

**RELEASE TO THE AUSTRALIAN SECURITIES EXCHANGE
27 August 2009**

**WIDE BAY AUSTRALIA LTD (WBB)
2008-2009 PRELIMINARY FINAL RESULTS**

Mr Ron Hancock, Managing Director of Wide Bay Australia Ltd has today announced the society and group's performance for 2008/2009.

Wide Bay Australia, the chief entity itself, achieved an after tax profit of \$20.26 million, compared to \$18.41 million for 2007/2008 – an increase of 10.1% and a strong result given the challenges to maintain margins and increased wholesale funding costs.

Assets in the chief entity had grown from \$2.264 billion in 2008 to \$2.474 billion at 30 June 2009 – a growth of 9.3%.

He advised that a final fully franked dividend of 30 cents has been declared and will be paid on 2 October 2009 with the Board also resolving to continue the Dividend Reinvestment Plan which will provide a 7.5% discount.

As previously advised to the market, Mr Hancock said that Wide Bay Australia Ltd's wholly owned mortgage insurance captive, Mortgage Risk Management Pty Ltd ("MRM") has recently been restructured in the light of the deteriorating credit ratings of MRM's reinsurer, Radian Guaranty Inc ("Radian") and the unavailability of a suitable alternative. Radian had indicated that it was seeking to withdraw from international operations. MRM has now commuted its reinsurance arrangements with Radian, and a significant refund of unearned reinsurance costs will be received.

With MRM adjusting its operations and until the reinsurance industry re-emerges and a suitable reinsurer can be retained, Wide Bay Australia will use Genworth Financial and QBE Lenders Mortgage Insurance Limited as the society's preferred mortgage insurers.

While restructuring the captive's operations, he said the Board had also reviewed the holding of several investments by MRM, which had previously been held to maturity and retained at cost. Given the current economic conditions, he said this policy had been reviewed and a decision made to adopt fair value for these investments. Two independent experts were retained to assess and agree a fair value of those investments. As a result of this MRM has now made a provision for impairment losses for \$4.866 million which, together with a realised loss of \$803,415 incurred during the year in respect of a sale of an NAB Income Securities investment, has resulted in MRM showing a loss of \$2.38 million. Mr Hancock said the fair value calculation would be carried out regularly and adjustments made as applicable.

With respect to future trading of the captive, he said MRM had always adopted a ten year earning pattern for premiums received and there are still significant unearned premiums yet to be booked. As a result, he forecast that MRM will produce strong results over the next few years.

As a result of this restructuring and accounting changes to MRM, Mr Hancock advised that the consolidated after tax profit for the group was \$17.05 million - compared to \$18.16 million for the 2007/2008 financial year, a reduction of 6.1%.

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Wide Bay Australia also achieved loan approvals for the year of \$531 million - compared to \$518 million in 2007/2008.

Mr Hancock said the past six months had seen a strong improvement in growth in loans with lending for the last half year of \$322 million, reflecting a strong increase of demand driven to a large extent by the boost to the Government's First Home Buyer's Grant.

The society's loans portfolio has grown from \$1.996 billion at the 30 June 2008 to \$2.140 billion at 30 June 2009 – a growth of 7.2%.

He advised that Wide Bay continued to make limited use of brokers, with most broker lending attributable to Sydney and Melbourne branch operations.

He said funding for future lending activities is well in hand through wholesale facilities and access to the Reserve Bank's "Repo" facility. Costs of wholesale funding were at a significant increase to previous years and it was not expected that this would change for at least another 9 to 12 months.

Despite economic conditions, the level of loan arrears is on par with previous years. Bad debts for the period showed a surplus of \$1,467, reflecting an adjustment of provisions from 2008.

Mr Hancock said a constant focus for Wide Bay Australia is on operating margin which is targeted at 2%. He said this goal was generally attained throughout the year and is currently marginally above 2%

Cost-to-income for Wide Bay Australia, the chief entity, was consistent during the year at 55.5% for 2009 and 55% for 2008. Mr Hancock stated that these results are an exceptional achievement when compared to the industry.

The society's branch structure in Queensland incorporates coverage from Robina on the Gold Coast to Cairns in the North. Former Mackay Permanent Building Society Limited branches in Cairns have been relocated to more prominent and busier locations and all others were rebranded.

Mr Hancock said he is confident of a strong performance for the ensuing 12 months with a steady lending program in a slowly improving market. He said that based on budget forecasts, which include a solid result from MRM, the Board is targeting an increased profit for the year in the range of 15% to 20%.

ENDS

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Managing Director

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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 2009

Results for announcement to the market

\$A'000

Revenues from ordinary activities	Up	5.68%	to	184,927
Profit (loss) from ordinary activities after tax attributable to members	Down	6.10%	to	17,053
Net profit (loss) for the period attributable to members	Down	6.10%	to	17,053

DIVIDENDS

		Amount per security	Franked amount per security
Final dividend	Current year	30.0c	30.0c
	Previous year	33.0c	33.0c
Interim dividend	Current year	30.0c	30.0c
	Previous year	33.0c	33.0c
The record date for determining entitlements to the dividends		18 September 2009	

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

	Current year	Previous year
Ordinary securities	60.0c	66.0c

DIVIDEND REINVESTMENT PLAN

The Board of Directors has resolved to continue the Dividend Reinvestment Plan.

The choices are for Full Participation where the dividend on all fully paid shares or contributing shares held is reinvested in new shares, or Partial Participation where the dividend on a specified number of shares is reinvested in new shares.

To participate in the plan, shareholders must complete the Application Form and lodge the form with the Company's Share Registry. Full terms and conditions of the dividend reinvestment plan and the application form will be forwarded to shareholders by the Company's Share Registry.

Ranking for dividend

Shares issued under the plan will rank equally in every respect with existing fully paid permanent ordinary shares and will participate in all cash dividends declared after the date of issue.

Issue price of the new shares

The shares issued under the Plan will be issued at a discount of 7.5% on the weighted average sale price of the Company's shares sold during the five trading days immediately following the Record Date.

The final date for the receipt of the application form for participation in the dividend reinvestment plan is 18 September 2009.

DETAILS OF INDIVIDUAL AND TOTAL DIVIDENDS

	Current period \$A'000	Previous corresponding period \$A'000
Ordinary securities		
Interim dividend paid 23 March 2009 - previous period paid 20 March 2008	9,259	9,625
Final dividend payable 02 October 2009 - previous period paid 03 October 2008	9,373	9,670
Total	18,632	19,295

CONSOLIDATED RETAINED PROFITS

	Current period \$A'000	Previous corresponding period \$A'000
Retained profits (accumulated losses) at the beginning of the financial period	19,612	18,593
Net profit (loss) attributable to members	17,053	18,160
Net transfers from (to) reserves	-	17
Dividends and other equity distributions paid or payable	18,932	17,124
Retained profits (accumulated losses) at end of financial period	17,733	19,612

NET TANGIBLE ASSET BACKING

	Current period \$A'000	Previous corresponding period \$A'000
Net tangible asset backing per ordinary share	\$ 3.49	\$ 3.37

AUDIT OF ACCOUNTS

The accounts are in the process of being audited.

INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2009

	Note	CONSOLIDATED		CHIEF ENTITY	
		\$ 2009	\$ 2008	\$ 2009	\$ 2008
Interest revenue	2	165,512,264	159,215,808	165,121,928	158,168,554
Borrowing costs	2	117,325,542	118,786,618	117,486,567	118,856,888
Net interest revenue		48,186,722	40,429,190	47,635,361	39,311,666
Share of profit of associate	11	742,000	1,197,519	742,000	1,197,519
Other non interest revenue	3	18,672,613	14,569,304	16,122,942	13,694,905
Employee benefits expense		15,366,157	14,843,538	15,366,157	14,794,584
Depreciation expense		1,726,222	1,975,745	1,726,222	1,974,881
Amortisation expense		360,989	335,923	360,989	335,923
Occupancy expense		2,377,211	1,995,635	2,377,211	1,991,736
Bad and doubtful debts expense	10	(1,467)	72,266	(2,743)	(51,843)
Other expenses	3	22,625,005	11,971,337	15,479,926	10,778,400
Profit before income tax		25,147,218	25,001,569	29,192,541	24,380,409
Income tax expense	4	8,077,278	6,901,839	8,932,539	5,971,690
Profit after tax from continuing operations		17,069,940	18,099,730	20,260,002	18,408,719
Profit/(loss) attributable to minority interest		17,179	(59,870)		
Net profit attributable to equity holders of the parent company		17,052,761	18,159,600	20,260,002	18,408,719
EARNINGS PER SHARE					
Basic earnings per share (cents per share)	29	56.41	68.02		
Diluted earnings per share (cents per share)	29	56.41	68.02		

BALANCE SHEET AS AT 30 JUNE 2009

	Note	CONSOLIDATED		CHIEF ENTITY	
		\$ 2009	\$ 2008	\$ 2009	\$ 2008
ASSETS					
Cash and cash equivalents	6	78,173,076	72,360,247	66,286,332	55,470,903
Due from other financial institutions	7	28,326,272	12,309,038	28,326,272	12,309,038
Accrued receivables	8	23,147,287	13,372,103	16,897,737	12,939,728
Financial assets available for sale	9	126,571,204	98,371,942	126,571,204	96,569,687
Loans and advances	10	2,140,142,376	1,995,969,968	2,143,584,461	1,999,085,468
Other investments	11	7,481,582	7,309,669	23,402,626	18,756,740
Property, plant & equipment	12	22,176,951	21,891,844	18,306,951	18,138,824
Deferred income tax assets	13	3,144,313	2,530,989	1,371,222	2,066,550
Other assets	14	6,875,599	12,280,177	5,878,390	6,194,486
Goodwill	15	42,057,110	41,309,710	43,316,012	42,568,612
TOTAL ASSETS		2,478,095,770	2,277,705,687	2,473,941,207	2,264,100,036
LIABILITIES					
Deposits and short term borrowings	16	1,247,635,277	1,127,040,831	1,255,535,748	1,128,855,192
Due to other financial institutions	17	214,763,918	389,486	214,686,528	-
Payables and other liabilities	18	32,937,986	29,994,378	28,236,510	25,035,062
Securitised loans	10	790,455,746	947,997,799	790,455,746	947,997,799
Income tax payable	19	2,179,745	(1,020,949)	2,085,549	(1,216,741)
Deferred income tax liabilities	19	3,489,184	2,913,961	2,996,116	2,420,893
Provisions	20	10,655,724	10,362,193	2,387,855	2,590,940
Subordinated capital notes	21	25,000,000	20,000,000	25,000,000	20,000,000
TOTAL LIABILITIES		2,327,117,580	2,137,677,699	2,321,384,052	2,125,683,145
NET ASSETS		150,978,190	140,027,988	152,557,155	138,416,891
EQUITY					
Parent entity interest in equity					
Contributed equity	22	117,814,059	105,930,517	117,814,059	105,930,517
Reserves	23	15,867,456	14,939,064	15,867,456	14,939,064
Retained profits		17,733,024	19,611,935	18,875,640	17,547,310
Total parent entity interest in equity		151,414,539	140,481,516	152,557,155	138,416,891
Minority interest in controlled entities	24				
Contributed equity		1,000	1,000		
Retained profits		(437,349)	(454,528)		
Total outside equity interest		(436,349)	(453,528)		
TOTAL EQUITY		150,978,190	140,027,988	152,557,155	138,416,891

CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2009

	Note	CONSOLIDATED		CHIEF ENTITY	
		\$ 2009	\$ 2008	\$ 2009	\$ 2008
CASH FLOWS FROM OPERATING ACTIVITIES					
Interest received		165,443,900	158,677,110	165,053,564	157,371,171
Dividends received		570,855	1,197,949	1,320,855	3,797,949
Borrowing costs		(115,504,247)	(115,019,377)	(115,665,272)	(115,089,647)
Other non interest income received		16,640,528	14,511,842	15,375,585	10,928,632
Cash paid to suppliers & employees		(39,672,086)	(34,496,925)	(37,924,032)	(32,249,159)
Income tax paid		(5,047,456)	(10,140,331)	(5,504,980)	(8,857,308)
NET CASH FLOWS FROM OPERATING ACTIVITIES	25	22,431,494	14,730,268	22,655,720	15,901,638
CASH FLOWS FROM INVESTING ACTIVITIES					
Net increase in investment securities		(30,326,838)	(10,557,370)	(32,129,093)	(10,782,157)
Net increase in amounts due from other financial institutions		(13,430,108)	24,654,878	(13,430,108)	24,654,878
Net increase in loans		(145,071,987)	(164,320,359)	(145,398,571)	(165,334,485)
Cash acquired on purchase of controlled entity	15	-	19,496,603	-	19,496,209
Payments for purchase of equity in controlled entity	15	-	(14,291,838)	-	(14,291,838)
Net increase in other investments		(5,325,548)	(244,606)	(4,933,521)	(970,636)
Purchase of non current assets		(1,100,206)	(1,644,293)	(983,226)	(1,677,046)
Proceeds from sale of property, plant & equipment		5,210	2,432	5,210	2,432
NET CASH USED IN INVESTING ACTIVITIES		(195,249,477)	(146,904,553)	(196,869,309)	(148,902,643)
CASH FLOWS FROM FINANCING ACTIVITIES					
Net increase in deposits and other borrowings		120,030,998	(17,909,037)	126,117,108	(17,862,262)
Purchase (redemption) of subordinated capital notes		5,000,000	-	5,000,000	-
Net increase in amounts due to other financial institutions and other liabilities		60,734,766	188,691,906	61,046,862	189,608,332
Proceeds from share issue		8,337,488	803,229	8,337,488	803,229
Dividends paid		(15,472,440)	(17,124,377)	(15,472,440)	(17,124,377)
NET CASH FLOWS FROM FINANCING ACTIVITIES		178,630,812	154,461,721	185,029,018	155,424,922
NET INCREASE/(DECREASE) IN CASH HELD		5,812,829	22,287,436	10,815,429	22,423,917
Cash at beginning of financial year		72,360,247	50,072,811	55,470,903	33,046,986
CASH AT END OF FINANCIAL YEAR		78,173,076	72,360,247	66,286,332	55,470,903

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 2009

	Share Capital Ordinary	Retained Profits	Asset Revaluation Reserve	General Reserve	Statutory Reserve	Doubtful Debts Reserve	Minority Interests	Total
	\$	\$	\$	\$	\$	\$	\$	\$
CONSOLIDATED								
Balance at 01 July 2007	59,620,618	18,593,102	4,041,244	5,833,939	2,676,071	1,929,283	(393,915)	92,300,342
Profit attributable to members of parent company	-	18,159,600	-	-	-	-	-	18,159,600
Profit attributable to minority shareholders	-	-	-	-	-	-	(59,613)	(59,613)
Sub-total	59,620,618	36,752,702	4,041,244	5,833,939	2,676,071	1,929,283	(453,528)	110,400,329
Issue of share capital for staff share plan	1,104,076	-	-	-	-	-	-	1,104,076
Issue of share capital on purchase of shares in MPBS	45,205,823	-	-	-	-	-	-	45,205,823
Dividends provided for or paid - ordinary shares	-	(17,124,377)	-	-	-	-	-	(17,124,377)
Transfer of doubtful debts reserve following acquisition of shares in MPBS	-	(16,390)	-	-	-	458,527	-	442,137
Balance at 30 June 2008	105,930,517	19,611,935	4,041,244	5,833,939	2,676,071	2,387,810	(453,528)	140,027,988
Balance at 01 July 2008	105,930,517	19,611,935	4,041,244	5,833,939	2,676,071	2,387,810	(453,528)	140,027,988
Profit attributable to members of parent company	-	17,052,761	-	-	-	-	-	17,052,761
Profit attributable to minority shareholders	-	-	-	-	-	-	17,179	17,179
Sub-total	105,930,517	36,664,696	4,041,244	5,833,939	2,676,071	2,387,810	(436,349)	157,097,928
Issue of share capital for staff share plan	904,689	-	-	-	-	-	-	904,689
Issue of share capital for dividend reinvestment plan	3,459,233	-	-	-	-	-	-	3,459,233
Issue of share capital for non-renounceable rights issue	7,912,475	-	-	-	-	-	-	7,912,475
Share issue costs	(392,855)	-	-	-	-	-	-	(392,855)
Dividends provided for or paid - ordinary shares	-	(18,931,672)	-	-	-	-	-	(18,931,672)
Increase due to revaluation increment on land and buildings	-	-	1,326,275	-	-	-	-	1,326,275
Deferred tax liability adjustment on revaluation increment on land and buildings	-	-	(397,883)	-	-	-	-	(397,883)
Balance at 30 June 2009	117,814,059	17,733,024	4,969,636	5,833,939	2,676,071	2,387,810	(436,349)	150,978,190

	Share Capital Ordinary	Retained Profits	Asset Revaluation Reserve	General Reserve	Statutory Reserve	Doubtful Debts Reserve	Minority Interests	Total
	\$	\$	\$	\$	\$	\$	\$	\$
CHIEF ENTITY								
Balance at 01 July 2007	59,620,618	16,262,968	4,041,244	5,833,939	2,676,071	1,929,283	-	90,364,123
Profit attributable to members of parent company	-	18,408,719	-	-	-	-	-	18,408,719
Sub-total	59,620,618	34,671,687	4,041,244	5,833,939	2,676,071	1,929,283	-	108,772,842
Issue of share capital for staff share plan	1,104,076	-	-	-	-	-	-	1,104,076
Issue of share capital on purchase of shares in MPBS	45,205,823	-	-	-	-	-	-	45,205,823
Dividends provided for or paid - ordinary shares	-	(17,124,377)	-	-	-	-	-	(17,124,377)
Transfer of doubtful debts reserve following acquisition of shares in MPBS	-	-	-	-	-	458,527	-	458,527
Balance at 30 June 2008	105,930,517	17,547,310	4,041,244	5,833,939	2,676,071	2,387,810	-	138,416,891
Balance at 01 July 2008	105,930,517	17,547,310	4,041,244	5,833,939	2,676,071	2,387,810	-	138,416,891
Profit attributable to members of parent company	-	20,260,002	-	-	-	-	-	20,260,002
Sub-total	105,930,517	37,807,312	4,041,244	5,833,939	2,676,071	2,387,810	-	158,676,893
Issue of share capital for staff share plan	904,689	-	-	-	-	-	-	904,689
Issue of share capital for dividend reinvestment plan	3,459,233	-	-	-	-	-	-	3,459,233
Issue of share capital for non-renounceable rights issue	7,912,475	-	-	-	-	-	-	7,912,475
Share issue costs	(392,855)	-	-	-	-	-	-	(392,855)
Dividends provided for or paid - ordinary shares	-	(18,931,672)	-	-	-	-	-	(18,931,672)
Increase due to revaluation increment on land and buildings	-	-	1,326,275	-	-	-	-	1,326,275
Deferred tax liability adjustment on revaluation increment on land and buildings	-	-	(397,883)	-	-	-	-	(397,883)
Balance at 30 June 2009	117,814,059	18,875,640	4,969,636	5,833,939	2,676,071	2,387,810	-	152,557,155

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

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 Standards ('AIFRS'). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards ('IFRS').

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

a) PRINCIPLES OF CONSOLIDATION

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

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

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

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

b) INCOME TAX

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

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

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

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

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

Tax consolidation legislation

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

c) PROPERTY, PLANT & EQUIPMENT

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

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

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

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

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

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

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

Depreciation

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

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

Buildings - 40 years

Plant and equipment - 4 to 6 years

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

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

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

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

d) LEASES

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

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

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

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

e) FINANCIAL INSTRUMENTS

Recognition

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

Financial assets at fair value through profit and loss

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

Loans and receivables

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

Held-to-maturity investments

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

Available-for-sale financial assets

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

Financial liabilities

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

Fair value

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

Impairment

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

f) INVESTMENTS IN ASSOCIATES

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

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

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

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

g) GOODWILL

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

h) INTANGIBLES

Goodwill and goodwill on consolidation are initially recorded at the amount by which the purchase price for a business or for an ownership interest in a controlled entity exceeds the fair value attributed to its net assets at date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets.

Goodwill on acquisition of associates is included in investments in associates. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

i) EMPLOYEE BENEFITS

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

j) PROVISIONS

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

k) CASH AND CASH EQUIVALENTS

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

l) GOODS AND SERVICES TAX

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

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

m) REVENUE

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

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

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

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

Premium Revenue - Mortgage Risk Management Pty Ltd

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

n) LOANS AND ADVANCES - DOUBTFUL DEBTS

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

The operations of Mortgage Risk Management have been scaled back in the financial year commencing 01 July 2009. The society will continue to insure the majority of residential mortgage loans approved with Genworth Finance and QBE Lenders Mortgage Insurance Limited.

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, secured commercial loans and relevant non recoverable amounts.

o) NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

The AASB has issued new, revised and amended standards and interpretations that have mandatory application dates for future reporting periods. The Group has decided against early adoption of these standards. A discussion of those future requirements and their impact on the Group follows:

AASB 3: Business Combinations, AASB 127: Consolidated and Separate Financial Statements, AASB 2008-3: Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127 [AASBs 1,2,4,5,7,101,107, 112, 114, 116, 121, 128, 131, 132, 133, 134, 136, 137, 138 & 139 and Interpretations 9 & 107] (applicable for annual reporting periods commencing from 1 July 2009) and AASB 2008-7: Amendments to Australian Accounting Standards – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate [AASB 1, AASB 118, AASB 121, AASB 127 & AASB 136] (applicable for annual reporting periods commencing from 1 January 2009). These standards are applicable prospectively and so will only affect relevant transactions and consolidations occurring from the date of application. In this regard, its impact on the Group will be unable to be determined. The following changes to accounting requirements are included:

- acquisition costs incurred in a business combination will no longer be recognised in goodwill but will be expensed unless the cost relates to issuing debt or equity securities;
- contingent consideration will be measured at fair value at the acquisition date and may only be provisionally accounted for during a period of 12 months after acquisition
- a gain or loss of control will require the previous ownership interests to be remeasured to their fair value;
- there shall be no gain or loss from transactions affecting a parent's ownership interest of a subsidiary with all transactions required to be accounted for through equity (this will not represent a change to the Group's policy);
- dividends declared out of pre-acquisition profits will not be deducted from the cost of an investment but will be recognised as income;
- impairment of investments in subsidiaries, joint ventures and associates shall be considered when a dividend is paid by the respective investee; and
- where there is, in substance, no change to Group interests, parent entities inserted above existing groups shall measure the cost of its investments at the carrying amount of its share of the equity items shown in the balance sheet of the original parent at the date of reorganisation.

The group will need to determine whether to maintain its present accounting policy of calculating goodwill acquired based on the parent entity's shares of net assets acquired or change its policy so goodwill recognised also reflects that of the non-controlling interest.

AASB 8: Operating Segments and AASB 2007-3: Amendments to Australian Accounting Standards arising from AASB 8 [AASB 5, AASB 6, AASB 102, AASB 107, AASB 119, AASB 127, AASB 134, AASB 136, AASB 1023 & AASB 1038] (applicable for annual reporting periods commencing from 1 January 2009). AASB 8 replaces AASB 114 and requires identification of operating segments on the basis of internal reports that are regularly reviewed by the Group's Board for the purposes of decision making. While the impact of this standard cannot be assessed at this stage, there is the potential for more segments to be identified. Given the lower economic levels at which segments may be defined, and the fact that cash generating units cannot be bigger than operating segments, impairment calculations may be affected. Management does not presently believe impairment will result however.

AASB 101: Presentation of Financial Statements, AASB 2007-8: Amendments to Australian Accounting Standards arising from AASB 101, and AASB 2007-10: Further Amendments to Australian Accounting Standards arising from AASB 101 (all applicable to annual reporting periods commencing from 1 January 2009). The revised AASB 101 and amendments supersede the previous AASB 101 and redefines the composition of financial statements including the inclusion of a statement of comprehensive income. There will be no measurement or recognition impact on the Group. If an entity has made a prior period adjustment or reclassification, a third balance sheet as at the beginning of the comparative period will be required.

AASB 123: Borrowing Costs and AASB 2007-6: Amendments to Australian Accounting Standards arising from AASB 123 [AASB 1, AASB 101, AASB 107, AASB 111, AASB 116 & AASB 138 and Interpretations 1 & 12] (applicable for annual reporting periods commencing from 1 January 2009). The revised AASB 123 has removed the option to expense all borrowing costs and will therefore require the capitalisation of all borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. Management has determined that there will be no effect on the Group as a policy of capitalising qualifying borrowing costs has been maintained by the Group.

AASB 2008-1: Amendments to Australian Accounting Standard – Share-based Payments: Vesting Conditions and Cancellations [AASB 2] (applicable for annual reporting periods commencing from 1 January 2009). This amendment to AASB 2 clarifies that vesting conditions consist of service and performance conditions only. Other elements of a share-based payment transaction should therefore be considered for the purposes of determining fair value. Cancellations are also required to be treated in the same manner whether cancelled by the entity or by another party.

AASB 2008-2: Amendments to Australian Accounting Standards – Puttable Financial Instruments and Obligations Arising on Liquidation [AASB 7, AASB 101, AASB 132 & AASB 139 & Interpretation 2] (applicable for annual reporting periods commencing from 1 January 2009). These amendments introduce an exception to the definition of a financial liability to classify as equity instruments certain puttable financial instruments and certain other financial instruments that impose an obligation to deliver a pro-rata share of net assets only upon liquidation.

AASB 2008-5: Amendments to Australian Accounting Standards arising from the Annual Improvements Project (July 2008) (AASB 2008-5) and AASB 2008-6: Further Amendments to Australian Accounting

Standards arising from the Annual Improvements Project (July 2008) (AASB 2008-6) detail numerous non-urgent but necessary changes to accounting standards arising from the IASB's annual improvements project. No changes are expected to materially affect the Group.

AASB 2008-8: Amendments to Australian Accounting Standards – Eligible Hedged Items [AASB 139] (applicable for annual reporting periods commencing from 1 July 2009). This amendment clarifies how the principles that determine whether a hedged risk or portion of cash flows is eligible for designation as a hedged item should be applied in particular situations and is not expected to materially affect the Group.

AASB 2008-13: Amendments to Australian Accounting Standards arising from AASB Interpretation 17 – Distributions of Non-cash Assets to Owners [AASB 5 & AASB 110] (applicable for annual reporting periods commencing from 1 July 2009). This amendment requires that non-current assets held for distribution to owners be measured at the lower of carrying value and fair value less costs to distribute.

AASB Interpretation 15: Agreements for the Construction of Real Estate (applicable for annual reporting periods commencing from 1 January 2009). Under the interpretation, agreements for the construction of real estate shall be accounted for in accordance with AASB 111 where the agreement meets the definition of 'construction contract' per AASB 111 and when the significant risks and rewards of ownership of the work in progress transfer to the buyer continuously as construction progresses. Where the recognition requirements in relation to construction are satisfied but the agreement does not meet the definition of 'construction contract', revenue is to be accounted for in accordance with AASB 118. Management does not believe that this will represent a change of policy to the Group.

AASB Interpretation 16: Hedges of a Net Investment in a Foreign Operation (applicable for annual reporting periods commencing from 1 October 2008). Interpretation 16 applies to entities that hedge foreign currency risk arising from net investments in foreign operations and that want to adopt hedge accounting. The interpretation provides clarifying guidance on several issues in accounting for the hedge of a net investment in a foreign operation and is not expected to impact the Group.

AASB Interpretation 17: Distributions of Non-cash Assets to Owners (applicable for annual reporting periods commencing from 1 July 2009). This guidance applies prospectively only and clarifies that non-cash dividends payable should be measured at the fair value of the net assets to be distributed where the difference between the fair value and carrying value of the assets is recognised in profit or loss.

The Group does not anticipate early adoption of any of the above reporting requirements and does not expect these requirements to have any material effect on the Group's financial statements.

p) COMPARATIVE FIGURES

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

q) CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

NOTE 2

INTEREST REVENUE AND INTEREST EXPENSE

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

INTEREST REVENUE 2009

	Average Balance \$	Interest \$	Average Interest Rate %
Deposits with other financial institutions	47,200,908	2,075,789	4.40
Investment securities	153,085,725	7,942,250	5.19
Loans and advances	2,095,053,750	154,756,342	7.39
Other	18,916,081	737,883	3.90
	2,314,256,464	165,512,264	7.15

BORROWING COSTS 2009

Deposits from other financial institutions	1,008,137,373	56,874,217	5.64
Customer deposits	1,193,867,105	59,380,871	4.97
Subordinated notes	14,375,000	1,070,454	7.45

2,216,379,478	117,325,542	5.29
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NET INTEREST REVENUE 2009

48,186,722

INTEREST REVENUE 2008

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

1,920,130,215	159,215,808	8.29
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BORROWING COSTS 2008

Deposits from other financial institutions	875,848,341	63,921,435	7.29
Customer deposits	996,926,750	53,565,647	5.38
Subordinated notes	14,758,065	1,299,536	8.81

1,887,533,156	118,786,618	6.29
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NET INTEREST REVENUE 2008

40,429,190

CONSOLIDATED		CHIEF ENTITY	
\$	\$	\$	\$
2009	2008	2009	2008

NOTE 3

PROFIT BEFORE INCOME TAX

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. m)

Premium revenue	3,925,157	3,748,777	-	-
Reinsurance expense (also refer note 11)	(978,761)	(775,413)	-	-
	2,946,396	2,973,364	-	-

Included in the profit before income tax are the following revenue items:

Other revenue

Dividends				
Controlled entities	-	-	750,000	2,600,000
Other corporations	769	430	769	430
Fees and commissions	12,118,990	10,272,338	12,118,990	10,272,338
Signup payment	2,272,727	-	2,272,727	-
Other revenue	1,333,731	1,323,172	980,456	822,137
	18,672,613	14,569,304	16,122,942	13,694,905

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

Other expenses

Fees and commissions	4,336,313	3,124,095	4,336,313	3,124,095
Provisions for employee entitlements	263,000	249,316	263,000	249,316
General and administration expenses	11,419,361	7,921,443	10,880,613	7,404,989
Impairment losses (also refer note 11)	4,866,000	-	-	-
Underwriting expenses	1,740,331	676,483	-	-
	22,625,005	11,971,337	15,479,926	10,778,400

NOTE 4

INCOME TAX

Major components of tax expense for the year are:

Current income tax	9,200,085	6,331,701	8,807,270	5,328,177
Deferred income tax	(1,122,807)	570,138	125,269	643,513
Income tax reported in income statement	8,077,278	6,901,839	8,932,539	5,971,690
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% (2008 - 30%)	7,544,166	7,500,471	8,728,477	7,314,123
Tax effect of permanent differences				
Depreciation of buildings	47,745	37,928	47,745	37,928
Capital gain on sale of assets	-	(10,381)	-	(10,381)
Franked dividends	(171,256)	(368,359)	(396,256)	(968,359)
Other items - net	118,332	154,915	14,282	11,114
Equity accounting income	(51,574)	(188,230)	(51,574)	(188,230)
Prior period adjustment - GST	-	(92,888)	-	(92,888)
Takeover bid expenses	-	(18,166)	-	(18,166)
Overprovision for taxation in prior year	589,865	(113,451)	589,865	(113,451)
Income tax expense attributable to profit from ordinary activities	8,077,278	6,901,839	8,932,539	5,971,690

NOTE 5

DIVIDENDS PAID

Dividends paid during the year				
Interim for current year	9,259,440	7,499,339	9,259,440	7,499,339
Fully franked dividend on ordinary shares				
Final for previous year	9,672,232	9,625,038	9,672,232	9,625,038
Fully franked dividend on ordinary shares				
	18,931,672	17,124,377	18,931,672	17,124,377

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 (\$9.373 million), for the six months to 30 June 2009, payable on 02 October 2009.

The final dividend for the six months to 30 June 2008 (\$9.672 million) was paid on 03 October 2008, and was disclosed in the 2007/08 financial accounts in accordance with Accounting Standards.

The tax rate at which the dividends have been franked is 30% (2008 - 30%).

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

Balance as at the end of the financial year	5,313,053	6,418,642	5,313,053	5,561,483
Credits that will arise from the payment of income tax payable per the financial statements	1,997,248	1,412,533	1,997,248	1,216,741
Debits that will arise from the payment of the proposed dividend	(4,016,822)	(4,144,586)	(4,016,822)	(4,144,586)
	3,293,479	3,686,589	3,293,479	2,633,638

Dividends - cents per share

Dividend proposed				
Fully franked dividend on ordinary shares	30.0	33.0	30.0	33.0
Interim dividend paid during the year				
Fully franked dividend on ordinary shares	30.0	33.0	30.0	33.0
Final dividend paid for the previous year				

Fully franked dividend on ordinary shares	33.0	30.0	33.0	30.0
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NOTE 6

CASH AND CASH EQUIVALENTS

Cash on hand and at banks	32,927,200	25,010,247	32,886,332	24,970,903
Deposits on call	45,245,876	47,350,000	33,400,000	30,500,000

78,173,076	72,360,247	66,286,332	55,470,903
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NOTE 7

DUE FROM OTHER FINANCIAL INSTITUTIONS

Bank term deposits	24,204,625	8,646,940	24,204,625	8,646,940
Deposits with SSP's	3,997,062	3,537,513	3,997,062	3,537,513
Subordinated loans	124,585	124,585	124,585	124,585

28,326,272	12,309,038	28,326,272	12,309,038
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Maturity analysis

Up to 3 months	13,855,400	8,625,082	13,855,400	8,625,082
From 3 to 12 months	10,349,225	21,858	10,349,225	21,858
From 1 to 5 years	-	-	-	-
No maturity specified	4,121,647	3,662,098	4,121,647	3,662,098

28,326,272	12,309,038	28,326,272	12,309,038
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NOTE 8

ACCRUED RECEIVABLES

Interest receivable	1,526,769	2,205,052	1,526,769	1,872,173
Securitization receivables	14,432,265	10,555,289	14,432,265	10,555,289
Other	7,188,253	611,762	938,703	512,266

23,147,287	13,372,103	16,897,737	12,939,728
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NOTE 9

FINANCIAL ASSETS AVAILABLE FOR SALE

Bills of exchange and promissory notes	107,684,306	75,500,837	107,684,306	75,500,837
Certificates of deposit	9,096,789	8,151,166	9,096,789	8,151,166
Notes - Securitisation program & other	9,790,109	14,719,939	9,790,109	12,917,684

126,571,204	98,371,942	126,571,204	96,569,687
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Maturity analysis

Up to 3 months	105,492,618	83,652,002	105,492,618	83,652,002
From 3 to 12 months	11,288,477	-	11,288,477	-
Later than 5 years	9,790,109	14,719,940	9,790,109	12,917,685

126,571,204	98,371,942	126,571,204	96,569,687
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NOTE 10

LOANS AND ADVANCES

Term loans	1,621,405,241	1,578,097,740	1,621,405,241	1,578,097,740
Loans to controlled entities	-	-	4,418,611	5,338,254
Other commercial loan	-	-	-	-
Continuing credit loans	517,795,281	415,729,610	517,795,281	415,729,610
Leases receivable	1,066,630	2,337,669	-	-

2,140,267,152	1,996,165,019	2,143,619,133	1,999,165,604
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Provision for impairment	(124,776)	(195,051)	(34,672)	(80,136)
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2,140,142,376	1,995,969,968	2,143,584,461	1,999,085,468
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Provision for impairment

Specific provision

Opening balance	(195,051)	(32,715)	(80,136)	(9,516)
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Bad and doubtful debts provided for during the year	70,275	(162,336)	45,464	(70,620)
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Total provision for impairment	(124,776)	(195,051)	(34,672)	(80,136)
Charge to profit and loss for bad and doubtful debts comprises:				
Specific provision	70,275	(162,336)	45,464	(70,620)
Bad debts recognised directly	(68,808)	90,070	(42,721)	18,777
	1,467	(72,266)	2,743	(51,843)
Maturity analysis				
Up to 3 months	1,738,533	368,062	1,696,941	291,890
From 3 to 12 months	796,403	3,320,478	556,569	3,039,702
From 1 to 5 years	40,173,176	44,848,717	39,387,852	42,881,497
Later than 5 years	2,097,434,264	1,947,432,711	2,101,943,099	1,952,872,379
	2,140,142,376	1,995,969,968	2,143,584,461	1,999,085,468

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

The impact on the consolidated and chief entity is an increase in liabilities - securitised loans - of \$790.456 million (30 June 2008 - \$947.998 million).

Concentration of risk

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

CONSOLIDATED		CHIEF ENTITY	
\$	\$	\$	\$
2009	2008	2009	2008

NOTE 11

OTHER INVESTMENTS

Unlisted shares - at Directors' valuation	351,504	350,158	351,384	376,065
Controlled entities - at cost	-	-	15,921,164	11,421,164
Investment in associate	7,115,078	6,944,511	7,115,078	6,944,511
Interest in joint venture - at cost	15,000	15,000	15,000	15,000
	7,481,582	7,309,669	23,402,626	18,756,740

Investment in controlled entities comprises:

Name	Country of incorporation	JUN 09 %	JUN 08 %	Contribution to consolidated operating profit after income tax	Investment carrying value
Chief entity					
Wide Bay Australia Ltd	Australia			18,768,002	14,611,201
Controlled entities					
Mortgage Risk Management Pty Ltd	Australia	100	100	(2,377,505)	2,413,131
Wide Bay Australia Mini Lease Pty Ltd	Australia	51	51	17,881	(61,789)
Mackay Permanent Building Society Ltd	Australia	100	100	-	-
MPBS Insurance Pty Ltd	Australia	100	100	(1,103)	33,857
MPBS Holdings Pty Ltd	Australia	100	100	(96,514)	(34,319)
F.I. Software Solutions Pty Ltd	Australia	100	100	-	-
					120
				(2,457,241)	2,350,880
					15,921,164
					11,421,164

Investment in associate comprises:

Financial Technology Securities Pty Ltd	Australia	25	25	742,000	1,197,519	7,115,078	6,944,511
				17,052,761	18,159,600	23,036,242	18,365,675

The carrying amounts of unlisted shares were reassessed by the Directors as at 30 June 2009 with the reassessments being based on the projections of the current market values of the shares.

Controlled entities

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

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

MRM meets APRA's acceptable LMI test and all residential mortgage loans insured with the company qualify for a concessional risk-weight for capital adequacy purposes.

MRM has been restructured in light of the deterioration in credit ratings of MRM's reinsurer, Radian Guaranty Inc ("Radian") and the unavailability of a suitable alternative. Until a suitable reinsurer can be retained, the company will use Genworth Financial and QBE Lender Mortgage Insurance Limited as the society's preferred mortgage

insurers for the bulk of future lending.

MRM has now commuted its reinsurance arrangements with Radian in return for a one-off payment of \$5,472,466, which includes a refund of premiums representing unearned reinsurance premiums and a refund of a proportion of earned premiums due to no claims being made during the term of the contract.

On termination of the reinsurance agreement the unearned reinsurance expense of \$4,411,756 was written off.

While restructuring MRM's operations the directors have reviewed the financial instruments which are held to maturity and held at fair value. Two actuarial experts were retained to determine the fair value of the investments. As a result, MRM has made a provision for impairment losses of \$4,866,000, and in addition has incurred a realised loss of \$803,415 on the sale of NAB Income Securities.

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

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

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

MPBS Holdings Pty Ltd is a wholly owned subsidiary which holds the property at 73 Victoria Street Mackay.
MPBS Insurance Pty Ltd is a wholly owned subsidiary which is no longer actively trading.
F.I. Software Solutions Pty Ltd is a wholly owned subsidiary which is no longer actively trading.

Investment accounted for using the equity method

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

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

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

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

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

	\$	\$
	JUN 09	JUN 08

Share of associate's balance sheet:

Current Assets	554,494	452,179
Non-current assets	716,429	661,325
Current Liabilities	(589,330)	(275,415)
Non-current liabilities	-	(98,848)
Net Assets	<u>681,593</u>	<u>739,241</u>

Share of associate's revenue and profit:

Revenue	2,948,769	3,723,610
Profit before income tax	837,134	1,790,443
Adjustment of accrual	205,417	(84,112)
Income tax	<u>(300,551)</u>	<u>(508,812)</u>
Profit after income tax	<u>742,000</u>	<u>1,197,519</u>

CONSOLIDATED		CHIEF ENTITY	
\$	\$	\$	\$
2009	2008	2009	2008

NOTE 12

PROPERTY, PLANT AND EQUIPMENT

Freehold land and buildings				
At independent valuation - June 2009	12,655,000	12,065,000	12,655,000	12,065,000
Provision for depreciation	-	490,850	-	490,850
Land and buildings 73 Victoria St Mackay	3,870,000	3,909,376	-	-
At independent valuation - July 2009	-	156,356	-	-
Provision for depreciation	-	-	-	-
	16,525,000	15,327,170	12,655,000	11,574,150
Movement in carrying amount				
Carrying amount at beginning of year	15,327,170	11,819,575	11,574,150	11,819,575
Additions	220,572	-	-	-
Revaluation increment (net)	1,303,297	3,792,233	1,326,275	-
Depreciation	326,039	284,638	245,425	245,425
Carrying amount at end of year	16,525,000	15,327,170	12,655,000	11,574,150
Plant and equipment				
At cost	23,146,656	22,302,768	23,146,656	22,302,768
Provision for depreciation	17,494,705	15,738,094	17,494,705	15,738,094
	5,651,951	6,564,674	5,651,951	6,564,674
Movement in carrying amount				
Carrying amount at beginning of year	6,564,674	5,513,953	6,564,674	5,508,929
Additions	1,378,734	1,644,293	1,378,734	1,677,046
Additions due to business combinations	-	1,433,460	-	1,444,078
Disposals	449,671	2	449,671	-
Depreciation	1,841,786	2,027,030	1,841,786	2,065,379
Carrying amount at end of year	5,651,951	6,564,674	5,651,951	6,564,674
	22,176,951	21,891,844	18,306,951	18,138,824

The land and buildings at 73 Victoria Street Mackay were acquired with the purchase of shares in Mackay Permanent Building Society Ltd. The land and buildings were valued at 29 July 2009 by certified practising valuer, Barry Deacon AAPI of Herron Todd White.

All other land and buildings were revalued as at 30 April 2009 by independent registered valuers Jim Webb AAPI and Brad Hooper AAPI of Propell National Valuers.

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

NOTE 13

DEFERRED INCOME TAX ASSETS

Deferred income tax assets are attributable to:

Employee leave provisions	687,000	608,100	687,000	608,100
Other provisions	37,433	58,516	10,402	24,041
Property, plant & equipment	460,273	467,101	224,151	37,137
Takeover expenses	36,333	54,499	36,333	54,499
Unrealised losses on investments	1,459,800	-	-	-
MPBS project costs	377,834	1,331,161	377,834	1,331,161
Other items	85,640	11,612	35,502	11,612
	3,144,313	2,530,989	1,371,222	2,066,550

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

NOTE 14

OTHER ASSETS

Prepayments	6,875,599	12,280,177	5,878,390	6,194,486
	6,875,599	12,280,177	5,878,390	6,194,486

NOTE 15

GOODWILL ON CONSOLIDATION

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

Under the Offer, the company offered:

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

for each ordinary share of MPBS.

On 11 January 2008 the company announced the fulfilment of conditions pertaining to the off-market takeover offer set out in the bidder's statement and gave notice that the offer was unconditional effective 10 January 2008.

On 22 January 2008 the company gave notice that under Listing Rule 3.3, in relation to the off-market takeover bid for MPBS, the company held 94.79% of the MPBS shares on issue and compulsory acquisition of the remaining MPBS shares would proceed. At 30 June 2008 the company held 100% of the MPBS shares on issue.

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

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

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

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

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

	CONSOLIDATED \$	CHIEF ENTITY \$
Cost of business combination		
Consideration in cash	12,219,971	12,219,971
Expenses related to acquisition	2,038,922	2,038,922
	14,258,893	14,258,893
Shares issued		
4,068,339 fully paid ordinary shares - closing ASX price at 08 February 2008 \$10.80	43,938,061	43,938,061
138,373 fully paid ordinary shares - closing ASX price at 19 March 2008 \$9.40	1,300,706	1,300,706
	59,497,660	59,497,660

Fair value of identifiable net assets

Assets

Cash and cash equivalents	19,496,603	19,496,209
Due from other financial institutions	34,680,000	34,680,000
Investments	3,473,852	3,473,852
Loans and advances	282,627,932	284,627,854
Deferred tax assets	1,313,823	1,304,606
Property, plant and equipment	5,225,693	1,444,078
Other assets	1,362,739	1,355,496

Total assets	<u>348,180,642</u>	<u>346,382,095</u>
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Liabilities

Deposits	313,955,693	313,955,693
Accounts payable and other liabilities	5,773,239	5,233,594
Employee benefit obligations	263,760	263,760
Subordinated debt	10,000,000	10,000,000

Total liabilities	<u>329,992,692</u>	<u>329,453,047</u>
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Net assets	<u>18,187,950</u>	<u>16,929,048</u>
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Goodwill - balance at 30 June 2008	<u>41,309,710</u>	<u>42,568,612</u>
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Change in the carrying amount of goodwill:

The company and all its wholly-owned Australian resident entities are part of a tax-consolidated group under Australian taxation law. During finalisation of the taxation calculations for the year ended 30 June 2008 the company identified pre-acquisition taxation underprovisions to the value of \$747,400. The taxation underprovisions have been adjusted against the carrying value of goodwill on consolidation.

747,400	747,400
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Goodwill - balance at 30 June 2009	<u>42,057,110</u>	<u>43,316,012</u>
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Impairment testing

The cash-generating unit selected for impairment testing of goodwill was the Wide Bay Australia Ltd chief entity, as it is impractical to separate the MPBS consolidated entity from the whole economic entity.

The goodwill disclosed in the Balance Sheet at 30 June 2009 was supported by the impairment testing and no impairment adjustment was required.

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

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

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

- the trading results for the financial year ending 30 June 2009 represents the cash-generating potential of the consolidated entity;
- the estimated growth in the cash-generating unit cash flows over the testing period was 4% which compares to budgeted growth for the consolidated group of 8%;
- the net present value discount rate used in the impairment testing was 4.93% which represents the cost of funds to the consolidated group at 30 June 2009.

The estimated growth of 4% is considered to be a conservative parameter as the growth in the loan book of the consolidated entity has averaged 9.35% over the previous 5 years.

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

NOTE 16

DEPOSITS AND SHORT TERM BORROWINGS

Call deposits	422,707,879	415,475,611	430,608,350	417,289,972
Term deposits	824,927,398	711,565,220	824,927,398	711,565,220
	1,247,635,277	1,127,040,831	1,255,535,748	1,128,855,192

Maturity analysis				
On call	422,707,879	415,475,611	430,608,350	417,289,972
Up to 3 months	317,841,462	473,295,630	317,841,462	473,295,630
From 3 to 12 months	473,662,125	231,556,716	473,662,125	231,556,716
From 1 to 5 years	33,423,811	6,712,874	33,423,811	6,712,874
	1,247,635,277	1,127,040,831	1,255,535,748	1,128,855,192

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

NOTE 17

DUE TO OTHER FINANCIAL INSTITUTIONS

Secured loans	214,763,918	389,486	214,686,528	-
Maturity analysis				
From 3 to 12 months	214,763,918	-	214,686,528	-
From 1 to 5 years	-	389,486	-	-
	214,763,918	389,486	214,686,528	-

NOTE 18

PAYABLES AND OTHER LIABILITIES

Trade creditors	5,327,155	6,792,795	5,327,155	6,792,795
Accrued interest payable	13,699,077	12,323,757	13,699,077	12,323,757
Other creditors	13,911,754	10,877,826	9,210,278	5,918,510
	32,937,986	29,994,378	28,236,510	25,035,062

Maturity analysis				
Up to 3 months	24,670,556	25,832,535	19,969,080	20,873,219
From 3 to 12 months	7,692,793	4,048,249	7,692,793	4,048,249
From 1 to 5 years	574,637	113,594	574,637	113,594
	32,937,986	29,994,378	28,236,510	25,035,062

NOTE 19

DEFERRED INCOME TAX LIABILITIES

Provision for taxation	2,179,745	(1,020,949)	2,085,549	(1,216,741)
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Deferred income tax liabilities are attributable to:

Asset revaluation reserve	2,622,912	1,731,962	2,129,844	1,731,962
Prepayments	426,103	298,317	426,103	298,317
Equity accounting revenue	222,600	188,230	222,600	188,230
Accrued interest	217,569	182,114	217,569	182,114
Land and buildings	-	493,068	-	-
Goodwill on acquisition adjustment	-	20,270	-	20,270
	3,489,184	2,913,961	2,996,116	2,420,893
	5,668,929	1,893,012	5,081,665	1,204,152

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

NOTE 20

PROVISIONS

Employee entitlements				
Balance at beginning of year	2,027,000	1,649,949	2,027,000	1,649,949
Annual leave and long service leave provided for during the year	263,000	377,051	263,000	377,051
Balance at end of year	2,290,000	2,027,000	2,290,000	2,027,000

Unearned direct premiums and outstanding claims				
Balance at beginning of year	7,771,253	7,655,692	-	-
Transfers to the provision during the year	4,510,471	4,226,431	-	-
Payments from the provision during the year	4,013,855	4,110,870	-	-
Balance at end of year	8,267,869	7,771,253	-	-

Premium revenues are earned over 10 years in accordance with actuarial advice based on historical claim patterns. The unearned portion is recognised as unearned premium liability.

The outstanding claims liability is based on independent actuarial advice and estimates of claims incurred but not settled at balance date. The estimation is based on statistical analyses of historical experience.

Other provisions	97,855	563,940	97,855	563,940
Total provisions	10,655,724	10,362,193	2,387,855	2,590,940

NOTE 21

SUBORDINATED CAPITAL NOTES

Inscribed debenture stock	25,000,000	20,000,000	25,000,000	20,000,000
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Maturity analysis				
Up to 3 months	25,000,000	20,000,000	25,000,000	20,000,000

NOTE 22

CONTRIBUTED EQUITY

Fully paid ordinary shares

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

Balance at beginning of year	29,305,155	105,930,517	24,997,798	59,620,618
Issued during the year				
Staff share plan	124,957	904,689	100,645	1,104,076
Dividend Reinvestment Plan	545,839	3,459,233	-	-
Non-renounceable Rights Issue	1,265,996	7,912,475	-	-
Issue of fully paid shares under an off-market offer for the shares in Mackay Permanent Building Society Ltd	-	-	4,206,712	45,238,768
Share issue costs	-	(392,855)	-	(32,945)
Balance at end of year	31,241,947	117,814,059	29,305,155	105,930,517

	CONSOLIDATED		CONSOLIDATED	
	JUN 09	JUN 08	JUN 09	JUN 08

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

Staff share plan

11 December 2008 - 124,957 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

	2,150,355	2,025,398	2,150,355	2,025,398
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The total number of shares issued to employees during the financial year was

	124,957	100,645	124,957	100,645
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The total market value at date of issue, 11 December 2008 (03 December 2007) was

	862,203	1,258,063	862,203	1,258,063
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The total amount paid or payable for the shares at that date was

	904,689	1,104,076	904,689	1,104,076
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Dividend Reinvestment Plan (DRP)

09 October 2008 - 166,622 ordinary shares were issued.

23 March 2009 - 379,217 ordinary shares were issued.

The Directors reintroduced the DRP during the financial year.

Shares issued under the plan rank equally in every respect with existing fully paid permanent ordinary shares and participate in all cash dividends declared after the date of issue.

The shares issued under the DRP on 09 October 2008 and 23 March 2009 were issued at a discount of 2.5% and 7.5% respectively on the weighted sale price of the Company's shares sold during the five trading days immediately following the Record Date.

Non-renounceable Rights Issue

31 December 2008 - 1,265,996 ordinary shares were issued.

The Company undertook a non-underwritten non-renounceable rights issue of 1 new ordinary share for every 12 existing fully paid ordinary shares.

Shares issued under the Rights Issue rank equally in every respect with existing fully paid ordinary shares and participate in all cash dividends declared after the date of issue.

The shares were issued under the Rights Issue at a price of \$6.25 which represented a discount of 10.7% to the closing price of the shares on 26 November 2008.

CONSOLIDATED		CHIEF ENTITY	
\$	\$	\$	\$
2009	2008	2009	2008

NOTE 23

RESERVES

Movements in reserves

Asset revaluation reserve

Balance at beginning of year	4,041,244	4,041,244	4,041,244	4,041,244
Increase due to revaluation increment on land and buildings	1,326,275	-	1,326,275	-
Deferred tax liability adjustment on revaluation increment on land and buildings	(397,883)	-	(397,883)	-
Balance at end of year	4,969,636	4,041,244	4,969,636	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 beginning of year	2,387,810	1,929,283	2,387,810	1,929,283
Increase in reserve on acquisition of shares in Mackay Permanent Building Society Ltd	-	458,527	-	458,527
Balance at end of year	2,387,810	2,387,810	2,387,810	2,387,810

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

15,867,456	14,939,064	15,867,456	14,939,064
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NOTE 24

OUTSIDE EQUITY INTEREST

Reconciliation of outside equity interest in controlled entities:

Opening balance	(453,528)	(393,915)
Share of operating (profit)/loss	17,179	(59,613)
Closing balance	(436,349)	(453,528)

NOTE 25

CASH FLOW STATEMENT

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

Profit after tax from continuing operations	17,069,940	18,099,730	20,260,002	18,408,719
Depreciation & amortisation	2,087,211	2,311,668	2,087,211	2,310,804
Bad debts expense	(1,467)	72,266	(2,743)	(51,843)
(Profit)/Loss on disposal of non-current assets	(5,210)	(2,432)	(5,210)	(2,432)

(Increase)/Decrease in Assets

Accrued interest on investments	189,826	(538,698)	189,826	(797,383)
Prepayments	316,764	(2,601,905)	316,764	(1,215,401)
Inventories	25,719	(33,924)	25,719	-
Sundry debtors	(1,326,916)	(155,059)	1,119,389	(165,843)
Future income tax benefit	(613,323)	(111,433)	695,329	(92,860)

Increase/(Decrease) in Liabilities

Increase in creditors & accruals	820,901	703,823	(6,296,349)	187,344
Increase in deferred tax payable	575,223	568,793	575,223	75,725
Increase in income tax payable	3,029,826	(3,695,852)	3,427,559	(2,868,483)
Increase in employee entitlement provisions	263,000	113,291	263,000	113,291

Net cash flows from operating activities

22,431,494	14,730,268	22,655,720	15,901,638
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Cash flows arising from the following activities are presented on a net basis:

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

Non-cash financing and investing activities:

Share issue - Mackay Permanent Building Society Ltd (MPBS)

4,206,712 ordinary shares were issued as part of the acquisition of MPBS. The shares issued were based on the market value of the shares at the date of issue. Full details of the acquisition are set out in note 15.

NOTE 26

EXPENDITURE COMMITMENTS

Capital expenditure commitment

Capital expenditure contracted for within one year

129,433	183,594	129,433	183,594
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Lease expenditure commitments

Non cancellable operating leases

Up to 1 year

2,061,071	2,642,436	2,061,071	2,642,436
-----------	-----------	-----------	-----------

From 1 to 2 years

1,624,557	2,265,453	1,624,557	2,265,453
-----------	-----------	-----------	-----------

From 2 to 5 years

1,978,237	3,370,682	1,978,237	3,370,682
-----------	-----------	-----------	-----------

Later than 5 years

67,748	284,637	67,748	284,637
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Total lease expenditure

5,731,613	8,563,208	5,731,613	8,563,208
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NOTE 27

EMPLOYEE ENTITLEMENTS AND SUPERANNUATION COMMITMENTS

Employee entitlements

The aggregate employment entitlement liability is comprised of:

Provisions - (note 20)

2,290,000	2,027,000	2,290,000	2,027,000
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NOTE 28

CONTINGENT LIABILITIES AND CREDIT COMMITMENTS

Approved but undrawn loans

78,892,808	68,115,977	78,892,808	68,115,977
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Approved but undrawn credit limits

122,004,205	95,875,476	122,004,205	95,875,476
200,897,013	163,991,453	200,897,013	163,991,453

NOTE 29

EARNINGS PER SHARE

Basic earnings per share (cents per share)

56.41	68.02
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Diluted earnings per share (cents per share)

56.41	68.02
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	Basic		Diluted	
\$		\$		\$
2009		2008		2009
				2008

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

Calculation of numerator

Net profit attributable to shareholders

17,052,761	18,159,600	17,052,761	18,159,600
------------	------------	------------	------------

Less dividends paid on preference shares	-	-	-	-
Numerator	17,052,761	18,159,600	17,052,761	18,159,600
Weighted average number of shares				
Ordinary shares	30,230,440	26,695,797	30,230,440	26,695,797
Potential ordinary shares	-	-	-	-
Total weighted average ordinary shares	30,230,440	26,695,797	30,230,440	26,695,797

CONSOLIDATED		CHIEF ENTITY	
\$	\$	\$	\$
JUN 09	JUN 08	JUN 09	JUN 08

NOTE 30

KEY MANAGEMENT PERSONNEL AND RELATED PARTY DISCLOSURES

a) Details of key management personnel

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

i) Directors

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

ii) Executives

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

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

b) Key management personnel compensation

Remuneration for the year ended 30 June 2009

Short term benefits				
Cash salary and fees	2,246,873	1,988,376	2,246,873	1,988,376
Cash bonus	-	-	-	-
Non-monetary	68,212	79,809	68,212	79,809
Post employment benefits				
Superannuation	512,264	497,664	512,264	497,664
Retirement benefits	-	-	-	-
Termination benefits	-	-	-	-
Share based payments	-	-	-	-
Other long term benefits	-	-	-	-
	2,827,349	2,565,849	2,827,349	2,565,849

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 into account in this note.

Loans for the year ended 30 June 2009	Balance	Interest	Write-off	Balance	Number in Group 30 June 2009
	01 July 2008	Charged		30 June 2009	
	\$	\$	\$	\$	
Directors	(2,050,727)	68,225	-	(2,089,791)	3
Executives	(1,942,840)	117,720	-	(2,003,196)	5
Total: Key management personnel	(3,993,567)	185,945	-	(4,092,987)	8

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

Individuals with loans above \$100,000 in reporting period	Balance	Interest*	Write-off	Balance	Highest
	30 June 2008	Charged		30 June 2009	In Period
	\$	\$	\$	\$	\$
Directors					
RE Hancock	(506,372)	-	-	(539,549)	(654,913)
JH Fell	(1,268,606)	53,837	-	(1,264,712)	(1,269,244)
FM McLeod	(275,749)	14,388	-	(285,530)	(300,847)
Executives					
IR Pokarier	(190,197)	7,306	-	(470,865)	(477,380)
WR Schafer	(685,677)	37,065	-	(426,516)	(677,088)
DA Hancock	(530,858)	34,103	-	(544,102)	(542,877)
SV Butler	(536,108)	39,246	-	(561,713)	(557,033)

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

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

d) Equity Holdings and Transactions

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

	Balance	Received as	Options	Net Change	Balance
	30 June 2008	Remuneration	Exercised	Other	30 June 2009
Directors					
JF Pressler	-	-	-	-	-
RE Hancock	1,734,075	-	-	228,668	1,962,743
JH Fell	405,626	-	-	11,400	417,026
PJ Sawyer	451,656	-	-	102,222	553,878
FM McLeod	103,021	-	-	8,437	111,458
JS Humphrey	-	-	-	30,000	30,000
Executives					
IR Pokarier	280,559	-	-	39,091	319,650
WR Schafer	17,306	-	-	(125)	17,181
DA Hancock	56,200	-	-	13,807	70,007
SV Butler	3,750	-	-	1,000	4,750
AR Ashton	10,187	-	-	-	10,187
Total	3,062,380	-	-	434,500	3,496,880

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 308,543 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.

	CONSOLIDATED		CHIEF ENTITY	
	\$	\$	\$	\$
	2009	2008	2009	2008
Mallesons Stephen Jaques, a related party due to having a common director being John S Humphrey, received fees for legal services provided in connection with the non-renounceable rights issue and corporate advice (2008 - acquisition of MPBS) totalling:	38,971	304,147	38,971	304,147

CONSOLIDATED		CHIEF ENTITY	
\$	\$	\$	\$
2009	2008	2009	2008

NOTE 31

REMUNERATION OF AUDITORS

Amounts received or due and receivable by the auditors of the chief entity are as follows:

Audit or review of the financial statements of the entity and any other entity in the economic entity	107,316	94,743	107,316	94,743
Additional costs relating to audit or review of the financial statements of the economic entity for the 2008 year	54,644	-	54,644	-
Services provided in connection with the acquisition of MPBS	-	49,959	-	49,959
Tax return subsidiaries	4,601	4,568	4,601	3,068
Tax advice	39,440	6,189	39,440	6,189
	<u>206,001</u>	<u>155,459</u>	<u>206,001</u>	<u>153,959</u>

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

Audit or review of the financial statements of the entity	24,500	23,500	-	-
Other services	27,500	9,000	-	-
	<u>52,000</u>	<u>32,500</u>	<u>-</u>	<u>-</u>

258,001	187,959	206,001	153,959
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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 principally 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

a) CAPITAL RISK MANAGEMENT

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

The group's management prepares a 3 year capital plan and monitors actual risk-based capital ratios on a monthly basis to ensure the capital ratio complies with APRA's guidelines. APRA requires the capital adequacy ratio for the group to be maintained above 10%. During the 2009 and 2008 financial years the consolidated and chief entity complied with APRA's prescribed minimum capital requirements at all times.

The capital adequacy calculations at 30 June 2009 and 30 June 2008 have been prepared in accordance with the revised prudential standards incorporating the Basel II principles.

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

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

The total risk weighted assets calculations are based on:

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

Details of the capital adequacy ratio on a chief entity and consolidated basis are set out below:

	CONSOLIDATED		CHIEF ENTITY	
	\$ JUN 09	\$ JUN 08	\$ JUN 09	\$ JUN 08
Total risk weighted assets	778,589,658	687,562,493	778,054,463	690,587,174
Capital base	95,109,544	88,322,282	95,311,786	88,500,731
Risk-based capital ratio	12.22%	12.85%	12.25%	12.82%

b) INTEREST RATE RISK MANAGEMENT

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

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

At the reporting date, if interest rates had been 1.0% higher or lower and all other variables were held constant, the group's net profit would increase by \$491,959 or decrease by \$491,959 (2008: decrease by \$2,059,085 or increase by \$2,059,085). This is mainly due to the society's exposures to fixed and variable rate loans, and deposit and securitization liabilities.

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

c) LIQUIDITY RISK MANAGEMENT

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

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

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

d) CREDIT RISK MANAGEMENT

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

Credit risk is minimised by the availability and application of insurances including lender's mortgage insurance, title insurance, property insurance, mortgage protection insurance and consumer credit insurance. Credit risk in the loan portfolio is managed by protecting the majority of new residential mortgage loans, particularly in excess of 75% LVR, with either one of the recognised mortgage insurers or through the society's wholly owned subsidiary Mortgage Risk Management Pty Ltd, an approved lenders mortgage insurer, and by securing the loans by first mortgages over residential property.

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

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

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

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

The past due loans and advances for the group comprise:

	CONSOLIDATED		CHIEF ENTITY	
	\$	\$	\$	\$
	JUN 09	JUN 08	JUN 09	JUN 08
Less than 30 days	54,417,111	48,667,207	54,360,037	48,579,604
30 days and less than 60 days	20,792,313	21,809,411	20,790,732	21,778,652
60 days and less than 90 days	8,559,640	4,628,955	8,541,911	4,588,319
90 days and less than 182 days	5,411,288	5,236,064	5,399,733	5,157,002
182 days and less than 273 days	2,619,129	1,313,644	2,614,086	1,269,969
273 days and less than 365 days	173,012	330,281	157,124	248,887
365 days and over	1,828,595	550,594	1,758,849	500,341
	93,801,088	82,536,156	93,622,472	82,122,774

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 Instruments	Notes to Accounts	Accounting Policies	Terms and Conditions
Financial assets			
Short term deposits	6 7	Short term deposits are stated at amortised cost. Interest is recognised when earned.	Short term deposits have an effective interest rate of 4.96% (2008 - 7.36%)
Accrued receivables	8	Amounts receivable are recorded at their recoverable amount.	
Bills of exchange and promissory notes	9	Bills of exchange and promissory notes are stated at amortised cost.	Bills of exchange and promissory notes have an effective interest rate of 5.61% (2008 - 7.69%)
Certificates of deposit	9	Certificates of deposit are carried at amortised cost. Interest revenue is recognised when earned.	Certificates of deposit have an effective interest rate of 5.51% (2008 - 8.10%)
Notes	9	Notes are carried at amortised cost.	These notes are an overcover required as part of the securitisation of loans. They have an effective interest rate of 5.30% (2008 - 9.05%)
Loans and advances	10	Loan interest is calculated on the closing daily outstanding balance and is charged in arrears to the customer's account on a monthly basis. Loans and advances are recorded at amortised cost.	<p>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.</p> <p>The loan to subsidiary is secured by a fixed and floating charge over all property, assets and rights of the subsidiary.</p> <p>Certain of the society's loans have been securitised and continue to be managed by the society. Further details are disclosed in note 10.</p> <p>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</p>

			to the note holders is repriced on a monthly basis.
Financial liabilities			
Deposits	16	Deposits are recorded at the principal amount. Interest is brought to account on an accrual basis.	Details of maturity of the deposits are set out in note 16. Interest is calculated on the daily balance.
Due to other financial institutions	17	Amounts due to other financial institutions are initially recorded at cost, being fair value of the consideration received net of issue costs. Subsequently they are measured at amortised cost.	
Payables and other liabilities	18	Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the economic entity.	Trade creditors are normally settled on 30 day terms.
Dividends payable	5	Dividends payable are recognised when declared by the company.	Details of the final dividend declared by the company for the financial year ended 30 June 2009 are disclosed in note 5.
Subordinated capital notes	21	The subordinated capital notes are inscribed debenture stock.	These notes are issued for an initial period of 5 years and thereafter can be redeemed on an annual basis until the final redemption date of 10 years.
Derivatives			
Each of the securitisation trusts has an Interest Rate Swap in place to hedge against fixed rate loans held in the trust. The mark to market value, which was positive for each contract at the end of the year was as follows:			
	2009	2008	
	\$	\$	
WB Trust No. 3	5,993,239	154,213	
WB Trust 2008-1	2,079,691	-	
WB Trust 2006-1	992,466	99,713	
WB Trust 2005-1	682,932	148,297	
WB Trust 2004-1	559,860	94,922	
WB Trust 2003-1	-	22,141	

NOTE 34 (CONT)

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:				Non interest bearing		Total carrying amount per balance sheet		Weighted average effective interest rate	
			1 year or less		From 1 to 5 years							
	\$ 2009	\$ 2008	\$ 2009	\$ 2008	\$ 2009	\$ 2008	\$ 2009	\$ 2008	\$ 2009	\$ 2008	% 2009	% 2008
Financial assets												
Cash and cash equivalents	70,460,569	66,842,826	-	-	-	-	7,712,507	5,517,421	78,173,076	72,360,247	4.98	7.40
Due from other financial institutions	4,026,647	3,567,098	24,204,625	8,646,940	-	-	95,000	95,000	28,326,272	12,309,038	4.56	6.74
Accrued receivables	-	-	-	-	-	-	23,103,149	13,301,322	23,103,149	13,301,322	-	-
Investment securities	8,790,109	10,917,685	116,781,095	83,652,002	1,000,000	3,802,255	-	-	126,571,204	98,371,942	5.53	7.64
Loans and advances	1,715,988,676	1,368,218,000	220,171,200	160,518,102	204,107,276	467,428,917	-	-	2,140,267,152	1,996,165,019	7.45	8.72
Other investments	-	-	-	-	-	-	6,247,364	6,075,450	6,247,364	6,075,450	-	-
Other assets	-	-	-	-	-	-	5,877,722	6,194,486	5,877,722	6,194,486	-	-
Total financial assets	1,799,266,001	1,449,545,609	361,156,920	252,817,044	205,107,276	471,231,172	43,035,742	31,183,679	2,408,565,939	2,204,777,504		
Financial liabilities												
Deposits and short term borrowings	420,747,975	414,637,266	793,463,491	705,690,691	33,423,811	6,712,874	-	-	1,247,635,277	1,127,040,831	4.99	5.38
Due to other financial institutions	-	-	144,191,795	-	77,391	389,486	-	-	144,269,186	389,486	4.74	6.58
Payables and other liabilities	-	-	-	-	-	-	32,937,986	29,994,378	32,937,986	29,994,378	-	-
Securitized loans	633,758,785	649,779,773	81,314,891	76,231,577	75,382,070	221,986,449	-	-	790,455,746	947,997,799	5.92	7.45
Provisions	-	-	-	-	-	-	10,655,724	10,362,193	10,655,724	10,362,193	-	-
Subordinated capital notes	-	-	25,000,000	20,000,000	-	-	-	-	25,000,000	20,000,000	6.94	8.81
Total financial liabilities	1,054,506,760	1,064,417,039	1,043,970,177	801,922,268	108,883,272	229,088,809	43,593,710	40,356,571	2,250,953,919	2,135,784,687		

NOTE 34 (CONT)

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	
	\$ 2009	\$ 2008	\$ 2009	\$ 2008
Financial assets				
Cash and cash equivalents	78,173,076	72,360,247	78,173,076	72,360,247
Due from other financial institutions	28,326,272	12,309,038	28,417,039	12,341,464
Accrued receivables	23,103,149	13,301,322	23,103,149	13,301,322
Investment securities	126,571,204	98,371,942	127,890,109	99,719,939
Loans and advances	2,140,267,152	1,996,165,019	2,144,919,806	2,005,531,254
Other investments	6,247,364	6,075,450	6,247,364	6,075,450
Other assets	5,877,722	6,194,486	5,877,722	6,194,486
Total financial assets	2,408,565,939	2,204,777,504	2,414,628,265	2,215,524,162
Financial liabilities				
Deposits and short term borrowings	1,247,635,277	1,127,040,831	1,244,033,092	1,124,268,625
Due to other financial institutions	144,269,186	389,486	143,727,015	382,183
Payables and other liabilities	32,937,986	29,994,378	32,937,986	29,994,378
Securitised loans	790,455,746	947,997,799	792,174,091	952,445,913
Provisions	10,655,724	10,362,193	10,655,724	10,362,193
Subordinated capital notes	25,000,000	20,000,000	25,000,000	20,000,000
Total financial liabilities	2,250,953,919	2,135,784,687	2,248,527,908	2,137,453,292

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

Cash and cash equivalents	The carrying amount approximates fair value because these assets are receivable on demand or have a short term to maturity.
Due from other financial institutions	The fair values of amounts due from other financial institutions are estimated using discounted cash flow analysis, based on current lending rates for similar types of investments. The carrying amount approximates fair value.
Accrued receivables	The carrying amount approximates fair value as they are short term in nature.
Investment securities	For the financial instruments traded in organised financial markets, fair value is the current quoted market price adjusted for any realisation costs.
Loans and advances	The fair values of loans receivable are estimated using discounted cash flow analysis, based on current lending rates for similar types of loans.
Other investments	The carrying amount for other investments is considered to be the reasonable estimate of net fair value.
Other assets	The carrying amount for these prepaid fees and expenses is considered to be the reasonable estimate of net fair value.
Deposits and short term borrowings	The fair values of deposits are estimated using discounted cash flow analysis, based on current lending rates for similar types of deposits.
Due to other financial institutions	The fair values of these liabilities are estimated using discounted cash flow analysis, based on current borrowing rates for similar types of borrowing arrangements.
Payables and other liabilities	This includes interest payable and trade payables for which the carrying

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

Securitised loans

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

Provisions

The carrying amount approximates fair value.

Subordinated capital notes

The carrying amount approximates fair value.