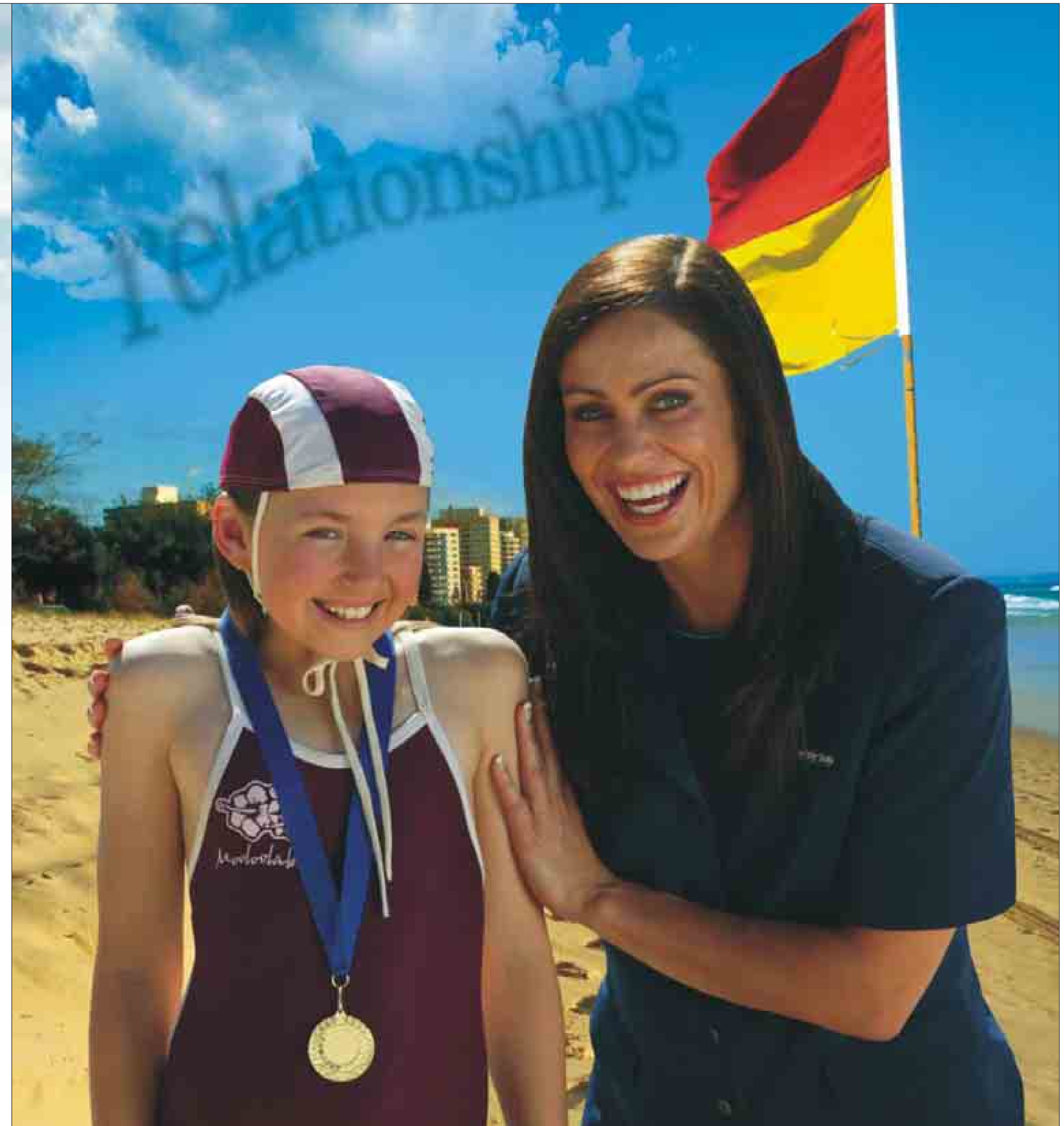
Wide Bay Australia also provided travel subsidy support to assist schools in overcoming the financial burden of transport for their students to the 2008 Whitsunday Voices Youth Literature Festival in July. Playing host to some of Australia's biggest literary names for three days of hands-on workshops, book talks and performances, it's the largest literary festival in North Queensland and over 1500 students attended as a direct result of the Wide Bay Australia travel subsidy.

> “we rely on partnerships with the corporate sector to ensure we can continue to deliver quality community events... I sincerely thank Wide Bay Australia for your involvement”

ERICA NAGEL / GENERAL MANAGER COMMUNITY PROGRAMS MACKAY REGIONAL COUNCIL
JULY 2008

> “without sponsors such as Wide Bay Australia, the 'Best in Business Awards' would not be the highly regarded event that it has become ... bigger and better each year!”

MARTIN LAMBERT / MACKAY CHAMBER OF COMMERCE
AUGUST 2008



> “without a sense of caring ... there can be no sense of community”

ANTHONY J D'ANGELO / VISIONARY & AUTHOR
1972 > PRESENT

> ❝ we welcome John Humphrey's appointment as Director...
> he worked closely with Wide Bay Australia as part of the team that undertook the successful acquisition of MPBS...
> his experience will complement the mix of skills already available on our Board ❞
>
> JOHN PRESSLER / CHAIRMAN
> ASX MARKET RELEASE / FEBRUARY 2008

directors' report... on a fantastic year!

As Chairman of the Board of Directors, I am pleased to advise that 2007/2008 has produced yet another record surplus.

Our after-tax profit increased by 13.11% to $18.16 million, up from $16.05 million for 2006/07.

This result includes a contribution from our captive mortgage insurer, Mortgage Risk Management Pty Ltd, which recorded an after-tax profit of $2.41 million.

Our 25% investment in Financial Technology Securities Pty Ltd, a financial planning company, has also made a significant contribution to our results as it continues to expand and grow its customer base.

Your Board has declared a final fully franked dividend of 33 cents per share to be paid on 3 October 2008, bringing the full dividend for the year to 66 cents.

During the year, our assets increased to $2.278 billion - up from $1.732 billion at 30 June 2007. This figure includes the assets acquired from the takeover of Mackay Permanent Building Society Limited.

Our lending during the year was also strong with $518 million in new advances - a 7% increase over 2006/07. However, it is anticipated that lending will slow this financial year given the current economic market, the tightening of credit and slowing demand in the housing industry.

The majority of these loans are sourced through our retail operations with the amount of broker introduced loans less than 12% of total loans.

We have continued our policy of mortgage insuring all residential housing loans with Mortgage Risk Management Pty Ltd.

At 30 June 2008 our total loans under management amounted to $1.996 billion dollars.

We constantly review our capital requirements. Our capital adequacy of 12.85% at 30 June was above the Australian Prudential Regulatory Authority (APRA) requirements.

Your Board is very pleased with these results which have been achieved in a busy and challenging year.

The most significant achievement was our acquisition of the ASX-listed Mackay Permanent Building Society Ltd with assets approximating $300 million.

Wide Bay Australia was forced to make a hostile takeover offer, when the Mackay Permanent Board recommended acceptance of another offer from the Bank of Queensland Limited.

This resulted in a drawn-out contest in which Wide Bay Australia finally acquired control of Mackay Permanent on 10 January 2008 when we achieved in excess of 90% Mackay Permanent shareholder acceptances in respect of our superior offer.

Since that date, our Management team became heavily involved in the acquisition process and we subsequently transferred Mackay Permanent's total operations to Wide Bay Australia on 31 May 2008.

This is an excellent achievement, particularly as it was accomplished without any external consultants.

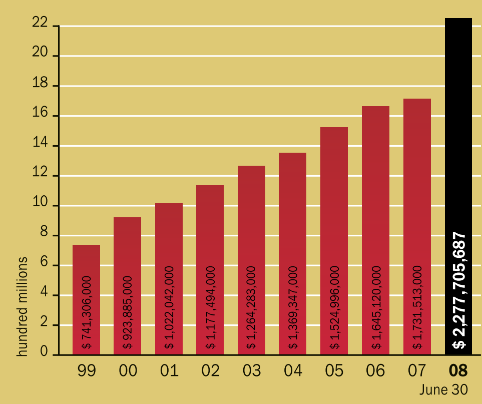
»

> ❝ Wide Bay Australia on course for earnings growth ❞
>
> AUSTRALIAN FINANCIAL REVIEW / OCTOBER 2007

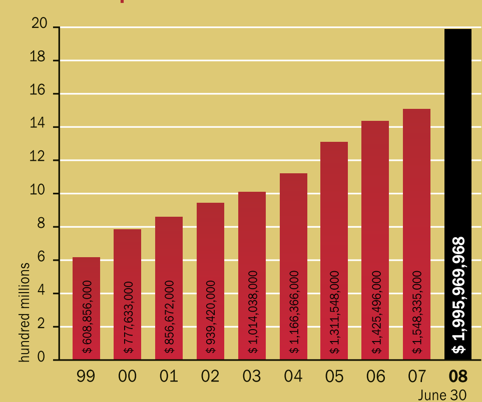
2007 > 2008 achievements in brief

net profit after tax of $18.16 million ($16.05 million in 2007) - an increase of 13.11%	revenue from ordinary activities $175 million ($138.4 million in 2007) - an increase of 26.41%	final fully franked dividend of 33 cents per ordinary share providing a total dividend of 66 cents for the year (60 cents in 2007)	growth in assets to $2.28 billion ($1.73 billion in 2007) - an increase of 31.54%	return on equity ratio of 13% (17.4% in 2007)	cost to income ratio of 55.5% (53.6% in 2007)

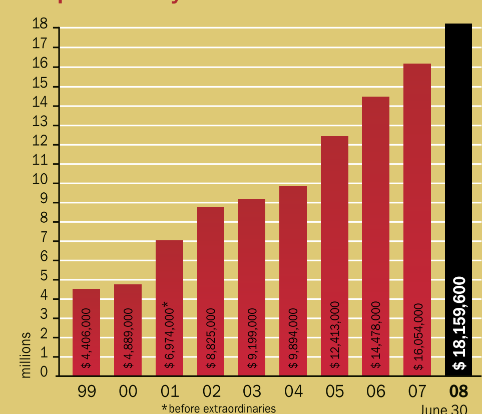
total assets



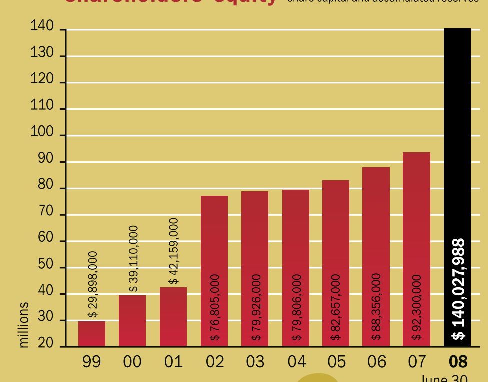
loans portfolio



profitability



shareholders' equity share capital and accumulated reserves



In particular, our Operations & IT Department under the direction of our Manager, Ian Pokarier, achieved an outstanding result by converting operational systems in such a short period using internal resources.

The acquisition has already proven to be a significant benefit and the synergies of the amalgamation will flow on into our annual results in 2008/2009.

The acceptance by a large majority of Mackay Permanent shareholders of our scrip offer was very gratifying to our Directors and we extend our appreciation to those shareholders for the confidence and support they have shown for Wide Bay Australia.

While most of the former Mackay Permanent branches are located in excellent locations, we have identified some branches, particularly in Townsville and Cairns, which we believe would be better relocated to more prominent positions and we intend to address that issue over the next few months.

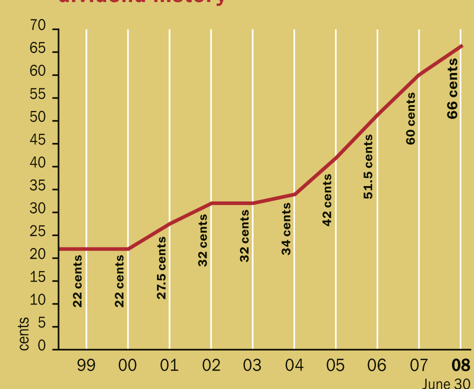
We constantly review the performance of all our branches and carry out upgrades or relocations in order to ensure we meet both the needs of customers and the viability of the branch.

Our branches in Queensland now extend from Robina Town Centre on the Gold Coast to Cairns - a distance of 1,360 air miles. Our branches in Parramatta in Sydney and Camberwell in Melbourne both continue to show steady growth and in particular provide a solid contribution in respect of our lending portfolio and a focus for our interstate operations.

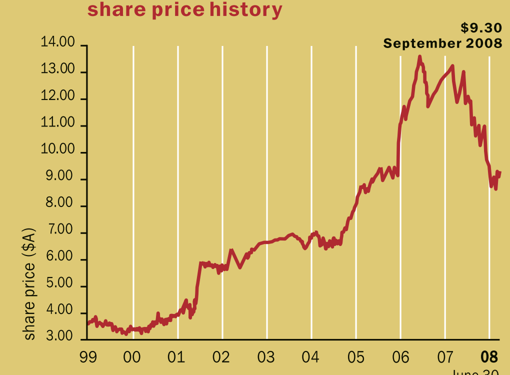
Management monitors the market in respect of products and service developments and our competitiveness.

We continue to expand our range of products and services in order to meet the needs of our customers.

dividend history



share price history



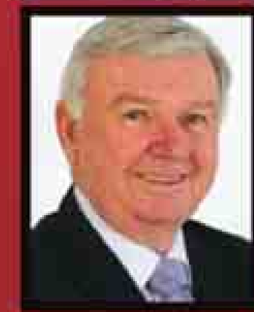
"Wide Bay Australia hits record"

COURIER MAIL
AUGUST 2008

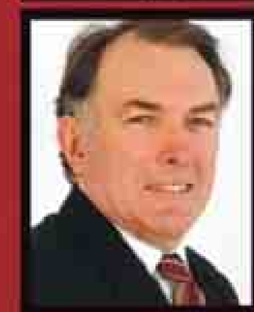
performance

your board

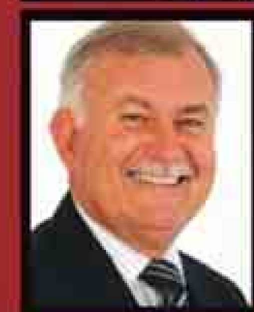
John Pressler
OAM FAICD FIFS
Chairman



Ron Hancock
FCA FAICD FIFS
Managing Director



John Fell
FCA FAICD FIFS
Director



Peter Sawyer
FCA FAICD FIFS
Director

Frances McLeod
MAICD FIFS
Executive Director

John Humphrey
LLB
Director

We are always very mindful of our position in our local communities and aim to be a good corporate citizen. One way we do this is through our significant financial contribution to a broad range of organisations and events throughout our area of operations.

One of the strengths of the Australian banking sector in recent years is the supervision by APRA which develops prudential standards and supervises requirements in respect of the activities of Approved Deposit Taking Institutions (ADI's) which includes banks, building societies and credit unions. We recognise the importance of that supervision to all ADI's and the stability and comfort that this brings to our depositors and customers. There are significant costs involved in meeting these requirements, however we support them totally.

At the time of writing this report we are witnessing economic uncertainty and financial problems, particularly in the US markets. Despite this, with the strong Australian economy, the sound supervision within Australia generally and our own commitment to prudential management, we remain very confident going into the year ahead.

We have already indicated to the market our expectations of slower growth in the housing industry, but forecast a very strong year in terms of our profit achievements in 2008/2009.

In February, the Board invited Mr John Humphrey to accept a position as an independent non-executive Director. We are pleased that he was able to accept, as John is a very experienced Solicitor, a Senior Partner in a respected legal firm and also holds several other public company directorships. We are sure he will be an asset and contribute to the overall governance and efficiency of our operations and I welcome him to the Board.

The Directors are very conscious of a unique culture that exists within Wide Bay Australia.

At senior levels this is reflected in the stability and experience of our Management team that is typified by their lengths of service. They are a cohesive unit and their efficiency, commitment and enthusiasm are very much part of the Wide Bay Australia success story. Achieving the Mackay amalgamation without any external costs apart from our initial advisers was a tremendous effort and clearly demonstrates their capabilities.

On behalf of the Wide Bay Australia Board of Directors, I acknowledge all of the staff throughout our network and congratulate them on their commitment to achieving our goals and for all of their individual and joint efforts throughout the year. I also extend a welcome to former Mackay Permanent branch staff and hope you enjoy the benefits of being part of our progressive company.

Finally, I extend my appreciation to my fellow Directors for their individual contributions, for their enthusiasm and commitment in what, at times, is a very demanding role and look forward confidently to the year ahead.

Yours faithfully,

John Pressler
Chairman 29 September 2008 - Bundaberg

> this achievement is a reflection of the can-do culture at Wide Bay Australia

RON HANCOCK / MANAGING DIRECTOR
ASX MARKET RELEASE / JUNE 2008

managing director reports... foundation laid for solid results ahead!

The acquisition of Mackay Permanent Building Society Ltd was undoubtedly the highlight of our activities in 2007/2008.

The takeover increased our assets by approximately $300 million. Significantly for our operations, Mackay Permanent had no reliance on wholesale funding for their lending program and their loan book was predominantly secured by residential property.

This initiative allowed us to expand our retail platform in North Queensland, strengthened our Mackay/Whitsunday representation and provided branch outlets and opportunities for future growth in Townsville and Cairns.

Wide Bay Australia now has a network covering essentially the whole of coastal Queensland from Robina through to Cairns. This structure is very important in sourcing our own loans, as distinct from paying brokers, and in growing our retail deposits.

Predominantly because of its smaller asset size, Mackay Permanent had a high cost-to-income ratio. This fact, together with some shopping centre branch closures where there was duplication, will allow us to achieve significant synergies and contributions to our profit for 2008/2009.

We have recently reviewed existing branch locations in Cairns and Townsville and it is anticipated that we will be relocating some of these branches over the next 12 months.

As the Managing Director, the year's results have been very gratifying - including our 13.11% increase in profit to a record $18.16 million.

Our cost-to-income ratio increased from 53.6% in 2007/2008 to 55.5%, principally due to the Mackay acquisition and some additional branch costs. Even with that increase, I believe Wide Bay Australia maintains its record as one of the best performing Australian building societies in this respect, with the result also comparing favorably to a number of the regional banks.

Lending for the past year was strong showing an increase of 7% to $518 million. We have forecast this figure to drop significantly given the current economic situation and the downturn evident in housing demand. Given the increased cost of wholesale market funding, we have also increased our forecast in respect of our loan funding costs.

Even with these prevailing conditions and by taking into account that our figures will also be buoyed by the synergies we expect to receive from the Mackay acquisition; we are projecting after tax profit growth for 2008/2009 in the range of 15-20%.

Our lenders mortgage insurer, Mortgage Risk Management Pty Ltd performed well during the year and provided an after tax contribution of $2.41 million. Our 25% shareholding in Financial Technologies Securities Pty Ltd has also proven an excellent investment with high yields and important contributions to our lending growth.

The dividend declared for 3 October 2008 of 33 cents will bring our total dividend for the year to 66 cents per share.

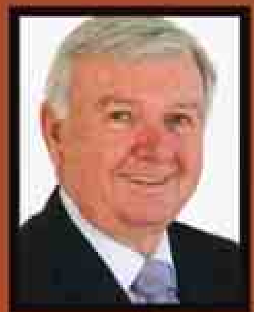
At the time of writing, it appears that a large number of our shareholders have expressed their confidence in our operations by electing to participate in the Dividend Reinvestment Plan which was reintroduced for this dividend after being suspended in 2000.

During the year, our Chief Financial Officer, Bill Schafer, together with other members of our Management team have achieved the implementation of the 'Basel II' capital adequacy standards and the introduction of the 'Anti-Money Laundering' reform requirements. »

> continued performance in achieving excellent cost-to-income ratios will prove a major advantage in the current competitive environment

RON HANCOCK / MANAGING DIRECTOR
ASX MARKET RELEASE / AUGUST 2008

your management team



Ron Hancock
FCA FAICD FIFS
Managing Director

Frances McLeod
MAICD FIFS
Chief Operating Officer & Executive Director

Bill Schafer
BCom CA
Chief Financial Officer & Company Secretary

Ian Pokarier
AIFS
Operations Manager

Stephen Butler
Loans Manager

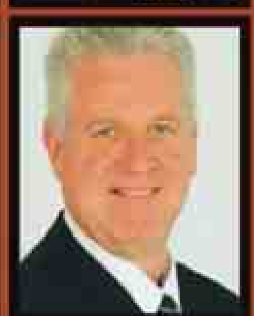
Dale Hancock
BBus SA FIN
Manager - Structured Finance, Products & Interstate Operations

Joanne Norris
Administration Manager

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

Ray Linderberg
BBus(Comm) AIFS
Marketing Manager

Gayle Job
FIFS
Training Manager



Ian Hatton
MBA AFAIM
Manager - Retail Outlets Queensland

We continue to be prudentially supervised by the Australian Prudential Regulatory Authority (APRA) which is the authority responsible for banks, building societies and credit unions. They continually monitor and supervise our operations. While there is a significant cost involved in complying to their standards, their operation provides additional comfort to our shareholders, investors and borrowers.

Looking forward, we are always willing to look at any opportunities that will allow us to expand or broaden our operations in a controlled manner - be it by acquisition, partnership or association - and we will continue to monitor the market in that regard.

The current economic situation will provide some challenges, but with our current structure, a strong balance sheet, restricting lending principally to mortgage insured residential loans with no 'sub-prime' or 'low doc' lending and the strong associations we have with our bankers and business partners, we are very comfortable and confident of producing solid results again this year.

I again extend my appreciation to my Management team for their continued efforts. We have a harmonious operation with very experienced people who accept the tasks at hand with confidence and enthusiasm. I also extend my appreciation to all of our Head Office and branch staff.

We are also very fortunate to have an excellent Board of Directors who approach their position in a very calculated and responsible manner and it is also a pleasure to work with them.

To our shareholders, depositors and borrowers who are all very important to our continued operations, I can assure them of our continued efforts in providing superior performance, first class service and products and services that meet their needs.

Yours faithfully,

Ron Hancock
Managing Director

29 September 2008 - Bundaberg

financial statements

for the year ended 30 june 2008

wide bay AUSTRALIA LTD
banking your way

income statement

for the year ended 30 June 2008

	Note	CONSOLIDATED $ 2008	$ 2007	CHIEF ENTITY $ 2008	$ 2007
Interest revenue	2	**159,215,808**	123,884,144	**158,168,554**	122,800,753
Borrowing costs	2	**118,786,618**	89,054,098	**118,856,888**	89,027,006
Net interest revenue		**40,429,190**	34,830,046	**39,311,666**	33,773,747
Share of profit of associate	11	**1,197,519**	1,029,791	**1,197,519**	1,029,791
Other non interest revenue	3	**14,569,304**	13,513,581	**13,694,905**	11,465,307
Employee benefits expense		**14,843,538**	10,927,748	**14,794,584**	10,737,186
Depreciation expense		**1,975,745**	1,307,402	**1,974,881**	1,298,752
Amortisation expense		**335,923**	357,975	**335,923**	357,975
Occupancy expense		**1,995,635**	1,488,820	**1,991,736**	1,462,250
Bad and doubtful debts expense	10	**72,266**	18,297	**(51,843)**	(2,644)
Other expenses	3	**11,971,337**	12,680,213	**10,778,400**	11,093,901
Profit before income tax		**25,001,569**	22,592,963	**24,380,409**	21,321,425
Income tax expense	4	**6,901,839**	6,510,478	**5,971,690**	5,527,198
Profit after tax from continuing operations		**18,099,730**	16,082,485	**18,408,719**	15,794,227
Profit/(loss) attributable to minority interest		**(59,870)**	28,364		
Net profit attributable to equity holders of the parent company		**18,159,600**	16,054,121	**18,408,719**	15,794,227

Earnings per share

	Note	CONSOLIDATED $ 2008	$ 2007
Basic earnings per share (cents per share)	29	**68.02**	63.85
Diluted earnings per share (cents per share)	29	**68.02**	64.22

growth

balance sheet

as at 30 June 2008

	Note	CONSOLIDATED $ 2008	CONSOLIDATED $ 2007	CHIEF ENTITY $ 2008	CHIEF ENTITY $ 2007
ASSETS					
Cash and cash equivalents	6	**72,360,247**	50,072,811	**55,470,903**	33,046,986
Due from other financial institutions	7	**12,309,038**	2,283,916	**12,309,038**	2,283,916
Accrued receivables	8	**13,372,103**	11,298,073	**12,939,728**	10,621,006
Financial assets available for sale	9	**98,371,942**	84,340,720	**96,569,687**	82,313,678
Loans and advances	10	**1,995,969,968**	1,548,334,568	**1,999,085,468**	1,548,311,911
Other investments	11	**7,309,669**	7,065,063	**18,756,740**	17,786,104
Property, plant and equipment	12	**21,891,844**	17,333,526	**18,138,824**	17,328,504
Deferred income tax assets	13	**2,530,989**	1,105,733	**2,066,550**	669,084
Other assets	14	**12,280,177**	9,678,272	**6,194,486**	4,979,085
Goodwill	15	**41,309,710**	-	**42,568,612**	-
Total assets		**2,277,705,687**	1,731,512,682	**2,264,100,036**	1,717,340,274
LIABILITIES					
Deposits and short term borrowings	16	**1,127,040,831**	830,994,432	**1,128,855,192**	832,761,761
Due to other financial institutions	17	**389,486**	1,305,912	**-**	-
Payables and other liabilities	18	**29,994,378**	24,175,794	**25,035,062**	20,157,041
Securitised loans	10	**947,997,799**	758,389,467	**947,997,799**	758,389,467
Income tax payable	19	**(1,020,949)**	2,674,903	**(1,216,741)**	1,651,742
Deferred income tax liabilities	19	**2,913,961**	2,345,168	**2,420,893**	2,345,168
Provisions	20	**10,362,193**	9,326,664	**2,590,940**	1,670,972
Subordinated capital notes	21	**20,000,000**	10,000,000	**20,000,000**	10,000,000
Total liabilities		**2,137,677,699**	1,639,212,340	**2,125,683,145**	1,626,976,151
Net assets		**140,027,988**	92,300,342	**138,416,891**	90,364,123
EQUITY					
Parent entity interest in equity					
Contributed equity	22	**105,930,517**	59,620,618	**105,930,517**	59,620,618
Reserves	23	**14,939,064**	14,480,537	**14,939,064**	14,480,537
Retained profits		**19,611,935**	18,593,102	**17,547,310**	16,262,968
Total parent entity interest in equity		**140,481,516**	92,694,257	**138,416,891**	90,364,123
Minority interest in controlled entities	24				
Contributed equity		**1,000**	1,000		
Retained profits		**(454,528)**	(394,915)		
Total outside equity interest		**(453,528)**	(393,915)		
Total equity		**140,027,988**	92,300,342	**138,416,891**	90,364,123

cash flow statement

for the year ended 30 June 2008

	Note	CONSOLIDATED $ 2008	CONSOLIDATED $ 2007	CHIEF ENTITY $ 2008	CHIEF ENTITY $ 2007
CASH FLOWS FROM OPERATING ACTIVITIES					
Interest received		**158,677,110**	123,993,707	**157,371,171**	122,910,316
Dividends received		**1,197,949**	1,029,791	**3,797,949**	3,029,791
Borrowing costs		**(115,019,377)**	(88,303,160)	**(115,089,647)**	(88,276,068)
Other non interest income received		**14,511,842**	16,709,769	**10,928,632**	9,437,391
Cash paid to suppliers and employees		**(34,496,925)**	(35,059,163)	**(32,249,159)**	(28,927,102)
Income tax paid		**(10,140,331)**	(7,408,569)	**(8,857,308)**	(5,643,907)
Net cash flows from operating activities	25	**14,730,268**	10,962,375	**15,901,638**	12,530,421
CASH FLOWS FROM INVESTING ACTIVITIES					
Net increase in investment securities		**(10,557,370)**	33,002,947	**(10,782,157)**	31,580,723
Net increase in amounts due from other financial institutions		**24,654,878**	(52,033)	**24,654,878**	(52,033)
Net increase in loans		**(164,320,359)**	(124,632,384)	**(165,334,485)**	(126,316,259)
Cash acquired on purchase of controlled entity	15	**19,496,603**	-	**19,496,209**	-
Payments for purchase of equity in controlled equity	15	**(14,291,838)**	-	**(14,291,838)**	-
Net increase in other investments		**(244,606)**	(117,653)	**(970,636)**	(117,653)
Purchase of non current assets		**(1,644,293)**	(1,747,402)	**(1,677,046)**	(1,747,402)
Proceeds from sale of property, plant & equipment		**2,432**	-	**2,432**	-
Net cash used in investing activities		**(146,904,553)**	(93,546,525)	**(148,902,643)**	(96,652,624)
CASH FLOWS FROM FINANCING ACTIVITIES					
Net increase in deposits and other borrowings		**(17,909,037)**	71,907,215	**(17,862,262)**	72,092,301
Net increase in amounts due to other financial institutions and other liabilities		**188,691,906**	12,677,611	**189,608,332**	14,329,025
Proceeds from share issue		**803,229**	662,580	**803,229**	662,580
Dividends paid		**(17,124,377)**	(13,062,984)	**(17,124,377)**	(13,062,984)
Net cash flows from financing activities		**154,461,721**	72,184,422	**155,424,922**	74,020,922
NET INCREASE/(DECREASE) IN CASH HELD		**22,287,436**	(10,399,728)	**22,423,917**	(10,101,281)
Cash at beginning of financial year		**50,072,811**	60,472,539	**33,046,986**	43,148,267
CASH AT END OF FINANCIAL YEAR		**72,360,247**	50,072,811	**55,470,903**	33,046,986

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.

statement of changes in equity

for the year ended 30 June 2008

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 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	-	-	16,054,121	-	-	-	-	-	16,054,121
Profit attributable to minority shareholders	-	-	-	-	-	-	-	28,364	28,364
Subtotal	26,951,775	31,743,909	31,656,086	4,041,244	5,833,939	2,676,071	1,929,283	(393,915)	104,438,392
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**	**-**	**18,593,102**	**4,041,244**	**5,833,939**	**2,676,071**	**1,929,283**	**(393,915)**	**92,300,342**
Balance at 01 July 2007	59,620,618	-	18,593,102	4,041,244	5,833,939	2,676,071	1,929,283	(393,915)	92,300,342
Profit attributable to members of parent company	-	-	18,159,600	-	-	-	-	-	18,159,600
Profit attributable to minority shareholders	-	-	-	-	-	-	-	(59,613)	(59,613)
Subtotal	59,620,618	-	36,752,702	4,041,244	5,833,939	2,676,071	1,929,283	(453,528)	110,400,329
Issue of share capital for staff share plan	1,104,076	-	-	-	-	-	-	-	1,104,076
Issue of share capital on purchase of shares in MPBS	45,205,823	-	-	-	-	-	-	-	45,205,823
Dividends provided for or paid - ordinary shares	-	-	(17,124,377)	-	-	-	-	-	(17,124,377)
Transfer of doubtful debts reserve following acquisition of shares in MPBS	-	-	(16,390)	-	-	-	458,527	-	442,137
Balance at 30 June 2008	**105,930,517**	**-**	**19,611,935**	**4,041,244**	**5,833,939**	**2,676,071**	**2,387,810**	**(453,528)**	**140,027,988**

MPBS = Mackay Permanent Building Society Ltd

ambition

statement of changes in equity continued

for the year ended 30 June 2008

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 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	-	-	15,794,227	-	-	-	-	-	15,794,227
Subtotal	26,951,775	31,743,909	29,325,952	4,041,244	5,833,939	2,676,071	1,929,283	-	102,502,173
Issue of share capital for staff share plan	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**	**-**	**16,262,968**	**4,041,244**	**5,833,939**	**2,676,071**	**1,929,283**	**-**	**90,364,123**
Balance at 01 July 2007	59,620,618	-	16,262,968	4,041,244	5,833,939	2,676,071	1,929,283	-	90,364,123
Profit attributable to members of parent company	-	-	18,408,719	-	-	-	-	-	18,408,719
Subtotal	59,620,618	-	34,671,687	4,041,244	5,833,939	2,676,071	1,929,283	-	108,772,842
Issue of share capital for staff share plan	1,104,076	-	-	-	-	-	-	-	1,104,076
Issue of share capital on purchase of shares in MPBS	45,205,823	-	-	-	-	-	-	-	45,205,823
Dividends provided for or paid - ordinary shares	-	-	(17,124,377)	-	-	-	-	-	(17,124,377)
Transfer of doubtful debts reserve following acquisition of shares in MPBS	-	-	-	-	-	-	458,527	-	458,527
Balance at 30 June 2008	**105,930,517**	**-**	**17,547,310**	**4,041,244**	**5,833,939**	**2,676,071**	**2,387,810**	**-**	**138,416,891**

MPBS = Mackay Permanent Building Society Ltd

performance

notes to the financial pages for the year ended 30 June 2008

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/ the company"). 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.

Tax consolidation legislation

The company and all its wholly-owned Australian resident entities are part of a tax-consolidated group under Australian taxation law as of this financial year, the year ended 30 June 2008. Wide Bay Australia Ltd is the head entity in the tax consolidation group, and as a consequence recognises current and deferred tax amounts relating to transactions, events and balances of the wholly-owned Australian controlled entities in this group as if those transactions, events and balances were its own, in addition to the current and deferred tax amounts arising in relation to its own transactions, events and balances. The tax consolidated group has not entered into a tax sharing agreement.

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 is 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 and chief entity 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 and chief entity 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 and chief entity statement of changes in equity.

g) Goodwill

Goodwill acquired in a business combination is initially measured at its cost, being the excess of the cost of the business combination over the group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised at the date of the acquisition. Goodwill is subsequently measured at its cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill is allocated to each of the group's cash-generating units, or groups of cash-generating units, expected to benefit from the synergies of the business combination. Cash-generating units or groups of cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently if events or changes in circumstances indicate that goodwill might be impaired.

h) 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.

i) Employee benefits

Provision is made for the economic entity'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.

j) 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.

k) 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.

l) 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.

Prior period adjustment

In accordance with a ruling from the Australian Taxation Office, GST was reassessed on the group during the financial period and a prior period adjustment was made for the GST relating to financial periods prior to 01 July 2007.

As a result of the adjustment net profit attributable to members of the parent company decreased by$216,737 from $16,270,858 to $16,054,121 in the consolidated group, and decreased by $216,737 from $16,010,964 to $15,794,227 in the chief entity, in the prior year profit and loss.

The basic earnings per share in the prior year profit and loss decreased from 64.79 cents per share to 63.85 cents per share, and the diluted earnings per share in the prior year profit and loss decreased from 65.09 cents per share to 64.22 cents per share as a result of the adjustment.

m) 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.

n) Loans and advances - doubtful debts

The society has extended its lending to incorporate limited fully secured commercial lending. It continues to insure the majority of new residential 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.

o) 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. Prior to 01 July 2006 these origination fees were 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 was no change to prior year profit and loss during the financial year to 30 June 2007 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) At the date of authorisation of the financial report, the Australian Accounting Standards and Interpretations listed below were in issue but not yet effective. These have not been adopted in the preparation of the financial statements at reporting date.

Initial application of the following Standard will not affect any of the amounts recognised in the financial report, but will change the disclosures presently made in relation to the consolidated entity and the company's financial report:

■ AASB 101 *'Presentation of Financial Statements'* (revised September 2007)	Effective for annual reporting periods beginning on or after 1 January 2009

Initial application of the following Standards and Interpretations is not expected to have any material impact on the financial report of the consolidated entity and the company:

■ AASB Interpretation 12 *'Service Concession Arrangements'*	Effective for annual reporting periods beginning on or after 1 January 2008
■ AASB Interpretation 14 *'AASB 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction'*	Effective for annual reporting periods beginning on or after 1 January 2008
■ AASB Interpretation 13 *'Customer Loyalty Programmes'*	Effective for annual reporting periods beginning on or after 1 January 2008
■ AASB123 *'Borrowing Costs'* (revised)	Effective for annual reporting periods beginning on or after 1 January 2009
■ AASB 2008-2 *'Amendments to Australian Accounting Standards - Puttable Financial Instruments and Obligations arising on Liquidation'*	Effective for annual reporting periods beginning on or after 1 January 2009
■ IFRS 3 *'Business Combinations'* and IAS 27 *'Separate and Consolidated Financial Statements'*	Effective for annual reporting periods beginning on or after 1 January 2009

p) Comparative figures

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

q) 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 consolidated entity.

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 2008			
Deposits with other financial institutions	**26,563,860**	**2,235,884**	**8.42**
Investment securities	**117,739,390**	**8,589,453**	**7.30**
Loans and advances	**1,758,410,143**	**147,214,530**	**8.37**
Other	**17,416,822**	**1,175,941**	**6.75**
	1,920,130,215	**159,215,808**	**8.29**

note 2 continued

	$ Average balance	$ Interest	% Average interest rate
BORROWING COSTS 2008			
Deposits from other financial institutions	**875,848,341**	**63,921,435**	**7.29**
Customer deposits	**996,926,750**	**53,565,647**	**5.38**
Subordinated notes	**14,758,065**	**1,299,536**	**8.81**
	1,887,533,156	**118,786,618**	**6.29**
Net interest revenue 2008		**40,429,190**	
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
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	

note 3

PROFIT FROM ORDINARY ACTIVITIES

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

	CONSOLIDATED		CHIEF ENTITY	
	$ 2008	$ 2007	**$ 2008**	$ 2007
Profit relating to mortgage insurance activities (also refer Note 1.m)				
Premium revenue	**3,748,777**	3,614,258	**-**	-
Reinsurance expense	**(775,413)**	(470,881)	**-**	-
	2,973,364	3,143,377	**-**	-

note 3 continued

	CONSOLIDATED		CHIEF ENTITY	
	$ 2008	$ 2007	**$ 2008**	$ 2007
Included in the profit from ordinary activities are the following revenue items:				
Other revenue from ordinary activities				
Dividends				
Controlled entities	**-**	-	**2,600,000**	2,000,000
Other corporations	**430**	-	**430**	-
Fees and commissions	**10,272,338**	8,610,859	**10,272,338**	8,610,859
Other revenue	**1,323,172**	1,759,345	**822,137**	854,448
	14,569,304	13,513,581	**13,694,905**	11,465,307
The profit from ordinary activities before income tax is arrived at after charging the following items:				
Other expenses from operating activities				
Fees and commissions	**3,124,095**	3,163,915	**3,124,095**	3,163,914
Provisions for employee entitlements	**249,316**	216,000	**249,316**	216,000
General and administration expenses	**7,921,443**	8,192,131	**7,404,989**	7,713,987
Underwriting expenses	**676,483**	1,108,167	**-**	-
	11,971,337	12,680,213	**10,778,400**	11,093,901

note **4**

INCOME TAX

	CONSOLIDATED		CHIEF ENTITY	
	$ 2008	$ 2007	**$ 2008**	$ 2007
Major components of tax expense for the year are:				
Current income tax	**6,331,701**	6,812,909	**5,328,177**	5,786,508
Deferred income tax	**570,138**	(302,431)	**643,513**	(259,310)
Income tax reported in income statement	**6,901,839**	6,510,478	**5,971,690**	5,527,198
The prima facie tax on profit before income tax differs from the income tax provided as follows:				
Prima facie tax on profit before income tax at 30% (2007 - 30%)	**7,500,471**	6,777,889	**7,314,123**	6,396,427
Tax effect of permanent differences				
Depreciation of buildings	**37,928**	37,928	**37,928**	37,928
Capital gain on sale of assets	**(10,381)**	-	**(10,381)**	-
Franked dividends	**(368,359)**	(308,937)	**(968,359)**	(908,937)
Other items - net	**154,915**	3,598	**11,114**	1,780
Equity accounting income	**(188,230)**	-	**(188,230)**	-
Prior period adjustment - GST	**(92,888)**	-	**(92,888)**	-
Takeover bid expenses	**(18,166)**	-	**(18,166)**	-
Overprovision for taxation in prior year	**(113,451)**	-	**(113,451)**	-
Income tax expense attributable to profit from ordinary activities	**6,901,839**	6,510,478	**5,971,690**	5,527,198

note **5**

DIVIDENDS PAID

	CONSOLIDATED		CHIEF ENTITY	
	$ 2008	$ 2007	**$ 2008**	$ 2007
Dividends paid during the year				
Interim for current year	**7,499,339**	6,189,286	**7,499,339**	6,189,286
Fully franked dividend on ordinary shares				
Final for previous year	**9,625,038**	5,442,717	**9,625,038**	5,442,717
Fully franked dividend on ordinary shares				
	17,124,377	11,632,003	**17,124,377**	11,632,003
Dividends paid during the year				
Fully franked dividends on non-cumulative perpetual resetting convertible preference shares	**-**	1,430,981	**-**	1,430,981
	-	1,430,981	**-**	1,430,981

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 33 cents per ordinary share ($9.671 million), for the six months to 30 June 2008, payable on 03 October 2008.

The final dividend for the six months to 30 June 2007 ($7.499 million) was paid on 14 September 2007, and was disclosed in the 2006/07 financial accounts in accordance with Accounting Standards.

The tax rate at which the dividends have been franked is 30% (2007 - 30%).

	CONSOLIDATED		CHIEF ENTITY	
	$ 2008	$ 2007	**$ 2008**	$ 2007
The amount of franking credits available for the subsequent financial year are:				
Balance as at the end of the financial year	**6,418,642**	5,806,189	**5,561,483**	4,835,034
Credits that will arise from the payment of income tax payable per the financial statements	**1,412,533**	1,763,718	**1,216,741**	1,641,694
Debits that will arise from the payment of the proposed dividend	**(4,144,586)**	(3,214,003)	**(4,144,586)**	(3,214,003)
	3,686,589	4,355,904	**2,633,638**	3,262,725
Dividends - cents per share				
Dividend proposed				
Fully franked dividend on ordinary shares	**33.0**	30.0	**33.0**	30.0
Interim dividend paid during the year				
Fully franked dividend on ordinary shares	**33.0**	30.0	**33.0**	30.0
Fully franked dividends on non-cumulative perpetual resetting convertible preference shares	**-**	426.0	**-**	426.0
Final dividend paid for the previous year				
Fully franked dividend on ordinary shares	**30.0**	26.5	**30.0**	26.5

note 6
CASH AND CASH EQUIVALENTS

	CONSOLIDATED $ 2008	CONSOLIDATED $ 2007	CHIEF ENTITY $ 2008	CHIEF ENTITY $ 2007
Cash on hand and at banks	**25,010,247**	18,222,811	**24,970,903**	18,046,986
Deposits on call	**47,350,000**	31,850,000	**30,500,000**	15,000,000
	72,360,247	50,072,811	**55,470,903**	33,046,986

note 7
DUE FROM OTHER FINANCIAL INSTITUTIONS

	CONSOLIDATED $ 2008	CONSOLIDATED $ 2007	CHIEF ENTITY $ 2008	CHIEF ENTITY $ 2007
Bank term deposits	**8,646,940**	-	**8,646,940**	-
Deposits with SSP's	**3,537,513**	2,159,331	**3,537,513**	2,159,331
Subordinated loans	**124,585**	124,585	**124,585**	124,585
	12,309,038	2,283,916	**12,309,038**	2,283,916
Maturity analysis				
Up to 3 months	**8,625,082**	-	**8,625,082**	-
From 3 to 12 months	**21,858**	-	**21,858**	-
From 1 to 5 years	**-**	-	**-**	-
No maturity specified	**3,662,098**	2,283,916	**3,662,098**	2,283,916
	12,309,038	2,283,916	**12,309,038**	2,283,916

note 8
ACCRUED RECEIVABLES

	CONSOLIDATED $ 2008	CONSOLIDATED $ 2007	CHIEF ENTITY $ 2008	CHIEF ENTITY $ 2007
Interest receivable	**2,205,052**	1,666,354	**1,872,173**	1,074,790
Other	**11,167,051**	9,631,719	**11,067,555**	9,546,216
	13,372,103	11,298,073	**12,939,728**	10,621,006

note 9
FINANCIAL ASSETS AVAILABLE FOR SALE

	CONSOLIDATED $ 2008	CONSOLIDATED $ 2007	CHIEF ENTITY $ 2008	CHIEF ENTITY $ 2007
Bills of exchange and promissory notes	**75,500,837**	62,937,635	**75,500,837**	62,937,635
Certificates of deposit	**8,151,166**	2,962,091	**8,151,166**	2,962,091
Notes - Securitisation program & other	**14,719,939**	18,440,994	**12,917,684**	16,413,952
	98,371,942	84,340,720	**96,569,687**	82,313,678
Maturity analysis				
Up to 3 months	**83,652,002**	65,899,726	**83,652,002**	65,899,726
Later than 5 years	**14,719,940**	18,440,994	**12,917,685**	16,413,952
	98,371,942	84,340,720	**96,569,687**	82,313,678

note 10
LOANS AND ADVANCES

	CONSOLIDATED $ 2008	CONSOLIDATED $ 2007	CHIEF ENTITY $ 2008	CHIEF ENTITY $ 2007
Term loans	**1,578,097,740**	1,216,099,832	**1,578,097,740**	1,216,099,832
Loan to controlled entity	**-**	-	**5,338,254**	4,180,350
Other commercial loan	**-**	-	**-**	-
Continuing credit loans	**415,729,610**	328,041,245	**415,729,610**	328,041,245
Leases receivable	**2,337,669**	4,226,206	**-**	-
	1,999,165,019	1,548,367,283	**1,999,165,604**	1,548,321,427
Provision for impairment	**(195,051)**	(32,715)	**(80,136)**	(9,516)
Total loans	**1,995,969,968**	1,548,334,568	**1,999,085,468**	1,548,311,911
Provision for impairment				
Specific provision				
Opening balance	**(32,715)**	(58,393)	**(9,516)**	(12,160)
Bad and doubtful debts provided for during the year	**(162,336)**	25,678	**(70,620)**	2,644
Total provision for impairment	**(195,051)**	(32,715)	**(80,136)**	(9,516)
Charge to profit and loss for bad and doubtful debts comprises:				
Specific provision	**(162,336)**	25,678	**(70,620)**	2,644
Bad debts recognised directly	**90,070**	(43,975)	**18,777**	-
	(72,266)	(18,297)	**(51,843)**	2,644
Maturity analysis				
Up to 3 months	**368,062**	394,647	**291,890**	324,257
From 3 to 12 months	**3,320,478**	357,774	**3,039,702**	5,944
From 1 to 5 years	**44,848,717**	17,995,515	**42,881,497**	14,191,529
Later than 5 years	**1,947,432,711**	1,529,586,632	**1,952,872,379**	1,533,790,181
	1,995,969,968	1,548,334,568	**1,999,085,468**	1,548,311,911

The economic entity has entered into securitisation transactions on residential mortgage loans that do not qualify for derecognition. The special purpose entity established for the securitisation is considered to be controlled in accordance with Australian Accounting Standards & Australian Accounting Interpretations. The economic entity is entitled to any residual income of the securitisation program after all payments due to investors and costs of the program have been met, to this extent the economic entity retains credit and liquidity risk.

The impact on the consolidated and chief entity is an increase in liabilities - securitised loans - of $947.998 million (30 June 2007 - $758.398 million).

Concentration of risk

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

note **11**

OTHER INVESTMENTS

	CONSOLIDATED $ 2008	CONSOLIDATED $ 2007	CHIEF ENTITY $ 2008	CHIEF ENTITY $ 2007
Unlisted shares - at Directors' valuation	**350,158**	164,246	**376,065**	164,246
Controlled entities - at cost	**-**	-	**11,421,164**	10,721,041
Investment in associate	**6,944,511**	6,885,817	**6,944,511**	6,885,817
Interest in joint venture - at cost	**15,000**	15,000	**15,000**	15,000
	7,309,669	7,065,063	**18,756,740**	17,786,104

Investment in controlled entities comprises:

Name	Country of incorporation	June 2008 %	June 2007 %	Contribution to consolidated operating profit after income tax 2008	Contribution to consolidated operating profit after income tax 2007	Investment carrying value 2008	Investment carrying value 2007
Chief entity							
Wide Bay Australia Ltd	Australia			**14,611,201**	12,764,436		
Controlled entities							
Mortgage Risk Management Pty Ltd	Australia	**100**	100	**2,413,131**	2,230,373	**11,420,000**	10,720,000
Wide Bay Australia Mini Lease Pty Ltd	Australia	**51**	51	**(61,789)**	29,521	**1,041**	1,041
Mackay Permanent Building Society Ltd	Australia	**100**	0	**-**	-	**-**	-
MPBS Insurance Pty Ltd	Australia	**100**	0	**33,857**	-	**2**	-
MPBS Holdings Pty Ltd	Australia	**100**	0	**(34,319)**	-	**1**	-
F.I. Software Solutions Pty Ltd	Australia	**100**	0	**-**	-	**120**	-
				2,350,880	2,259,894	**11,421,164**	10,721,041
Investment in associate comprises:							
Financial Technology Securities Pty Ltd	Australia	**25**	25	**1,197,519**	1,029,791	**6,944,511**	6,885,817
				18,159,600	16,054,121	**18,365,675**	17,606,858

The carrying amounts of unlisted shares were reassessed by the Directors as at 30 June 2008 with the reassessments being based on the projections of the current market values of the shares.

Controlled entities

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 for capital adequacy purposes.

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 to 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.

Mackay Permanent Building Society Ltd

On 11 January 2008, the company announced the fulfilment of conditions pertaining to the off-market takeover of shares in Mackay Permanent Building Society Ltd as set out in the bidder's statement and gave notice that the offer was unconditional effective 10 January 2008. Further details of the acquisition are set out in note 15.

MPBS Holdings Pty Ltd is a wholly owned subsidiary which holds the property at 73 Victoria Street Mackay.

MPBS Insurance Pty Ltd is a wholly owned subsidiary which receipted a small amount of commissions during the financial year.

F.I. Software Solutions Pty Ltd is a wholly owned subsidiary which is no longer actively trading.

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 the associate or other commitments relating to the associate.

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

	$ 2008	$ 2007
Share of associate's balance sheet:		
Current Assets	**452,179**	695,560
Non-current assets	**661,325**	478,273
Current Liabilities	**(275,415)**	(554,968)
Non-current liabilities	**(98,848)**	-
Net Assets	**739,241**	618,865
Share of associate's revenue and profit:		
Revenue	**3,723,610**	3,107,003
Profit before income tax	**1,790,443**	1,622,627
Adjustment of under-accrual	**(84,112)**	(42,934)
Income tax	**(508,812)**	(549,902)
Profit after income tax	**1,197,519**	1,029,791

flexibility

note **12**

PROPERTY, PLANT AND EQUIPMENT

	CONSOLIDATED $ 2008	CONSOLIDATED $ 2007	CHIEF ENTITY $ 2008	CHIEF ENTITY $ 2007
Freehold land and buildings				
At independent valuation - June 2006	**12,065,000**	12,065,000	**12,065,000**	12,065,000
Provision for depreciation	**490,850**	245,425	**490,850**	245,425
Additions				
Land and buildings - 73 Victoria St Mackay	**3,909,376**	-	**-**	-
At independent valuation - August 2006				
Provision for depreciation	**156,356**	-	**-**	-
	15,327,170	11,819,575	**11,574,150**	11,819,575
Movement in carrying amount				
Carrying amount at beginning of year	**11,819,575**	12,065,000	**11,819,575**	12,065,000
Additions due to business combinations	**3,792,233**	-	**-**	-
Depreciation	**284,638**	245,425	**245,425**	245,425
Carrying amount at end of year	**15,327,170**	11,819,575	**11,574,150**	11,819,575
Plant and equipment				
At cost	**22,302,768**	19,872,690	**22,302,768**	19,777,622
Provision for depreciation	**15,738,094**	14,358,739	**15,738,094**	14,268,693
	6,564,674	5,513,951	**6,564,674**	5,508,929
Movement in carrying amount				
Carrying amount at beginning of year	**5,513,953**	5,091,687	**5,508,929**	5,078,015
Additions	**1,644,293**	1,842,218	**1,677,046**	1,842,217
Additions due to business combinations	**1,433,460**	-	**1,444,078**	-
Disposals	**2**	-	**-**	-
Depreciation	**2,027,030**	1,419,954	**2,065,379**	1,411,303
Carrying amount at end of year	**6,564,674**	5,513,951	**6,564,674**	5,508,929
	21,891,844	17,333,526	**18,138,824**	17,328,504

The land and buildings at 73 Victoria Street Mackay were acquired with the purchase of shares in Mackay Permanent Building Society Ltd. The land and buildings were valued at 14 August 2006 by certified practising valuer, Barry Deacon AAPI of Herron Todd White.

All other land and buildings were 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

	CONSOLIDATED $ 2008	CONSOLIDATED $ 2007	CHIEF ENTITY $ 2008	CHIEF ENTITY $ 2007
Deferred income tax assets are attributable to:				
Employee leave provisions	**608,100**	494,700	**608,100**	494,700
Other provisions	**58,516**	9,815	**24,041**	2,855
Property, plant & equipment	**467,101**	413,934	**37,137**	(15,755)
Takeover expenses	**54,499**	72,666	**54,499**	72,666
Prior period adjustment - GST	**-**	92,888	**-**	92,888
MPBS acquisition costs	**1,331,161**	-	**1,331,161**	-
Other items	**11,612**	21,730	**11,612**	21,730
	2,530,989	1,105,733	**2,066,550**	669,084

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

note **14**

OTHER ASSETS

	CONSOLIDATED $ 2008	CONSOLIDATED $ 2007	CHIEF ENTITY $ 2008	CHIEF ENTITY $ 2007
Prepayments	**12,280,177**	9,678,272	**6,194,486**	4,979,085
	12,280,177	9,678,272	**6,194,486**	4,979,085

note **15**

GOODWILL ON CONSOLIDATION

Pursuant to a bidder's statement lodged with the Australian Securities & Investments Commission on 15 November 2007, the company issued an off-market takeover offer for 100% of the ordinary shares in Mackay Permanent Building Society Ltd (MPBS), a building society listed on the ASX. MPBS operated from the head office in Mackay Queensland, and had 27 branches and agencies in central and northern Queensland.

Under the Offer, the company offered:

0.80 ordinary shares of Wide Bay plus $1.00 cash; or
$9.40 cash,

for each ordinary share of MPBS.

On 11 January 2008 the company announced the fulfilment of conditions pertaining to the off-market takeover offer set out in the bidder's statement and gave notice that the offer was unconditional effective 10 January 2008. On 22 January 2008 the company gave notice that under Listing Rule 3.3, in relation to the off-market takeover bid for MPBS, the company held 94.79% of the MPBS shares on issue and compulsory acquisition of the remaining MPBS shares would proceed. At 30 June 2008 the company held 100% of the MPBS shares on issue.

On 30 May 2008 the Australian Prudential Regulation Authority (APRA) issued:

i) a "Revocation of Authority to carry on banking business" to MPBS;
ii) a "Voluntary transfer approval" for the transfer of business from MPBS; and
iii) a "Certificate of transfer" to effect the transfer of business from MPBS to Wide Bay Australia Ltd. The certificate came into force on 01 June 2008.

note 15 continued

In accordance with APRA's approval for the transfer of business the financial and accounting records of the entities were merged on 01 June 2008.

The acquisition is expected to result in a large number of synergies for the consolidated entity and as such it is impractical to measure the contribution that the acquisition would have made to the consolidated entity's profit if it had been held for the full year.

The financial accounting for this business combination has been prepared in accordance with Australian Accounting Standards and as set out in note 1g), and recognises the acquisition date as 10 January 2008.

Details relating to the acquisition of the ordinary shares of MPBS and the provisional calculation of goodwill are as follows:

	CONSOLIDATED $	CHIEF ENTITY $
Cost of business combination		
Consideration in cash	**12,219,971**	**12,219,971**
Expenses related to acquisition	**2,038,922**	**2,038,922**
Total cash consideration	**14,258,893**	**14,258,893**
Shares issued		
4,068,339 fully paid ordinary shares - closing ASX price at 08 February 2008 $10.80	**43,938,061**	**43,938,061**
138,373 fully paid ordinary shares - closing ASX price at 19 March 2008 $9.40	**1,300,706**	**1,300,706**
Expenses related to acquisition	**59,497,660**	**59,497,660**
Fair value of identifiable net assets		
Assets		
Cash and cash equivalents	**19,496,603**	**19,496,209**
Due from other financial institutions	**34,680,000**	**34,680,000**
Investments	**3,473,852**	**3,473,852**
Loans and advances	**282,627,932**	**284,627,854**
Deferred tax assets	**1,313,823**	**1,304,606**
Property, plant and equipment	**5,225,693**	**1,444,078**
Other assets	**1,362,739**	**1,355,496**
Total assets	**348,180,642**	**346,382,095**
Liabilities		
Deposits	**313,955,693**	**313,955,693**
Accounts payable and other liabilities	**5,773,239**	**5,233,594**
Employee benefit obligations	**263,760**	**263,760**
Subordinated debt	**10,000,000**	**10,000,000**
Total liabilities	**329,992,692**	**329,453,047**
Net assets	**18,187,950**	**16,929,048**
Goodwill	**41,309,710**	**42,568,612**

Impairment testing

The cash-generating unit selected for impairment testing of goodwill was the consolidated MPBS entity. The information technology and accounting systems of MPBS were physically merged with those of the chief entity on 01 June 2008. Consequently, the assets used in determining the cash-generating unit comprised the net assets of MPBS at 31 May 2008 and goodwill on consolidation.

The goodwill disclosed in the Balance Sheet at 30 June 2008 was supported by the impairment testing and no impairment adjustment was required.

Impairment testing of goodwill was carried out by comparing the net present value of cash flows from the cash-generating unit to the carrying value of the goodwill in the balance sheet. The cash flows were based on projections of future earnings before interest, taxation, depreciation and amortisation, plus expected receipts from the sale of capital assets.

The cash flows have been projected over a period of nine years as the MPBS entity has been acquired for the long term and there is no currently foreseeable intention to dispose of that business. The terminal value of the business beyond the year nine has been determined using a constant growth perpetuating formula.

The key assumptions used in carrying out the impairment testing were as follows:

i) the trading results for the four months 01 February to 31 May 2008 conservatively represents the cash-generating potential of the acquired MPBS unit;

ii) the estimated growth in the cash-generating unit cash flows over the testing period was 4% which compares to budgeted growth for the consolidated group of 7%;

iii) the net present value discount rate used in the impairment testing was 8.67% which represents the cost of funds to the consolidated group at 30 June 2008.

The estimated growth of 4% is considered to be a conservative parameter as the growth in the loan book of the consolidated entity has averaged 10.90% over the previous 5 years.

The above value of net assets at acquisition date are the same as those MPBS had immediately before acquisition.

note 16

DEPOSITS AND SHORT TERM BORROWINGS

	CONSOLIDATED $ 2008	CONSOLIDATED $ 2007	CHIEF ENTITY $ 2008	CHIEF ENTITY $ 2007
Call deposits	**415,475,611**	329,742,871	**417,289,972**	331,510,200
Term deposits	**711,565,220**	501,251,561	**711,565,220**	501,251,561
	1,127,040,831	830,994,432	**1,128,855,192**	832,761,761
Maturity analysis				
On call	**415,475,611**	227,504,247	**417,289,972**	229,271,576
Up to 3 months	**473,295,630**	440,530,457	**473,295,630**	440,530,457
From 3 to 12 months	**231,556,716**	155,840,076	**231,556,716**	155,840,076
From 1 to 5 years	**6,712,874**	7,119,652	**6,712,874**	7,119,652
	1,127,040,831	830,994,432	**1,128,855,192**	832,761,761

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

note 17
DUE TO OTHER FINANCIAL INSTITUTIONS

	CONSOLIDATED $ 2008	CONSOLIDATED $ 2007	CHIEF ENTITY $ 2008	CHIEF ENTITY $ 2007
Secured loans	**389,486**	1,305,912	**-**	-
Maturity analysis				
From 1 to 5 years	**389,486**	1,305,912	**-**	-
	389,486	1,305,912	**-**	-

note 18
PAYABLES AND OTHER LIABILITIES

	CONSOLIDATED $ 2008	CONSOLIDATED $ 2007	CHIEF ENTITY $ 2008	CHIEF ENTITY $ 2007
Trade creditors	**6,792,795**	3,079,343	**6,792,795**	3,079,345
Accrued interest payable	**12,323,757**	8,556,516	**12,323,757**	8,556,516
Other creditors	**10,877,826**	12,539,935	**5,918,510**	8,521,180
	29,994,378	24,175,794	**25,035,062**	20,157,041
Maturity analysis				
Up to 3 months	**25,832,535**	21,764,789	**20,873,219**	17,746,036
From 3 to 12 months	**4,048,249**	2,312,347	**4,048,249**	2,312,347
From 1 to 5 years	**113,594**	98,658	**113,594**	98,658
	29,994,378	24,175,794	**25,035,062**	20,157,041

note 19
DEFERRED INCOME TAX LIABILITIES

	CONSOLIDATED $ 2008	CONSOLIDATED $ 2007	CHIEF ENTITY $ 2008	CHIEF ENTITY $ 2007
Provision for taxation	**(1,020,949)**	2,674,903	**(1,216,741)**	1,651,742
Deferred income tax liabilities are attributable to:				
Asset revaluation reserve	**1,731,962**	1,731,962	**1,731,962**	1,731,962
Prepayments	**298,317**	495,258	**298,317**	495,258
Equity accounting revenue	**188,230**	-	**188,230**	-
Accrued interest	**182,114**	117,948	**182,114**	117,948
Land and buildings	**493,068**	-	**-**	-
MPBS acquisition adjustments	**20,270**	-	**20,270**	-
	2,913,961	2,345,168	**2,420,893**	2,345,168
	1,893,012	5,020,071	**1,204,152**	3,996,910

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

note 20
PROVISIONS

	CONSOLIDATED $ 2008	CONSOLIDATED $ 2007	CHIEF ENTITY $ 2008	CHIEF ENTITY $ 2007
Employee entitlements				
Balance at beginning of year	**1,649,949**	1,435,914	**1,649,949**	1,435,914
Annual leave and long service leave provided for during the year	**377,051**	214,035	**377,051**	214,035
Balance at end of year	**2,027,000**	1,649,949	**2,027,000**	1,649,949
Unearned direct premiums and outstanding claims				
Balance at beginning of year	**7,655,692**	7,425,347	**-**	-
Transfers to the provision during the year	**4,226,431**	4,185,246	**-**	-
Payments from the provision during the year	**4,110,870**	3,954,901	**-**	-
Balance at end of year	**7,771,253**	7,655,692	**-**	-

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.

	CONSOLIDATED $ 2008	CONSOLIDATED $ 2007	CHIEF ENTITY $ 2008	CHIEF ENTITY $ 2007
Other provisions	**563,940**	21,023	**563,940**	21,023
Total provisions	**10,362,193**	9,326,664	**2,590,940**	1,670,972

note 21
SUBORDINATED CAPITAL NOTES

	CONSOLIDATED $ 2008	CONSOLIDATED $ 2007	CHIEF ENTITY $ 2008	CHIEF ENTITY $ 2007
Inscribed debenture stock	**20,000,000**	10,000,000	**20,000,000**	10,000,000
Maturity analysis				
Up to 3 months	**20,000,000**	10,000,000	**20,000,000**	10,000,000

note 22

CONTRIBUTED EQUITY

	SHARES 2008 No.	SHARES 2008 $	SHARES 2007 No.	SHARES 2007 $
Fully paid ordinary shares				
All ordinary shares have equal voting, dividend and capital repayment rights.				
Balance at beginning of year	**24,997,798**	**59,620,618**	20,538,554	26,951,775
Issued during the year				
Staff share plan	**100,645**	**1,104,076**	92,401	924,934
Conversion of Non-cumulative Perpetual Resetting Convertible Preference (RCP) Shares	**-**	**-**	4,366,843	31,743,909
Issue of fully paid shares under an off-market offer for the shares in Mackay Permanent Building Society Ltd	**4,206,712**	**45,238,768**	-	-
Share issue costs	**-**	**(32,945)**	-	-
Balance at end of year	**29,305,155**	**105,930,517**	24,997,798	59,620,618
Fully Paid Non-cumulative Perpetual Resetting Convertible Preference (RCP) Shares				
Balance at beginning of year	**-**	**-**	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	**-**	**-**	-	-
		105,930,517		59,620,618

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

03 December 2007 - 100,645 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 22 continued

	CONSOLIDATED 2008	CONSOLIDATED 2007	CHIEF ENTITY 2008	CHIEF ENTITY 2007
The total number of shares issued to employees since the inception of the staff share plan was	**2,025,398**	1,924,753	**2,025,398**	1,924,753
The total number of shares issued to employees during the financial year was	**100,645**	92,401	**100,645**	92,401
The total market value at date of issue, 03 December 2007 (21 November 2006) was	**1,258,063**	1,155,013	**1,258,063**	1,155,013
The total amount paid or payable for the shares at that date was	**1,104,076**	924,934	**1,104,076**	924,934

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:

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

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

c) the society being in compliance with APRA's prevailing prudential standards and guidelines (unless otherwise agreed by APRA) at the time of declaration of the dividend; and

d) at the time of the declaration of the dividend, APRA not having announced or issued to the society any objection to the dividend payment or not having stated that if the dividend is paid the RCP shares will cease to be treated as Tier 1 or Upper Tier 2 Capital.

Ranking

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

a) return of capital (not exceeding the Issue Price); and

b) payment of any dividend declared but unpaid, to all creditors and depositors of the society.

note 22 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:

a) if at the time of the meeting, a dividend (or part of a dividend) in respect of RCP shares has been declared but not been paid in full by the relevant dividend payment date;

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

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

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

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

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

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

h) in any other circumstance in relation to which, at any time, the ASX Listing Rules require the holders of the RCP shares to be entitled to vote, in which case a holder of RCP shares has the same rights as to manner of attendance as to voting in respect of each RCP share as those conferred on ordinary shareholders in respect of each ordinary share.

note 23

RESERVES

	CONSOLIDATED		CHIEF ENTITY	
	$ 2008	$ 2007	**$ 2008**	$ 2007
Movements in reserves				
Asset revaluation reserve				
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
This is a statutory reserve created on a distribution from the Queensland Building Society Fund.				
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.				

note 23 continued

	CONSOLIDATED		CHIEF ENTITY	
	$ 2008	$ 2007	**$ 2008**	$ 2007
Doubtful debts reserve				
Balance at beginning of year	**1,929,283**	1,929,283	**1,929,283**	1,929,283
Increase in reserve on acquisition of shares in Mackay Permanent Building Society Ltd	**458,527**	-	**458,527**	-
Balance at end of year	**2,387,810**	1,929,283	**2,387,810**	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 Risk Weighted Assets.				
Total reserves	**14,939,064**	14,480,537	**14,939,064**	14,480,537

note 24

OUTSIDE EQUITY INTEREST

	CONSOLIDATED	
	$ 2008	$ 2007
Reconciliation of outside equity interest in controlled entities:		
Opening balance	**(393,915)**	(422,279)
Share of operating (profit)/loss	**(59,613)**	28,364
Closing balance	**(453,528)**	(393,915)

note 25

CASH FLOW STATEMENT

	CONSOLIDATED		CHIEF ENTITY	
	$ 2008	$ 2007	**$ 2008**	$ 2007
Reconciliation of profit from ordinary activities after tax to the net cash flows from operations:				
Profit after tax from continuing operations	**18,099,730**	16,082,485	**18,408,719**	15,794,227
Depreciation & amortisation	**2,311,668**	1,665,377	**2,310,804**	1,656,727
Bad debts exense	**72,266**	-	**(51,843)**	-
(Profit)/Loss on disposal of non-current assets	**(2,432)**	-	**(2,432)**	-
(Increase)/Decrease in Assets				
Accrued interest on investments	**(538,698)**	(144,499)	**(797,383)**	(144,499)
Prepayments	**(2,601,905)**	(787,842)	**(1,215,401)**	(787,842)
Inventories	**(33,924)**	(12,593)	**-**	(12,593)
Sundry debtors	**(155,059)**	5,914,591	**(165,843)**	3,986,823
Future income tax benefit	**(111,433)**	(313,210)	**(92,860)**	(295,496)

performance

note 25 continued

	CONSOLIDATED $ 2008	CONSOLIDATED $ 2007	CHIEF ENTITY $ 2008	CHIEF ENTITY $ 2007
Increase/(Decrease) in Liabilities				
Increase in creditors & accruals	**703,823**	(10,796,033)	**187,344**	(7,802,403)
Increase in deferred tax payable	**568,793**	36,186	**75,725**	36,186
Increase in income tax payable	**(3,695,852)**	(898,087)	**(2,868,483)**	(116,709)
Increase in employee entitlement provisions	**113,291**	216,000	**113,291**	216,000
Net cash flows from operating activities	**14,730,268**	10,962,375	**15,901,638**	12,530,421

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.

Non-cash financing and investing activities:
Share issue - Mackay Permanent Building Society Ltd (MPBS)
4,206,712 ordinary shares were issued as part of the acquisition of MPBS. The shares issued were based on the market value of the shares at the date of issue. Full details of the acquisition are set out in note 15.

note **26**

EXPENDITURE COMMITMENTS

	CONSOLIDATED $ 2008	CONSOLIDATED $ 2007	CHIEF ENTITY $ 2008	CHIEF ENTITY $ 2007
Capital expenditure commitment				
Capital expenditure contracted for within one year	**183,594**	94,815	**183,594**	94,815
Lease expenditure commitments				
Non cancellable operating leases				
Up to 1 year	**2,642,436**	1,305,960	**2,642,436**	1,305,960
From 1 to 2 years	**2,265,453**	1,200,700	**2,265,453**	1,200,700
From 2 to 5 years	**3,370,682**	2,144,953	**3,370,682**	2,144,953
Later than 5 years	**284,637**	360,020	**284,637**	360,020
Total lease expenditure	**8,563,208**	5,011,633	**8,563,208**	5,011,633

note **27**

EMPLOYEE ENTITLEMENTS AND SUPERANNUATION COMMITMENTS

	CONSOLIDATED $ 2008	CONSOLIDATED $ 2007	CHIEF ENTITY $ 2008	CHIEF ENTITY $ 2007
Employee entitlements				
The aggregate employment entitlement liability is comprised of:				
Provisions - (note 20)	**2,027,000**	1,649,949	**2,027,000**	1,649,949

note **28**

CONTINGENT LIABILITIES AND CREDIT COMMITMENTS

	CONSOLIDATED $ 2008	CONSOLIDATED $ 2007	CHIEF ENTITY $ 2008	CHIEF ENTITY $ 2007
Approved but undrawn loans	**68,115,977**	62,189,792	**68,115,977**	62,153,823
Approved but undrawn credit limits	**95,875,476**	79,239,917	**95,875,476**	79,239,917
	163,991,453	141,429,709	**163,991,453**	141,393,740

note **29**

EARNINGS PER SHARE

	2008	2007
Basic earnings per share (cents per share)	**68.02**	63.85
Diluted earnings per share (cents per share)	**68.02**	64.22

Information relating to the calculation of the earnings per share is as follows:	BASIC $ 2008	BASIC $ 2007	DILUTED $ 2008	DILUTED $ 2007
Calculation of numerator				
Net profit attributable to shareholders	**18,159,600**	16,054,121	**18,159,600**	16,054,121
Less dividends paid on preference shares	**-**	1,430,981	**-**	-
Numerator	**18,159,600**	14,623,140	**18,159,600**	16,054,121
Weighted average number of shares				
Ordinary shares	**26,695,797**	22,903,797	**26,695,797**	24,997,798
Potential ordinary shares	**-**	-	**-**	-
Total weighted average ordinary shares	**26,695,797**	22,903,797	**26,695,797**	24,997,798

note **30**

KEY MANAGEMENT PERSONNEL AND RELATED PARTY DISCLOSURES

a) Details of key management personnel

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

i) Directors

JF Pressler	*Chairman - Non-executive Director*
JH Fell	*Director - Non-executive*
RE Hancock	*Managing Director*
JS Humphrey	*Director - Non-executive - appointed 19 February 2008*
FM McLeod	*Executive Director and Chief Operating Officer*
PJ Sawyer	*Director - Non-executive*

ii) Executives

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

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

b) Key management personnel compensation	CONSOLIDATED **$ 2008**	CONSOLIDATED $ 2007	CHIEF ENTITY **$ 2008**	CHIEF ENTITY $ 2007
Remuneration for the year ended 30 June 2008				
Short term benefits				
Cash salary and fees	**1,988,376**	1,736,203	**1,988,376**	1,736,203
Cash bonus	**-**	-	**-**	-
Non-monetary	**79,809**	57,510	**79,809**	57,510
Post employment benefits				
Superannuation	**497,664**	470,814	**497,664**	470,814
Retirement benefits	**-**	-	**-**	-
Termination benefits	**-**	-	**-**	-
Share based payments	**-**	-	**-**	-
Other long term benefits	**-**	-	**-**	-
	2,565,849	2,264,527	**2,565,849**	2,264,527

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.

	$ Balance 01 July 2007	$ Interest Charged	$ Write-off	**$ Balance 30 June 2008**	Number in Group 30 June 2008
Loans for the year ended **30 June 2008**					
Directors	(1,715,368)	92,232	-	**(2,050,727)**	3
Executives	(1,463,783)	98,971	-	**(1,942,840)**	5
Total: Key management personnel	(3,179,151)	191,203	-	**(3,993,567)**	8

	$ Balance 01 July 2006	$ Interest Charged	$ Write-off	**$ Balance 30 June 2007**	Number in Group 30 June 2007
Loans for the year ended **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 2007	$ Interest* Charged	$ Write-off	**$ Balance 30 June 2008**	$ Highest in period
Individuals with loans above $100,000 in reporting period					
Directors					
RE Hancock	(486,852)	-	-	**(506,372)**	(576,650)
JH Fell	(967,471)	77,543	-	**(1,268,606)**	(1,268,887)
FM McLeod	(261,045)	14,689	-	**(275,749)**	(292,245)
Executives					
IR Pokarier	(191,496)	4,745	-	**(190,197)**	(211,652)
WR Schafer	(564,165)	45,994	-	**(685,677)**	(717,136)
DA Hancock	(428,569)	15,446	-	**(530,858)**	(583,396)
SV Butler	(243,495)	32,786	-	**(536,108)**	(533,427)

* Does not include AR Ashton as his loan was less than $100,000.
* Actual interest charged is affected by the use of the society's offset account.

note 30 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 2007	Received as Remuneration	Options Exercised	Net Change Other	**Balance 30 June 2008**
Directors					
JF Pressler	-	-	-	-	**-**
RE Hancock	1,678,546	-	-	55,529	**1,734,075**
JH Fell	393,826	-	-	11,800	**405,626**
PJ Sawyer	451,656	-	-	-	**451,656**
FM McLeod	99,088	-	-	3,933	**103,021**
Executives					
IR Pokarier	259,087	-	-	21,472	**280,559**
WR Schafer	13,000	-	-	4,306	**17,306**
DA Hancock	30,968	-	-	25,232	**56,200**
SV Butler	1,750	-	-	2,000	**3,750**
AR Ashton	10,187	-	-	-	**10,187**
Total	2,938,108	-	-	124,272	**3,062,380**

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

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

e) Other key management personnel transactions

The following persons and entities related to key management personnel have provided services to the society.

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

	CONSOLIDATED		CHIEF ENTITY	
	$ 2008	$ 2007	**$ 2008**	$ 2007
Mallesons Stephen Jaques, a related party due to having a common director being John S Humphrey, received fees for legal services provided in connection with the acquisition of MPBS totalling:	**304,147**	-	**304,147**	-

note **31**

REMUNERATION OF AUDITORS

	CONSOLIDATED		CHIEF ENTITY	
	$ 2008	$ 2007	**$ 2008**	$ 2007
Amounts received or due and receivable by the auditors of the chief entity are as follows:				
Audit or review of the financial statements of the entity and any other entity in the economic entity	**94,743**	95,469	**94,743**	95,469
Services provided in connection with the acquisition of MPBS	**49,959**	-	**49,959**	-
Tax return subsidiaries	**4,568**	4,020	**3,068**	2,520
Tax advice	**6,189**	4,011	**6,189**	4,011
	155,459	103,500	**153,959**	102,000
Amounts received or due and receivable by the auditors of Mortgage Risk Management Pty Ltd are as follows:				
Audit or review of the financial statements of the entity	**23,500**	22,500	**-**	-
Other services	**9,000**	8,500	**-**	-
	32,500	31,000	**-**	-
	187,959	134,500	**153,959**	102,000

note **32**

EVENTS SUBSEQUENT TO BALANCE DATE

The financial statements were authorised by issue by the Directors on the date the directors' declaration was signed.

note **33**

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 principally operates within the States of Queensland, New South Wales, Victoria and South Australia.

note **34**

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 **35**

FINANCIAL INSTRUMENTS

a) Capital Risk Management

The Australian Prudential Regulation Authority's (APRA's) Prudential Standard APS110 aims to ensure that authorised deposit-taking institutions (ADI's) maintain adequate capital, on both an individual and group basis, to act as a buffer against the risks associated with the group's activities. APRA requires capital to be allocated against credit, market and operational risk, and the group has adopted the 'standard model' approach to measure the capital adequacy ratio.

leadership

The group's management prepares a 3 year capital plan and monitors actual risk-based capital ratios on a monthly basis to ensure the capital ratio complies with APRA's guidelines. APRA requires the capital adequacy ratio for the group to be maintained above 10%. During the 2008 and 2007 financial years the consolidated and chief entity complied with APRA's prescribed minimum capital requirements at all times.

The capital adequacy calculations at 30 June 2008 have been prepared in accordance with the revised prudential standards incorporating the Basel II principles. The 30 June 2007 capital adequacy calculations have been prepared in accordance with the prudential standards in place at that date.

APRA Prudential Standards and Guidance Notes for ADI's provide guidelines for the calculation of capital and specific parameters relating to Tier 1 and Tier 2 capital and deductions from capital, including a requirement for Tier 1 capital to comprise at least 50% of total capital. Tier 1 capital comprises the highest quality components of capital and includes ordinary share capital, reserves and retained earnings less specific deductions. Tier 2 capital comprises other capital components including general reserve for credit losses, asset revaluation reserve and term subordinated debt less specified deductions.

Tier 2 capital is divided between "Upper Tier 2 capital" and "Lower Tier 2 capital" with upper Tier 2 capital comprising components of capital that are more permanent in nature, with Lower Tier 2 capital comprising instruments that are not permanent. Lower Tier 2 capital net of specified deductions cannot exceed 50% of net Tier 1 capital.

The total risk weighted assets calculations are based on:

i) credit risk arising from on-balance sheet and off-balance sheet exposures;
ii) market risk arising from trading activities;
iii) operational risk associated with banking activities; and
iv) securitisation risks.

Details of the capital adequacy ratio on a chief entity and consolidated basis are set out below:	CONSOLIDATED		CHIEF ENTITY	
	$ June 2008	$ June 2007	**$ June 2008**	$ June 2007
Total risk weighted assets	**687,562,493**	531,031,737	**690,587,174**	531,547,511
Capital base	**88,322,282**	72,934,543	**88,500,731**	73,595,300
Risk-based capital ratio	**12.85%**	13.73%	**12.82%**	13.85%

b) Interest Rate Risk Management

The Asset and Liability Management Committee (ALMC) is responsible for the analysis and management of interest rate risk inherent in the balance sheet through balance sheet and financial derivative alternatives. These risks are quantified in the Rate Sensitive Asset and Liability Gap Analysis Report (the "Gap Analysis Report"). ALMC's function and role are:

i) to review and analyse the interest rate exposures (as set out in the Gap Analysis Report) in the context of current wholesale interest setting;
ii) to compare the interest rate exposures set out in the Gap Analysis Report against the limits prescribed under the Interest Rate Risk Management Policy; and
iii) to ascertain whether the risks manifested in the Gap Analysis Report are appropriate given the committee's view on interest rates.

At the reporting date, if interest rates had been 1.0% higher or lower and all other variables were held constant, the group's net profit would decrease by $2,059,085 or increase by $2,059,085 (2007: decrease by $1,164,552 or increase by $1,164,552). This is mainly due to the society's exposures to fixed and variable rate loans, and deposit and securitisation liabilities.

The sensitivity analysis was derived from the Gap Analysis Report which calculates risk associated with movements in interest rates through the input of parameters for all financial assets and liabilities. The parameters used were consistent with those adopted for the prior period.

c) Liquidity Risk Management

The Board of Directors have built an appropriate liquidity risk management framework for the management of the group's short, medium and long-term funding and liquidity management requirements. The group manages liquidity risk by maintaining adequate reserves, credit facilities and reserve borrowing facilities, and continually monitoring forecast and actual cash flows.

Liquidity is monitored on a daily basis by management and a projection of near future liquidity (10 weeks) is calculated weekly. This information is used by management to manage liquidity.

An additional reserve equivalent to a minimum of 5% of the society's liability base assessed on a quarterly basis is set aside and isolated as additional liquidity available in a crisis situation.

d) Credit Risk Management

Under the direction of the Board of Directors, management has developed risk management policies and procedures to establish and monitor the credit risk of the society. The risk management procedures define the credit principles, lending policies and the decision making processes which control the credit risk of the society.

Credit risk is minimised by the availability and application of insurances including lender's mortgage insurance, title insurance, property insurance, mortgage protection insurance and consumer credit insurance. Credit risk in the loan portfolio is managed by protecting the majority of new residential 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.

The society has a diversified branch network consisting of 50 branches and agencies across Queensland, branches in Sydney and Melbourne and a lending centre in Adelaide. As a result the geographic risk is widely disbursed. All regional loan staff and panel valuers are locally based ensuring an in depth knowledge of the local economy and developments in the real estate market.

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

The Board of Directors and management receive reports on a monthly basis to monitor and supervise the past due loans in the portfolio and ensure credit procedures are adhered to on a timely and accurate basis.

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.

The past due loans and advances for the group comprise:	CONSOLIDATED		CHIEF ENTITY	
	$ June 2008	$ June 2007	**$ June 2008**	$ June 2007
Less than 30 days	**48,667,207**	41,965,337	**48,579,604**	41,733,517
30 days and less than 60 days	**21,809,411**	17,918,930	**21,778,652**	17,810,740
60 days and less than 90 days	**4,628,955**	5,525,592	**4,588,319**	5,513,081
90 days and less than 182 days	**5,236,064**	4,312,847	**5,157,002**	4,306,277
182 days and less than 273 days	**1,313,644**	2,806,486	**1,269,969**	2,801,056
273 days and less than 365 days	**330,281**	427,659	**248,887**	425,584
365 days and over	**550,594**	708,201	**500,341**	692,548
	82,536,156	73,665,052	**82,122,774**	73,282,803

note 35 continued

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 amortised cost. Interest is recognised when earned.	Short term deposits have an effective interest rate of 7.36% (2007 - 6.96%)
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 amortised cost.	Bills of exchange and promissory notes have an effective interest rate of 7.69% (2007 - 6.25%)
Certificates of deposit	9	Certificates of deposit are carried at amortised cost. Interest revenue is recognised when earned.	Certificates of deposit have an effective interest rate of 8.10% (2007 - 5.16%)
Notes	9	Notes are carried at amortised cost.	These notes are an overcover required as part of the securitisation of loans. They have an effective interest rate of 9.05% (2007 - 7.12%)
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 amortised cost.	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	16	Deposits are recorded at the principal amount. Interest is brought to account on an accrual basis.	Details of maturity of the deposits are set out in note 16. Interest is calculated on the daily balance.
Due to other financial institutions	17	Amounts due to other financial institutions are initially recorded at cost, being fair value of the consideration received net of issue costs. Subsequently they are measured at amortised cost.	
Payables and other liabilities	18	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 2008 are disclosed in note 5.
Subordinated capital notes	21	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.

flexibility

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 which was positive for each contract at the end of the year was as follows:

	$ 2008	$ 2007
WB Trust No.3	**154,213**	1,254,183
WB Trust 2006-1	**99,713**	602,494
WB Trust 2005-1	**148,297**	299,990
WB Trust 2004-1	**94,922**	193,502
WB Trust 2003-1	**22,141**	107,344

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	
	$ 2008	$ 2007	**$ 2008**	$ 2007	**$ 2008**	$ 2007	**$ 2008**	$ 2007	**$ 2008**	$ 2007	**% 2008**	% 2007
Financial assets												
Cash and cash equivalents	**66,842,826**	47,548,584	**-**	-	**-**	-	**5,517,421**	2,524,227	**72,360,247**	50,072,811	7.40	7.03
Due from other financial institutions	**3,567,098**	2,188,916	**8,646,940**	-	**-**	-	**95,000**	95,000	**12,309,038**	2,283,916	6.74	5.50
Accrued receivables	**-**	-	**-**	-	**-**	-	**13,301,322**	11,263,518	**13,301,322**	11,263,518	-	-
Investment securities	**10,917,685**	14,413,952	**83,652,002**	65,899,726	**3,802,255**	4,027,042	**-**	-	**98,371,942**	84,340,720	7.64	6.05
Loans and advances	**1,368,218,00**	1,119,271,231	**160,518,102**	174,434,908	**467,428,917**	254,661,144	**-**	-	**1,996,165,019**	1,548,367,283	8.72	7.64
Other investments	**-**	-	**-**	-	**-**	-	**6,075,450**	7,050,063	**6,075,450**	7,050,063	-	-
Other assets	**-**	-	**-**	-	**-**	-	**6,194,486**	4,979,085	**6,194,486**	4,979,085	-	-
Total financial assets	**1,449,545,609**	1,183,422,683	**252,817,044**	240,334,634	**471,231,172**	258,688,186	**31,183,679**	25,911,893	**2,204,777,504**	1,708,357,396		
Financial liabilities												
Deposits and short term borrowings	**414,637,266**	329,742,871	**705,690,691**	494,131,909	**6,712,874**	7,119,652	**-**	-	**1,127,040,831**	830,994,432	5.38	4.70
Due to other financial institutions	**-**	-	**-**	-	**389,486**	1,305,912	**-**	-	**389,486**	1,305,912	6.58	8.53
Payables and other liabilities	**-**	-	**-**	-	**-**	-	**29,994,378**	24,175,794	**29,994,378**	24,175,794	-	-
Securitised loans	**649,779,773**	548,218,450	**76,231,577**	85,438,125	**221,986,449**	124,732,892	**-**	-	**947,997,799**	758,389,467	7.45	6.55
Provisions	**-**	-	**-**	-	**-**	-	**10,362,193**	9,326,664	**10,362,193**	9,326,664	-	-
Subordinated capital notes	**-**	-	**20,000,000**	10,000,000	**-**	-	**-**	-	**20,000,000**	10,000,000	8.81	7.91
Total financial liabilities	**1,064,417,039**	877,961,321	**801,922,268**	589,570,034	**229,088,809**	133,158,456	**40,356,571**	33,502,458	**2,135,784,687**	1,634,192,269		

note 35 continued

Net fair values

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

	Total carrying amount per balance sheet		Aggregate net fair value	
	$ 2008	$ 2007	$ 2008	$ 2007
Financial assets				
Cash and cash equivalents	**72,360,247**	50,072,811	**72,360,247**	50,072,811
Due from other financial institutions	**12,309,038**	2,283,916	**12,341,464**	2,283,916
Accrued receivables	**13,301,322**	11,263,518	**13,301,322**	11,263,518
Investment securities	**98,371,942**	84,340,720	**99,719,939**	85,040,993
Loans and advances	**1,996,165,019**	1,548,367,283	**2,005,531,254**	1,553,796,310
Other investments	**6,075,450**	7,050,063	**6,075,450**	7,050,063
Other assets	**6,194,486**	4,979,085	**6,194,486**	4,979,085
Total financial assets	**2,204,777,504**	1,708,357,396	**2,215,524,162**	1,714,486,696
Financial liabilities				
Deposits and short term borrowings	**1,127,040,831**	830,994,432	**1,124,268,625**	829,007,944
Due to other financial institutions	**389,486**	1,305,912	**382,183**	1,281,426
Payables and other liabilities	**29,994,378**	24,175,794	**29,994,378**	24,175,794
Securitised loans	**947,997,799**	758,389,467	**952,445,913**	761,048,602
Provisions	**10,362,193**	9,326,664	**10,362,193**	9,326,664
Subordinated capital notes	**20,000,000**	10,000,000	**20,000,000**	10,000,000
Total financial liabilities	**2,135,784,687**	1,634,192,269	**2,137,453,292**	1,634,840,430

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

Cash and cash equivalents

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

Due from other financial institutions

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

Accrued receivables

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

Investment securities

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

Loans and advances

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

Other investments

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

Other assets

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

Deposits and short term borrowings

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

Due to other financial institutions

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

Payables and other liabilities

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

Securitised loans

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

Provisions

The carrying amount approximates fair value.

Subordinated capital notes

The carrying amount approximates fair value.

Credit risk exposure

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

Concentration of credit risk

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

The concentration of the loans and advances throughout Australia are as follows:

	% 2008	% 2007
Queensland	**79.7**	75.5
Victoria	**9.5**	12.2
New South Wales	**9.4**	10.7
South Australia	**1.1**	1.3
Western Australia	**0.3**	0.3
	100	100

Credit risk in loans receivable is managed by protecting the majority of new residential 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.

note 35 continued

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:

b) i) giving a true and fair view of the financial position of the company and consolidated entity as at 30 June 2008 and of their performance, as represented by the results of their operations and their cash flows, for the year ended on that date; and

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

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 2008.

Signed in accordance with a resolution of the Directors.

R E Hancock
Managing Director

P J Sawyer
Director

29 September 2008
Bundaberg

growth

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

ambition

for the year ended 30 June 2008

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 2008, 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.

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.

Auditor's 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.

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.

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 25 September 2008, 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 2008 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.

Report on the Remuneration Report

We have audited the Remuneration Report included in the Directors' Statutory Report on pages 49 to 52 for the financial year ended 30 June 2008.

The Directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the Remuneration Report of Wide Bay Australia Ltd for the financial year ended 30 June 2008 complies with section 300A of the Corporations Act 2001.

Bentleys

Bentleys
Brisbane Partnership

Martin Power

P M Power
Partner

29 September 2008
Brisbane

directors' statutory report

Review and Results of Operations

The consolidated net profit after income tax for the year was $18,159,600. This compares with a figure of $16,054,121 from last year. The society's captive LMI, Mortgage Risk Management Pty Ltd, contributed an after tax surplus for the year of $2,413,131. Total assets and funds under management now total $2,277,705,687 representing an increase of 31.54%. This increase has been influenced by the acquisition of Mackay Permanent Building Society Ltd ("MPBS"). Loans approved for the year totalled $517,998,048.

Principal Activities and Significant Changes

There have been no significant changes in the principal activities 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.

On 10 January 2008, the society acquired control of MPBS and integrated their operations with that of Wide Bay Australia Ltd on 31 May 2008. MPBS was a very similar operation to Wide Bay Australia.

The society continues to insure the majority of new residential 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.

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

The number of full time equivalent employees at 30 June 2008 was 257.

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

There has been no matter or circumstance since the end of the year that will significantly affect the results of operations in further years or the state of affairs of the society.·

Capital adequacy as at 30 June 2008 was 12.85%. 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 2007/2008, with an adjustment on the integration of MPBS. With this acquisition and the anticipated growth of the society's assets and loan book a further increase in trading results in the range of 15% to 20% has been forecast.

Business Strategies & Prospects for Future Financial Years

The society continues to focus on residential lending as its primary target throughout its own branches, using broker introduced loans to a limited extent.

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 33 cents per ordinary share was paid on 20 March 2008 (19 December 2006 - 30 cents).
- A final fully franked dividend of 33 cents per ordinary share has been declared by the Directors and will be paid on 3 October 2008 (14 September 2007 - 30 cents).

The Board has reintroduced the Dividend Reinvestment Plan which was suspended in 2000, commencing with the final 2007/2008 dividend, which is payable on 3 October 2008.

Directors

The names and particulars of the directors of the society in office during or since the end of the financial year are:

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 is a member of the Audit Committee. Mr Pressler is an independent director and is aged 66.

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 59.

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 66.

Mr John S Humphrey LL.B

Mr Humphrey was appointed to the Board on 19 February 2008. He is a senior partner in the Brisbane office of national law firm, Mallesons Stephen Jaques, where he specialises in commercial law and corporate mergers and acquisitions. He is currently a non-executive director of Horizon Oil Limited and Downer-EDI Limited. Mr Humphrey is an independent director, a member of the Audit Committee and is aged 53.

Mrs Frances M McLeod MAICD, FIFS

Mrs McLeod was appointed to the Board in 2003. She is Chief Operating Officer 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 50.

Mr Peter J Sawyer FCA, FAICD, FIFS

Mr Sawyer has been a director since 1987. Until August 2008, he was a partner of the firm Ulton Chartered Accountants of Bundaberg, Hervey Bay, Maryborough & 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 58.

The abovenamed directors held office during the whole of the financial year except for Mr JS Humphrey who was appointed to the Board on 19 February 2008.

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). He is an Associate of the Institute of Chartered Accountants.

Directors' Meetings

During the financial year, 18 meetings of the Directors, 6 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	
	Held	Attended	Held	Attended	Held	Attended
JF Pressler	18	18	6	6	1	1
RE Hancock	18	18	6	6*	1	1
JH Fell	18	18	6	6	n/a	n/a
PJ Sawyer	18	17	6	6	n/a	n/a
FM McLeod	18	17	6	6*	n/a	n/a
JS Humphrey (appointed Feb 2008)	6	6	2	2	n/a	n/a

* Messrs Hancock and McLeod, who are not members of the Audit Committee attended the Audit Committee meetings by invitation.

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	1,734,075
JH Fell	405,626
PJ Sawyer	451,656
FM McLeod	103,021

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 Committee, consisting of the Chairman and Managing Director 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.

performance

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	2007/08	893,495		21,041	100,000					1,014,536
Managing Director	2006/07	814,875		16,962	105,113					936,950
McLeod, FM	2007/08	202,999		6,017	50,000					259,016
Director & Chief Operating Officer	2006/07	167,640		4,725	42,359					214,724
Pressler, JF	2007/08	66,700			34,550					101,250
Chairman (non-exec)	2006/07	72,800			18,200					91,000
Sawyer, PJ	2007/08				75,000					75,000
Director (non-exec)	2006/07				64,750					64,750
Fell, JH	2007/08	20,000			55,000					75,000
Director (non-exec)	2006/07				64,750					64,750
Humphrey, JS	2007/08	21,863			5,466					27,329
Director (non-exec)	2006/07									
Total Remuneration - Specified Directors										
	2007/08	1,205,057		27,058	320,016					1,552,131
	2006/07	1,055,315		21,687	295,172					1,372,174

Remuneration Report continued

		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	2007/08	179,444		6,077	105,555					291,076
Operations Manager	2006/07	161,387		3,406	105,113					269,906
Schafer, WR	2007/08	231,336		15,152	14,629					261,117
Chief Financial Officer	2006/07	185,626		10,364	17,339					213,329
Butler, SV	2007/08	138,863		14,655	13,541					167,059
Loans Manager	2006/07	125,709		7,639	11,951					145,299
Hancock, DA	2007/08	133,513		16,867	13,087					163,467
Manager - Structured Finance, Products and Interstate Operations	2006/07	116,260		11,334	11,146					138,740
Ashton, AR	2007/08	100,163			30,836					130,999
Internal Auditor	2006/07	91,906		3,080	30,093					125,079
Total Remuneration - Specified Executives										
	2007/08	783,319		52,751	177,648					1,013,718
	2006/07	680,888		35,823	175,642					892,353

Employment Contracts

All named Key Management Personnel, the Managing Director and Chief Operating Officer 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.

Executive Director & Chief Operating Officer - 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 2008, no amounts have been paid under the indemnities by the society.

The Directors and officers of the society and its subsidiaries are insured against certain liabilities arising in the course of their duties. This premium is paid by the society but under the confidentiality provisions of this policy, the directors have not disclosed the nature of the liability, the insurer, the limit of liability or the premiums paid.

Non-Audit Services

During the year, Bentleys, 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 Code of Conduct APES 110 'Code of Ethics for Professional Accountants' issued by the Accounting Professional and Ethics Board, 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 are as follows:

	$ 2008	$ 2007
Services provided in connection with the acquisition of MPBS	**49,959**	-
Tax Return Subsidiaries	**4,568**	4,020
Tax Advice	**6,189**	4,011
Total	**60,716**	8,031

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 2008 there have been:

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

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

Bentleys

Bentleys
Brisbane Partnership

25 September 2008
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.

R E Hancock
Managing Director

29 September 2008
Bundaberg

P J Sawyer
Director

Corporate Governance Practices

The Board of Directors of Wide Bay Australia Ltd has adopted a Board Charter which sets out the society's compliance with the Australian Stock Exchange (ASX) Corporate Governance, Principles of Good Corporate Governance and Best Practice Recommendations. The 'Board Charter' is available on the company's website *www.widebayaust.com.au*.

Wide Bay Australia has complied with the principles in accordance with the Board Charter.

Principle 1: Lay solid foundations for management and oversight

In particular, in respect of Principle 1 the Board has carried out a performance evaluation of the Managing Director with other senior executives being reviewed by the Remuneration Committee consisting of the Chairman and the Managing Director.

Wide Bay Australia is in compliance with Principle 1 and full details of the 'Board Charter' are available on *www.widebayaust.com.au*.

Principle 2: Structure the Board to add value

Independent directors being non-executive directors who are free of any business or other relationships that can materially interfere with their independence or the exercise of their judgement were:

John Fell	27 years in office
John Humphrey	7 months in office
John Pressler	20 years in office
Peter Sawyer	21 years in office

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.

An independent director is classified as being:

1. not a substantial shareholder or an officer of the company;
2. not employed or previously employed in an executive capacity by the company or group;
3. not been a principal of a material professional adviser or a material consultant to the company or group within the last three years;
4. not a material supplier or customer of the company or group, or an officer of or otherwise associated directly or indirectly with a material supplier or customer;
5. does not have a material contractual relationship with the company or group other than as a director.

The society's Board Charter provides for independent directors to have access to professional advice where required at the expense of the society.

The executive directors are:

Ron Hancock	29 years in office
Frances McLeod	5 years in office

Details of skills, experience and expertise relevant to each director is set out in the Directors' Statutory Report.

Separately the Board does not have a formal Nomination Committee, with the full Board addressing such issues that would otherwise be considered by the Nomination Committee.

The Chairman conducts a performance evaluation in conjunction with the Directors of the Board on an annual basis. The performance also includes a 'fit and proper' test required under the APRA guidelines. The evaluation confirmed a satisfactory performance by the Board.

Wide Bay Australia is in compliance with Principle 2 and full details of the 'Board Charter' are available on *www.widebayaust.com.au*.

Principle 3: Promote ethical and responsible decision-making

Wide Bay Australia is in compliance with Principle 3 and full details are available on *www.widebayaust.com.au* under the Corporate Governance Section 'ASX & Shareholder Disclosure' and 'Corporate Code of Conduct'.

Principle 4: Safeguard integrity in financial reporting

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 Chief Operating Officer are invited to Audit Committee meetings at the discretion of the Committee.

The names and qualifications of the Audit Committee, the number of meetings held and the number of meetings attended are set out in the Directors' Statutory Report.

Wide Bay Australia is in compliance with Principle 4 and full details are available on *www.widebayaust.com.au* under the Corporate Governance Section 'Audit Committee Charter' and 'Appointment of External Auditors' which includes 'Rotation of the External Audit Partners'.

Principle 5: Make timely and balanced disclosure

Wide Bay Australia is in compliance with Principle 5 and full details are available on *www.widebayaust.com.au* under the Corporate Governance section 'ASX & Shareholder Disclosure'.

Principle 6: Respect the rights of shareholders

Wide Bay Australia is in compliance with Principle 6 and full details are available on *www.widebayaust.com.au* under the Corporate Governance section 'ASX & Shareholder Disclosure'.

Principle 7: Recognise and manage risk

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 Chief Financial Officer in accordance with Section 295A of the Corporations Act 2001 have declared in writing to the Board, that the risk management systems and internal controls are operating efficiently and effectively in all material respects in relation to the financial reporting risks and are founded on a sound system of risk management, internal compliance and control which implements the policies of the Board.

Wide Bay Australia is in compliance with Principle 7 and full details are available on *www.widebayaust.com.au* under the Corporate Governance section 'Audit Committee Charter'.

Principle 8: Remunerate fairly and responsibly

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 Committee consisting of the Chairman and Managing Director 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.

The names of the members of the Remuneration Committee and their attendance at meetings is set out in the Directors' Statutory Report.

Wide Bay Australia is in compliance with Principle 8 and full details are available on *www.widebayaust.com.au* under the Corporate Governance section.

Issued Shares

Wide Bay Australia Ltd shares are listed on the Australian Stock Exchange under the code "WBB". The securities are permanent ordinary shares and at the date of this Report there were 29,305,155 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

As at 25 September 2008	No. of Shares	% of Total
Hancock, R E	1,754,075	5.99
Drenwood Pty Ltd / Skipglen Pty Ltd (associated entities & associates)	1,276,910	4.36

Distribution of Shareholders

Permanent Ordinary Shares

As at 25 September 2008

Range	No. of Shareholders
1 - 1,000	1,367
1,001 - 5,000	1,722
5,001 - 10,000	438
10,001 - 100,000	389
100,001 - over	50
Total number of shareholders	3,966

33 shareholders held less than a marketable parcel.

flexibility

List of Top 20 Permanent Shareholders

Permanent Ordinary Shares

As at 25 September 2008

	Name	No. of Shares	%
1	Hancock, RE	880,758	3.01
2	Hancock, RE & LP	835,998	2.85
3	J P Morgan Nominees Australia Ltd	627,323	2.14
4	Drenwood Pty Ltd	517,972	1.76
5	Skipglen Pty Ltd	499,953	1.71
6	Sawyer, K	462,719	1.58
7	ANZ Nominees Limited (Cash Income a/c)	441,637	1.50
8	Sawyer, PJ ATF P Sawyer Family A/c	400,000	1.36
9	Sprake, BR & CL ATF RG Sprake & Co Super A/c	336,011	1.15
10	Olsen, RC	330,520	1.13
11	Wealthcoach Pty Ltd (Sunrise a/c)	310,000	1.06
12	Hestearn Pty Ltd	303,743	1.04
13	Mertan Pty Ltd	300,786	1.03
14	McBride, KG & PA	285,888	0.98
15	Milton Corporation Limited	281,930	0.96
16	Cran, D	264,074	0.90
17	Drenwood Pty Ltd (Protection A/c)	258,985	0.88
18	Greenwich Stud Pty Ltd	215,800	0.74
19	Cockerill, GD & DM ATF Graham Cockerill S/F A/c	214,955	0.73
20	Emmerton DR & CA ATF Warambul Superannuation A/c	207,989	0.71
	Top 20 Permanent Shareholders	**7,977,041**	**27.22**

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 Limited
Level 19, 307 Queen Street, Brisbane, Queensland
telephone 1300 552 270

On-Market Buy Back

There is no on-market buy back.

growth

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
John S Humphrey LLB

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) 4152 3499
email widebay@widebayaust.com.au
website www.widebayaust.com.au

Australian Stock Exchange Code

WBB

Principal Banker

Westpac Banking Corporation

Auditors

Bentleys
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

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

wide bay AUSTRALIA LTD
banking your way

click www.widebayaust.com.au

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

branches directory

QUEENSLAND

Bundaberg & Burnett

- **Head Office**
  Wide Bay Australia House
  16-20 Barolin Street, Bundaberg Qld 4670
  po box 1063, Bundaberg Qld 4670
  phone (07) 4150 4000 fax (07) 4152 3499
- 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 4900 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
- 28 Capper Street, **Gayndah** Qld 4625 *agency*
  phone (07) 4161 1738
- 54 Newton Street, **Monto** Qld 4630 *agency*
  phone (07) 4166 1436 fax (07) 4166 1263

Cairns

- shop 17B Piccones Shopping Village
  159-161 Pease Street, **Manoora** Qld 4870
  po box 265, Manunda Qld 4870
  phone (07) 4032 8500 fax (07) 4053 6853
- shop T117A Raintrees Shopping Centre
  cnr Alfred & Koch Streets, **Manunda** Qld 4870
  po box 265, Manunda Qld 4870
  phone (07) 4032 8800 fax (07) 4032 2988

Townsville

- shop 10 Sunland Plaza
  Hervey's Range Road, **Condon** Qld 4815
  po box 1203, Thurwingowa Central Qld 4817
  phone (07) 4722 7500 fax (07) 4723 2677
- shop 2 Garbutt Shopping Centre
  221 Ingham Road, **Garbutt** Qld 4814
  po box 104, Garbutt East Qld 4814
  phone (07) 4755 7900 fax (07) 4725 2070
- shop 1A Centro Townsville
  cnr Nathan Street & Ross River Road,
  Cranbrook Qld 4814
  po box 610, Aitkenvale BC Qld 4814
  phone (07) 4755 7001 fax (07) 4775 6244

Whitsundays

- shop 11 Whitsunday Shopping Centre
  226 Shute Harbour Road, **Cannonvale** Qld 4802
  po box 728, Cannonvale Qld 4802
  phone (07) 4967 5600 fax 07 4946 6945
- shop 1 Deicke Arcade
  Main Street, **Proserpine** Qld 4800
  po box 426, Proserpine Qld 4800
  phone (07) 4964 6500 fax 07 4945 2138

Fraser Coast

- 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 7100 fax (07) 4121 0882
- 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

Mackay & Sarina

- Wide Bay Australia House
  73 Victoria Street, **Mackay CBD** Qld 4740
  po box 508, Mackay Qld 4740
  phone (07) 4953 7600 fax (07) 4963 0601
- shop 2127 Caneland Central
  cnr Victoria Street & Mangrove Road,
  Mackay CBD Qld 4740
  phone (07) 4953 7200 fax (07) 4951 1958
- 55 Gordon Street, **Mackay** Qld 4740 *agency**
  phone (07) 4953 2666 fax (07) 4944 2082

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

- shop 146B
  Mt Pleasant Greenfields Shopping Centre
  cnr Phillip Street & Bucasia Road,
  Mt Pleasant Qld 4740
  phone (07) 4965 4500 fax (07) 4942 0188
- Fourways Plaza
  Nebo Road, **West Mackay** Qld 4740
  phone (07) 4953 7800 fax (07) 4951 4581
- shop 4 Sarina Beach Road Shopping Centre
  Sarina Beach Road, **Sarina** Qld 4737
  phone (07) 4967 8900 fax (07) 4943 1409

Central Highlands & Coalfields

- Wide Bay Australia House
  50 Borilla Street, **Emerald** Qld 4720 *agency*
  po box 787, Emerald Qld 4720
  phone (07) 4987 8200 fax (07) 4987 7284
- Moranbah Fair Shopping Centre
  St Francis Drive, **Moranbah** Qld 4744
  po box 237, Moranbah Qld 4744
  phone (07) 4967 9500 fax (07) 4941 7378

Rockhampton & Capricorn Coast

- 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, North Rockhampton Qld 4701
  phone (07) 4923 4400 fax (07) 4928 1050
- 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) 4977 9000 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

South East

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

ABN 40 087 652 060 AFSL No. 239686

“the possibility of the future far exceeds the accomplishment of the past”

HENRY DAVID THOREAU / AUTHOR & PHILOSOPHER
1817 > 1862