

RELEASE TO AUSTRALIAN STOCK EXCHANGE LIMITED

9 August 2007

Wide Bay Australia announces another record profit

Wide Bay Australia Ltd today announced a net profit after tax of \$16.2 million for the year ended 30 June 2007, an increase of 11.8% on 2006.

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

“This is a pleasing result in a very competitive market”, Wide Bay Managing Director Ron Hancock said today. “We are particularly pleased that this record result was broadly based across all of Wide Bay’s operations,” he said.

Wide Bay’s 100% owned captive mortgage insurer, Mortgage Risk Management, and its 25% interest in Financial Technology Securities were singled out for their contributions.

Mortgage Risk Management, which is reinsured through the “AA” rated Radian Insurance Inc generated net profit after tax of \$2.2 million. Financial Technology Securities, which is 25% owned by Wide Bay, 25% owned by Aviva and 50% owned by staff, also generated excellent returns on invested capital.

“Our traditional banking operations also performed well with loans increasing by 8.6% to \$1.5 billion,” Mr Hancock said.

The increase in size of the loan book was coupled with an improvement in operational efficiency with Wide Bay’s cost to income ratio now the lowest among building societies and smaller banks at 53.6%, down from 56.7% in 2006.

A snapshot of the key indicators for the year is set out below:

Year ended	<u>2006</u>	<u>2007</u>	
Net profit after tax	\$14.5m	\$16.2m	↑ 11.8%
Earnings per share	57.5¢	64.4¢	↑ 12.1%
Ordinary dividends	51.5¢	60.0¢	↑ 16.5%
Loans portfolio	\$1.4bn	\$1.5bn	↑ 8.6%
Total assets	\$1.6bn	\$1.7bn	↑ 5.2%
Shareholders’ equity	\$88.4m	\$92.4m	↑ 4.6%
Cost to income ratio	56.7%	53.6%	↓ 3.1%

Loans approved for the year were \$485 million up 16.3% on the previous year. Wide Bay has no exposure to sub prime or low document loans. Commercial loans and margin loans for managed funds had been developed during the year.

Wide Bay's capital adequacy as at 30 June 2007 stood at 13.85%, well above APRA requirement.

During the year two new branches were opened at Gympie and Robina on the Gold Coast.

Mr Hancock said it was envisaged that 2007/2008 results would maintain solid growth consistent with trends of previous years.

MPBS acquisition proposal

On 24 July 2007, Wide Bay announced a proposal whereby it would acquire Mackay Permanent Building Society Ltd ("MPBS") by way of a scheme of arrangement.

Mr Hancock said the approach was driven by the compelling logic of bringing the two companies together.

"The combination of Wide Bay with MPBS would enhance our position as the largest financial institution based in fast-growing Wide Bay, Central and North Queensland," he said. "Further, given our similar origins, histories and philosophies, we believe there is a strong cultural fit between Wide Bay and MPBS".

Under the proposal, Wide Bay would offer to MPBS shareholders for each MPBS ordinary share that they own:

- (a) \$7.20 cash plus a fully franked dividend of \$0.80, meaning MPBS shareholders would receive \$8.00 cash per ordinary share; or
- (b) 0.60 of a Wide Bay share (or three Wide Bay shares for every five MPBS shares) plus a fully franked dividend of \$0.80.

The value of the franking credits attaching to the proposed dividend would be approximately \$0.34 per MPBS share, further enhancing the value of Wide Bay's offer.

Based on Wide Bay's share price at 2.00 p.m. on 9 August 2007 of \$13.25, the value of Wide Bay's scrip alternative, including the MPBS dividend, is \$8.75. Assuming the franking credit can be utilised, the value of this alternative would increase to \$9.09 per share.

"The Wide Bay share alternative would provide Mackay Permanent shareholders the opportunity to participate in a significantly larger and more diversified entity and to benefit from the future synergies resulting from the proposed acquisition," Mr Hancock said.

Mackay Permanent shareholders may also potentially receive Capital Gains Tax roll-over relief to the extent they elect to receive Wide Bay shares as part of the offer consideration.

"We are offering a full price and our soundings of MPBS shareholders would support this view," Mr Hancock said. "Wide Bay has acquired a relevant interest of 15.65% in MPBS from a number of prominent shareholders who have confirmed they would like to receive Wide Bay's proposal. We anticipate the views of these shareholders will be representative of the views of the vast majority of MPBS shareholders."

The proposed offer is expected to be EPS accretive for Wide Bay in the current financial year.

Wide Bay's proposal assumes Mackay Permanent's converting preference shares will convert into ordinary shares during the course of any transaction, thereby enabling converting preference shareholders to participate in the proposed transaction.

Discussions are continuing between the Boards of both companies and Wide Bay is hopeful that a merger implementation agreement will be negotiated and executed shortly.

For more information:

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Wide Bay Australia Ltd

2007 Preliminary Final Report

9 August 2007

Result highlights

- ✓ Record net profit after tax of \$16.2 million
- ✓ Continuing double digit EPS growth
- ✓ 16.5% increase in ordinary dividends to \$0.60 per share
- ✓ Most efficient building society in Australia – cost to income ratio of 53.6%
- ✓ Increasing contribution from non-banking operations
- ✓ Sound credit quality – no exposure to sub prime or low doc loans
- ✓ Limited broker business – 8% of total approvals in 2007

real people - real service

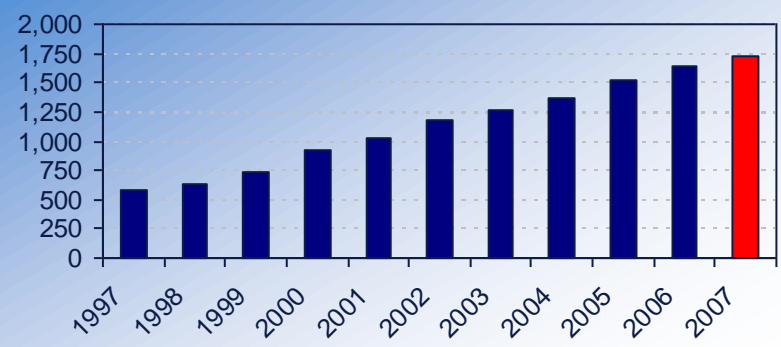
Strong financial performance

	<u>2006</u>	<u>2007</u>	
Net profit after tax	\$14.5m	\$16.2m	↑ 11.8%
Earnings per share	57.5¢	64.4¢	↑ 12.1%
Ordinary dividends	51.5¢	60.0¢	↑ 16.5%
Loans portfolio	\$1.4bn	\$1.5bn	↑ 8.6%
Total assets	\$1.6bn	\$1.7bn	↑ 5.2%
Shareholders' equity	\$88.4m	\$92.4m	↑ 4.6%
Cost to income ratio	56.7%	53.6%	↓ 3.1%

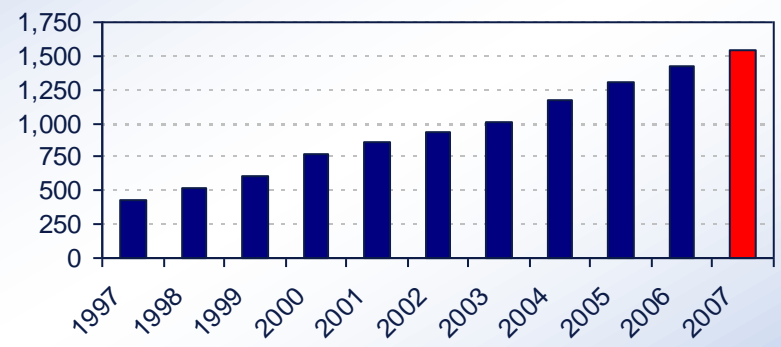
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A track record of growth

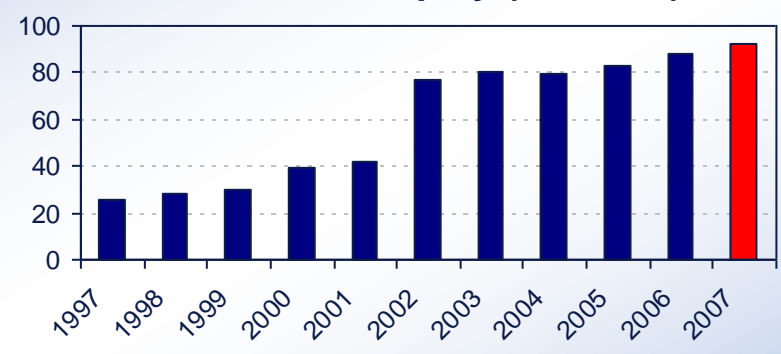
Total Assets (\$ million)



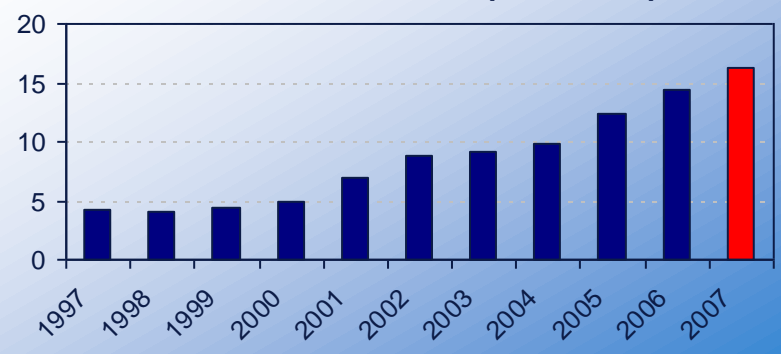
Loans Portfolio (\$ million)



Shareholders' Equity (\$ million)



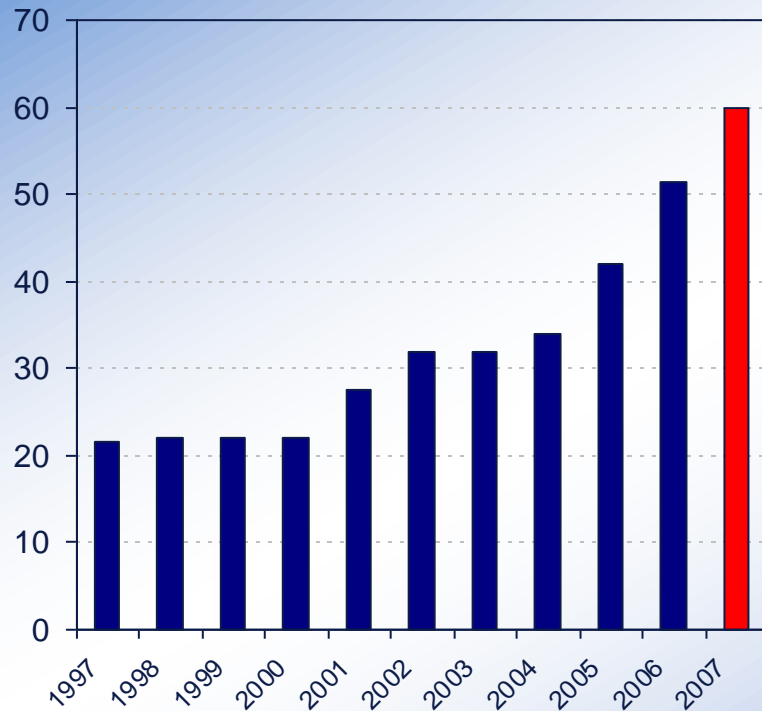
Net Profit After Tax (\$ million)



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Increasing returns for shareholders

Fully Franked Dividends (cents per share)



Share Price History



Strategic rationale for proposed acquisition of MPBS

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- ✓ Potential value enhancement for shareholders of both Wide Bay and MPBS
- ✓ Larger distribution capability with a focus on fast-growing Central and North Qld
 - ✓ 45 branches (before closures)
 - ✓ 18 agencies
 - ✓ 55 ATMs
- ✓ Increased financial and operational scale coupled with a low cost base
- ✓ Complementary businesses, philosophies and origins
 - ✓ Minimal branch overlap
 - ✓ Customer service ethos
 - ✓ Significant contributors / participants in local communities
 - ✓ Same back office computer systems
 - ✓ Conservative approach to credit including no sub prime lending
- ✓ Enhanced employment opportunities following integration

Proposed offer consideration

- Proposed offer consideration
 - \$0.80 per share special fully franked dividend to be paid by MPBS
 - Attaching franking credits of approximately \$0.34 per share
 - plus either
 - \$7.20 per MPBS share in cash, or
 - 0.60 Wide Bay shares per MPBS share
- Implied value of proposed offer (excluding franking credits)
 - Cash alternative: \$8.00 per share
 - Scrip alternative*: \$8.75 per share
- Implied value of proposed offer (assuming franking credits can be utilised)
 - Cash alternative: \$8.34 per share
 - Scrip alternative*: \$9.09 per share

Note*: Based on Wide Bay share price of \$13.25 at 2.00 p.m. on 9 August 2007

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Side-by-side comparison with MPBS – 2006⁽¹⁾

		Wide Bay	MPBS
Market capitalisation ⁽²⁾	A\$m	300.0	43.1
Branches ⁽³⁾		31	12
2006 Net profit after tax	A\$m	14.5	1.7
3 year CAGR ⁽⁴⁾ in NPAT	%	16.3	3.7
Ordinary dividends	cps	51.5	23.0
3 year dividend growth	%	60.9	17.9
Ordinary dividend payout ratio	%	89.6	77.0
Dividend yield ⁽⁵⁾	%	4.3	3.3
Cost to income ratio	%	56.7	78.7

- Notes: (1) As MPBS has not yet released its 2007 results, this side-by-side analysis has been undertaken using 2006 data
(2) As at 18 July 2007, immediately prior to Wide Bay acquiring shares in MPBS
(3) MPBS announced on 2 August 2007 that it will be opening two additional branches in Cairns
(4) CAGR = compound annual growth rate
(5) Dividend yield based on share prices as at 18 July 2007

Status of discussions with MPBS

- ✓ Wide Bay acquired a relevant interest in MPBS of 15.65% on 23 July 2007
- ✓ Wide Bay acquisition proposal announced on 24 July 2007
- ✓ Wide Bay Board met three MPBS directors, CEO and advisers on 1 August 2007
- ✓ MPBS announced a “review of strategic options” on 2 August 2007
- ✓ Wide Bay sent draft Merger Implementation Agreement (“MIA”) to MPBS on 3 August
- ✓ Discussions continuing with MPBS

Wide Bay Australia Ltd

2007 Preliminary Final Report

9 August 2007

Appendix 4E

Preliminary final report

Name of entity

WIDE BAY AUSTRALIA LTD

ABN or equivalent company reference

40 087 652 060

Financial year ended

30 June 2007

Results for announcement to the market

\$A'000

Revenues from ordinary activities	Up	12.17%	to	138,428
Profit (loss) from ordinary activities after tax attributable to members	Up	11.80%	to	16,187
Net profit (loss) for the period attributable to members	Up	11.80%	to	16,187

DIVIDENDS

		Amount per security	Franked amount per security
Final dividend	Current year	30.0c	30.0c
	Previous year	26.5c	26.5c
Interim dividend	Current year	30.0c	30.0c
	Previous year	25.0c	25.0c
The record date for determining entitlements to the dividends		31 August 2007	

TOTAL DIVIDEND (DISTRIBUTION) PER SECURITY (INTERIM PLUS FINAL)

	Current year	Previous year
Ordinary securities	60.0c	51.5c
Preference securities	\$ 4.26	\$ 8.03

No dividend reinvestment plan or any other distribution plan is in operation in relation to the payment of the dividend to shareholders on 14 September 2007.

DETAILS OF INDIVIDUAL AND TOTAL DIVIDENDS

	Current period \$A'000	Previous corresponding period \$A'000
Ordinary securities		
Interim dividend paid 19 December 2006 - previous period paid 17 March 2006	6,189	5,135
Final dividend payable 14 September 2007 - previous period paid 22 September 2006	7,499	5,443
Preference securities		
Quarterly dividend paid 20 September 2006 - previous period paid 20 September 2005	709	682
Quarterly dividend paid 20 December 2006 - previous period paid 20 December 2005	722	672
Preference securities converted to ordinary shares 20 December 2006 - previous period paid 20 March 2006	-	665
Preference securities converted to ordinary shares 20 December 2006 - previous period paid 20 June 2006	-	679
Total	15,119	13,276

CONSOLIDATED RETAINED PROFITS

	Current period \$A'000	Previous corresponding period \$A'000
Retained profits (accumulated losses) at the beginning of the financial period	15,602	13,570
Net profit (loss) attributable to members	16,187	14,478
Net transfers from (to) reserves	-	86
Dividends and other equity distributions paid or payable	13,063	12,532
Retained profits (accumulated losses) at end of financial period	18,726	15,602

NET TANGIBLE ASSET BACKING

	Current period \$A'000	Previous corresponding period \$A'000
Net tangible asset backing per ordinary share	\$ 3.70	\$ 4.30

AUDIT OF ACCOUNTS

The accounts are in the process of being audited.

INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2007

	Note	CONSOLIDATED		CHIEF ENTITY	
		\$ 2007	\$ 2006	\$ 2007	\$ 2006
Interest revenue	2	123,884,144	108,774,237	122,800,753	107,665,545
Borrowing costs	2	89,054,098	76,772,524	89,027,006	76,489,848
Net interest revenue		34,830,046	32,001,713	33,773,747	31,175,697
Share of profit of associate	11	1,029,791	793,548	1,029,791	793,548
Other non interest revenue	3	13,513,581	13,839,683	11,465,307	11,429,851
Employee benefits expense		10,927,748	10,466,159	10,737,186	10,256,133
Depreciation expense		1,307,402	1,020,865	1,298,752	1,007,588
Amortisation expense		357,975	365,745	357,975	365,745
Occupancy expense		1,488,820	1,301,777	1,462,250	1,276,377
Bad and doubtful debts expense	10	18,297	42,737	(2,644)	3,521
Other expenses	3	12,370,588	13,226,646	10,784,274	11,276,973
Profit before income tax		22,902,588	20,211,015	21,631,052	19,212,759
Income tax expense	4	6,686,946	5,774,675	5,703,667	4,853,736
Profit after tax from continuing operations		16,215,642	14,436,340	15,927,385	14,359,023
Profit attributable to minority interest		28,364	(42,071)		
Net profit attributable to members of the parent company		16,187,278	14,478,411	15,927,385	14,359,023
EARNINGS PER SHARE					
Basic earnings per share (cents per share)	28	64.43	57.47		
Diluted earnings per share (cents per share)	28	64.75	57.94		

BALANCE SHEET AS AT 30 JUNE 2007

	Note	CONSOLIDATED		CHIEF ENTITY	
		\$ 2007	\$ 2006	\$ 2007	\$ 2006
ASSETS					
Cash and cash equivalents	6	50,072,811	60,472,539	33,046,986	43,148,267
Due from other financial institutions	7	2,283,916	2,283,916	2,283,916	2,283,916
Accrued receivables	8	11,298,073	7,964,753	10,621,006	7,498,108
Financial assets available for sale	9	84,340,720	117,291,633	82,313,678	113,842,367
Loans and advances	10	1,548,334,568	1,425,496,200	1,548,311,911	1,423,789,667
Other investments	11	7,065,063	6,947,410	17,786,104	17,668,451
Property, plant & equipment	12	17,333,526	17,156,687	17,328,504	17,143,015
Deferred income tax assets	13	940,179	767,116	503,530	373,588
Other assets	14	9,678,272	6,739,386	4,979,085	4,191,244
TOTAL ASSETS		1,731,347,128	1,645,119,640	1,717,174,720	1,629,938,623
LIABILITIES					
Deposits and short term borrowings	15	830,994,432	761,859,943	832,761,761	763,442,186
Due to other financial institutions	16	1,305,912	2,957,326	-	-
Payables and other liabilities	17	23,866,168	21,153,231	19,847,414	17,434,659
Securitised loans	10	758,389,467	747,078,771	758,389,467	747,078,771
Deferred income tax liabilities	18	5,030,986	4,832,178	4,007,825	3,818,123
Provisions	19	9,326,664	8,882,284	1,670,972	1,456,938
Subordinated capital notes	20	10,000,000	10,000,000	10,000,000	10,000,000
TOTAL LIABILITIES		1,638,913,629	1,556,763,733	1,626,677,439	1,543,230,677
NET ASSETS		92,433,499	88,355,907	90,497,281	86,707,946
EQUITY					
Parent entity interest in equity					
Contributed equity	21	59,620,618	58,695,684	59,620,618	58,695,684
Reserves	22	14,480,537	14,480,537	14,480,537	14,480,537
Retained profits		18,726,259	15,601,965	16,396,126	13,531,725
Total parent entity interest in equity		92,827,414	88,778,186	90,497,281	86,707,946
Outside equity interest in controlled entities	23				
Contributed equity		1,000	1,000		
Retained profits		(394,915)	(423,279)		
Total outside equity interest		(393,915)	(422,279)		
TOTAL EQUITY		92,433,499	88,355,907	90,497,281	86,707,946

CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2007

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

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

WIDE BAY AUSTRALIA LTD - ABN 40 087 652 060
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2007

	Share Capital Ordinary	Perpetual Resetting Convertible Preference Shares	Retained Profits	Asset Revaluation Reserve	General Reserve	Statutory Reserve	Doubtful Debts Reserve	Minority Interests	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$
CONSOLIDATED									
Balance at 01 July 2005	26,174,576	31,743,909	13,569,620	817,576	5,833,939	2,676,071	1,929,283	(457,978)	82,286,996
Profit attributable to members of parent company	-	-	14,478,411	-	-	-	-	-	14,478,411
Profit attributable to minority shareholders	-	-	-	-	-	-	-	35,699	35,699
Fair value revaluation for land and buildings	-	-	-	4,691,179	-	-	-	-	4,691,179
Deferred tax liability adjustment on revaluation	-	-	-	(1,381,572)	-	-	-	-	(1,381,572)
Revaluation reserve transfer for property sold	-	-	85,939	(85,939)	-	-	-	-	-
Sub-total	26,174,576	31,743,909	28,133,970	4,041,244	5,833,939	2,676,071	1,929,283	(422,279)	100,110,713
Issue of share capital	777,199	-	-	-	-	-	-	-	777,199
Dividends provided for or paid - ordinary shares	-	-	(9,834,640)	-	-	-	-	-	(9,834,640)
Dividends provided for or paid - perpetual resetting convertible preference shares	-	-	(2,697,365)	-	-	-	-	-	(2,697,365)
Balance at 30 June 2006	26,951,775	31,743,909	15,601,965	4,041,244	5,833,939	2,676,071	1,929,283	(422,279)	88,355,907
Balance at 01 July 2006	26,951,775	31,743,909	15,601,965	4,041,244	5,833,939	2,676,071	1,929,283	(422,279)	88,355,907
Profit attributable to members of parent company	-	-	16,187,278	-	-	-	-	-	16,187,278
Profit attributable to minority shareholders	-	-	-	-	-	-	-	28,364	28,364
Sub-total	26,951,775	31,743,909	31,789,243	4,041,244	5,833,939	2,676,071	1,929,283	(393,915)	104,571,549
Issue of share capital	924,934	-	-	-	-	-	-	-	924,934
Conversion of perpetual resetting convertible preference shares	31,743,909	(31,743,909)	-	-	-	-	-	-	-
Dividends provided for or paid - ordinary shares	-	-	(11,632,003)	-	-	-	-	-	(11,632,003)
Dividends provided for or paid - perpetual resetting convertible preference shares	-	-	(1,430,981)	-	-	-	-	-	(1,430,981)
Balance at 30 June 2007	59,620,618	-	18,726,259	4,041,244	5,833,939	2,676,071	1,929,283	(393,915)	92,433,499

	Share Capital Ordinary	Perpetual Resetting Convertible Preference Shares	Retained Profits	Asset Revaluation Reserve	General Reserve	Statutory Reserve	Doubtful Debts Reserve	Minority Interests	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$
CHIEF ENTITY									
Balance at 01 July 2005	26,174,576	31,743,909	11,618,769	817,576	5,833,939	2,676,071	1,929,283	-	80,794,123
Profit attributable to members of parent company	-	-	14,359,023	-	-	-	-	-	14,359,023
Fair value revaluation for land and buildings	-	-	-	4,691,179	-	-	-	-	4,691,179
Deferred tax liability adjustment on revaluation	-	-	-	(1,381,572)	-	-	-	-	(1,381,572)
Revaluation reserve transfer for property sold	-	-	85,939	(85,939)	-	-	-	-	-
Sub-total	26,174,576	31,743,909	26,063,731	4,041,244	5,833,939	2,676,071	1,929,283	-	98,462,753
Issue of share capital	777,199	-	-	-	-	-	-	-	777,199
Dividends provided for or paid - ordinary shares	-	-	(9,834,640)	-	-	-	-	-	(9,834,640)
Dividends provided for or paid - perpetual resetting convertible preference shares	-	-	(2,697,365)	-	-	-	-	-	(2,697,365)
Balance at 30 June 2006	26,951,775	31,743,909	13,531,725	4,041,244	5,833,939	2,676,071	1,929,283	-	86,707,946
Balance at 01 July 2006	26,951,775	31,743,909	13,531,725	4,041,244	5,833,939	2,676,071	1,929,283	-	86,707,946
Profit attributable to members of parent company	-	-	15,927,385	-	-	-	-	-	15,927,385
Sub-total	26,951,775	31,743,909	29,459,110	4,041,244	5,833,939	2,676,071	1,929,283	-	102,635,331
Issue of share capital	924,934	-	-	-	-	-	-	-	924,934
Conversion of perpetual resetting convertible preference shares	31,743,909	(31,743,909)	-	-	-	-	-	-	-
Dividends provided for or paid - ordinary shares	-	-	(11,632,003)	-	-	-	-	-	(11,632,003)
Dividends provided for or paid - perpetual resetting convertible preference shares	-	-	(1,430,981)	-	-	-	-	-	(1,430,981)
Balance at 30 June 2007	59,620,618	-	16,396,126	4,041,244	5,833,939	2,676,071	1,929,283	-	90,497,281

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

NOTE 1

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').

a) PRINCIPLES OF CONSOLIDATION

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

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

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

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

b) INCOME TAX

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

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

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

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

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

c) PROPERTY, PLANT & EQUIPMENT

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

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

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

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

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

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

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

Depreciation

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

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

Buildings - 40 years

Plant and equipment - 4 to 6 years

Leasehold improvements - 4 to 6 years or the term of the lease, whichever the lesser

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

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

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

d) LEASES

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

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

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

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

e) FINANCIAL INSTRUMENTS

Recognition

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

Financial assets at fair value through profit and loss

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

Loans and receivables

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

Held-to-maturity investments

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

Available-for-sale financial assets

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

Financial liabilities

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

Fair value

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

Impairment

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

f) INVESTMENTS IN ASSOCIATES

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

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

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

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

g) INTANGIBLES

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

h) EMPLOYEE BENEFITS

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

i) PROVISIONS

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

j) CASH AND CASH EQUIVALENTS

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

k) GOODS AND SERVICES TAX

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

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

l) REVENUE

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

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

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

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

Premium Revenue - Mortgage Risk Management Pty Ltd

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

m) LOANS AND ADVANCES - DOUBTFUL DEBTS

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

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

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

n) LOANS AND ADVANCES - CHANGE IN ACCOUNTING POLICY - LOAN ORIGINATION FEES

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

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

Income Statement for the year ended 30 June 2007

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

Balance Sheet at 30 June 2007

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

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

o) COMPARATIVE FIGURES

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

NOTE 2

INTEREST REVENUE AND INTEREST EXPENSE

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

Average Balance	Interest	Average Interest Rate
\$	\$	%

INTEREST REVENUE 2007

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

BORROWING COSTS 2007

Deposits from other financial institutions	766,232,124	50,374,147	6.57
Customer deposits	801,404,933	37,888,809	4.73
Subordinated notes	10,000,000	791,142	7.91
	1,577,637,057	89,054,098	5.64

NET INTEREST REVENUE 2007

34,830,046

INTEREST REVENUE 2006

Deposits with other financial institutions	24,518,053	1,414,676	5.77
Investment securities	116,764,066	6,766,128	5.79
Loans and advances	1,374,307,601	99,823,544	7.26
Other	16,111,364	769,889	4.78
	1,531,701,084	108,774,237	7.10

BORROWING COSTS 2006

Deposits from other financial institutions	698,960,320	43,755,960	6.26
Customer deposits	744,893,490	32,286,290	4.33
Subordinated notes	10,000,000	730,274	7.30
	1,453,853,810	76,772,524	5.28

NET INTEREST REVENUE 2006

32,001,713

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

NOTE 3

PROFIT FROM ORDINARY ACTIVITIES

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

Profit relating to mortgage insurance activities (also refer Note 1. I)

Premium revenue	3,614,258	3,887,289	-	-
Reinsurance expense	(470,881)	(280,633)	-	-
	3,143,377	3,606,656	-	-

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

Other revenue from ordinary activities

Dividends				
Controlled entities	-	-	2,000,000	2,000,000
Other corporations	-	-	-	-
Fees and commissions	8,610,859	8,524,738	8,610,859	8,524,738
Other revenue	1,759,345	1,708,289	854,448	905,113
	13,513,581	13,839,683	11,465,307	11,429,851

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

Other expenses from operating activities				
Fees and commissions	3,163,915	3,578,314	3,163,915	3,578,314
Provisions for employee entitlements	216,000	180,000	216,000	180,000
General and administration expenses	7,882,506	8,010,434	7,404,359	7,518,659
Underwriting expenses	1,108,167	1,457,898	-	-
	12,370,588	13,226,646	10,784,274	11,276,973

NOTE 4

INCOME TAX

Major components of tax expense for the year are:

Current income tax	6,740,491	6,051,472	5,797,423	5,052,017
Deferred income tax	(53,545)	(276,797)	(93,756)	(198,281)
Income tax reported in income statement	6,686,946	5,774,675	5,703,667	4,853,736

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% (2006 - 30%)	6,870,777	6,063,305	6,489,315	5,763,828
Tax effect of permanent differences				
Depreciation of buildings	37,928	10,579	37,928	10,579
Capital gain on sale of assets	-	10,814	-	10,814
Franked dividends	(308,937)	(238,064)	(908,937)	(838,064)
Other items - net	14,512	27,254	12,695	5,792
Capital raising expenses	-	(99,213)	-	(99,213)
Takeover bid expenses	72,666	-	72,666	-

Income tax expense attributable to profit from ordinary activities	6,686,946	5,774,675	5,703,667	4,853,736
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NOTE 5

DIVIDENDS PAID

Dividends paid during the year				
Interim for current year	6,189,286	5,134,639	6,189,286	5,134,639
Fully franked dividend on ordinary shares				
Final for previous year	5,442,717	4,700,001	5,442,717	4,700,001
Fully franked dividend on ordinary shares				
	11,632,003	9,834,640	11,632,003	9,834,640

Dividends paid during the year				
Fully franked dividends on non-cumulative perpetual resetting convertible preference shares	1,430,981	2,697,365	1,430,981	2,697,365
	1,430,981	2,697,365	1,430,981	2,697,365

In accordance with Accounting Standards, dividends are only provided for as declared or paid. Subsequent to the reporting date, the Board declared a dividend of 30 cents per ordinary share (\$7.499 million), for the six months to 30 June 2007, payable on 14 September 2007.

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

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

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

Balance as at the end of the financial year	5,806,189	3,695,501	4,835,034	3,541,492
Credits that will arise from the payment of income tax payable per the financial statements	1,774,633	2,224,496	1,652,609	1,300,811
Debits that will arise from the payment of the proposed dividend	(3,214,003)	(2,332,593)	(3,214,003)	(2,332,593)
	4,366,819	3,587,404	3,273,640	2,509,710

Dividends - cents per share

Dividend proposed				
Fully franked dividend on ordinary shares	30.0	26.5	30.0	26.5
Interim dividend paid during the year				
Fully franked dividend on ordinary shares	30.0	25.0	30.0	25.0
Fully franked dividends on non-cumulative perpetual resetting convertible preference shares	426.0	803.0	426.0	803.0
Final dividend paid for the previous year				
Fully franked dividend on ordinary shares	26.5	23.0	26.5	23.0

NOTE 6

CASH AND CASH EQUIVALENTS

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

NOTE 7

DUE FROM OTHER FINANCIAL INSTITUTIONS

Deposits with SSP's	2,159,331	2,159,331	2,159,331	2,159,331
Subordinated loans	124,585	124,585	124,585	124,585
	2,283,916	2,283,916	2,283,916	2,283,916

Maturity analysis
No maturity specified

	2,283,916	2,283,916	2,283,916	2,283,916
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NOTE 8

ACCRUED RECEIVABLES

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

NOTE 9

FINANCIAL ASSETS AVAILABLE FOR SALE

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

NOTE 10

LOANS AND ADVANCES

Term loans	1,216,099,832	1,163,583,145	1,216,099,832	1,163,583,145
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Loan to controlled entity	-	-	4,180,350	3,477,214
Other commercial loan	-	261,120	-	261,120
Continuing credit loans	328,041,245	256,480,348	328,041,245	256,480,348
Leases receivable	4,226,206	5,229,980	-	-
	1,548,367,283	1,425,554,593	1,548,321,427	1,423,801,827
Provision for impairment	(32,715)	(58,393)	(9,516)	(12,160)
Total loans	1,548,334,568	1,425,496,200	1,548,311,911	1,423,789,667

Provision for impairment				
Specific provision				
Opening balance	(58,393)	(50,894)	(12,160)	(8,639)
Bad and doubtful debts provided for during the year	25,678	(7,499)	2,644	(3,521)
Total provision for impairment	(32,715)	(58,393)	(9,516)	(12,160)

Charge to profit and loss for bad and doubtful debts comprises:

Specific provision	25,678	(7,499)	2,644	(3,521)
Bad debts recognised directly	(43,975)	(35,238)	-	-
	(18,297)	(42,737)	2,644	(3,521)

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

The 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	394,647	687,671	324,257	605,331
From 3 to 12 months	357,774	688,623	5,944	167,974
From 1 to 5 years	17,995,515	9,221,792	14,191,529	4,594,800
Later than 5 years	1,529,586,632	1,414,898,114	1,533,790,181	1,418,421,562
	1,548,334,568	1,425,496,200	1,548,311,911	1,423,789,667

Concentration of risk

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

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

NOTE 11

OTHER INVESTMENTS

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

Investment in controlled entities comprises:

Name	Country of incorporation	2007 %	2006 %	Contribution to consolidated operating profit after income tax		Investment carrying value	
Chief entity							
Wide Bay Australia Ltd	Australia			12,897,593	11,565,475		
Controlled entities							
Fincom Pty Ltd	Australia	0	44	-	(17,079)	-	-
Mortgage Risk Management Pty Ltd	Australia	100	100	2,230,373	2,158,040	10,720,000	10,720,000
Wide Bay Australia Mini Lease Pty Ltd	Australia	51	51	29,521	(21,573)	1,041	1,041
				2,259,894	2,119,388	10,721,041	10,721,041

Investment in associate comprises:

Financial Technology Securities Pty Ltd	Australia	25	25	1,029,791	793,548	6,885,817	6,768,164
				16,187,278	14,478,411	17,606,858	17,489,205

The carrying amounts of unlisted shares were reassessed by the Directors as at 30 June 2007 with the reassessments being based on the projections of the current market values of the shares.

Controlled entities

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

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

The operations of MRM are subject to and under the supervision of APRA in respect of compliance and capital requirements.

The society controls a 51% share in Wide Bay Australia Mini Lease Pty Ltd. This company provides leasing and rental finance for businesses to acquire plant and equipment. The directors have resolved not to issue new leasing and rental contracts and wind the business down as existing contracts are paid out.

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

Investment accounted for using the equity method

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

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

Financial Technology Securities Pty Ltd is not listed on any public exchange and therefore there is no published quotation price for the fair value of this investment. The reporting date of the associate is the same as Wide Bay Australia Ltd.

There were no impairment losses relating to the investment in associate or other commitments relating to the associate.

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

	\$ 2007	\$ 2006
Share of associate's balance sheet:		
Current Assets	695,560	429,249
Non-current assets	478,273	464,621
Current Liabilities	(554,968)	(441,000)
Non-current liabilities	-	-
Net Assets	<u>618,865</u>	<u>452,870</u>
Share of associate's revenue and profit:		
Revenue	3,107,003	2,378,885
Profit before income tax	1,622,627	1,195,776
Income tax	(549,902)	(402,228)
Profit after income tax	<u>1,072,725</u>	<u>793,548</u>

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

NOTE 12

PROPERTY, PLANT AND EQUIPMENT

Freehold land and buildings

At independent valuation - June 2006	12,065,000	12,065,000	12,065,000	12,065,000
Provision for depreciation	245,425	-	245,425	-
	11,819,575	12,065,000	11,819,575	12,065,000

Movement in carrying amount

Carrying amount at beginning of year	12,065,000	7,869,647	12,065,000	7,869,647
Depreciation	245,425	154,263	245,425	154,263
Sale of property at 124 East Street, Rockhampton	-	341,563	-	341,563
Revaluation increment (net)	-	4,691,179	-	4,691,179
Carrying amount at end of year	11,819,575	12,065,000	11,819,575	12,065,000

Plant and equipment

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

Movement in carrying amount

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

	17,333,526	17,156,687	17,328,504	17,143,015
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Land and buildings were all revalued as at 30 June 2006 by independent registered valuers:

Rod Noakes AAPI, Anthony Carter AAPI and Paul Caspers AAPI
of Alex J Saunders Valuations Pty Ltd

The valuations were based on current market values. The society's policy is to revalue freehold land and buildings every three years.

NOTE 13

DEFERRED INCOME TAX ASSETS

Deferred tax assets relating to temporary differences	940,179	767,116	503,530	373,588
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NOTE 14

OTHER ASSETS

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

NOTE 15

DEPOSITS AND SHORT TERM BORROWINGS

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

Maturity analysis

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

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

NOTE 16

DUE TO OTHER FINANCIAL INSTITUTIONS

Secured loans	1,305,912	2,957,326	-	-
Maturity analysis				
From 1 to 5 years	1,305,912	2,957,326	-	-
	1,305,912	2,957,326	-	-

NOTE 17

PAYABLES AND OTHER LIABILITIES

Trade creditors	2,769,717	4,508,322	2,769,717	4,508,322
Accrued interest payable	8,556,516	7,691,000	8,556,516	7,691,000
Other creditors	12,539,935	8,953,909	8,521,181	5,235,337
	23,866,168	21,153,231	19,847,414	17,434,659
Maturity analysis				
Up to 3 months	21,455,164	18,721,595	17,436,410	15,003,022
From 3 to 12 months	2,312,347	2,361,103	2,312,347	2,361,103
From 1 to 5 years	98,657	70,533	98,657	70,534
	23,866,168	21,153,231	19,847,414	17,434,659

NOTE 18

DEFERRED INCOME TAX LIABILITIES

Provision for taxation	2,685,818	2,523,196	1,662,657	1,509,141
Deferred taxation	2,345,168	2,308,982	2,345,168	2,308,982
	5,030,986	4,832,178	4,007,825	3,818,123

NOTE 19

PROVISIONS

Employee entitlements				
Balance at beginning of year	1,435,914	1,264,577	1,435,914	1,264,577
Annual leave and long service leave provided for during the year	214,035	171,337	214,035	171,337
Balance at end of year	1,649,949	1,435,914	1,649,949	1,435,914
Unearned direct premiums and outstanding claims				
Balance at beginning of year	7,425,347	6,980,599	-	-
Transfers to the provision during the year	4,185,246	4,519,849	-	-
Payments from the provision during the year	3,954,901	4,075,101	-	-
Balance at end of year	7,655,692	7,425,347	-	-
Other provisions	21,023	21,023	21,023	21,024
Total provisions	9,326,664	8,882,284	1,670,972	1,456,938

NOTE 20

SUBORDINATED CAPITAL NOTES

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

	Shares 2007 No.	\$ 2007	Shares 2006 No.	\$ 2006
NOTE 21				
CONTRIBUTED EQUITY				
Fully paid ordinary shares				
All ordinary shares have equal voting, dividend and capital repayment rights.				
Balance at beginning of year	20,538,554	26,951,775	20,434,789	26,174,576
Issued during the year				
Staff share plan	92,401	924,934	103,765	777,199
Conversion of Non-cumulative Perpetual Resetting Convertible Preference (RCP) Shares	4,366,843	31,743,909	-	-
Balance at end of year	24,997,798	59,620,618	20,538,554	26,951,775
Fully Paid Non-cumulative Perpetual Resetting Convertible Preference Shares				
Balance at beginning of year	335,911	31,743,909	335,911	31,743,909
Conversion of Non-cumulative Perpetual Resetting Convertible Preference Shares	(335,911)	(31,743,909)	-	-
Balance at end of year	-	-	335,911	31,743,909
		59,620,618		58,695,684
	CONSOLIDATED 2007	2006	CHIEF ENTITY 2007	2006

Staff share plan

21 November 2006 - 92,401 ordinary shares were issued.

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

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

The total number of shares issued to employees since the inception of the staff share plan was

1,924,753	1,832,352	1,924,753	1,832,352
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The total number of shares issued to employees during the financial year was

92,401	103,765	92,401	103,765
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The total market value at date of issue, 21 November 2006 (18 November 2005) was

1,155,013	933,885	1,155,013	933,885
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The total amount paid or payable for the shares at that date was

924,934	777,199	924,934	777,199
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Non-cumulative Perpetual Resetting Convertible Preference shares

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

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

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

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

Dividends

Dividends are non-cumulative.

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

- a) the Directors, at their discretion, declaring a dividend to be payable;
- b) the aggregate amount of dividends or distributions paid in any financial year does not exceed the distributable profits (unless otherwise agreed by APRA);
- c) the society being in compliance with APRA's prevailing prudential standards and guidelines (unless otherwise agreed by APRA) at the time of declaration of the dividend; and
- d) at the time of the declaration of the dividend, APRA not having announced or issued to the society any objection to the dividend payment or not having stated that if the dividend is paid the RCP shares will cease to be treated as Tier 1 or Upper Tier 2 Capital.

Ranking

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

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

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.

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

NOTE 22

RESERVES

Movements in reserves

Asset revaluation reserve				
Balance at beginning of year	4,041,244	817,576	4,041,244	817,576
Increase due to revaluation increment on land and buildings	-	4,691,179	-	4,691,179
Deferred tax liability adjustment on revaluation increment on land and buildings	-	(1,381,572)	-	(1,381,572)
Decrease due to transfer to retained profits of revaluation of assets since sold	-	(85,939)	-	(85,939)
Balance at end of year	4,041,244	4,041,244	4,041,244	4,041,244

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

Statutory reserve - Building Societies Fund Act 1993

Balance at end of year	2,676,071	2,676,071	2,676,071	2,676,071
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This is a statutory reserve created on a distribution from the Queensland Building Society Fund.

General reserve

Balance at end of year	5,833,939	5,833,939	5,833,939	5,833,939
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A special reserve was established upon the society issuing fixed share capital in 1992. The special reserve represented accumulated members profits at that date and was transferred to the general reserve over a period of 10 years being finalised in 2001/2002.

Doubtful debts reserve

Balance at end of year	1,929,283	1,929,283	1,929,283	1,929,283
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Under APRA Harmonised Standards the society is required to establish a general reserve for doubtful debts. The amount is generally up to 0.5% of Risk Weighted Assets.

Total Reserves

14,480,537	14,480,537	14,480,537	14,480,537
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NOTE 23

OUTSIDE EQUITY INTEREST

Reconciliation of outside equity interest in controlled entities:

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

NOTE 24

CASH FLOW STATEMENT

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

Profit after tax from continuing operations	16,215,642	14,436,340	15,927,385	14,359,023
Depreciation & amortisation	1,665,377	1,386,610	1,656,727	1,373,333
(Profit)/Loss on disposal of non-current assets	-	36,046	-	36,046
(Increase)/Decrease in Assets				
Accrued interest on investments	(144,499)	104,386	(144,499)	104,386
Prepayments	(787,842)	(188,754)	(787,842)	(188,754)

Inventories	(12,593)	(4,079)	(12,593)	(4,079)
Sundry debtors	5,749,039	68,454	3,511,640	(2,391,421)
Future income tax benefit	(147,656)	(104,527)	(129,942)	(86,813)
Increase/(Decrease) in Liabilities				
Increase in creditors & accruals	(11,105,660)	(3,411,868)	(7,802,401)	(347,137)
Increase in deferred tax payable	36,186	1,620,494	36,186	1,620,494
Increase in income tax payable	(721,619)	409,435	59,760	388,732
Increase in employee entitlement provisions	216,000	180,000	216,000	180,000
Net cash flows from operating activities	10,962,375	14,532,537	12,530,421	15,043,810

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

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

NOTE 25

EXPENDITURE COMMITMENTS

Capital expenditure commitment				
Capital expenditure contracted for within one year	94,815	165,149	94,815	165,149
Lease expenditure commitments				
Non cancellable operating leases				
Up to 1 year	1,305,960	1,063,609	1,305,960	1,063,609
From 1 to 2 years	1,200,700	730,190	1,200,700	730,190
From 2 to 5 years	2,144,953	1,366,856	2,144,953	1,366,856
Later than 5 years	360,020	191,318	360,020	191,318
Total lease expenditure	5,011,633	3,351,973	5,011,633	3,351,973

NOTE 26

EMPLOYEE ENTITLEMENTS AND SUPERANNUATION COMMITMENTS

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

NOTE 27

CONTINGENT LIABILITIES AND CREDIT COMMITMENTS

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

NOTE 28

EARNINGS PER SHARE

Basic earnings per share (cents per share)	64.43	57.47
Diluted earnings per share (cents per share)	64.75	57.94

	Basic		Diluted	
	\$	\$	\$	\$
	2007	2006	2007	2006

Information relating to the calculation of the earnings

per share is as follows:

Calculation of numerator

Net profit attributable to shareholders	16,187,278	14,478,411	16,187,278	14,478,411
Less dividends paid on preference shares	1,430,981	2,697,365	-	-
Numerator	14,756,297	11,781,046	16,187,278	14,478,411

Weighted average number of shares

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

NOTE 29

EVENTS SUBSEQUENT TO BALANCE DATE

Proposed acquisition of Mackay Permanent Building Society Ltd

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

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

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

- a) \$7.20 cash plus a fully franked dividend of \$0.80, meaning Mackay Permanent shareholders would receive \$8.00 cash per ordinary share; or
- b) 0.60 of a Wide Bay share (or three Wide Bay shares for every five Mackay Permanent shares) plus a fully franked dividend of \$0.80.

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

NOTE 30

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 31

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.