

# Second Supplementary Bidder's Statement

## 1 Background

This document is the second supplementary bidder's statement ("**Second Supplement**") to the Bidder's Statement dated 29 October 2007 ("**Original Bidder's Statement**") issued by Wide Bay Australia Ltd (ABN 40 087 652 060) ("**Wide Bay**") and lodged with the Australian Securities and Investments Commission ("**ASIC**") on 29 October 2007.

A first supplementary bidder's statement ("**First Supplement**") was lodged with ASIC on 2 November 2007.

This Second Supplement supplements, and is to be read together with, the replacement bidder's statement dated 2 November 2007 ("**Bidder's Statement**"). Changes to the Original Bidder's Statement as supplemented by the First Supplement were incorporated into the Bidder's Statement.

Unless the context requires otherwise, defined terms used in the Bidder's Statement have the same meaning in this Second Supplement.

## 2 Changes to Bidder's Statement

This Second Supplement contains changes to the Bidder's Statement (as set out in Annexure A to this Second Supplement) which Wide Bay has agreed to make in response to a number of matters raised by MPBS in relation to the Bidder's Statement.

## 3 Lodgement with ASIC

A copy of this Second Supplement was lodged with ASIC on 6 November 2007. Neither ASIC nor any of its officers takes any responsibility for the contents of this Second Supplement.

## 4 Authorisation

This Second Supplement has been approved by a unanimous resolution passed by the directors of Wide Bay on 6 November 2007.

Signed by Frances McLeod of Wide Bay Australia Ltd in accordance with section 351 of the Corporations Act:



Frances McLeod  
Executive Director

Date: 6 November 2007

## Annexure A - Changes to Bidder's Statement

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- 1 Page 1, after the words "The Offer is dated", replace "[13 November 2007]" with "[15 November 2007]"
- 2 Page 1, after the words "will close at 7.00pm (AEDT) on", replace "[14 December 2007]" with "[17 December 2007]"
- 3 Page 2, after the words "Bidder's Statement lodged with ASIC", replace "2 November 2007" with "6 November 2007"
- 4 Page 2, after the words "Date of Offer", replace "[13 November 2007]" with "[15 November 2007]"
- 5 Page 2, after the words "Close of Offer Period (unless extended)", replace "[14 December 2007]" with "[17 December 2007]"
- 6 Page 2, beneath the heading "Important notice", first paragraph, first sentence, after the word "This" insert "Second", and after the word "dated" replace "2" with "6"
- 7 Page 2, beneath the heading "Important notice", first paragraph, second sentence, after the word "This" insert "Second", and after the words "replaces the" insert "first replacement bidder's statement lodged with ASIC on 2 November 2007, which replaced the original"
- 8 Page 2, beneath the heading "Important notice", first paragraph, third sentence, after the word "this" insert "Second"
- 9 Page 2, beneath the heading "Important notice", third paragraph, replace "[13 November 2007]" with "[15 November 2007]"
- 10 Page 6, paragraph 5, after the words "MPBS Board has" delete "previously", and after the word "recommended" insert "that MPBS Shareholders reject Wide Bay's Offer and instead vote in favour of"
- 11 Page 6, paragraph 6, second dot point, delete
- 12 Page 6, paragraph 6, fourth dot point, insert a footnote after the words "closing prices" as follows:

"This analysis excludes the value of any franking credits available to MPBS Shareholders."
- 13 Page 8, first paragraph, insert a footnote after the words "Cash Alternative" as follows:

"This analysis excludes the value of any franking credits available to MPBS Shareholders."
- 14 Page 8, second paragraph, delete
- 15 Page 8, fourth paragraph, footnote, after the words "closing prices." insert "This analysis excludes the value of any franking credits available to MPBS Shareholders."
- 16 Page 9, Section 1.1, heading, after the words "Cash Alternative" insert a footnote as follows:

“This analysis excludes the value of any franking credits available to MPBS Shareholders.”

17 Page 9, Section 1.1, after the word “Source:” insert “Information disclosed in the”

18 Page 9, Section 1.2, delete

19 Page 10, Section 1.3(ii), heading, after the word “yield” insert footnote as follows:

“Dividend yield has been calculated by dividing total dividends paid during the year by the volume weighted average share price of each company over the year.”

20 Page 10, Section 1.3(iii), heading, after the word “FY2007” insert footnote as follows:

“The dividends shown represent the dividend income that would have been received by MPBS Shareholders in FY2007 had they held 1.00 MPBS Share, 0.50 BOQ Shares or 0.65 Wide Bay Shares.”

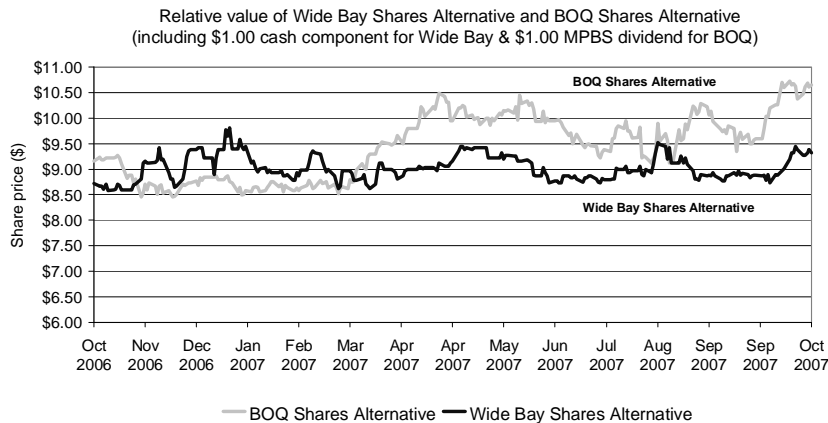
21 Page 12, Section 1.4, heading, after the words “BOQ Shares Alternative”, insert a footnote as follows:

“This analysis excludes the value of any franking credits available to MPBS Shareholders.”

22 Page 12, Section 1.4, after the words “closing prices).” insert a footnote as follows:

“This analysis excludes the value of any franking credits available to MPBS Shareholders.”

23 Page 12, Section 1.4, replace chart with the following chart:



24 Page 12, Section 1.4, immediately before Section 1.5 insert new paragraph as follows:

“At the closing prices of Wide Bay and BOQ on 26 October 2007, Wide Bay’s Shares Alternative was \$1.33 lower than the sum of BOQ’s Shares Alternative and the \$1.00 dividend proposed by MPBS.”

- 25 Page 13, Section 2.3, replace “[13 November 2007]” with “[15 November 2007]”, and replace “[14 December 2007]” with “[17 December 2007]”
- 26 Page 14, Section 2.5, paragraph (b), after the words “of MPBS;” insert “ and”, and delete paragraph (c)
- 27 Page 16, Section 2.11, delete
- 28 Page 17, Section 3.3, second paragraph, after the words “based on closing prices” insert “(excluding the value of any franking credits)”
- 29 Page 18, Section 3.7, paragraph (b), after the words “of MPBS;” insert “ and”, and delete paragraph (c)
- 30 Page 18, Section 3.10, replace “[14 December 2007]” with “[17 December 2007]”
- 31 Page 24, Section 4.2(c), last paragraph, after the words “funds will increase” insert “, however the timing and extent of any such increase cannot be reliably forecast at this time”
- 32 Page 28, Section 4.8, second dot point, replace “Achieving a forecast level of lending, including expansion of commercial and margin loans” with “Growth of approximately 16.00% in Wide Bay’s total loan book, including commercial and margin loans”
- 33 Page 28, Section 4.8, third dot point, after the word “funding” insert “(refer Section 4.2(c))”
- 34 Page 29, Section 4.8, sixth dot point, replace “Achieving a forecast level of” with “Growth of approximately 7% in”, and delete “services”
- 35 Page 39, Section 5.4, beneath heading “Details of relevant interests in MPBS securities”, second paragraph, first sentence, after the words “option agreements” insert “(Option Agreements)”
- 36 Page 39, Section 5.4, beneath heading “Details of relevant interests in MPBS securities”, second paragraph, second sentence, replace “option agreements” with “Option Agreements”
- 37 Page 39, Section 5.4, first paragraph beneath heading “Details of voting power in MPBS”, after the word “associates” insert “claim to”, after the word “MPBS” insert “pursuant to section 610 of the Corporations Act”
- 38 Page 39, Section 5.4, second paragraph beneath heading “Details of voting power in MPBS”, after the word “associates” insert “claim to”, after the word “MPBS” insert “pursuant to section 610 of the Corporations Act”
- 39 Page 39, Section 5.4, beneath heading “Details of voting power in MPBS”, insert new third, fourth, fifth and sixth paragraphs as follows:

“In respect of the voting power claimed by Wide Bay:

- 1.51% is claimed by virtue of Wide Bay’s ownership of 91,117 MPBS Shares; and

- 13.43% is claimed pursuant to the Option Agreements referred to in Section 9.1.

Wide Bay is aware that MPBS disputes Wide Bay’s claim to 13.43% voting power arising pursuant to the Option Agreements and believes that the voting power of Wide Bay under the Option Agreements is significantly less than that claimed by Wide Bay.

The terms of the Option Agreements were released to the market when Wide Bay filed a notice (Form 603) on 25 July 2007.

The extent of the voting power to which Wide Bay is entitled is dependent on the proper interpretation of the Option Agreements which is disputed between Wide Bay and the Grantors.”

- 40 Page 39, Section 5.4, beneath heading “Details of voting power in MPBS”, last paragraph, after the words “Wide Bay’s” insert “claimed”, and replace “option agreements” with “Option Agreements” in the two instances that those words occur in that paragraph
- 41 Page 48, Section 6.6(b), Pro forma balance sheet of Merged Group as at 30 June 2007 assuming 100% Shares Alternative consideration, amend fourth and fifth columns as follows:

Adjustment	Merged Group as at 30 June 2007	
(2.34)	60.94	Deleted: 1.70
-	44.33	Deleted: 61.58
-	94.36	Deleted: 35
-	1,840.04	
-	22.36	
38.31	38.31	Deleted: 43
-	12.55	Deleted: 43
<b>35.97</b>	<b>2,112.89</b>	Deleted: 36.73
		Deleted: 3.64
-	1,147.05	
-	-	
-	30.26	
-	758.39	
-	35.33	
-	1,971.03	
-	-	
<b>35.97</b>	<b>141.86</b>	Deleted: 36.73
		Deleted: 142.61
<b>39.50</b>	<b>108.96</b>	Deleted: 40.26
(2.38)	18.81	Deleted: 109.71
(1.15)	14.48	
-	(0.39)	

<u>35.97</u>	<u>141.86</u>
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Deleted: 36.73  
Deleted: 142.61

- 42 Page 48, Section 6.6(b), Notes, second dot point, after the words “payable to BOQ.” insert “ This reduction includes the dividend payable on shares owned by Wide Bay as at 29 October 2007.”
- 43 Page 49, Section 6.6(c), second dot point, after the words “Wide Bay Share has been used” insert “for the MPBS Shares that Wide Bay does not currently own”
- 44 Page 49, Section 6.6(c), insert new fourth dot point as follows:

“Wide Bay’s MPBS Shareholding as at 29 October 2007: As at 29 October 2007, Wide Bay owned 91,117 MPBS Shares. The pro forma balance sheet has been adjusted for the acquisition of these shares that took place prior to this Offer, but after 30 June 2007 (see Section 5.4). The cash balance of the Merged Group has been reduced by \$0.64 million to reflect the cash outlay by Wide Bay to acquire these shares.”

- 45 Page 49, Section 6.6(c), fourth dot point, replace “Purchase price. The pro forma balance sheet assumes 100% of MPBS Shareholders accept the Shares Alternative and a \$1.00 dividend is paid by MPBS. A Wide Bay Share price of \$12.80 (being the Wide Bay closing share price on 26 October 2007) has been assumed giving a total offer price of \$50.10 million (plus Wide Bay transaction costs of approximately \$1.70 million)” with “Purchase price. The pro forma balance sheet assumes that 98.49% of MPBS Shares were acquired under the Shares Alternative with 1.51% previously acquired for cash by Wide Bay. The pro forma balance sheet also assumes that a \$1.00 dividend is paid by MPBS on all MPBS Shares. A Wide Bay Share price of \$12.80 (being the Wide Bay closing share price on 26 October 2007) has been assumed giving a total offer price for the 98.49% of \$49.34 million (plus Wide Bay transaction costs of approximately \$1.70 million). The pro forma balance sheet assumes that none of the options over MPBS Shares under the Option Agreements have been exercised”
- 46 Page 49, Section 6.6(c), seventh dot point, second paragraph, after the words “acquisition of” insert “100% of”, and replace “38.43” with “38.31”
- 47 Page 51, Section 6.6(d), Pro forma balance sheet for Merged Group as at 30 June 2007 assuming alternative levels of offer consideration, amend second and third columns as follows:

Scenario A	Scenario B
Assuming 100% of MPBS Shareholders elect Cash Alternative	Assuming 50% of MPBS Shareholders elect Cash Alternative

<u>60.95</u>	<u>60.95</u>
44.33	44.33
94.35	94.35
1,840.04	1,840.04
22.36	22.36

Deleted: 61.58  
Deleted: 61.58

38.79	38.55	Deleted: 92
12.55	12.55	Deleted: 68
<b>2,113.37</b>	<b>2,113.13</b>	Deleted: 4.13
		Deleted: 2,113.89
1,147.05	1,147.05	
49.82	24.91	Deleted: 50.58
30.26	30.26	Deleted: 25.29
758.39	758.39	
35.33	35.33	
<b>2,020.84</b>	<b>1,995.94</b>	Deleted: 2,021.61
		Deleted: 1,996.32
<b>92.52</b>	<b>117.19</b>	Deleted: 57
59.62	84.29	Deleted: 67
18.81	18.81	
14.48	14.48	
(0.39)	(0.39)	
<b>92.52</b>	<b>117.19</b>	Deleted: 57

48 Page 51/52, Section 6.7, replace all existing text with the following:

“The Wide Bay Board constantly monitors its capital position to ensure it remains above minimum regulatory requirements. Following the implementation of the acquisition, Wide Bay expects to be capitalised above minimum regulatory requirements.

Should 100% of MPBS Shareholders elect to receive the Cash Alternative, Wide Bay will require access to cash funding of approximately \$55.75 million. This cash funding would come from the undrawn component of a \$600 million funding facility Wide Bay has with ANZ Investment Bank as well as Wide Bay’s own cash resources (refer Section 9.5).

Depending on the total cash consideration paid to MPBS shareholders, Wide Bay’s capital adequacy levels will be impacted. The following table sets out Wide Bay’s resulting level of capital adequacy assuming different percentages of the Offer requiring cash funding.

Percentage of Offer funded by cash	Wide Bay’s resulting capital adequacy
0.00%	13.82%
25.00%	12.15%
50.00%	10.44%

75.00%	8.70%
100.00%	6.93%

If 43% or more of the Offer is funded by cash, Wide Bay’s capital adequacy levels would drop below the 11.00% minimum regulatory requirement prescribed by APRA (refer Section 9.12). Should this occur, Wide Bay would seek to raise additional equity through a placement of new Wide Bay Shares as soon as practicable and in consultation with APRA.

The maximum placement Wide Bay would need to undertake to restore its capital adequacy levels to 11.00%, assuming a 100% cash funded offer, would be \$30.00 million. Based on feedback from a recent roadshow to institutional investors and brokers, Wide Bay is confident that it could raise this level of equity funding at a small discount to its prevailing share price.

In the event Wide Bay has to place shares at a greater discount to its prevailing share price, it would have a dilutionary effect on the value of Wide Bay Shares.”

- 49 Page 61, Section 7.3, insert a new Section 7.3(h) as contained in Annexure B to this Second Supplement
- 50 Page 62, Section 7.5, insert a new Section 7.5(f) as contained in Annexure C to this Second Supplement
- 51 Page 67, Section 9.1, heading, replace “Option agreements” with “Option Agreements”
- 52 Page 67, Section 9.1, first paragraph, first sentence, after the words “five option agreements” insert “(Option Agreements)”
- 53 Page 67, Section 9.1, first paragraph, second sentence, replace “option agreements” with “Option Agreements”
- 54 Page 67, Section 9.1, second paragraph, replace “option agreements” with “Option Agreements” in the four instances in which those words occur
- 55 Page 67, Section 9.1, third paragraph, replace “option agreements” with “Option Agreements”, and replace “option agreement” with “Option Agreement”
- 56 Page 67, Section 9.1, fourth paragraph, replace “option agreements” with “Option Agreements”
- 57 Page 70, Section 9.5, first paragraph under heading “Wide Bay Share Consideration”, replace “3,914,010” with “3,854,784”, and after the words “paid by MPBS.” insert “If a \$1.00 dividend is not paid by MPBS, the total maximum number of Wide Bay Shares which would be issued under the Offer if every MPBS Shareholder accepted the Offer and elected to receive the Shares Alternative is 4,325,218.”
- 58 Page 70, Section 9.5, paragraph under heading “Cash Consideration”, replace “50.58” with “55.75”, and after the word “million” insert “(assuming the proposed \$1.00 dividend is not paid by MPBS)”

59 Page 78, definition of “Major MPBS Shareholders”, replace “option agreements” with “Option Agreements”

60 Page 78, definition of “Material Adverse Change”, delete

61 Page 78, definition of “Offer Period”, replace “[13 November 2007]” with “[15 November 2007]”

62 Page 78, insert new definition of “Option Agreements” as follows:

**“Option Agreements** means the option agreements entered into between Wide Bay and five Major MPBS Shareholders as detailed in Section 9.1.”

63 Page 78, definition of “Option Share”, replace “option agreements” with “Option Agreements”

64 Page 79, definition of “Register Date”, replace “[29 October 2007]” with “[6 November 2007]”

65 Page 83, Appendix 1, Clause 3, replace “[13 November 2007]” with “[15 December 2007]”, and replace “[14 December 2007]” with “[17 December 2007]”

66 Page 87, Appendix 1, Clause 6.5, replace “[5 December 2007]” with “[7 December 2007]”

67 Page 90, Appendix 1, Clause 7, second last paragraph, delete

68 Page 94, Appendix 2, paragraph (b)(xiv), after the words “of MPBS;” insert “and”

69 Page 94, Appendix 2, paragraph (c), delete

70 Appendix 3, insert six new rows into the top of the table as follows:

Document date	Price sensitive	Headline	Pages
05/11/2007		Appendix 3B	9
05/11/2007		Supplementary Bidder’s Statement	1
02/11/2007	Yes	Notice to Free Offer from Conditions	1
02/11/2007		Bidder’s Statement (Revised - Marked up)	97
02/11/2007		Bidder’s Statement (Revised Clean)	97
02/11/2007	Yes	First Supplementary Bidder’s Statement	12

71 Appendix 4, insert six new rows into the top of the table as follows:

Document date	Price sensitive	Headline	Pages
02/11/2007	Yes	Notice to Free Offer from Conditions	1
02/11/2007		WBB: Bidder’s Statement (Revised - Marked up)	97
02/11/2007		WBB: Bidder’s Statement (Revised Clean)	97
02/11/2007	Yes	WBB: First Supplementary Bidder’s Statement	12
02/11/2007		Conversion of Preference Shares	1
02/11/2007		Appendix 3B	7

## **Annexure B - New Section 7.3(h)**

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**(h) Increased cost of funding**

Recent developments in the United States sub-prime mortgage industry have affected the liquidity of global credit markets. This has resulted in an increase in the cost of wholesale funds throughout global markets including Australia. Should these conditions continue it is likely that the cost of funds to participants in the banking industry will rise putting pressure on interest rate margins unless and until the increase in funding costs are passed on to customers.

## Annexure C - New Section 7.5(f)

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**(f) Capital adequacy**

Depending on the level of acceptances of the Offer and the number of MPBS Shareholders who elect to receive the Cash Alternative Wide Bay may need to issue further shares in Wide Bay to comply with regulatory requirements (refer Section 6.7). Should this be necessary these shares may be issued at a discount to the then prevailing market price of Wide Bay Shares and this may have a material adverse effect on the price of Wide Bay Shares.