wide bay
AUSTRALIA LTD
banking your way

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wide bay
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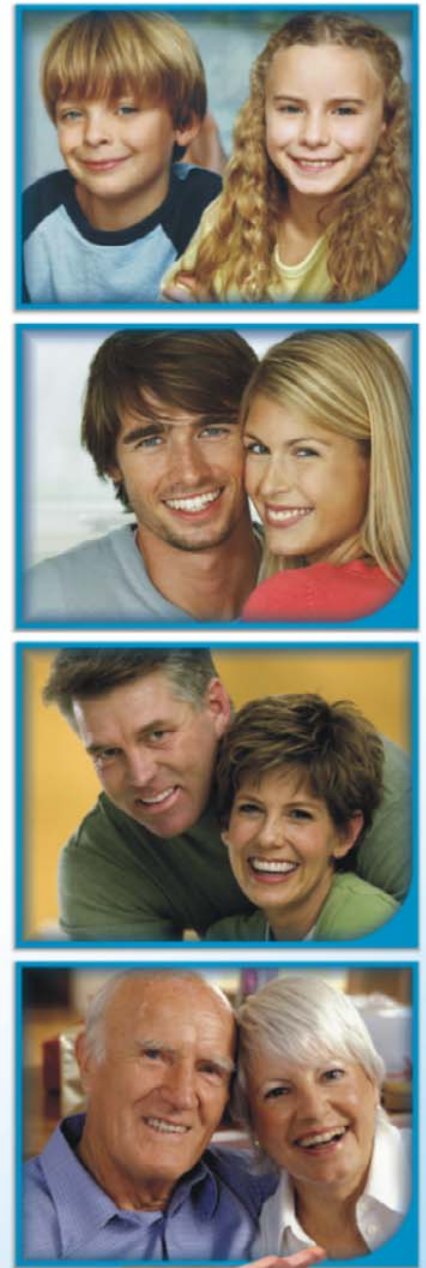
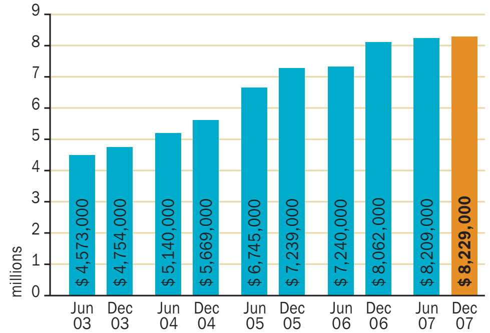
half yearly report

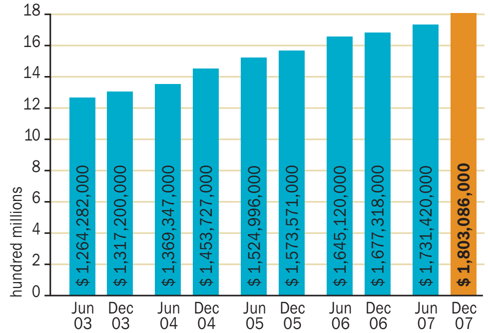
2007 » 2008



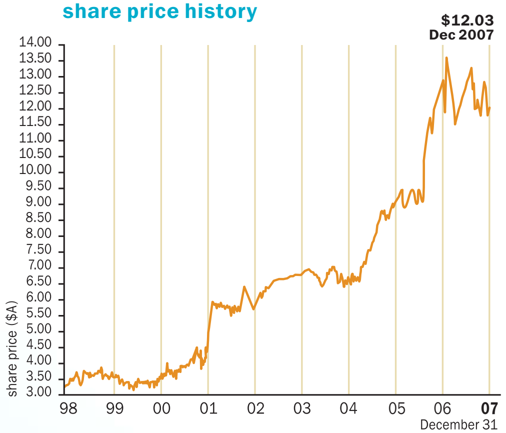
six monthly after-tax profit



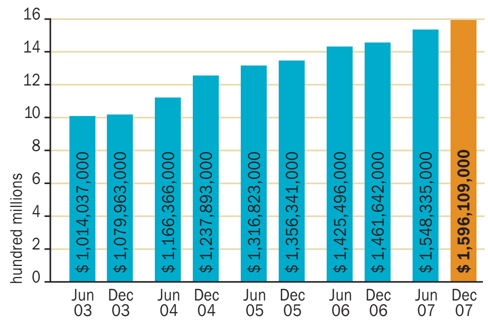
assets and loans under management



share price history



loans portfolio



at a glance summary

six months ended 31 December 2007

profit after tax
$8,229,129 2.1 per cent increase over previous corresponding period

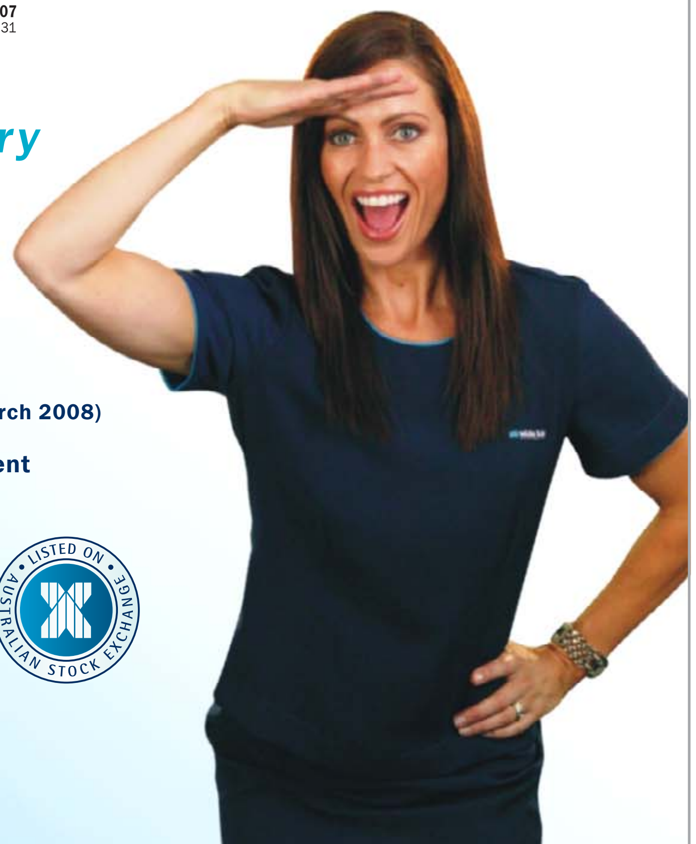
interim dividend
33 cents per share (to be paid 20 March 2008)

assets and loans under management
$1,803,086,408

lending for six months
$266 million

closing share price
$12.03 (31 December 2007)

LISTED ON AUSTRALIAN STOCK EXCHANGE



your directors' report

On behalf of the Board of Directors, I am pleased to advise that although the last six months has been interesting and challenging, it has also been a rewarding period for Wide Bay Australia Ltd.

Our after tax profit was $8.23 million (2007 - $8.06 million). This result is in accordance with forecasts and expectations.

Lending was strong at $266 million compared to $226 million the previous corresponding period, an increase of 17.7%. Demand for loans has been steady over the period and is continuing with January recording a strong result compared to previous years. Our branches in Sydney and Melbourne, in particular, have shown increased growth.

Our new margin loans, which are secured by managed funds and only offered as part of our financial planning structure, are beginning to receive support and we anticipate growth in this area over the remaining six months.

Cost to Income increased from 53.6% in 2006/07 to 55.3% for the period which is a result of the increased cost of wholesale funding which occurred from August onwards.

In July 2007, we proceeded with a bid to acquire Mackay Permanent Building Society Ltd (MPBS). This initial offer was rejected in favour of an increased offer by the Bank of Queensland Limited. On the 29th October 2007, we increased our offer to $9.40 cash or 0.8 of a Wide Bay Australia share, plus $1.00 cash for each MPBS share. This offer was recommended by the MPBS Directors and on 10th January 2008 Wide Bay Australia effectively took control of MPBS (with your Directors appointed as the interim Board of MPBS). At the date of the offer closing on January 21, 2008, 91.09% of MPBS shareholders had accepted the share offer. The Company is currently proceeding to compulsory acquisition of the remaining shares. The acceptance level was an outstanding result and reflects the confidence of the MPBS shareholders in our operations and also the level of support we can expect, particularly in the Mackay region.

We anticipate approximately 4.35 million shares will be issued in respect of this transaction increasing our shares on issue to 29.35 million and we welcome MPBS shareholders who accepted our share offer as shareholders of Wide Bay Australia Ltd. The merger process is running very smoothly and our management has identified significant synergies over and above those previously estimated. For the current year, the acquisition will return a positive result and the Company is forecasting profit and synergies in the 2008/09 year in the range of $5 to $6 million after tax.

We expect the full integration to be completed during the current financial year.

MPBS funded all of its operations from retail deposits and were not subject to rate movements in the wholesale market.

In addition, our branch and agency presence will grow with additional branches and agencies including two branches in Cairns, three branches in Townsville and branches in Proserpine, Sarina and Moranbah. Our Queensland network will extend from Robina on the Gold Coast along the whole Queensland coast to Cairns, and inland to Emerald and the Central Highlands.

Duplication of branches resulting from the merger will be addressed this year with two leases at Mackay and one in Rockhampton due for renewal prior to November 2008.

Current forecasts are that profits for 2008/09 (including the merged entity) will achieve earnings per share in the range of 80 to 84 cents per share.

Your Board has resolved to pay a 33 cent dividend on March 20, 2008. At this stage, we also intend to pay a final dividend of 33 cents - providing a total fully franked dividend for the year of 66 cents (60 cents - 2007).

The high acceptance of our share offer has ensured we have maintained a strong capital adequacy position and substantially greater than the minimum requirement of the Australian Prudential Regulation Authority (APRA).

We enjoy a harmonious relationship with the ANZ Investment Bank and their Structured Finance Department. Our $600 million funding arrangement was reviewed in January 2008 and has been extended for a further 12 months along attractive commercial terms and will ensure we do not have any major issues in relation to the provision of wholesale funding during that period.

During the year, Standard and Poor's, as part of their normal approach where a takeover is occurring, placed Wide Bay Australia on a CreditWatch negative - however now that the MPBS takeover has settled, they have affirmed our rating of BBB-.

Our focus for the next few months will be to continue our strong lending program and the growth of our loan book. Our policy of not becoming involved with higher risk 'low doc' sub prime loans or reverse mortgages has proven to be a correct move by the Directors and almost all of our loan book, which is comprised of approximately 98.3% residential loans, carries full mortgage insurance.

During the six months, our captive mortgage insurer, Mortgage Risk Management Pty Ltd (MRM) achieved strong results with an after tax surplus of $1.48 million.

We are continuing to monitor loans arrears and actively assist borrowers who might experience difficulties by working through any particular issues. Increases in interest rates, both announced and forecast, will no doubt increase the occurrence of arrears, however we will continue to provide the necessary resources to address these issues.

I have stated many times, that the strength of our organisation, apart from my fellow Directors, is our long serving management team who work so cohesively together. Our performance during this recent period is a testament to their efforts.

On behalf of your Board, we extend our appreciation to the management team and all our staff, customers and shareholders for your continued support.

The next 18 months will be a challenging period but with our present structure, our focus on achieving strong business results and the integration and synergies flowing through from the MPBS merger, your Board is confident that we will achieve steady growth.

Yours faithfully

John Pressler
Chairman

Ron Hancock
Managing Director

20 February 2008 - Bundaberg

your board of directors

Ron Hancock FCA FAICD FIFS
Managing Director

John Pressler OAM FAICD FIFS
Chairman

Frances McLeod MAICD FIFS
Executive Director

John Fell FCA FAICD FIFS
Director

Peter Sawyer FCA FAICD FIFS
Director

condensed income statement

for the half year ended 31 December 2007

	Consolidated	
	6 months to 31/12/2007 $000's	6 months to 31/12/2006 $000's
Interest revenue	**69,223**	60,446
Finance costs	**51,350**	43,030
Net interest revenue	**17,873**	17,416
Non interest revenue	**7,224**	7,310
Total operating income	**25,097**	24,726
Bad and doubtful debts expense	**65**	19
Other expenses	**13,809**	13,355
Profit before income tax	**11,223**	11,352
Income tax expense	**3,060**	3,289
Profit after tax from continuing operations	**8,163**	8,063
Profit attributable to minority interest	**(66)**	1
Net profit attributable to members of the parent company	**8,229**	8,062
Basic earnings per share (cents per share)	**32.90**	31.81
Diluted earnings per share (cents per share)	**32.90**	31.81

condensed balance sheet

as at 31 December 2007

	Note	Consolidated as at 31/12/2007 $000's	Consolidated as at 30/06/2007 $000's
Assets			
Cash and cash equivalents		**56,405**	50,073
Due from other financial institutions		**2,284**	2,284
Accrued receivables		**3,894**	11,298
Financial assets available for sale		**110,718**	84,341
Loans and advances		**1,596,110**	1,548,335
Other investments		**8,321**	7,065
Property, plant and equipment		**16,927**	17,333
Deferred income tax assets		**1,068**	1,013
Other assets		**7,359**	9,678
Total assets		**1,803,086**	1,731,420
Liabilities			
Deposits and short term borrowings		**860,540**	830,995
Due to other financial institutions		**703**	1,306
Payables and other liabilities		**17,447**	23,866
Securitised loans		**807,059**	758,389
Deferred income tax liabilities		**3,894**	5,020
Provisions		**9,158**	9,327
Subordinated capital notes		**10,000**	10,000
Total liabilities		**1,708,801**	1,638,903
Net assets		**94,285**	92,517
Equity			
Parent entity interest in equity			
Contributed equity	2	**60,725**	59,621
Reserves		**14,480**	14,480
Retained profits		**19,540**	18,810
Total parent entity interest in equity		**94,745**	92,911
Outside equity interest in controlled entities			
Contributed equity		**1**	1
Retained profits		**(461)**	(395)
Total outside equity interest		**(460)**	(394)
Total equity		**94,285**	92,517

condensed cash flow statement

for the half year ended 31 December 2007

	Note	Consolidated 6 months to 31/12/2007 $000's	Consolidated 6 months to 31/12/2006 $000's
Cash flows from operating activities			
Interest received		**68,711**	60,137
Borrowing costs		**(49,504)**	(40,960)
Other non interest income received		**8,802**	8,427
Cash paid to suppliers and employees		**(6,222)**	(13,798)
Income tax paid		**(4,496)**	(3,362)
Net cash flows from operating activities		**17,291**	10,444
Cash flows from investing activities			
Net increase in investment securities		**(29,131)**	(10,722)
Net increase in amounts due from other financial institutions		**2,753**	(2,556)
Net increase in loans		**(47,214)**	(39,346)
Net increase in other investments		**(643)**	(141)
Purchase of non current assets		**(524)**	(829)
Net cash used in investing activities		**(74,759)**	(53,594)
Cash flows from financing activities			
Net increase in deposits and other borrowings		**28,425**	33,786
Net increase in amounts due to other financial institutions and other liabilities		**42,436**	8,268
Proceeds from share issue		**438**	363
Dividends paid	3	**(7,499)**	(13,063)
Net cash flows from financing activities		**63,800**	29,354
Net increase/(decrease) in cash held		**6,332**	(13,796)
Cash at beginning of financial year		**50,073**	60,473
Cash at end of half year		**56,405**	46,677

condensed statement of changes in equity

for the half year ended 31 December 2007

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 2006	26,952	31,744	15,602	4,041	5,834	2,676	1,929	(422)	88,356
Profit attributable to members of parent entity	-	-	8,062	-	-	-	-	-	8,062
Profit attributable to minority shareholders	-	-	-	-	-	-	-	1	1
Subtotal	26,952	31,744	23,664	4,041	5,834	2,676	1,929	(421)	96,419
Issue of share capital	925	-	-	-	-	-	-	-	925
Conversion of perpetual resetting convertible preference shares to ordinary shares	31,744	(31,744)	-	-	-	-	-	-	-
Dividends provided for or paid - ordinary shares	-	-	(11,632)	-	-	-	-	-	(11,632)
Dividends provided for or paid - perpetual resetting convertible preference shares	-	-	(1,431)	-	-	-	-	-	(1,431)
Balance at 31 December 2006	59,621	-	10,601	4,041	5,834	2,676	1,929	(421)	84,281
Balance at 01 July 2007	59,621	-	18,810	4,041	5,834	2,676	1,929	(394)	92,517
Profit attributable to members of parent entity	-	-	8,229	-	-	-	-	-	8,229
Profit attributable to minority shareholders	-	-	-	-	-	-	-	(66)	(66)
Subtotal	59,621	-	27,039	4,041	5,834	2,676	1,929	(460)	100,680
Issue of share capital	1,104	-	-	-	-	-	-	-	1,104
Dividends provided for or paid - ordinary shares	-	-	(7,499)	-	-	-	-	-	(7,499)
Balance at 31 December 2007	**60,725**	**-**	**19,540**	**4,041**	**5,834**	**2,676**	**1,929**	**(460)**	**94,285**

notes to the financial statements

for the half year ended 31 December 2007

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, and other authoritative pronouncements of the Australian Accounting Standards Board, including Australian Accounting Interpretations.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2007 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*.

Except as described below, the accounting policies applied by the consolidated entity in this consolidated interim financial report are the same as those applied by the consolidated entity in its consolidated financial report as at and for the year ended 30 June 2007.

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 company.

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

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

b) Income Tax

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

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

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

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

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

c) Property, Plant & Equipment

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

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

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

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

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

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

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

Depreciation

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

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

Buildings - 40 years
Plant and equipment - 4 to 6 years
Leasehold improvements - 4 to 6 years or the term of the lease, whichever 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 balance sheet at cost plus post-acquisition changes in the group's share of net assets of the associate, less any impairment in value. The consolidated income statement reflects the group's share of the results of operations of the associate.

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

g) Intangibles

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

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

h) Employee Benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date.

Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs.

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

i) Provisions

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

j) Cash and Cash Equivalents

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

k) Goods and Services Tax

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

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

l) Revenue

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

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

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

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

Premium Revenue - Mortgage Risk Management Pty Ltd

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

m) Loans and Advances - Doubtful Debts

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

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

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

n) 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 PERPETUAL RESETTING CONVERTIBLE PREFERENCE SHARES

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

3 DIVIDENDS PROVIDED FOR OR PAID

The Board declared a dividend of 33.0 cents per ordinary share ($9.625 million), for the six months to 31 December, 2007, payable on 20 March, 2008.

4 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.

5 CONTINGENT LIABILITIES

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

6 POST BALANCE DATE EVENTS

Acquisition of Mackay Permanent Building Society Ltd

On 15 November 2007 Wide Bay Australia Ltd (Wide Bay) lodged a second replacement bidder's statement with ASIC which included an offer dated 21 November 2007 to acquire 100% of shares in Mackay Permanent Building Society Ltd (Mackay Permanent).

The consideration offered by Wide Bay was either 0.80 Wide Bay Shares plus $1.00 cash, or $9.40 cash for every one Mackay Permanent Share (subject to Wide Bay deducting the amount of any dividend paid by Mackay Permanent).

On 10 January 2008 Wide Bay issued a "Notice to free offer from conditions" declaring the offer and any takeover contract arising from acceptance of the offer free from the conditions set out in the bidder's statement.

On 23 January 2008 Wide Bay confirmed that it had received acceptances in respect of the takeover of Mackay Permanent for 94.79% of Mackay Permanent shares.

On 4 February 2008 Wide Bay issued a "Notice of compulsory acquisition following takeover bid" advising that Wide Bay is entitled and bound to acquire the remaining shares in Mackay Permanent on the terms that applied under the takeover bid.

independent auditor's review report

to the members of Wide Bay Australia Ltd

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report ("financial report") of Wide Bay Australia Ltd, which comprises the condensed balance sheet as at 31 December 2007, and the condensed income statement, condensed statement of changes in equity, condensed cash flow statement for the half-year ended on that date, accompanying explanatory notes to the financial statements including a statement of significant accounting policies and the directors' declaration of the Wide Bay Australia Ltd consolidated entity ("the consolidated entity"). The consolidated entity comprises Wide Bay Australia Ltd ("the company") and the entities it controlled during the half-year period and at the half-year's end.

Directors' Responsibility for the Half-Year Financial Report

The directors of the Company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express a conclusion on the consolidated half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *"Review of an Interim Financial Report Performed by the Independent Auditor of the Entity"*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2007 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *"Interim Financial Reporting* and the *Corporations Regulations 2001"*. As the auditor of Wide Bay Australia Ltd, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of Wide Bay Australia Ltd on 20 February 2008, would be in the same terms if provided to the directors as at the date of this auditors' review report.

Conclusion

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 the *Corporations Act 2001* including:

a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2007 and of its performance for the half-year ended on that date; and

b) complying with Australian Accounting Standard AASB 134 *"Interim Financial Reporting and the Corporations Regulations 2001"*.

Bentleys MRI Martin Power

Bentleys MRI
Chartered Accountants

P M Power
Partner

22 February 2008 - 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 2007 there have been:

a) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and

b) no contraventions of any applicable code of professional conduct in relation to the review.

Bentleys MRI Martin Power

Bentleys MRI
Chartered Accountants

P M Power
Partner

20 February 2008 - Brisbane

directors' statutory report

for the half year ended 31 December 2007

The Directors present this report on the society's accounts and consolidated accounts for the six months period ended 31 December, 2007 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 a member of the Audit Committee. He was a practising Chartered Accountant for many years and is a member of the Institute of Chartered Accountants. Mr Fell is an independent director.

Mr Ronald E Hancock FCA, FAICD, FIFS

Mr Hancock is the Managing Director. He was a foundation director and manager of the Burnett Permanent Building Society formed in 1966, which subsequently merged with other Queensland societies to form Wide Bay Capricorn Building Society Ltd, 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 Mortgage Risk Management Pty Ltd, Wide Bay Australia Financial Planning Services Pty Ltd and Financial Technology Securities Pty Ltd. He is the Chairman of Wide Bay Australia Mini Lease Pty Ltd. Mr Hancock is an Executive Director.

Mr John F Pressler OAM, FAICD, FIFS

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

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 and is a Fellow of the Institute of Chartered Accountants. He is involved in a wide range of business activities. Mr Sawyer is the Chairman of the Audit Committee and is an independent director.

Mrs Frances M McLeod MAICD, FIFS

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

Mr John S Humphrey LL.B

Mr Humphrey was appointed to the Board on 19 February 2008. He is a Senior Partner in the Brisbane office of national law firm, Mallesons Stephen Jaques, where he specialises in commercial law and corporate mergers and acquisitions. He is currently a non-executive director of Horizon Oil Limited and Downer-EDI Limited. Mr Humphrey is an independent director and a member 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 2007 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, for home equity lending secured by registered mortgage over freehold or perpetual leasehold properties and limited secured commercial lending. The society has now developed a restricted margin loan for managed funds only, which is primarily used in conjunction with our associated financial planning company.

We continue to insure the majority of new mortgage loans approved, in particular in excess of 75% LVR, with the society's wholly owned subsidiary, Mortgage Risk Management Pty Ltd, a registered lenders mortgage insurer.

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

On the 10 January 2008 the society gained control of Mackay Permanent Building Society Ltd under an acquisition and the company is now being integrated into Wide Bay Australia's operations.

The consolidated net operating profit after income tax for the six months ended 31 December 2007 was $8.229 million. Total assets as at 31 December 2007 stood at $1.803 billion. Loans approved during the half-year amounted to $266 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 20 February 2008 - 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 ended 31 December 2007 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 ended 31 December 2007 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

20 February 2008 - Bundaberg

real people real smiles real service

home finance
saving & investing
everyday bank accounts
banking services
insurance
credit cards
travel money & foreign exchange
business banking & finance
wealth creation & financial planning

Wide Bay Australia Ltd ABN 40 087 652 060 AFSL No. 239686
Full details of the products and services we offer are available on application, including terms & conditions and fees & charges.