

14 February 2011

Wide Bay Australia Ltd (WBB) reports sound 6 month result

During the six months ended 31 December 2010, Wide Bay Australia Ltd ("Wide Bay") achieved a strong performance with a consolidated after tax profit of \$11.72 million, which compares with \$11.64 million for the same period to December 2009 and is in keeping with previous profit guidance.

Capital as at 31 December 2010 was 13.03% with tier 1 at 11.50%. The operating margin as at 31 December 2010 was 2.087%. Cost-to-income ratio showed a marginal improvement for the Chief Entity at 54.70% as compared to 55.39% for 2009/2010.

Managing Director, Mr Ron Hancock said that, in line with the Board's forecast and expectations, loan approvals were down for the six months to \$167 million. The loan book grew only marginally as a result of the slowing in the housing market. He said that Wide Bay did not expect to see any major improvement in the residential market until late 2011, particularly given the disasters that have struck Queensland over recent months.

Support for retail deposits was strong for the period, showing an increase of \$104 million – a growth of 7.95%. Mr Hancock said he believed that to some extent this growth may reflect the slowdown of the housing market and the general caution in the market.

He said Wide Bay will be introducing a commercial loan product in the near future and will also consider developing a funding program through the use of Negotiable Certificates of Deposit's ("NCD's").

In December 2010, Wide Bay placed a \$250 million RMBS transaction, with all notes being taken up by investors.

Mortgage Risk Management Pty Ltd ("MRM"), Wide Bay's wholly owned captive mortgage insurer, produced an after tax profit for the six months of \$1.596 million.

Mr Hancock said that Wide Bay had not been affected by the recent flooding or cyclones to any major extent, however he expected loan arrears to increase marginally over coming months as a flow-on effect. He said the society's Loan Payments Department is ready to work with flood victims through any financial stress that these events may have caused.

The society has 42 Queensland branches which provide coverage throughout regional Queensland from the Gold Coast to Cairns, one branch in Melbourne, one in Sydney and a lending outlet in Adelaide. He said that the branches are strategic to Wide Bay's operations and fortunately, apart from some short term closures through lack of access, they did not experience any damage.

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Mr Hancock said that it is very difficult at present to forecast future results given the disasters that have occurred and the slowing in the housing market however the Board is retaining its forecast from the Annual General Meeting of an overall increase in consolidated profit in the range of 10% for the financial year.

Late last year, Wide Bay raised additional capital through the issue of a further 2,557,350 shares through a Share Placement and a Share Purchase Plan, which raised approximately \$25 million. This placement occurred in October 2010 and has had a dilutionary effect on the six month dividend, as while these shares qualified for a dividend, the company did not have the benefit of the income from that capital for the full six months.

Mr Hancock said that the Board has however declared a fully franked dividend of 30 cents per share, which compares to 31 cents for the final dividend for 2009/2010. The dividend will be paid on 30 March 2011. The Directors have resolved to retain the discount on the Dividend Reinvestment Plan at 7.5% for this dividend.

The Board of Directors extends their appreciation to the Management Team, staff and the Wide Bay customers and shareholders for their on-going support.



Ron Hancock AM
Managing Director

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Wide Bay Australia Ltd (ASX Code: WBB)

Wide Bay Australia Ltd (ABN: 40 087 652 060, Australian Financial Services & Australian Credit Licence: 239686) is Australia's fifth largest building society based on assets of over \$2.8 billion. It is the largest 'listed' Queensland building society and also the largest building society based north of Brisbane.

The society is also an approved deposit taking institution and licensed financial services provider.

Wide Bay Australia's mission is to help Australians to achieve home ownership and to build and protect their wealth by offering competitive finance options, attractive investment opportunities and an extensive range of banking, insurance and financial planning services.

A 'stand-out' performer in the Australian financial services sector, Wide Bay delivers benefits to customers, shareholders, business partners, staff and local communities. In particular, Wide Bay has built a reputation around a true community banking philosophy. It employs over 295 staff and has played an active role as a 'good corporate citizen' in the local communities within its branch network for over 50 years. Wide Bay's senior management team of 11 has over 250 years combined experience with the company.

From its Head Office in Bundaberg, Wide Bay delivers its services via a network of 45 branches & agencies located principally in regional Queensland from Cairns to the Gold Coast. This structure makes it ideally placed to take advantage of the huge growth in development and population occurring in Queensland's South-East corridor and the natural resource sector of Central Queensland. Wide Bay also has outlets in larger metropolitan areas such as Brisbane, Sydney, Melbourne and Adelaide.

Lending is principally restricted to residential purposes and is sourced from the retail branch network, from partnerships with introducers and to a lesser extent mortgage brokers.

The society is supervised by the Australian Prudential Regulation Authority, as are all Australian banks, building societies and credit unions, and automatically qualified for the Australian Government Deposit Guarantee when this was announced in 2008.

As a publicly listed company on the Australian Securities Exchange since 19 September 1994, Wide Bay has been recognised for its record of profitability and efficiency.

Wide Bay Australia strives to fulfill the commitments to stakeholders to deliver its promise of "banking your way..."

Appendix 4D
Half year report
Period ending 31 December 2010

Name of Entity	Wide Bay Australia Ltd
ABN	40 087 652 060
Half Year Ended	31 December 2010
Previous Corresponding Reporting Period	6 months to 31 December 2009

Results for announcement to the market

				\$A'000
Revenue from ordinary activities	Up	23.59%	to	103,073
Profit from ordinary activities after tax attributable to members	Up	0.67%	to	11,720
Net profit for the period attributable to members	Up	0.67%	to	11,720
Dividends (distributions) - Ordinary shares			Amount per security	Franked amount per security
Final dividend (30 June 2010) - paid 5 October 2010			31.0c	31.0c
Interim dividend (31 December 2010)			30.0c	30.0c
The record date for determining entitlements to the dividends			11 March 2011	

Net tangible assets per security

	Current period	Previous corresponding period
Net tangible asset backing per ordinary share	\$ 4.24	\$ 3.62

Details of associates and joint venture entities

Controlled entities	Country of incorporation	% Holding		Contribution to consolidated operating profit after income tax	
		Current period	Previous corresponding period	Current period	Previous corresponding period
				\$A'000	\$A'000
Mortgage Risk Management Pty Ltd	Australia	100	100	1,596	1,627
Wide Bay Australia Mini Lease Pty Ltd	Australia	51	51	(10)	(14)
Mackay Permanent Building Society Ltd	Australia	100	100	-	-
MPBS Insurance Pty Ltd	Australia	100	100	-	-
MPBS Holdings Pty Ltd	Australia	100	100	118	122
F.I. Software Solutions Pty Ltd	Australia	100	100	-	-

Dividends

Amount per security		Amount per security	Franked amount per security	Amount per security of foreign source dividend
Interim dividend	Current year	30.0c	30.0c	Nil
	Previous year	32.0c	32.0c	Nil

Interim dividends on all securities	Current period	Previous corresponding period
	\$A'000	\$A'000
Ordinary securities		
Interim dividend payable 30 March 2011 - previous period paid 26 March 2010	10,494	10,125
Total	10,494	10,125

DIVIDEND REINVESTMENT PLAN

The Board of Directors has resolved to continue operation of 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 in respect of the interim dividend for the current year 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 11 March 2011.

Shares issued under dividend reinvestment plan 5 October 2010
313,295 shares issued at \$9.67 per share

\$A'000

3,030

WIDE BAY AUSTRALIA LTD - ABN 40 087 652 060
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 31 DECEMBER 2010

	6 MONTHS TO 31/12/2010 \$000's	6 MONTHS TO 31/12/2009 \$000's
Interest revenue	95,271	74,962
Borrowing costs	65,301	48,071
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Net interest revenue	29,970	26,891
Non interest revenue	7,802	8,439
	<hr/>	<hr/>
Total operating income	37,772	35,330
Bad and doubtful debts expense	29	425
Other expenses	20,695	18,370
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Profit before income tax	17,048	16,535
Income tax expense	5,338	4,905
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Profit from continuing operations	11,710	11,630
Other comprehensive income		
Gain/(loss) on revaluation of available-for-sale financial assets	(113)	-
	<hr/>	<hr/>
Other comprehensive income for the period	11,597	-
	<hr/>	<hr/>
Total comprehensive income for the period	11,597	11,630
	<hr/>	<hr/>
Profit attributable to:		
Owners of the parent entity	11,720	11,643
Non-controlling interests	(10)	(13)
	<hr/>	<hr/>
	11,710	11,630
	<hr/>	<hr/>
Total comprehensive income attributable to:		
Owners of the parent entity	11,607	11,643
Non-controlling interests	(10)	(13)
	<hr/>	<hr/>
	11,597	11,630
	<hr/>	<hr/>
Basic earnings per share (cents per share)	35.32	37.08
Diluted earnings per share (cents per share)	35.32	37.08

WIDE BAY AUSTRALIA LTD
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2010

	AS AT 31/12/2010 \$000's	AS AT 30/06/2010 \$000's
ASSETS		
Cash and cash equivalents	121,105	89,170
Due from other financial institutions	61,648	82,900
Accrued receivables	103,792	20,711
Financial assets available for sale	198,344	195,176
Loans and advances	2,272,979	2,254,837
Other investments	7,969	7,832
Property, plant & equipment	20,100	20,510
Deferred income tax assets	2,704	2,995
Other assets	5,136	8,723
Goodwill	42,057	42,057
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TOTAL ASSETS	2,835,834	2,724,911
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LIABILITIES		
Deposits and short term borrowings	1,413,600	1,309,887
Due to other financial institutions	130,505	275,835
Payables and other liabilities	23,587	31,783
Securitised loans	1,036,118	903,601
Income tax payable	2,516	4,172
Deferred income tax liabilities	4,012	3,842
Provisions	9,981	10,204
Subordinated capital notes	25,000	25,000
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TOTAL LIABILITIES	2,645,319	2,564,324
	<hr/>	<hr/>
NET ASSETS	190,515	160,587
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EQUITY		
Parent entity interest in equity		
Contributed equity	152,899	124,648
Reserves	15,754	15,867
Retained profits	22,342	20,542
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Total parent entity interest in equity	190,995	161,057
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Non-controlling equity interest		
Contributed equity	1	1
Retained profits	(481)	(471)
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Total outside equity interest	(480)	(470)
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TOTAL EQUITY	190,515	160,587
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WIDE BAY AUSTRALIA LTD
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2010

	6 MONTHS TO 31/12/2010 \$000's	6 MONTHS TO 31/12/2009 \$000's
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest received	93,159	74,293
Borrowing costs	(59,080)	(49,302)
Other non interest income received	5,070	13,939
Cash paid to suppliers & employees	(4,060)	(6,706)
Income tax paid	(6,848)	(3,871)
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NET CASH FLOWS FROM OPERATING ACTIVITIES	28,241	28,353
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CASH FLOWS FROM INVESTING ACTIVITIES		
Net increase in investment securities	3,437	(16,669)
Net increase in amounts due from other financial institutions	14,879	(53,879)
Net increase in loans	(21,741)	(57,965)
Net increase in other investments	-	-
Purchase of non current assets	(538)	(300)
Proceeds from sale of property, plant & equipment	-	-
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NET CASH USED IN INVESTING ACTIVITIES	(3,963)	(128,813)
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CASH FLOWS FROM FINANCING ACTIVITIES		
Net increase in deposits and other borrowings	102,200	34,747
Purchase (redemption) of subordinated capital notes	-	-
Net increase in amounts due to other financial institutions and other liabilities	(112,427)	92,056
Proceeds from share issue	24,775	503
Dividends paid	(6,891)	(6,685)
	<hr/>	<hr/>
NET CASH FLOWS FROM FINANCING ACTIVITIES	7,657	120,621
	<hr/>	<hr/>
NET INCREASE/(DECREASE) IN CASH HELD	31,935	20,161
Cash at beginning of financial year	89,170	78,173
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CASH AT END OF HALF YEAR	121,105	98,334
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WIDE BAY AUSTRALIA LTD
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 31 DECEMBER 2010

Attributable to equity holders of the company

	Share Capital Ordinary	Retained Profits	Asset Revaluation Reserve	General Reserve	Statutory Reserve	Doubtful Debts Reserve	Special Reserve	Non- controlling Interests	Total
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Balance at 01 July 2009	117,814	17,733	4,969	5,834	2,676	2,388	-	(436)	150,978
Total comprehensive income for year:									
Profit attributable to members of parent entity	-	11,643	-	-	-	-	-	-	11,643
Profit attributable to non-controlling shareholders	-	-	-	-	-	-	-	(13)	(13)
Sub-total	117,814	29,376	4,969	5,834	2,676	2,388	-	(449)	162,608
Issue of share capital	3,389	-	-	-	-	-	-	-	3,389
Dividends provided for or paid - ordinary shares	-	(9,378)	-	-	-	-	-	-	(9,378)
Balance at 31 December 2009	121,203	19,998	4,969	5,834	2,676	2,388	-	(449)	156,619
Balance at 01 July 2010	124,648	20,542	4,969	5,834	2,676	2,388	-	(470)	160,587
Total comprehensive income for year:									
Profit attributable to members of parent entity	-	11,720	-	-	-	-	-	-	11,720
Profit attributable to non-controlling shareholders	-	-	-	-	-	-	-	(10)	(10)
Gain/(loss) on revaluation of available-for-sale financial assets	-	-	-	-	-	-	(113)	-	(113)
Sub-total	124,648	32,262	4,969	5,834	2,676	2,388	(113)	(480)	172,184
Issue of share capital	28,251	-	-	-	-	-	-	-	28,251
Dividends provided for or paid - ordinary shares	-	(9,920)	-	-	-	-	-	-	(9,920)
Balance at 31 December 2010	152,899	22,342	4,969	5,834	2,676	2,388	(113)	(480)	190,515

WIDE BAY AUSTRALIA LTD
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

NOTE 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.

The half year report does not include full disclosures of the type normally included in the annual report. It is therefore recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2010 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*.

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 (non-controlling 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 statement of comprehensive income 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 asset's 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 statement of comprehensive income 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 statement of comprehensive income.

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 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 statement of comprehensive income. 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.

The group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the group is recognised as a separate asset or liability.

The group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

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 statement of comprehensive income 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, less any impairment losses.

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, less any impairment losses.

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.

Share capital - Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

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 statement of comprehensive income.

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 statement of financial position 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 statement of comprehensive income 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 statement of financial position are shown inclusive of GST.

Cash flows are presented in the tatement of cash flows 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 and will continue to insure the majority of new residential mortgage loans approved, in particular existing MRM insured borrowers and new loans less than 75% LVR, with the society's wholly owned subsidiary, Mortgage Risk Management Pty Ltd, a registered lender's mortgage insurer.

The society's general policy is to insure the majority of all other residential mortgage loans with Genworth Financial Mortgage Insurance Pty 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) ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS

The group has adopted the following new and amended Australian Accounting Standards and AASB Interpretations as of 1 July 2010:

- > AASB 2009-8 Amendments to Australian Accounting Standards - Group Cash-settled Share-based Payment Transactions [AASB 2] effective 1 January 2010;
- > AASB 2009-5 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 8, 101, 107, 117, 118, 136 & 139] effective 1 January 2010;
- > AASB 3 Business Combinations (revised 2008) effective 1 July 2009;
- > AASB 127 Consolidated and Separate Financial Statements (revised 2008) effective 1 July 2009;
- > AASB 2009-4 Amendments to Australian Accounting Standards arising from the Annual Improvements Project effective 1 July 2009;
- > AASB 2008-6 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1 & AASB 5] effective 1 July 2009; and
- > AASB 2008-3 Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127 effective 1 July 2009.

There was no material impact on the Financial Accounts as a result of these changes.

In May 2009 and June 2010 the AASB issued a collection of amendments to its Standards as part of the Annual Improvements Project, primarily with a view to removing inconsistencies and clarifying wording. Amendments to the following Standards did not have any impact on the accounting policies, financial position or performance of the Group:

- > AASB 5 Non-current Assets Held for Sale and Discontinued Operations;
- > AASB 8 Operating Segments;
- > AASB 107 Statement of Cash Flows;
- > AASB 136 Impairment of Assets;
- > AASB Interpretation 17 Distribution of Non-cash Assets to Owners;
- > AASB 2 Share-based Payment;
- > AASB 101 Presentation of Financial Statements;
- > AASB 117 Leases;
- > AASB 134 Interim Financial Reporting;
- > AASB 138 Intangible Assets;
- > AASB 139 Financial Instruments: Recognition and Measurement;
- > AASB Interpretation 9 Reassessment of Embedded Derivatives; and
- > AASB Interpretation 16 Hedges of a Net Investment in a Foreign Operation.

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.

WIDE BAY AUSTRALIA LTD
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

2. DIVIDENDS PROVIDED FOR OR PAID

The Board declared a dividend of 30.0 cents per ordinary share (\$10.494 million), for the six months to 31 December 2010, payable on 30 March 2011.

3. 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.

4. CONTINGENT LIABILITIES

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

5. EVENTS SUBSEQUENT TO BALANCE DATE

There have been no events subsequent to balance date of a nature which require reporting.