

# financial statements

for the year ended 30 June 2006



**wide bay**  
A U S T R A L I A L T D  
*banking your way*

# “SUCCESS is the sum of small efforts repeated day in & day out”

ROBERT COLLIER

## income statement

for the year ended 30 June 2006

	Note	CONSOLIDATED		CHIEF ENTITY	
		\$ 2006	\$ 2005	\$ 2006	\$ 2005
Interest revenue	2	<b>108,774,237</b>	96,039,700	<b>107,665,545</b>	94,876,007
Borrowing costs	2	<b>76,772,524</b>	67,091,413	<b>76,489,848</b>	66,822,112
Net interest revenue		<b>32,001,713</b>	28,948,287	<b>31,175,697</b>	28,053,895
Share of profit of associate	11	<b>793,548</b>	-	<b>793,548</b>	-
Other non interest revenue	3	<b>13,839,683</b>	12,685,469	<b>11,429,851</b>	10,777,717
Employee benefits expense		<b>10,466,159</b>	9,543,704	<b>10,256,133</b>	9,354,182
Depreciation expense		<b>1,020,865</b>	823,647	<b>1,007,588</b>	809,959
Amortisation expense		<b>365,745</b>	307,778	<b>365,745</b>	307,778
Occupancy expense		<b>1,301,777</b>	1,153,645	<b>1,276,377</b>	1,153,645
Bad and doubtful debts expense	10	<b>42,737</b>	32,292	<b>3,521</b>	1,593
Other expenses	3	<b>13,226,646</b>	12,211,940	<b>11,276,973</b>	11,475,794
Profit before income tax		<b>20,211,015</b>	17,560,750	<b>19,212,759</b>	15,728,661
Income tax expense	4	<b>5,774,675</b>	5,186,473	<b>4,853,736</b>	4,085,809
Profit after tax from continuing operations		<b>14,436,340</b>	12,374,277	<b>14,359,023</b>	11,642,852
Profit attributable to minority interest		<b>(42,071)</b>	(39,151)		
Net profit attributable to shareholders of the company		<b>14,478,411</b>	12,413,428	<b>14,359,023</b>	11,642,852
<b>Earnings per share</b>					
Basic earnings per share (cents per share)	28	<b>57.47</b>	47.84		
Diluted earnings per share (cents per share)	28	<b>57.94</b>	48.14		

# balance sheet

as at 30 June 2006

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

# cash flow statement

for the year ended 30 June 2006

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

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

# statement of changes in equity

for the year ended 30 June 2006

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

statement of changes in equity for the year ended 30 June 2006 continued

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

# notes to the financial statements

for the year ended 30 June 2006

## note 1 BASIS OF PREPARATION

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

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

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

### a) Principles of consolidation

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

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

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

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

### b) Income tax

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

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

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

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

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

### c) Property, plant & equipment

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

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

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

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

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

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

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

#### **Depreciation**

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

The depreciation periods used for each class of depreciable assets are:

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

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

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

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

#### **d) Leases**

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

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

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

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

#### **e) Financial instruments**

##### **Recognition**

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

##### **Financial assets at fair value through profit and loss**

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

##### **Loans and receivables**

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

##### **Held-to-maturity investments**

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

##### **Available-for-sale financial assets**

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

##### **Financial liabilities**

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

##### **Fair value**

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

##### **Impairment**

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

#### **f) Investments in associates**

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

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

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

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

#### **g) Intangibles**

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

#### **h) Employee benefits**

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

**i) Provisions**

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

**j) Cash and cash equivalents**

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

**k) Goods and Services Tax**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

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

**l) Revenue**

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

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

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

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

**Premium Revenue - Mortgage Risk Management Pty Ltd**

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

**m) Loans and advances - doubtful debts**

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

With respect to the staff share loans, these loans are secured by a lien over the relevant shares and dividends.

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

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

**n) Comparative figures**

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

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

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

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

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

**A Make-good provisions**

The society has operating leases that require the asset to be returned to the lessor in its original condition.

Under AIFRS, a provision for refurbishment costs must be recognised over the period of the lease. At 01 July 2004 a provision of \$20,000 for make-good costs associated with these operating leases was recognised.

**B Taxation**

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

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

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

There were no adjustments to profit before tax under AIFRS

**note 2 INTEREST REVENUE AND INTEREST EXPENSE**

The following tables show the average balance for each of the major categories of interest bearing assets and liabilities, the amount of interest revenue or expense and the average interest rate. Month end averages are used as they are representative of the entity's operations during the period.

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

CONSOLIDATED		CHIEF ENTITY	
\$ 2006	\$ 2005	\$ 2006	\$ 2005

**note 3 PROFIT FROM ORDINARY ACTIVITIES**

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

Profit relating to mortgage insurance activities (also refer Note 1.1)

Premium revenue	3,887,289	2,980,618	-	-
Reinsurance expense	(280,633)	(54,221)	-	-
	<b>3,606,656</b>	<b>2,926,397</b>	<b>-</b>	<b>-</b>

	CONSOLIDATED		CHIEF ENTITY	
	\$	\$	\$	\$
	2006	2005	2006	2005

**note 3 continued**

Included in the profit from ordinary activities are the following revenue items:

Other revenue from ordinary activities

Dividends

Controlled entities	-	-	2,000,000	1,800,000
Other corporations	-	25,000	-	25,000
Fees and commissions	8,524,738	8,225,862	8,524,738	8,225,862
Other revenue	1,708,289	1,508,210	905,113	726,855

	<b>13,839,683</b>	12,685,469	<b>11,429,851</b>	10,777,717
--	-------------------	------------	-------------------	------------

The profit from ordinary activities before income tax is arrived at after charging the following items:

Other expenses from operating activities

Fees and commissions	3,578,314	3,656,840	3,578,314	3,656,840
Provisions for employee entitlements	180,000	95,000	180,000	95,000
General and administration expenses	8,010,434	8,328,710	7,518,659	7,723,954
Underwriting expenses	1,457,898	131,390	-	-

	<b>13,226,646</b>	12,211,940	<b>11,276,973</b>	11,475,794
--	-------------------	------------	-------------------	------------

**note 4 INCOME TAX**

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

**note 5 DIVIDENDS PAID**

Dividends paid during the year

Interim for current year

Fully franked dividend on ordinary shares	5,134,639	3,559,582	5,134,639	3,559,582
Final for previous year				
Fully franked dividend on ordinary shares	4,700,001	3,882,609	4,700,001	3,882,609

	<b>9,834,640</b>	7,442,191	<b>9,834,640</b>	7,442,191
--	------------------	-----------	------------------	-----------

Dividends paid during the year

Fully franked dividends on non-cumulative perpetual resetting convertible preference shares

	2,697,365	2,653,697	2,697,365	2,653,697
	<b>2,697,365</b>	2,653,697	<b>2,697,365</b>	2,653,697

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

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

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

	CONSOLIDATED		CHIEF ENTITY	
	\$ 2006	\$ 2005	\$ 2006	\$ 2005
<b>note 5 continued</b>				
The amount of franking credits available for the subsequent financial year are:				
Balance as at the end of the financial year	3,695,501	3,551,377	3,541,492	3,455,825
Credits that will arise from the payment of income tax payable per the financial statements	2,224,496	1,746,595	1,300,811	922,129
Debits that will arise from the payment of the proposed dividend	(2,332,593)	(2,014,286)	(2,332,593)	(2,014,286)
	<b>3,587,404</b>	<b>3,283,686</b>	<b>2,509,710</b>	<b>2,363,668</b>
Dividends - cents per share				
Dividend proposed				
Fully franked dividend on ordinary shares	26.5	23.0	26.5	23.0
Interim dividend paid during the year				
Fully franked dividend on ordinary shares	25.0	19.0	25.0	19.0
Fully franked dividends on non-cumulative perpetual resetting convertible preference shares	803.0	790.0	803.0	790.0
Final dividend paid for the previous year				
Fully franked dividend on ordinary shares	23.0	17.5	23.0	17.5
<b>note 6 CASH AND CASH EQUIVALENTS</b>				
Cash on hand and at banks	11,522,539	10,150,631	11,448,267	10,091,632
Deposits on call	48,950,000	33,250,000	31,700,000	18,000,000
	<b>60,472,539</b>	<b>43,400,631</b>	<b>43,148,267</b>	<b>28,091,632</b>
<b>note 7 DUE FROM OTHER FINANCIAL INSTITUTIONS</b>				
Deposits with SSP's	2,159,331	1,835,309	2,159,331	1,835,309
Subordinated loans	124,585	124,585	124,585	124,585
	<b>2,283,916</b>	<b>1,959,894</b>	<b>2,283,916</b>	<b>1,959,894</b>
Maturity analysis				
No maturity specified	2,283,916	1,959,894	2,283,916	1,959,894
<b>note 8 ACCRUED RECEIVABLES</b>				
Interest receivable	1,240,628	1,079,575	1,136,997	978,766
Other	6,724,125	7,591,984	6,361,111	7,161,790
	<b>7,964,753</b>	<b>8,671,559</b>	<b>7,498,108</b>	<b>8,140,556</b>
<b>note 9 INVESTMENT SECURITIES</b>				
Bills of exchange and promissory notes	68,674,069	73,837,021	68,674,069	73,837,021
Certificates of deposit	15,906,379	23,799,862	15,906,379	23,799,862
Notes - Securitisation program & other	32,711,185	38,362,020	29,261,919	33,254,215
	<b>117,291,633</b>	<b>135,998,903</b>	<b>113,842,367</b>	<b>130,891,098</b>
Maturity analysis				
Up to 3 months	84,580,448	97,636,883	84,580,448	97,636,883
Later than 5 years	32,711,185	38,362,020	29,261,919	33,254,215
	<b>117,291,633</b>	<b>135,998,903</b>	<b>113,842,367</b>	<b>130,891,098</b>

	CONSOLIDATED		CHIEF ENTITY	
	\$ 2006	\$ 2005	\$ 2006	\$ 2005
<b>note 10 LOANS AND ADVANCES</b>				
Term loans	1,163,583,145	1,108,958,181	1,163,583,145	1,108,958,181
Loan to controlled entity	-	-	3,477,214	974,047
Other commercial loan	261,120	282,621	261,120	282,621
Continuing credit loans	256,480,348	202,596,970	256,480,348	202,596,970
Leases receivable	5,229,980	5,036,525	-	-
	<b>1,425,554,593</b>	<b>1,316,874,927</b>	<b>1,423,801,827</b>	<b>1,312,811,819</b>
Provision for impairment	(58,393)	(50,894)	(12,160)	(8,639)
Total loans	<b>1,425,496,200</b>	<b>1,316,823,403</b>	<b>1,423,789,667</b>	<b>1,312,803,180</b>
Provision for impairment				
Specific provision				
Opening balance	(50,894)	(23,184)	(8,639)	(7,046)
Bad and doubtful debts provided for during the year	(7,499)	(27,710)	(3,521)	(1,593)
Total provision for impairment	<b>(58,393)</b>	<b>(50,894)</b>	<b>(12,160)</b>	<b>(8,639)</b>
Charge to profit and loss for bad and doubtful debts comprises:				
Specific provision	(7,499)	(27,710)	(3,521)	(1,593)
Bad debts recognised directly	(35,238)	(4,582)	-	-
	<b>(42,737)</b>	<b>(32,292)</b>	<b>(3,521)</b>	<b>(1,593)</b>

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

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

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

#### Maturity analysis

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

#### 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

Unlisted shares - at Directors' valuation 2006	164,246	126,761	164,246	164,246
Controlled entities - at cost	-	-	10,721,041	10,221,041
Investment in associate	6,768,164	-	6,768,164	-
Interest in joint venture - at cost	15,000	15,000	15,000	15,000
	<b>6,947,410</b>	<b>141,761</b>	<b>17,668,451</b>	<b>10,400,287</b>

CONSOLIDATED		CHIEF ENTITY	
\$	\$	\$	\$
2006	2005	2006	2005

note 11 continued

Investment in controlled entities comprises:

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

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

**Controlled entities**

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

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

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

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

The society has entered into a joint venture with Tamsu Pty Ltd as trustee for the FT(WBC)Unit Discretionary Trust to establish a vehicle for the provision of financial planning and services. The company, Wide Bay Australia Financial Planning Services Pty Ltd, is a 50/50 structure and acts as an authorised representative of an Australian Financial Services licence holder.

**Investment accounted for using the equity method**

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

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

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

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

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

	\$ 2006	\$ 2005		\$ 2006	\$ 2005
Share of associate's balance sheet:			Share of associate's revenue and profit:		
Current Assets	429,249	-	Revenue	2,378,885	-
Non-current assets	464,621	-	Profit before income tax	1,195,776	-
Current Liabilities	(441,000)	-	Income tax	(402,228)	-
Non-current liabilities	-	-	Profit after income tax	793,548	-
Net Assets	452,870	-			

	CONSOLIDATED		CHIEF ENTITY	
	\$ 2006	\$ 2005	\$ 2006	\$ 2005
<b>note 12 PROPERTY, PLANT AND EQUIPMENT</b>				
Freehold land and buildings				
At independent valuation - June 2006	12,065,000	8,180,000	12,065,000	8,180,000
Provision for depreciation	-	310,353	-	310,353
	<b>12,065,000</b>	<b>7,869,647</b>	<b>12,065,000</b>	<b>7,869,647</b>
Movement in carrying amount				
Carrying amount at beginning of year	7,869,647	8,025,597	7,869,647	8,025,597
Depreciation	154,263	155,950	154,263	155,950
Sale of property at 124 East Street, Rockhampton	341,563	-	341,563	-
Revaluation increment (net)	4,691,179	-	4,691,179	-
Carrying amount at end of year	<b>12,065,000</b>	<b>7,869,647</b>	<b>12,065,000</b>	<b>7,869,647</b>
Plant and equipment				
At cost	18,030,474	15,689,085	17,935,406	15,594,508
Provision for depreciation	12,938,787	11,771,440	12,857,391	11,703,321
	<b>5,091,687</b>	<b>3,917,645</b>	<b>5,078,015</b>	<b>3,891,187</b>
Movement in carrying amount				
Carrying amount at beginning of year	3,917,645	3,274,357	3,891,187	3,234,400
Additions	2,406,390	1,618,763	2,405,899	1,618,574
Depreciation	1,232,348	975,475	1,219,071	961,787
Carrying amount at end of year	<b>5,091,687</b>	<b>3,917,645</b>	<b>5,078,015</b>	<b>3,891,187</b>
	<b>17,156,687</b>	<b>11,787,292</b>	<b>17,143,015</b>	<b>11,760,834</b>
Land and buildings were all revalued as at 30 June 2006 by independent registered valuers: Rod Noakes AAPI, Anthony Carter AAPI and Paul Caspers AAPI of Alex J Saunders Valuations Pty Ltd The valuations were based on current market values. The society's policy is to revalue freehold land and buildings every three years.				
<b>note 13 DEFERRED TAX ASSETS</b>				
Deferred tax assets relating to temporary differences	767,116	601,787	373,588	286,775
<b>note 14 OTHER ASSETS</b>				
Prepayments	6,739,386	5,610,479	4,191,244	4,190,889
	<b>6,739,386</b>	<b>5,610,479</b>	<b>4,191,244</b>	<b>4,190,889</b>
<b>note 15 DEPOSITS AND SHORT TERM BORROWINGS</b>				
Call deposits	289,038,222	249,580,153	290,620,465	251,519,613
Term deposits	472,821,721	452,143,098	472,821,721	452,143,098
	<b>761,859,943</b>	<b>701,723,251</b>	<b>763,442,186</b>	<b>703,662,711</b>
Maturity analysis				
On call	204,041,271	249,580,153	205,623,514	251,519,613
Up to 3 months	386,367,606	290,301,930	386,367,606	290,301,930
From 3 to 12 months	166,230,932	152,272,277	166,230,932	152,272,277
From 1 to 5 years	5,220,134	9,568,891	5,220,134	9,568,891
	<b>761,859,943</b>	<b>701,723,251</b>	<b>763,442,186</b>	<b>703,662,711</b>

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

	CONSOLIDATED		CHIEF ENTITY	
	\$ 2006	\$ 2005	\$ 2006	\$ 2005
<b>note 16 DUE TO OTHER FINANCIAL INSTITUTIONS</b>				
Secured loans	2,957,326	65,222,251	-	60,000,000
Maturity analysis				
Up to 3 months	-	60,000,000	-	60,000,000
From 1 to 5 years	2,957,326	5,222,251	-	-
	<b>2,957,326</b>	<b>65,222,251</b>	<b>-</b>	<b>60,000,000</b>

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

**note 17 PAYABLES AND OTHER LIABILITIES**

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

**note 18 DEFERRED INCOME TAX LIABILITIES**

Provision for taxation	2,523,196	1,746,595	1,509,141	922,129
Deferred taxation	2,308,982	1,038,878	2,308,982	1,038,878
	<b>4,832,178</b>	<b>2,785,473</b>	<b>3,818,123</b>	<b>1,961,007</b>

**note 19 PROVISIONS**

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

**note 20 SUBORDINATED CAPITAL NOTES**

Inscribed debenture stock	10,000,000	10,000,000	10,000,000	10,000,000
Maturity analysis				
Up to 3 months	10,000,000	10,000,000	10,000,000	10,000,000

**note 21 CONTRIBUTED EQUITY**

Fully paid ordinary shares

All ordinary shares have equal voting, dividend and capital repayment rights.

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

**Staff share plan**

18 November 2005 - 103,765 ordinary shares were issued. Shares issued pursuant to the society's staff share plan were at a price of 90% of the weighted average price of the society's shares traded on the Australian Stock Exchange for the 10 days prior to the issue of the invitation to subscribe for the shares.

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

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

**Non-cumulative Perpetual Resetting Convertible Preference shares**

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

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

The principal terms applicable to these shares are as follows:

**Dividends**

Dividends are non-cumulative.

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

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

note 21 continued

- c) the society being in compliance with APRA's prevailing prudential standards and guidelines (unless otherwise agreed by APRA) at the time of declaration of the dividend; and
- d) at the time of the declaration of the dividend, APRA not having announced or issued to the society any objection to the dividend payment or not having stated that if the dividend is paid the RCP shares will cease to be treated as Tier 1 or Upper Tier 2 Capital.

**Ranking**

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

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

**Voting rights**

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

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

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

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

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

note 22 RESERVES

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

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

Statutory reserve - Building Societies Fund Act 1993

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

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

	CONSOLIDATED		CHIEF ENTITY	
	\$ 2006	\$ 2005	\$ 2006	\$ 2005
<b>note 22 continued</b>				
General reserve				
Balance at end of year	<b>5,833,939</b>	5,833,939	<b>5,833,939</b>	5,833,939
<i>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.</i>				
Doubtful debts reserve				
Balance at end of year	<b>1,929,283</b>	1,929,283	<b>1,929,283</b>	1,929,283
<i>Under APRA Harmonised Standards the society is required to establish a general reserve for doubtful debts. The amount is generally up to 0.5% of Risk Weighted Assets.</i>				
Total Reserves	<b>14,480,537</b>	11,256,869	<b>14,480,537</b>	11,256,869

**note 23 OUTSIDE EQUITY INTEREST**

Reconciliation of outside equity interest in controlled entities:

Opening balance	<b>(457,978)</b>	(418,827)
Share of operating (profit)/loss	<b>35,699</b>	(39,151)
Closing balance	<b>(422,279)</b>	(457,978)

**note 24 CASH FLOW STATEMENT**

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

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

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

- Deposits to and withdrawals from customer deposit accounts.
- Advances and repayments on loans, advances and other receivables.
- Sales and purchases of investment securities.
- Insurance and reinsurance premiums.
- (Profit)/Loss on disposal of fixed assets.

	CONSOLIDATED		CHIEF ENTITY	
	\$	\$	\$	\$
	2006	2005	2006	2005

**note 25 EXPENDITURE COMMITMENTS**

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

**note 26 EMPLOYEE ENTITLEMENTS AND SUPERANNUATION COMMITMENTS**

Employee entitlements				
The aggregate employment entitlement liability is comprised of:				
Provisions - (note 19)	<b>1,435,914</b>	1,264,577	<b>1,435,914</b>	1,264,577

**note 27 CONTINGENT LIABILITIES AND CREDIT COMMITMENTS**

Approved but undrawn loans	<b>61,411,844</b>	73,108,629	<b>61,306,986</b>	73,063,929
Approved but undrawn credit limits	<b>63,212,306</b>	46,790,123	<b>63,212,306</b>	46,790,123
	<b>124,624,150</b>	119,898,752	<b>124,519,292</b>	119,854,052

**note 28 EARNINGS PER SHARE**

Basic earnings per share (cents per share)	<b>57.47</b>	47.84		
Diluted earnings per share (cents per share)	<b>57.94</b>	48.14		
Information relating to the calculation of the earnings per share is as follows:				
Calculation of numerator				
Net profit attributable to shareholders	<b>14,478,411</b>	12,413,428	<b>14,478,411</b>	12,413,428
Less dividends paid on preference shares	<b>2,697,365</b>	2,653,697	-	-
Numerator	<b>11,781,046</b>	9,759,731	<b>14,478,411</b>	12,413,428
Weighted average number of shares				
Ordinary shares	<b>20,498,754</b>	20,400,934	<b>20,498,754</b>	20,400,934
Potential ordinary shares	-	-	<b>4,488,232</b>	5,382,623
Total weighted average ordinary shares	<b>20,498,754</b>	20,400,934	<b>24,986,986</b>	<b>25,783,557</b>

**note 29 KEY MANAGEMENT PERSONNEL AND RELATED PARTY DISCLOSURES**

**a) Details of key management personnel**

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

**i) Directors**

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

**ii) Executives**

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

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

**b) Key management personnel compensation**

Remuneration for the year ended 30 June 2006

	CONSOLIDATED		CHIEF ENTITY	
	\$ 2006	\$ 2005	\$ 2006	\$ 2005
Short term employee benefits	1,857,316	1,552,977	1,857,316	1,552,977
Post employment benefits	212,937	278,396	212,937	278,396
Termination benefits	-	-	-	-
Share based payments	-	-	-	-
Other long term benefits	-	-	-	-
	<b>2,070,253</b>	<b>1,831,373</b>	<b>2,070,253</b>	<b>1,831,373</b>

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

**c) Loans to key management personnel**

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

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

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

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

  

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

note 29 continued

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

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

d) Equity holdings and transactions

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

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

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

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

e) Other key management personnel transactions

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

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

L R Hancock, a related party by virtue of being a brother of R E Hancock, was a partner of McCullough Robertson Hancock, Solicitors until 31 January 2005.

Up to this date, the society paid fees to McCullough Robertson Hancock, predominantly for the preparation of mortgage documentation in addition to general professional advice aggregating:

L R Hancock became a partner in BCI Law on 1 February 2005. From this date, the society paid fees to BCI Law for professional advice aggregating:

CONSOLIDATED		CHIEF ENTITY	
\$ 2006	\$ 2005	\$ 2006	\$ 2005
-	218,709	-	200,314
<b>14,412</b>	<b>45,791</b>	<b>14,412</b>	<b>45,791</b>

CONSOLIDATED		CHIEF ENTITY	
\$	\$	\$	\$
2006	2005	2006	2005

**note 30 REMUNERATION OF AUDITORS**

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

An audit or review of the financial statements of the entity and any other entity in the economic entity	96,658	78,510	96,658	78,510
Other services	13,093	32,338	12,000	28,163
	<b>109,751</b>	<b>110,848</b>	<b>108,658</b>	<b>106,673</b>

**note 31 EVENTS SUBSEQUENT TO BALANCE DATE**

**Takeover bid for Pioneer Permanent Building Society Limited**

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

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

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

**note 32 BUSINESS AND GEOGRAPHICAL SEGMENT INFORMATION**

The society operates predominantly in one industry. The principal activities of the society are confined to the raising of funds and the provision of finance for housing.

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

**note 33 CONCENTRATION OF ASSETS AND LIABILITIES AND OFF BALANCE SHEET ITEMS**

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

**note 34 FINANCIAL INSTRUMENTS**

**Terms, conditions and accounting policies**

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

Recognised Financial Instrument	Notes to Accounts	Accounting Policies	Terms and Conditions
<b>Financial assets</b>			
Short term deposits	6 7	Short term deposits are stated at the lower of cost and net realisable values. Interest is recognised when earned.	Short term deposits have an effective interest rate of 6.04% (2005 - 6.01%)
Accrued Receivables	8	Amounts receivable are recorded at their recoverable amount.	
Bills of exchange and promissory notes	9	Bills of exchange and promissory notes are stated at the lower of cost and net realisable value.	Bills of exchange and promissory notes have an effective interest rate of 5.80% (2005 - 5.66%)
Certificates of deposit	9	Certificates of deposit are carried at cost. Interest revenue is recognised when earned.	Certificates of deposit have an effective interest rate of 4.68% (2005 - 4.63%)

note 34 continued

Recognised Financial Instrument	Notes to Accounts	Accounting Policies	Terms and Conditions
Financial assets continued			
Notes	9	Notes are carried at the principal amount.	These notes are an overcover required as part of the securitisation of loans. They have an effective interest rate of 6.48% (2005 - 6.54%)
Loans and advances	10	Loan interest is calculated on the closing daily outstanding balance and is charged in arrears to the customer's account on a monthly basis. Loans and advances are recorded at their recoverable amount.	The majority of new mortgage loans approved, in particular in excess of 75% LVR, are protected with either one of the recognised mortgage insurers or through the society's wholly owned subsidiary Mortgage Risk Management Pty Ltd, an approved lenders mortgage insurer, and are secured by first mortgage over residential property. Loans made for the purchase of staff shares are secured by the shares themselves. The loan to subsidiary is secured by a fixed and floating charge over all property, assets and rights of the subsidiary. Certain of the society's loans have been securitised and continue to be managed by the society. Further details are disclosed in note 10. The securitisation notes have a maturity period of greater than 30 years. The securitisation notes are eligible for repayment once the balance of the trust falls below 10% of the invested amount. Interest paid to the note holders is repriced on a monthly basis.

**Financial liabilities**

Deposits	15	Deposits are recorded at the principal amount.	Details of maturity of the deposits are set out in note 15. Interest is calculated on the daily balance.
Due to other financial institutions	16	The borrowings are carried at the principal amount. Interest is charged as an expense as it accrues.	The borrowings of the chief entity are secured by charges held over registered mortgage documents.
Payables and other liabilities	17	Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the economic entity.	Trade creditors are normally settled on 30 day terms.
Dividends payable	5	Dividends payable are recognised when declared by the company.	Details of the final dividend declared by the company for the financial year ended 30 June 2006 are disclosed in note 5.
Subordinated capital notes	20	The subordinated capital notes are inscribed debenture stock.	These notes are issued for an initial period of 5 years and thereafter can be redeemed on an annual basis until the final redemption date of 10 years.

**Derivatives**

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

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

note 34 continued

### Interest rate risk

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

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

### Interest Rate Risk Exposure

Interest rate risk is managed by -

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

note 34 continued

**Net fair values**

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

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

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

**Cash and cash equivalents**

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

**Due from other financial institutions**

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

**Accrued receivables**

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

**Investment securities**

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

**Loans and advances**

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

**Other investments**

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

**Other assets**

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

note 34 continued

**Deposits and short term borrowings**

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

**Due to other financial institutions**

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

**Payables and other liabilities**

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

**Securitised loans**

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

**Provisions**

The carrying amount approximates fair value.

**Subordinated capital notes**

The carrying amount approximates fair value.

**Credit risk exposure**

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

**Concentration of credit risk**

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

Credit risk in loans receivable is managed by protecting the majority of new mortgage loans, particularly in excess of 75 % LVR, with either one of the recognised mortgage insurers or through the society's wholly owned subsidiary Mortgage Risk Management Pty Ltd, an approved lenders mortgage insurer, and by securing the loans by first mortgages over residential property.

## directors' declaration

- 1 In the opinion of the Directors of Wide Bay Australia Ltd ("the Company"):
  - a) the financial statements and notes and the remuneration disclosures that are contained in the Remuneration Report are in accordance with the Corporations Act 2001, including:
    - i) giving a true and fair view of the financial position of the Company and consolidated entity as at 30 June 2006 and of their performance, as represented by the results of their operations and their cash flows, for the year ended on that date; and
    - ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and
  - b) the audited remuneration disclosures that are contained in the Remuneration Report in the Directors' Report comply with Australian Accounting Standard AASB 124 Related Party Disclosures
  - c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

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

Signed in accordance with a resolution of the Directors.



**R E Hancock**  
Director

12 September 2006  
Bundaberg



**J F Pressler**  
Director

## independent audit report to the members of Wide Bay Australia Ltd

for the year ended 30 June 2006

### Scope

#### The financial report, remuneration disclosures and directors' responsibilities

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

The company has disclosed information about the remuneration of directors and executives ("remuneration disclosures"), as required by Accounting Standard AASB 124 "Related Party Disclosures", under the heading of "Remuneration Disclosures" on pages 32 and 33 in the Directors' Statutory Report and not in the financial report and as permitted by the Corporations Regulations 2001.

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

## Audit Approach

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

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

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

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

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

## Independence

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

## Audit Opinion

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

- a) the Corporations Act 2001, including:
  - i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2006 and of their performance for the year ended on that date; and
  - ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and
- b) other mandatory professional reporting requirements in Australia; and
- c) the remuneration disclosures that are contained on pages 32 and 33 in the Directors' Statutory Report comply with Accounting Standard AASB 124 and the Corporations Regulations 2001.



**BENTLEYS MRI**  
**Brisbane Partnership**  
**Chartered Accountants**



**R J Forbes**  
**Partner**

12 September 2006  
Brisbane

# directors' statutory report

## Review and Results of Operations

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

## Principal Activities and Significant Changes

There have been no significant changes in the principal activities of the society during the financial year, which is the provision of banking facilities and financial services, including the raising of funds on deposits and the provision of housing finance over mortgages secured by residential property.

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

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

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

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

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

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

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

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

## Likely Developments

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

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

## Business Strategies and Prospects For Future Financial Years

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

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

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

## Dividends

### Ordinary Shares

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

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

### Resetting Convertible Preference (RCP) Shares

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

## Directors

The Directors of the society in office during this period:

### Mr John H Fell FCA, FAICD, FIFS

Mr Fell was a director and secretary of the Gympie and North Coast Building Society from 1976 until merger with the society in 1981. He is Chairman of Mortgage Risk Management Pty Ltd and a member of the Audit Committee. He was a practising Chartered Accountant for many years and is a member of the Institute of Chartered Accountants. Mr Fell is an independent director and is aged 56.

### Mr Ronald E Hancock FCA, FAICD, FIFS

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

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

### Mr John F Pressler OAM, FAICD, FIFS

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

### Mr Peter J Sawyer FCA, FAICD, FIFS

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

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

### Mrs Frances M McLeod AIFS

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

Mrs McLeod is an executive director and is aged 48.

## Company Secretary

### Mr William R Schafer B.Com CA

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

## Directors' Meetings

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

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

## Directors' Shareholdings

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

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

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

## Related Party Disclosure

No Directors have during or since the end of the financial year received or become entitled to receive a benefit by reason of a contract made by the society.

## Remuneration Report

The fees payable for non-executive directors are determined with reference to Industry Standards, the size of the society, performance and profitability. The Directors' fees are approved by the shareholders at the Annual General Meeting in the aggregate and the individual allocation is approved by the Board.

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

Remuneration of senior executives and other executive directors is subject to the Remuneration Panel and ratified by the Board. Relevant remuneration is based on the individual's performance throughout the year, the duties and responsibilities undertaken and is set so as to reflect the remuneration commensurate with the market place, given those duties and performances.

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

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

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

### Indemnities and Insurance Premiums for Officers and Auditors

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

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

### Non-Audit Services

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

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

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

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

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

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

## auditor's independence declaration

under Section 307C of the Corporations Act 2001

### to the directors of Wide Bay Australia Ltd

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

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



**BENTLEYS MRI**  
**Brisbane Partnership**  
**Chartered Accountants**

12 September 2006  
Brisbane



**R J Forbes**  
**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**  
**Director**

12 September 2006  
Bundaberg



**J F Pressler**  
**Director**

## Corporate Governance Practices

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

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

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

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

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

## Issued Shares

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

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

## Voting Rights of Shareholders

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

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

- a) if at the time of the meeting, a Dividend (or part of a Dividend) in respect of RCP Shares has been declared but has not been paid in full by the relevant Dividend Payment Date;
- b) on any proposal to reduce the capital of Wide Bay Australia;
- c) on any resolution to approve the terms of a buy-back agreement;
- d) on any proposal that affects the rights or privileges attaching to the RCP Shares;
- e) on any proposal to wind-up Wide Bay Australia;
- f) on any proposal for the disposal of the whole of Wide Bay Australia's business, undertaking and assets;
- g) during the winding-up of Wide Bay Australia; and
- h) in any other circumstance in relation to which, at any time, the ASX Listing Rules require the holders of the RCP Shares to be entitled to vote,

in which case a holder of RCP Shares has the same rights as to manner of attendance and as to voting in respect of each RCP Share as those conferred on ordinary shareholders in respect of each Ordinary Share.

## Substantial Shareholders

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

### Permanent Ordinary Shares

As at 7 September 2006	No. of Shares	% of Total
Hancock, R E	1,663,265	8.10
Drenwood Pty Ltd/Skipglen Pty Ltd (associated entities & associates)	1,276,910	6.22

## Distribution of Shareholders

### Permanent Ordinary Shares

As at 7 September 2006

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

10 shareholders held less than a marketable parcel.

### Resetting Convertible Preference Shares

As at 7 September 2006

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

## List of Top 20 Permanent Shareholders

### Permanent Ordinary Shares

As at 7 September 2006

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

### Registered Office

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

### Secretary

The Secretary is Mr William Ray Schafer.

**Resetting Convertible Preference Shares**

As at 7 September 2006

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

**Share Register**

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

**On-Market Buy Back**

There is no on-market buy back.