wide bay
AUSTRALIA LTD
banking your way

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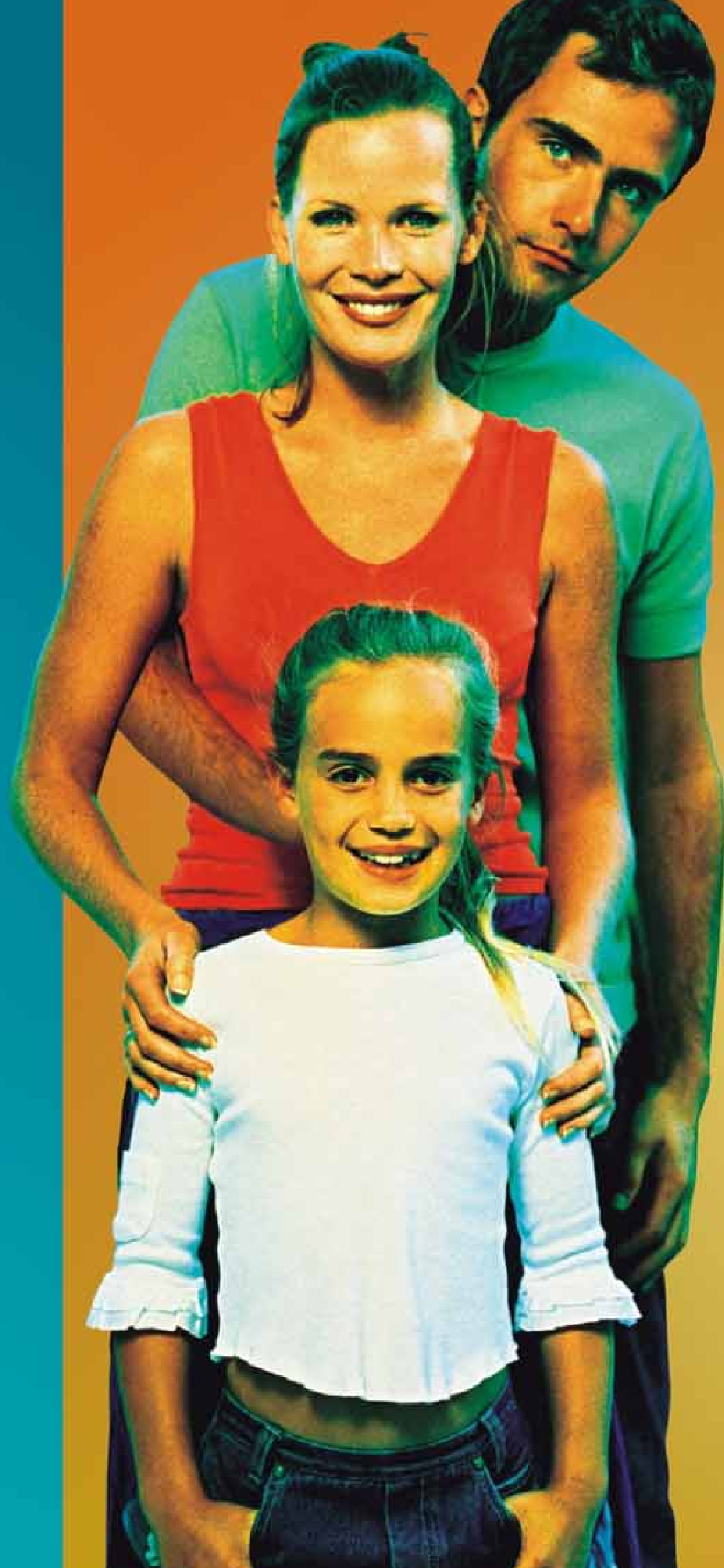

half yearly report

2005 to 2006

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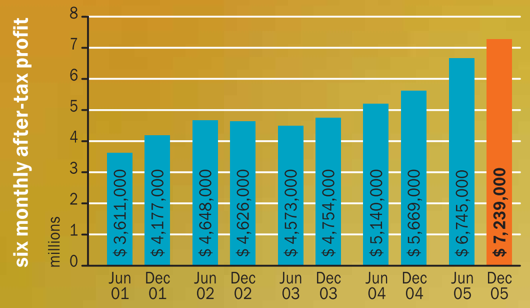
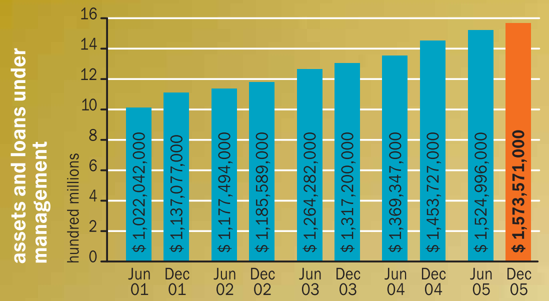
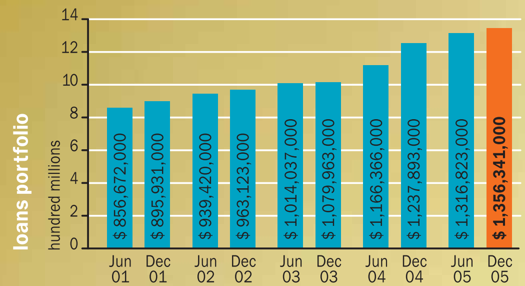






at a glance summary

six months ended 31 December 2005

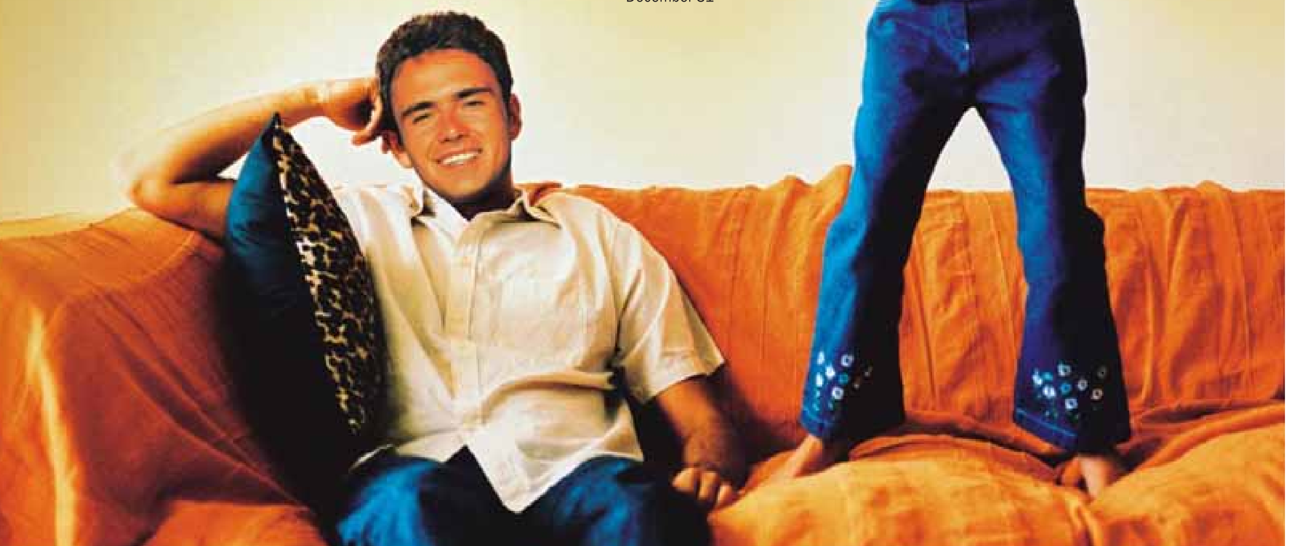
profit after tax
$7,238,771
27.7 per cent increase over previous corresponding period

interim dividend
25 cents per share (payable 17 March 2006)

assets and loans under management
$1,573,570,951

lending for six months
$194.67 million

closing share price
$9.50 (23 February 2006)



your directors' report

The Board of Directors are pleased to advise that 2005/2006 is looming as a further record year for Wide Bay Australia Ltd, with an after tax profit for the six months to 31 December 2005 of $7.239 million. This compares with $5.669 million for the same period for last year - representing an increase of 27%. The adoption of the new International Financial Reporting Standards did not have any impact on the December 2004 profits.

With the tightening in the housing segment, loan approvals for the period were $194.67 million, however our loan book continues to grow and as at 31 December 2005 outstanding loans were $1.356 billion. We anticipate stronger loan approvals for the remainder of this financial year with a significant increase expected in lending through the Melbourne operations with the opening of our branch and development of new strategic alliances.

Our cost to income ratio shows a further reduction to 55.8% compared with 57.8% for last year. Return on equity on an annualised basis was 17.2% as against 15% for 2004/2005. Both these ratios are excellent results and at the better end of performance for Approved Deposit Taking Institutions and regional banks.

The Board has resolved to pay a fully franked interim dividend of 25 cents per share payable on 17 March 2006 and based on current predictions, estimate a similar amount for the final dividend. If achieved this will equate to a 50 cent fully franked dividend paid on shares issued in 1993 at an issue price of 50 cents.

In November we announced that the society received a Standard and Poor's credit rating of "BBB-" which is a recognised investment grade rating. We are one of only three building societies in Australia to hold an investment grade credit rating and this has been well received by our corporate investors. It also had a significant bearing on the cost of funding a securitisation program for $328 million that we completed in December. With the completion of this securitisation program and with these assets going off-balance sheet, our capital adequacy now stands at 15.15% and we intend to maintain our dividend payout ratio of up to 90% of annual after tax surpluses.

In November we advised that we would convert the remaining $33,591,100 of our resetting convertible preference shares issued in December 2001 to ordinary shares in December 2006. This will increase the number of ordinary shares on issue to approximately 25 million, dependent on the share price at that time.

Our investment in Financial Technology Securities Pty Ltd, our financial planning arm in which we hold a 25% interest, has proven a very sound move and we anticipate a strong contribution throughout this year.

Our captive mortgage insurer Mortgage Risk Management Pty Ltd continues to perform well and has provided an after tax surplus of $1.56 million for the six months.

Our interstate branches at Parramatta and Camberwell continue to develop and our recently opened branch at Upper Mt Gravatt is showing solid growth.

Your Board and Management, consistent with our earlier advices, anticipate growth in profits for the year of approximately 20%.

your board of directors

John Fell	Ron Hancock	John Pressler	Peter Sawyer	Frances McLeod
FCA FAICD FIFS	FCA FAICD FIFS	OAM FAICD FIFS	FCA FAICD FIFS	AIFS
Director	Managing Director	Chairman	Director	Executive Director

Our policy is to continue to focus on sound product development while protecting and ensuring growth in profits, overall service and performance. In the short term we intend to expand into secure commercial lending and to develop a limited margin loan product for use through our associated investment planning company. We will not enter into interest rate discounting on loans which has a significant impact on margins and which are also prone to 'churning'. Higher risk 'low doc' loans and reverse mortgages will not be considered under any circumstances in the short term.

We enjoy the privilege of having a dedicated and efficient management team, most of whom have been with us for many years. Their expertise and enthusiasm we believe is perhaps one of the strongest factors in ensuring our ongoing success.

To our Senior Management team, we extend our sincere appreciation for their contribution throughout the period.

It is not only our Senior Management who play a major role but also our team generally who have a strong commitment to the success of Wide Bay Australia Ltd.

The Board extends our appreciation to both our staff and to our customers and shareholders for their continued support.

Yours faithfully

John Pressler
Chairman

Ron Hancock
Managing Director

16 February 2006 - Bundaberg

condensed income statement

for the half year ended 31 December 2005

	Consolidated	
	6 months to 31/12/2005 $000's	6 months to 31/12/2004 $000's
Interest revenue	**53,568**	46,337
Borrowing costs	**37,956**	32,286
Net interest revenue	**15,612**	14,051
Non interest revenue	**7,195**	6,196
Total operating income	**22,807**	20,247
Bad and doubtful debts expense	**18**	24
Other expenses	**12,711**	12,193
Profit before income tax	**10,078**	8,030
Income tax expense	**2,854**	2,384
Profit after tax from continuing operations	**7,224**	5,646
Profit attributable to minority interest	**(15)**	(23)
Net profit attributable to members of the parent company	**7,239**	5,669
Basic earnings per share (cents per share)	**28.76**	21.32
Diluted earnings per share (cents per share)	**28.76**	21.85

condensed balance sheet

as at 31 December 2005

	Note	Consolidated as at 31/12/2005 $000's	as at 30/06/2005 $000's
Assets			
Cash and cash equivalents		**36,993**	43,401
Due from other financial institutions		**1,960**	1,960
Accrued receivables		**25,183**	8,672
Investment securities		**128,767**	135,999
Loans and advances	3	**1,356,341**	1,316,823
Other investments	4	**6,830**	142
Property, plant and equipment		**12,500**	11,787
Deferred income tax assets		**632**	602
Other assets		**4,365**	5,610
Total assets		**1,573,571**	1,524,996
Liabilities			
Deposits and short term borrowings		**753,258**	701,723
Due to other financial institutions		**4,040**	65,222
Payables and other liabilities		**29,202**	21,619
Securitised loans	3	**681,763**	633,105
Deferred income tax liabilities		**2,732**	2,786
Provisions		**8,342**	8,254
Subordinated capital notes		**10,000**	10,000
Total liabilities		**1,489,337**	1,442,709
Net assets		**84,234**	82,287
Equity			
Parent entity interest in equity			
Contributed equity	5	**58,696**	57,919
Reserves		**11,257**	11,257
Retained profits		**14,754**	13,569
Total parent entity interest in equity		**84,707**	82,745
Outside equity interest in controlled entities			
Contributed equity		**7**	7
Retained profits		**(480)**	(465)
Total outside equity interest		**(473)**	(458)
Total equity		**84,234**	82,287

condensed cash flow statement

for the half year ended 31 December 2005

	Note	Consolidated 6 months to 31/12/2005 $000's	6 months to 31/12/2004 $000's
Cash flows from operating activities			
Interest received		**53,306**	46,121
Borrowing costs		**(35,577)**	(30,657)
Other non interest income received		**9,147**	10,425
Cash paid to suppliers and employees		**(13,908)**	(12,387)
Income tax paid		**(2,553)**	(3,232)
Net cash flows from operating activities		**10,415**	10,270
Cash flows from investing activities			
Net increase in investment securities		**11,265**	17,117
Net increase in amounts due from other financial institutions		**(4,033)**	2,738
Net increase in loans	3	**(42,431)**	(76,494)
Net increase in other investments	4	**(6,288)**	-
Purchase of non current assets		**(1,361)**	(741)
Proceeds from sale of investments, property, plant and equipment		**1**	-
Net cash used in investing activities		**(42,847)**	(57,380)
Cash flows from financing activities			
Net increase in deposits and other borrowings		**32,572**	41,143
Net increase in amounts due to other financial institutions and other liabilities	3	**(837)**	28,665
Proceeds from share issue		**343**	313
Dividends paid		**(6,054)**	(4,886)
Net cash flows from financing activities		**26,024**	65,235
Net increase in cash held		**(6,408)**	18,125
Cash at beginning of financial year		**43,401**	29,993
Cash at end of half year		**36,993**	48,118

condensed statement of changes in equity

for the half year ended 31 December 2005

Consolidated	Share Capital Ordinary $000's	Perpetual Resetting Convertible Preference Shares $000's	Retained Profits $000's	Asset Revaluation Reserve $000's	General Reserve $000's	Statutory Reserve $000's	Doubtful Debts Reserve $000's	Minority Interests $000's	Total $000's
Balance at 01 July 2004	25,602	31,744	10,944	1,126	5,834	2,676	1,929	(419)	79,436
Profit attributable to members of parent entity	-	-	5,669	-	-	-	-	-	5,669
Profit attributable to minority shareholders	-	-	-	-	-	-	-	(23)	(23)
Revaluation increment of unlisted shares	-	-	308	(308)	-	-	-	-	-
Subtotal	25,602	31,744	16,921	818	5,834	2,676	1,929	(442)	85,082
Issue of share capital	573	-	-	-	-	-	-	-	573
Dividends provided for or paid - ordinary shares	-	-	(3,560)	-	-	-	-	-	(3,560)
Dividends provided for or paid - perpetual resetting convertible preference shares	-	-	(1,327)	-	-	-	-	-	(1,327)
Balance at 31 December 2004	26,175	31,744	12,034	818	5,834	2,676	1,929	(442)	80,768
Balance at 01 July 2005	26,175	31,744	13,569	818	5,834	2,676	1,929	(458)	82,287
Profit attributable to members of parent entity	-	-	7,239	-	-	-	-	-	7,239
Profit attributable to minority shareholders	-	-	-	-	-	-	-	(15)	(15)
Subtotal	26,175	31,744	20,808	818	5,834	2,676	1,929	(473)	89,511
Issue of share capital	777	-	-	-	-	-	-	-	777
Dividends provided for or paid - ordinary shares	-	-	(4,700)	-	-	-	-	-	(4,700)
Dividends provided for or paid - perpetual resetting convertible preference shares	-	-	(1,354)	-	-	-	-	-	(1,354)
Balance at 31 December 2005	**26,952**	**31,744**	**14,754**	**818**	**5,834**	**2,676**	**1,929**	**(473)**	**84,234**

notes to the financial statements

for the half year ended 31 December 2005

1 BASIS OF PREPARATION

The half-year consolidated financial statements are a general purpose financial report prepared in accordance with the requirements of the *Corporations Act 2001*, Accounting Standard AASB 134: Interim Financial Reporting, Urgent Issues Group Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2005 and any public announcements made by Wide Bay Australia Ltd and its controlled entities during the half-year in accordance with continuous disclosure requirements arising under the *Corporations Act 2001*.

As this is the first interim financial report prepared under Australian equivalents to IFRS, the accounting policies applied are inconsistent with those applied in the 30 June 2005 annual report as this report was presented under previous Australian GAAP. Accordingly, a summary of the significant accounting policies under Australian equivalents to IFRS has been included below. A reconciliation of equity and profit and loss between previous GAAP and Australian equivalents to IFRS has been prepared per Note 2.

The half-year report does not include full disclosures of the type normally included in an annual financial report.

a) Principles of Consolidation

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

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

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

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

b) Income Tax

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

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

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

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

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

c) Property, Plant & Equipment

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

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

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

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

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

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

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

Depreciation

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

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

Buildings - 40 years

Plant and equipment - 4 to 6 years

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

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

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

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

d) Leases

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

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

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

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

e) Financial Instruments

Recognition

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

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

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

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

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

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

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

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

f) Investments in Associates

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

g) Intangibles

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

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

h) Employee Benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs.

Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

i) Provisions

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

j) Cash and Cash Equivalents

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

k) Goods and Services Tax

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

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

l) Revenue

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

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

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

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

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

m) Loans and Advances - Doubtful Debts

All society loans, excluding staff share loans, 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 secured by registered mortgage over residential property.

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

There are no loans on which interest is not being accrued and no specific provision for doubtful debts for any type of loan. Specific provisions for doubtful debts and write-off of debts are in respect of overdrawn savings accounts, leases and relevant non recoverable amounts.

n) Comparative Figures

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

o) Rounding of Amounts

The parent entity has applied the relief available to it under ASIC Class Order 98/100 and accordingly, amounts in the financial report and directors' report have been rounded off to the nearest $1,000.

2 FIRST-TIME ADOPTION OF AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

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

a) Reconciliation of total equity as presented under AGAAP to that under AIFRS

		Consolidated		
	Note	**as at 30/06/2005 $000's**	as at 31/12/2004 $000's	as at 1/07/2004 $000's
Total equity under AGAAP		**82,657**	81,138	79,806
Recognition of provision for make-good on leases	A	**(20)**	(20)	(20)
Tax effect of asset revaluation reserve	B	**(350)**	(350)	(350)
Total equity under AIFRS		**82,287**	80,768	79,436

A) Make-good Provisions

The society has operating leases that require the asset to be returned to the lessor in its original condition. Under AIFRS, a provision for refurbishment costs must be recognised over the period of the lease. At 01 July 2004 a provision of $20,000 for make-good costs associated with these operating leases was recognised.

B) Taxation

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

b) Reconciliation of profit after tax under AGAAP to that under AIFRS

	Consolidated	
	as at 30/06/2005 $000's	as at 31/12/2004 $000's
Profit after tax as previously reported	**12,413**	5,669
Profit after tax under AIFRS	**12,413**	5,669

There were no adjustments to profit after tax under AIFRS

3 LOANS AND ADVANCES - SECURITISATION OF ASSETS

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

The impact on the consolidated entity has been an increase in assets - loans and advances - of $681.764 million (30 June 2005 - $633.105 million) and an increase in liabilities - securitised loans - of $681.764 million (30 June 2005 - $633.105 million).

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

4 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

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

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

The investment in Financial Technology is accounted for under the equity method of accounting in the consolidated financial statements.

The financial statements of Financial Technology are used to apply the equity method. The reporting dates of Financial Technology and the chief entity are identical and both use consistent accounting policies.

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

5 CONTRIBUTED EQUITY

	Consolidated	
	as at 31/12/2005 $000's	as at 30/06/2005 $000's
Fully paid ordinary shares		
Balance at beginning of period	**26,175**	25,602
Issued during the period - Staff share plan	**777**	573
Balance at end of period	**26,952**	26,175
Perpetual Resetting Convertible Preference shares (RCP's)		
Balance at beginning of period	**31,744**	31,744
Issued during the period	**-**	-
Balance at end of period	**31,744**	31,744
Total Contributed Equity	**58,696**	57,919

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

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

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

6 DIVIDENDS PROVIDED FOR OR PAID

The Board declared a dividend of 25.0 cents per ordinary share ($5.135 million), for the six months to 31 December, 2005, payable on 17 March, 2006.

7 SEGMENT INFORMATION

The society operates predominantly in one industry. The principal activities of the society are confined to the raising of funds and the provision of finance for housing. The society operates within the States of Queensland, New South Wales, Victoria and South Australia.

8 CONTINGENT LIABILITIES

There has been no change in contingent liabilities since the last annual reporting date.

independent review report

to the members of Wide Bay Australia Ltd

Scope

We have reviewed the financial report of Wide Bay Australia Ltd for the half-year ended 31 December 2005 consisting of the Condensed Income Statement, Condensed Balance Sheet, Condensed Cash Flow Statement, Condensed Statement of Changes in Equity, Notes to the Financial Statements and the Directors' Declaration. The financial report includes the consolidated financial statements of the consolidated entity comprising the society and the entities it controlled at the end of the half-year or from time to time during the half-year. The society's directors are responsible for the financial report.

We have performed an independent review of the financial report in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with Accounting Standard AASB 134 "Interim Financial Reporting" and other mandatory professional reporting requirements in Australia and statutory requirements, so as to present a view which is consistent with our understanding of the society's financial position and performance as represented by the results of its operations and its cash flows and in order for the society to lodge the financial report with the relevant regulatory authorities.

Our review has been conducted in accordance with Australian Auditing Standards applicable to review engagements. A review is limited primarily to inquiries of the society's personnel and analytical procedures applied to the financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Independence

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

Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Wide Bay Australia Ltd is not in accordance with:

a) the Corporations Act 2001 including:
   i) giving a true and fair view of the society's financial position as at 31 December 2005 and of its performance for the half-year ended on that date;
   ii) complying with Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Regulations 2001; and
b) other mandatory professional reporting requirements in Australia.

Bentleys MRI
Chartered Accountants

by R J Forbes
Partner

16 February 2006 - Brisbane

auditor's independence declaration

under Section 307C of the Corporations Act 2001

to the directors of Wide Bay Australia Ltd

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2005 there have been:

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

Bentleys MRI
Chartered Accountants

by R J Forbes
Partner

16 February 2006 - Brisbane

directors' statutory report

for the half year ended 31 December 2005

The Directors present this report on the society's accounts and consolidated accounts for the six months period ended 31 December, 2005 in accordance with the provisions of the Corporations Act 2001.

The Directors in office during or since the end of the half-year period are:

Mr John H Fell FCA, FAICD, FIFS

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

Mr Ronald E Hancock FCA, FAICD, FIFS

Mr Hancock is the Managing Director of the society. He was a foundation director and manager of the Burnett Permanent Building Society formed in 1966, which in 1979 amalgamated with the Maryborough Permanent Building Society to form Wide Bay Capricorn Building Society, which in 2003 changed its name to Wide Bay Australia Ltd.

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

Mr John F Pressler OAM, FAICD, FIFS

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

Mr Peter J Sawyer FCA, FAICD, FIFS

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

Mrs Frances M McLeod AIFS

Mrs McLeod was appointed to the Board on 14 October 2003. She is Wide Bay Australia's Executive Manager and has a wide range of experience based on her involvement with the society for over 30 years. She is a director of Mortgage Risk Management Pty Ltd and Wide Bay Australia Financial Planning Services Pty Ltd.

All directors are members of the Audit Committee.

The society continues to comply with the ASX corporate governance recommendations.

The independent non-executive directors each have many years of service and it is considered with their diverse backgrounds and years of experience they continue to make an integral contribution to the ongoing development of the society.

The auditor's independence declaration for the half-year ended 31 December 2005 has been received and been included in this financial report.

Review of Operations

The activities of the society remained unchanged during the six month period. These activities include the provision of financial facilities satisfying customers' savings and investment needs. Funds generated are used to provide finance for residential accommodation and related purposes and for home equity lending secured by registered mortgage over freehold or perpetual leasehold properties.

During the six months, the society insured all new mortgage loans approved with the society's wholly owned subsidiary, Mortgage Risk Management Pty Ltd, a registered lenders mortgage insurer.

The consolidated net operating profit after income tax for the six months ended 31 December 2005 was $7.239 million. Total assets as at 31 December 2005 stood at $1.574 billion. Loans approved during the half-year amounted to $194.67 million.

This Report is signed for and on behalf of the Board of Directors in accordance with a resolution of the Board of Directors.

Ron Hancock
Director 16 February 2006 - Bundaberg

directors' declaration

In the opinion of the Directors of Wide Bay Australia Ltd:

a) The consolidated financial statements and notes for the financial period ending 31 December 2005 have been prepared in accordance with accounting standards applicable under the Corporations Act 2001;

b) The consolidated financial statements and notes for the financial period ending 31 December 2005 present a true and fair view of the financial position and performance of the consolidated entity; and

c) As at the date of this statement there are reasonable grounds to believe that Wide Bay Australia Ltd will be able to pay its debts as and when they become due and payable.

Signed on behalf of the Board of Directors of Wide Bay Australia Ltd, in accordance with a Resolution of the Board.

Ron Hancock
Director

16 February 2006 - Bundaberg