Appendix 4E

Preliminary final report

Name of entity

WIDE BAY AUSTRALIA LTD

ABN or equivalent company reference	Financial year ended
40 087 652 060	**30 June 2011**

Results for announcement to the market

				$A'000
Revenues from ordinary activities	**Up**	**16.70%**	**to**	**204,685**
Profit (loss) from ordinary activities after tax attributable to members	**Up**	**1.67%**	**to**	**22,675**
Net profit (loss) for the period attributable to members	**Up**	**1.67%**	**to**	**22,675**

DIVIDENDS

		Amount per security	Franked amount per security
Final dividend	**Current year**	**30.0c**	**30.0c**
	Previous year	**31.0c**	**31.0c**
Interim dividend	**Current year**	**30.0c**	**30.0c**
	Previous year	**32.0c**	**32.0c**
The record date for determining entitlements to the dividends		**16 September 2011**	

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

	Current year	Previous year
Ordinary securities	**60.0c**	**63.0c**

DIVIDEND REINVESTMENT PLAN

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

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

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

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

Issue price of the new shares
The shares issued under the Plan will be issued at a discount of 5.0% 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 16 September 2011.

DETAILS OF INDIVIDUAL AND TOTAL DIVIDENDS

	Current period $A'000	Previous corresponding period $A'000
Ordinary securities		
Interim dividend paid 30 March 2011 - previous period paid 26 March 2010	**10,494**	**10,121**
Final dividend payable 04 October 2011 - previous period paid 05 October 2010	**10,605**	**9,920**
Total	**21,099**	**20,041**

CONSOLIDATED RETAINED PROFITS

	Current period $A'000	Previous corresponding period $A'000
Retained profits (accumulated losses) at the beginning of the financial period	20,542	17,733
Net profit (loss) attributable to members	22,675	22,302
Net transfers from (to) reserves	-	-
Dividends and other equity distributions paid or payable	20,415	19,493
Retained profits (accumulated losses) at end of financial period	22,802	20,542

NET TANGIBLE ASSET BACKING

	Current period $A'000	Previous corresponding period $A'000
Net tangible asset backing per ordinary share	$ 4.32	$ 3.70

AUDIT OF ACCOUNTS

The audit of the accounts has been completed and the audited Financial Statements are attached.

WIDE BAY AUSTRALIA LTD - ABN 40 087 652 060

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2011

		CONSOLIDATED		CHIEF ENTITY	
		$	$	$	$
	Note	2011	2010	2011	2010
Interest revenue	2	188,793,982	159,137,212	186,997,417	157,642,901
Borrowing costs	2	131,994,334	104,435,930	132,171,411	104,603,423
Net interest revenue		56,799,648	54,701,282	54,826,006	53,039,478
Share of profit of associate	11	875,000	700,000	875,000	700,000
Other non interest revenue	3	15,015,933	15,555,335	11,987,190	13,378,936
Employee benefits expense		15,742,735	14,734,108	15,742,735	14,734,108
Depreciation expense		1,484,136	1,666,546	1,413,530	1,595,986
Amortisation expense		363,606	348,353	363,606	348,353
Occupancy expense		2,344,844	2,294,243	2,445,188	2,419,060
Bad and doubtful debts expense	10	219,653	606,603	204,135	288,399
Other expenses	3	19,905,012	19,420,170	16,572,043	17,792,676
Profit before income tax		32,630,595	31,886,594	30,946,959	29,939,832
Income tax expense	4	10,009,224	9,618,346	8,892,449	8,280,869
Profit from continuing operations		22,621,371	22,268,248	22,054,510	21,658,963
Other comprehensive income					
Revaluation of RMBS investments to fair value		238,162	-	238,162	-
Less deferred tax relating to comprehensive income		(71,448)	-	(71,448)	-
Other comprehensive income for the year		166,714	-	166,714	-
Total comprehensive income for the year		22,788,085	22,268,248	22,221,224	21,658,963
Profit attributable to:					
Owners of the parent entity		**22,675,036**	**22,302,436**	**22,054,510**	**21,658,963**
Non-controlling		(53,665)	(34,188)	-	-
		22,621,371	22,268,248	22,054,510	21,658,963
Total comprehensive income attributable to:					
Owners of the parent entity		22,841,750	22,302,436	22,221,224	21,658,963
Non-controlling interests		(53,665)	(34,188)	-	-
		22,788,085	22,268,248	22,221,224	21,658,963
EARNINGS PER SHARE					
Basic earnings per share (cents per share)	29	66.36	70.54		
Diluted earnings per share (cents per share)	29	66.36	70.54		

WIDE BAY AUSTRALIA LTD - ABN 40 087 652 060

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2011

	Note	CONSOLIDATED $ 2011	CONSOLIDATED $ 2010	CHIEF ENTITY $ 2011	CHIEF ENTITY $ 2010
ASSETS					
Cash and cash equivalents	6	88,665,896	89,170,509	75,445,338	67,691,995
Due from other financial institutions	7	4,171,649	82,899,729	4,171,649	82,899,729
Accrued receivables	8	5,576,798	20,711,433	5,106,199	20,100,628
Financial assets	9	249,437,737	195,176,010	238,346,163	189,445,095
Loans and advances	10	2,278,964,727	2,254,836,504	2,281,563,533	2,257,726,331
Other investments	11	8,107,649	7,831,508	28,528,693	28,252,552
Property, plant & equipment	12	19,772,071	20,510,077	16,039,012	16,706,412
Deferred income tax assets	13	2,211,751	2,994,597	1,764,258	1,489,840
Other assets	14	9,927,638	8,723,374	9,532,732	8,303,564
Goodwill	15	42,057,110	42,057,110	43,316,012	43,316,012
TOTAL ASSETS		2,708,893,026	2,724,910,851	2,703,813,589	2,715,932,158
LIABILITIES					
Deposits and short term borrowings	16	1,453,950,919	1,309,886,612	1,459,419,862	1,312,924,633
Due to other financial institutions	17	-	275,834,809	-	275,834,809
Payables and other liabilities	18	34,371,538	31,783,085	31,537,905	28,151,366
Securitised loans	10	971,802,659	903,600,893	971,802,659	903,600,893
Income tax payable	19	1,527,456	4,171,993	1,527,456	3,084,276
Deferred income tax liabilities	19	4,214,289	3,842,290	3,721,221	3,349,222
Provisions	20	10,329,853	10,204,477	2,705,355	2,430,587
Subordinated capital notes	21	38,000,000	25,000,000	38,000,000	25,000,000
TOTAL LIABILITIES		2,514,196,714	2,564,324,159	2,508,714,458	2,554,375,786
NET ASSETS		194,696,312	160,586,692	195,099,131	161,556,372
EQUITY					
Parent entity interest in equity					
Contributed equity	22	156,383,983	124,647,825	156,383,983	124,647,825
Reserves	23	16,034,170	15,867,456	16,034,170	15,867,456
Retained profits		22,802,361	20,541,948	22,680,978	21,041,091
Total parent entity interest in equity		195,220,514	161,057,229	195,099,131	161,556,372
Non-controlling interests	24				
Contributed equity		1,000	1,000		
Retained profits		(525,202)	(471,537)		
Total non-controlling interests		(524,202)	(470,537)		
TOTAL EQUITY		194,696,312	160,586,692	195,099,131	161,556,372

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2011

		CONSOLIDATED		CHIEF ENTITY	
		$	$	$	$
		2011	2010	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES	Note				
Interest received		189,987,747	158,778,562	187,041,681	157,284,251
Dividends received		719,009	500,221	2,619,009	3,000,221
Borrowing costs		(126,414,340)	(103,706,676)	(126,591,417)	(103,874,169)
Other non interest income received		9,267,021	18,571,936	10,080,831	11,171,489
Cash paid to suppliers & employees		(35,085,252)	(38,066,676)	(36,749,946)	(38,361,399)
Income tax paid		(12,276,583)	(7,310,520)	(10,189,444)	(7,047,655)
NET CASH FLOWS FROM OPERATING ACTIVITIES	25	26,197,602	28,766,847	26,210,714	22,172,738
CASH FLOWS FROM INVESTING ACTIVITIES					
Net increase in investment securities		(48,380,762)	(59,587,250)	(43,020,103)	(53,856,335)
Net increase in amounts due from other financial institutions		73,085,277	(63,591,014)	73,085,277	(63,591,014)
Net increase in loans		(26,492,791)	(115,266,972)	(26,201,771)	(114,714,714)
Net increase in other investments		(135,000)	(150,002)	(135,000)	(4,650,002)
Purchase of non current assets		(1,109,736)	(477,456)	(1,109,736)	(473,231)
Proceeds from sale of property, plant & equipment		1,000	-	1,000	-
NET CASH USED IN INVESTING ACTIVITIES		(3,032,012)	(239,072,694)	2,619,667	(237,285,296)
CASH FLOWS FROM FINANCING ACTIVITIES					
Net increase in deposits and other borrowings		143,088,529	61,879,498	145,519,452	57,017,049
Purchase (redemption) of subordinated capital notes		13,000,000	-	13,000,000	-
Net increase in amounts due to other financial institutions and other liabilities		(190,858,113)	171,882,378	(190,858,113)	171,959,769
Proceeds from share issue		25,133,233	904,971	25,295,476	904,971
Dividends paid		(14,033,852)	(13,363,567)	(14,033,853)	(13,363,568)
NET CASH FLOWS FROM FINANCING ACTIVITIES		(23,670,203)	221,303,280	(21,077,038)	216,518,221
NET INCREASE/(DECREASE) IN CASH HELD		(504,613)	10,997,433	7,753,343	1,405,663
Cash at beginning of financial year		89,170,509	78,173,076	67,691,995	66,286,332
CASH AT END OF FINANCIAL YEAR		88,665,896	89,170,509	75,445,338	67,691,995

For the purposes of the Statement of Cash Flows, cash includes cash on hand and deposits on call. The cash at the end of the year can be agreed directly to the Statement of Financial Position.

WIDE BAY AUSTRALIA LTD - ABN 40 087 652 060
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2011

CONSOLIDATED	Share Capital Ordinary $	Retained Profits $	Asset Revaluation Reserve $	General Reserve $	Statutory Reserve $	Doubtful Debts Reserve $	Available for Sale Reserve $	Non-Controlling Interests $	Total $
Balance at 01 July 2009	117,814,059	17,733,024	4,969,636	5,833,939	2,676,071	2,387,810	-	(436,349)	150,978,190
Total comprehensive income for year:									
Profit attributable to members of parent company	-	22,302,436	-	-	-	-	-	-	22,302,436
Profit attributable to non-controlling interests	-	-	-	-	-	-	-	(34,188)	(34,188)
Sub-total	117,814,059	40,035,460	4,969,636	5,833,939	2,676,071	2,387,810	-	(470,537)	173,246,438
Issue of share capital for staff share plan	703,822	-	-	-	-	-	-	-	703,822
Issue of share capital for dividend reinvestment plan	6,129,944	-	-	-	-	-	-	-	6,129,944
Dividends provided for or paid - ordinary shares	-	(19,493,512)	-	-	-	-	-	-	(19,493,512)
Balance at 30 June 2010	124,647,825	20,541,948	4,969,636	5,833,939	2,676,071	2,387,810	-	(470,537)	160,586,692
Balance at 01 July 2010	124,647,825	20,541,948	4,969,636	5,833,939	2,676,071	2,387,810	-	(470,537)	160,586,692
Total comprehensive income for year:									
Profit attributable to members of parent company	-	22,675,036	-	-	-	-	-	-	22,675,036
Profit attributable to non-controlling interests	-	-	-	-	-	-	-	(53,665)	(53,665)
Increase due to revaluation increment on RMBS investments	-	-	-	-	-	-	238,162	-	238,162
Deferred tax liability adjustment on revaluation increment on RMBS investments	-	-	-	-	-	-	(71,448)	-	(71,448)
Sub-total	124,647,825	43,216,984	4,969,636	5,833,939	2,676,071	2,387,810	166,714	(524,202)	183,374,777
Issue of share capital for staff share plan	1,003,853	-	-	-	-	-	-	-	1,003,853
Issue of share capital for dividend reinvestment plan	6,381,297	-	-	-	-	-	-	-	6,381,297
Issue of share capital for share placement	10,008,450	-	-	-	-	-	-	-	10,008,450
Issue of share capital for share purchase plan	14,721,125	-	-	-	-	-	-	-	14,721,125
Share issue costs	(540,809)	-	-	-	-	-	-	-	(540,809)
Deferred tax asset adjustment on share issue costs	162,242								162,242
Dividends provided for or paid - ordinary shares	-	(20,414,623)	-	-	-	-	-	-	(20,414,623)
Balance at 30 June 2011	156,383,983	22,802,361	4,969,636	5,833,939	2,676,071	2,387,810	166,714	(524,202)	194,696,312

CHIEF ENTITY	Share Capital Ordinary $	Retained Profits $	Asset Revaluation Reserve $	General Reserve $	Statutory Reserve $	Doubtful Debts Reserve $	Available for Sale Reserve $	Non-Controlling Interests $	Total $
Balance at 01 July 2009	117,814,059	18,875,640	4,969,636	5,833,939	2,676,071	2,387,810	-	-	152,557,155
Total comprehensive income for the year:									
Profit attributable to members of parent company	-	21,658,963	-	-	-	-	-	-	21,658,963
Sub-total	117,814,059	40,534,603	4,969,636	5,833,939	2,676,071	2,387,810	-	-	174,216,118
Issue of share capital for staff share plan	703,822	-	-	-	-	-	-	-	703,822
Issue of share capital for dividend reinvestment plan	6,129,944	-	-	-	-	-	-	-	6,129,944
Dividends provided for or paid - ordinary shares	-	(19,493,512)	-	-	-	-	-	-	(19,493,512)
Balance at 30 June 2010	124,647,825	21,041,091	4,969,636	5,833,939	2,676,071	2,387,810	-	-	161,556,372
Balance at 01 July 2010	124,647,825	21,041,091	4,969,636	5,833,939	2,676,071	2,387,810	-	-	161,556,372
Total comprehensive income for the year:									
Profit attributable to members of parent company	-	22,054,510	-	-	-	-	-	-	22,054,510
Increase due to revaluation increment on RMBS investments	-	-	-	-	-	-	238,162	-	238,162
Deferred tax liability adjustment on revaluation increment on RMBS investments	-	-	-	-	-	-	(71,448)	-	(71,448)
Sub-total	124,647,825	43,095,601	4,969,636	5,833,939	2,676,071	2,387,810	166,714	-	183,777,596
Issue of share capital for staff share plan	1,003,853	-	-	-	-	-	-	-	1,003,853
Issue of share capital for dividend reinvestment plan	6,381,297	-	-	-	-	-	-	-	6,381,297
Issue of share capital for share placement	10,008,450	-	-	-	-	-	-	-	10,008,450
Issue of share capital for share purchase plan	14,721,125	-	-	-	-	-	-	-	14,721,125
Share issue costs	(540,809)	-	-	-	-	-	-	-	(540,809)
Deferred tax asset adjustment on share issue costs	162,242	-	-	-	-	-	-	-	162,242
Dividends provided for or paid - ordinary shares	-	(20,414,623)	-	-	-	-	-	-	(20,414,623)
Balance at 30 June 2011	156,383,983	22,680,978	4,969,636	5,833,939	2,676,071	2,387,810	166,714	-	195,099,131

NOTE 1

BASIS OF PREPARATION

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standards. The financial report has also been prepared on a historical cost basis, except for land and buildings, derivative financial instruments and available-for-sale financial assets that have been measured at fair value.

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards ("AIFRS"). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards ("IFRS").

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

a) PRINCIPLES OF CONSOLIDATION

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

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

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

Minority equity interests (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 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 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 statement 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 continued and 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

There were no material changes as a result of adoption of new and revised Accounting Standards during the year.

p) NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods and which the Group has decided not to early adopt. A discussion of those future requirements and their impact on the Group is as follows:

AASB 9: *Financial Instruments* (December 2010) (applicable for annual reporting periods commencing on or after 1 January 2013).

This Standard is applicable retrospectively and includes revised requirements for the classification and measurement of financial instruments, as well as recognition and derecognition requirements for financial instruments. The Group has not yet determined any potential impact on the financial statements.

The key changes made to accounting requirements include:
- simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;
- simplifying the requirements for embedded derivatives;
- removing the tainting rules associated with held-to-maturity assets;
- removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;
- allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument;
- requiring financial assets to be reclassified where there is a change in an entity’s business model as they are initially classified based on: (a) the objective of the entity’s business model for managing the financial assets; and (b) the characteristics of the contractual cash flows; and
- requiring an entity that chooses to measure a financial liability at fair value to present the portion of the change in its fair value due to changes in the entity’s own credit risk in other comprehensive income, except when that would create an accounting mismatch. If such a mismatch would be created or enlarged, the entity is required to present all changes in fair value (including the effects of changes in the credit risk of the liability) in profit or loss.

AASB 124: *Related Party Disclosures* (applicable for annual reporting periods commencing on or after 1 January 2011).

This Standard removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities and clarifies the definition of a “related party” to remove inconsistencies and simplify the structure of the Standard. No changes are expected to materially affect the Group.

AASB 1053: *Application of Tiers of Australian Accounting Standards* and AASB 2010–2: *Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements* [AASB 1, 2, 3, 5, 7, 8, 101, 102, 107, 108, 110, 111, 112, 116, 117, 119, 121, 123, 124, 127, 128, 131, 133, 134, 136, 137, 138, 140, 141, 1050 & 1052 and Interpretations 2, 4, 5, 15, 17, 127, 129 & 1052] (applicable for annual reporting periods commencing on or after 1 July 2013).

AASB 1053 establishes a revised differential financial reporting framework consisting of two tiers of financial reporting requirements for those entities preparing general purpose financial statements:
- Tier 1: Australian Accounting Standards; and
- Tier 2: Australian Accounting Standards – Reduced Disclosure Requirements.

Tier 2 of the framework comprises the recognition, measurement and presentation requirements of Tier 1, but contains significantly fewer disclosure requirements.

The following entities are required to apply Tier 1 reporting requirements (ie full IFRS):
- for-profit private sector entities that have public accountability; and
- the Australian Government and state, territory and local governments.

Since the Group is a for-profit private sector entity that has public accountability, it does not qualify for the reduced disclosure requirements for Tier 2 entities.

AASB 2010–2 makes amendments to Australian Accounting Standards and Interpretations to give effect to the reduced disclosure requirements for Tier 2 entities. It achieves this by specifying the disclosure paragraphs that a Tier 2 entity need not comply with as well as adding specific “RDR” disclosures.

AASB 2009–12: *Amendments to Australian Accounting Standards* [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052] (applicable for annual reporting periods commencing on or after 1 January 2011).

This Standard makes a number of editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRSs by the IASB. The Standard also amends AASB 8 to require entities to exercise judgment in assessing whether a government and entities known to be under the control of that government are considered a single customer for the purposes of certain operating segment disclosures. The amendments are not expected to impact the Group.

AASB 2009–14: *Amendments to Australian Interpretation – Prepayments of a Minimum Funding Requirement* [AASB Interpretation 14] (applicable for annual reporting periods commencing on or after 1 January 2011).

This Standard amends Interpretation 14 to address unintended consequences that can arise from the previous accounting requirements when an entity prepays future contributions into a defined benefit pension plan.

This Standard is not expected to impact the Group.

AASB 2010–4: *Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project* [AASB 1, AASB 7, AASB 101 & AASB 134 and Interpretation 13] (applicable for annual reporting periods commencing on or after 1 January 2011).

This Standard details numerous non-urgent but necessary changes to Accounting Standards arising from the IASB's annual improvements project. Key changes include:
- clarifying the application of AASB 108 prior to an entity's first Australian-Accounting-Standards financial statements;
- adding an explicit statement to AASB 7 that qualitative disclosures should be made in the context of the quantitative disclosures to better enable users to evaluate an entity's exposure to risks arising from financial instruments;
- amending AASB 101 to the effect that disaggregation of changes in each component of equity arising from transactions recognised in other comprehensive income is required to be presented, but is permitted to be presented in the statement of changes in equity or in the notes;
- adding a number of examples to the list of events or transactions that require disclosure under AASB 134; and
- making sundry editorial amendments to various Standards and Interpretations.

This Standard is not expected to impact the Group.

AASB 2010–5: *Amendments to Australian Accounting Standards* [AASB 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 & 1038 and Interpretations 112, 115, 127, 132 & 1042] (applicable for annual reporting periods beginning on or after 1 January 2011).

This Standard makes numerous editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRSs by the IASB. However, these editorial amendments have no major impact on the requirements of the respective amended pronouncements.

AASB 2010–6: *Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets* [AASB 1 & AASB 7] (applicable for annual reporting periods beginning on or after 1 July 2011).

This Standard adds and amends disclosure requirements about transfers of financial assets, especially those in respect of the nature of the financial assets involved and the risks associated with them. Accordingly, this Standard makes amendments to AASB 1: First-time Adoption of Australian Accounting Standards, and AASB 7: Financial Instruments: Disclosures, establishing additional disclosure requirements in relation to transfers of financial assets.

This Standard is not expected to impact the Group.

AASB 2010–7: *Amendments to Australian Accounting Standards* arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127] (applies to periods beginning on or after 1 January 2013).

This Standard makes amendments to a range of Australian Accounting Standards and Interpretations as a consequence of the issuance of AASB 9: Financial Instruments in December 2010. Accordingly, these amendments will only apply when the entity adopts AASB 9.

As noted above, the Group has not yet determined any potential impact on the financial statements from adopting AASB 9.

AASB 2010–8: *Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets* [AASB 112] (applies to periods beginning on or after 1 January 2012).

This Standard makes amendments to AASB 112: Income Taxes.

The amendments brought in by this Standard introduce a more practical approach for measuring deferred tax liabilities and deferred tax assets when investment property is measured using the fair value model under AASB 140: Investment Property.

Under the current AASB 112, the measurement of deferred tax liabilities and deferred tax assets depends on whether an entity expects to recover an asset by using it or by selling it. The amendments introduce a presumption that an investment property is recovered entirely through sale. This presumption is rebutted if the investment property is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

The amendments brought in by this Standard also incorporate Interpretation 121 into AASB 112.

The amendments are not expected to impact the Group.

AASB 2010–9: *Amendments to Australian Accounting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters* [AASB 1] (applies to periods beginning on or after 1 July 2011).

This Standard makes amendments to AASB 1: First-time Adoption of Australian Accounting Standards.

The amendments brought in by this Standard provide relief for first-time adopters of Australian Accounting Standards from having to reconstruct transactions that occurred before their date of transition to Australian Accounting Standards.

Furthermore, the amendments brought in by this Standard also provide guidance for entities emerging from severe hyperinflation either to resume presenting Australian-Accounting-Standards financial statements or to present Australian-Accounting-Standards financial statements for the first time.

This Standard is not expected to impact the Group.

AASB 2010–10: *Further Amendments to Australian Accounting Standards – Removal of Fixed Dates for First-time Adopters* [AASB 2009–11 & AASB 2010–7] (applies to periods beginning on or after 1 January 2013).

This Standard makes amendments to AASB 2009–11: Amendments to Australian Accounting Standards arising from AASB 9, and AASB 2010–7: Amendments to Australian Accounting Standards arising from AASB 9 (December 2010).

The amendments brought in by this Standard ultimately affect AASB 1: First-time Adoption of Australian Accounting Standards and provide relief for first-time adopters from having to reconstruct transactions that occurred before their transition date.

[The amendments to AASB 2009–11 will only affect early adopters of AASB 2009–11 (and AASB 9: Financial Instruments that was issued in December 2009) as it has been superseded by AASB 2010–7.]

This Standard is not expected to impact the Group.

q) COMPARATIVE FIGURES

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

r) 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.

Details on critical estimates and judgements in respect of impairment of receivables, impairment of investments and impairment of goodwill are disclosed in Note 1 n), Note 11 and Note 15 respectively.

NOTE 2

INTEREST REVENUE AND INTEREST EXPENSE

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

	Average Balance $	Interest $	Average Interest Rate %
INTEREST REVENUE 2011			
Deposits with other financial institutions	107,242,878	6,127,520	5.71
Investment securities	154,166,701	8,591,537	5.57
Loans and advances	2,323,165,146	173,319,837	7.46
Other	17,175,136	755,088	4.40
	2,601,749,861	188,793,982	7.26
BORROWING COSTS 2011			
Deposits from other financial institutions	1,038,574,603	58,782,657	5.66
Customer deposits	1,413,134,569	70,184,659	4.97
Subordinated notes	27,166,667	3,027,018	11.14
	2,478,875,839	131,994,334	5.32
NET INTEREST REVENUE 2011		56,799,648	
INTEREST REVENUE 2010			
Deposits with other financial institutions	117,505,245	4,961,947	4.22
Investment securities	106,313,301	5,525,777	5.20
Loans and advances	2,255,968,405	148,061,488	6.56
Other	7,794,558	588,000	7.54
	2,487,581,509	159,137,212	6.40
BORROWING COSTS 2010			
Deposits from other financial institutions	1,142,013,350	50,406,928	4.41
Customer deposits	1,293,720,881	51,470,714	3.98
Subordinated notes	25,000,000	2,558,288	10.23
	2,460,734,231	104,435,930	4.24
NET INTEREST REVENUE 2010		54,701,282	

	CONSOLIDATED		CHIEF ENTITY	
	$	$	$	$
	2011	2010	2011	2010

NOTE 3

PROFIT BEFORE INCOME TAX

Profit before income tax includes the following revenues and expenses whose disclosure is relevant in explaining the financial performance of the consolidated group.

	CONSOLIDATED 2011 $	CONSOLIDATED 2010 $	CHIEF ENTITY 2011 $	CHIEF ENTITY 2010 $
Profit relating to mortgage insurance activities (also refer Note 1. m)				
Premium revenue	3,422,011	3,941,671	-	-

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

	CONSOLIDATED 2011 $	CONSOLIDATED 2010 $	CHIEF ENTITY 2011 $	CHIEF ENTITY 2010 $
Other revenue				
Dividends				
Controlled entities	-	-	1,900,000	2,500,000
Other corporations	150	145	150	145
Fees and commissions	9,128,280	9,967,444	9,128,280	9,967,444
Revaluation of investment securities to fair value	1,149,502	-	-	-
Other revenue	1,315,990	1,646,075	958,760	911,347
	15,015,933	15,555,335	11,987,190	13,378,936

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

	CONSOLIDATED 2011 $	CONSOLIDATED 2010 $	CHIEF ENTITY 2011 $	CHIEF ENTITY 2010 $
Other expenses				
Fees and commissions	8,773,908	9,557,372	8,773,908	9,557,372
Provisions for employee entitlements	415,185	89,000	415,185	89,000
General and administration expenses	7,872,669	8,683,247	7,382,950	8,146,304
Underwriting expenses	2,843,250	1,090,551	-	-
	19,905,012	19,420,170	16,572,043	17,792,676

NOTE 4

INCOME TAX

Major components of tax expense for the year are:

	CONSOLIDATED 2011 $	CONSOLIDATED 2010 $	CHIEF ENTITY 2011 $	CHIEF ENTITY 2010 $
Current income tax	8,880,942	9,000,019	8,704,073	7,930,877
Deferred income tax	1,128,282	618,327	188,376	349,992
Income tax reported in income statement	10,009,224	9,618,346	8,892,449	8,280,869

The prima facie tax on profit before income tax differs from the income tax provided as follows:

	CONSOLIDATED 2011 $	CONSOLIDATED 2010 $	CHIEF ENTITY 2011 $	CHIEF ENTITY 2010 $
Prima facie tax on profit before income tax at 30% (2010 - 30%)	9,789,178	9,565,978	9,284,088	8,981,950
Tax effect of permanent differences				
Depreciation of buildings	46,826	45,823	46,826	45,823
Franked dividends	(215,703)	(150,066)	(215,703)	(150,066)
Other items - net	130,782	121,483	89,097	118,034
Intra-group dividend (MRM)			(570,000)	(750,000)
Underprovision for taxation in prior year	258,141	35,128	258,141	35,128
Income tax expense attributable to profit from ordinary activities	10,009,224	9,618,346	8,892,449	8,280,869

NOTE 5

DIVIDENDS PAID

	CONSOLIDATED 2011 $	CONSOLIDATED 2010 $	CHIEF ENTITY 2011 $	CHIEF ENTITY 2010 $
Dividends paid during the year				
Interim for current year	10,494,251	10,120,928	10,494,251	10,120,928
Fully franked dividend on ordinary shares				
Final for previous year	9,920,372	9,372,584	9,920,372	9,372,584
Fully franked dividend on ordinary shares				
	20,414,623	19,493,512	20,414,623	19,493,512

In accordance with Accounting Standards, dividends are only provided for as declared or paid. Subsequent to the reporting date, the Board declared a dividend of 30 cents per ordinary share ($10.605 million), for the six months to 30 June 2011, payable on 04 October 2011.

The final dividend for the six months to 30 June 2010 ($9.920 million) was paid on 05 October 2010, and was disclosed in the 2009/10 financial accounts in accordance with Accounting Standards.

The tax rate at which the dividends have been franked is 30% (2010 - 30%).

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

Balance as at the end of the financial year	10,922,565	7,974,317	10,922,565	7,974,317
Credits that will arise from the payment of income tax payable per the financial statements	1,527,456	4,171,993	1,527,456	4,171,993
Debits that will arise from the payment of the proposed dividend	(4,544,861)	(4,251,588)	(4,544,861)	(4,251,588)
	7,905,160	7,894,722	7,905,160	7,894,722

Dividends - cents per share

Dividend proposed				
Fully franked dividend on ordinary shares	30.0	31.0	30.0	31.0
Interim dividend paid during the year				
Fully franked dividend on ordinary shares	30.0	32.0	30.0	32.0
Final dividend paid for the previous year				
Fully franked dividend on ordinary shares	31.0	30.0	31.0	30.0

NOTE 6

CASH AND CASH EQUIVALENTS

Cash on hand and at banks	23,559,627	26,794,812	23,545,338	26,791,995
Deposits on call	65,106,269	62,375,697	51,900,000	40,900,000
	88,665,896	89,170,509	75,445,338	67,691,995

NOTE 7

DUE FROM OTHER FINANCIAL INSTITUTIONS

Bank term deposits	50,002	78,778,082	50,002	78,778,082
Deposits with SSP's	3,997,062	3,997,062	3,997,062	3,997,062
Subordinated loans	124,585	124,585	124,585	124,585
	4,171,649	82,899,729	4,171,649	82,899,729
Maturity analysis				
Up to 3 months	-	63,971,111	-	63,971,111
From 3 to 12 months	50,002	14,756,971	50,002	14,756,971
From 1 to 5 years	-	50,000	-	50,000
No maturity specified	4,121,647	4,121,647	4,121,647	4,121,647
	4,171,649	82,899,729	4,171,649	82,899,729

NOTE 8

ACCRUED RECEIVABLES

Interest receivable	1,987,615	2,017,352	1,987,615	2,017,352
Securitisation receivables	2,385,635	17,687,968	2,385,634	17,687,968
Other	1,203,548	1,006,113	732,950	395,308
	5,576,798	20,711,433	5,106,199	20,100,628

NOTE 9

FINANCIAL ASSETS

Financial assets held to maturity				
Bills of exchange and promissory notes	28,377,319	51,592,387	28,377,318	51,592,387
Certificates of deposit	98,510,559	27,671,515	98,510,559	27,671,515
Financial assets available for sale				
RMBS Investments	32,379,267	23,414,878	32,379,267	23,414,878
Financial assets at fair value through profit & loss				
Investments in Floating Rate Notes	11,091,573	5,730,915	-	-
Financial assets at amortised cost				
Notes - Securitisation program & other	79,079,019	86,766,315	79,079,019	86,766,315
	249,437,737	195,176,010	238,346,163	189,445,095
Maturity analysis				
Up to 3 months	79,472,982	86,949,512	79,472,982	86,949,512
From 3 to 12 months	80,294,162	15,729,268	79,794,162	15,729,268
From 1 to 5 years	10,591,574	5,730,915	-	-
Later than 5 years	79,079,019	86,766,315	79,079,019	86,766,315
	249,437,737	195,176,010	238,346,163	189,445,095

NOTE 10

LOANS AND ADVANCES

Term loans	1,727,230,224	1,718,078,820	1,727,289,735	1,718,078,820
Loans to controlled entities	-	-	2,524,710	3,150,820
Continuing credit loans	552,247,618	536,819,424	552,247,618	536,819,424
Leases receivable	74,403	352,055	-	-
	2,279,552,245	2,255,250,299	2,282,062,063	2,258,049,064
Provision for impairment	(587,518)	(413,795)	(498,530)	(322,733)
Total loans	2,278,964,727	2,254,836,504	2,281,563,533	2,257,726,331
Provision for impairment				
Specific provision				
Opening balance	(413,795)	(124,776)	(322,733)	(34,672)
Bad and doubtful debts provided for during the year	(173,723)	(289,019)	(175,797)	(288,061)
Total provision for impairment	(587,518)	(413,795)	(498,530)	(322,733)
Charge to profit and loss for bad and doubtful debts comprises:				
Specific provision	(173,723)	(289,019)	(175,797)	(288,061)
Bad debts recognised directly	(45,930)	(317,584)	(28,338)	(338)
	(219,653)	(606,603)	(204,135)	(288,399)
Maturity analysis				
Up to 3 months	1,916,452	1,626,753	1,913,509	1,613,860
From 3 to 12 months	3,047,721	288,891	3,008,518	151,052
From 1 to 5 years	36,013,803	37,876,993	35,981,426	37,675,549
Later than 5 years	2,237,986,751	2,215,043,867	2,240,660,080	2,218,285,870
	2,278,964,727	2,254,836,504	2,281,563,533	2,257,726,331

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

The impact on the consolidated and chief entity is an increase in liabilities - securitised loans - of $971.803 million (30 June 2010 - $903.601 million).

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

	CONSOLIDATED		CHIEF ENTITY	
	$	$	$	$
	2011	2010	2011	2010

NOTE 11

OTHER INVESTMENTS

Unlisted shares - at directors' valuation	636,506	501,506	636,386	501,386
Controlled entities - at cost	-	-	20,421,164	20,421,164
Investment in associate	7,471,143	7,315,002	7,471,143	7,315,002
Interest in joint venture - at cost	-	15,000	-	15,000
	8,107,649	7,831,508	28,528,693	28,252,552

Investment in controlled entities comprises:

Name	Country of incor-poration	JUN 11 %	JUN 10 %	Contribution to consolidated operating profit after income tax		Investment carrying value	
Chief entity							
Wide Bay Australia Ltd	Australia			19,279,510	18,458,963		
Controlled entities							
Mortgage Risk Management Pty Ltd	Australia	100	100	2,331,974	2,881,836	20,420,000	20,420,000
Wide Bay Australia Mini Lease Pty Ltd	Australia	51	51	(55,855)	(35,584)	1,041	1,041
MPBS Insurance Pty Ltd	Australia	100	100	-	-	2	2
MPBS Holdings Pty Ltd	Australia	100	100	244,407	297,221	1	1
F.I. Software Solutions Pty Ltd	Australia	100	100	-	-	120	120
				2,520,526	3,143,473	20,421,164	20,421,164
Investment in associate comprises:							
Financial Technology Securities Pty Ltd	Australia	25	25	875,000	700,000	7,471,143	7,315,002
				22,675,036	22,302,436	27,892,307	27,736,166

The carrying amounts of unlisted shares were reassessed by the directors as at 30 June 2011 with the reassessments being based on the projections of the current market values of the shares.

Controlled entities

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

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

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

MRM was restructured in the 2008/2009 financial year in light of the deterioration in credit ratings of MRM's reinsurer, Radian Guaranty Inc ("Radian") and the unavailability of a suitable alternative. The company will use MRM and Genworth Financial Mortgage Insurance Pty Limited for mortgage insurance on future lending.

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

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

Investment accounted for using the equity method
On 29 July 2005, Wide Bay Australia Ltd acquired a 25% interest in Financial Technology Securities Pty Ltd.

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

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

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

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

	$ JUN 11	$ JUN 10
Share of associate's balance sheet:		
Current Assets	851,600	712,931
Non-current assets	651,880	667,714
Current Liabilities	(548,980)	(535,615)
Non-current liabilities	-	-
Net Assets	954,500	845,030
Share of associate's revenue and profit:		
Revenue	2,880,909	2,596,460
Profit before income tax	1,013,337	974,056
Adjustment of accrual	148,661	36,563
Income tax	(286,998)	(310,619)
Profit after income tax	875,000	700,000

We note that the above figures were based on the unaudited accounts of Financial Technology Securities Pyt Ltd.

	CONSOLIDATED		CHIEF ENTITY	
	$	$	$	$
	2011	2010	2011	2010

NOTE 12

PROPERTY, PLANT AND EQUIPMENT

	CONSOLIDATED $ 2011	CONSOLIDATED $ 2010	CHIEF ENTITY $ 2011	CHIEF ENTITY $ 2010
Freehold land and buildings				
At independent valuation - June 2009	12,655,000	12,655,000	12,655,000	12,655,000
Provision for depreciation	505,850	252,925	505,850	252,925
Land and buildings 73 Victoria St Mackay	3,870,000	3,870,000	-	-
At independent valuation - July 2009				
Land and buildings 73 Victoria St Mackay	4,225	4,225	-	-
At cost				
Provision for depreciation	141,166	70,560	-	-
	15,882,209	16,205,740	12,149,150	12,402,075
Movement in carrying amount				
Carrying amount at beginning of year	16,205,740	16,525,000	12,402,075	12,655,000
Additions	-	4,225	-	-
Depreciation	323,531	323,485	252,925	252,925
Carrying amount at end of year	15,882,209	16,205,740	12,149,150	12,402,075
Plant and equipment				
At cost	24,557,266	23,490,456	24,557,266	23,490,456
Provision for depreciation	20,667,404	19,186,119	20,667,404	19,186,119
	3,889,862	4,304,337	3,889,862	4,304,337
Movement in carrying amount				
Carrying amount at beginning of year	4,304,337	5,651,951	4,304,337	5,651,951
Additions	1,109,736	343,799	1,109,736	343,799
Depreciation	1,524,211	1,691,413	1,524,211	1,691,413
Carrying amount at end of year	3,889,862	4,304,337	3,889,862	4,304,337
	19,772,071	20,510,077	16,039,012	16,706,412

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

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

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

NOTE 13

DEFERRED INCOME TAX ASSETS

Deferred income tax assets are attributable to:

	CONSOLIDATED $ 2011	CONSOLIDATED $ 2010	CHIEF ENTITY $ 2011	CHIEF ENTITY $ 2010
Employee leave provisions	782,878	713,700	782,878	713,700
Other provisions	176,255	124,139	149,559	96,820
Property, plant & equipment	572,643	529,549	546,122	386,293
Takeover expenses	-	18,166	-	18,166
Unrealised losses on investments	451,361	1,425,622	-	-
MPBS project costs	114,605	240,690	114,605	240,690
Share issue costs	129,794	-	129,794	
Other items	(15,785)	(57,269)	41,300	34,171
	2,211,751	2,994,597	1,764,258	1,489,840

In respect of each temporary difference the adjustment was charged to income, except for share issue costs which were credited to equity.

NOTE 14

OTHER ASSETS

Prepayments	9,927,638	8,723,374	9,532,732	8,303,564
	9,927,638	8,723,374	9,532,732	8,303,564

NOTE 15

GOODWILL ON CONSOLIDATION

Pursuant to a bidder's statement lodged with the Australian Securities & Investments Commission on 15 November 2007, the company issued an off-market takeover offer for 100% of the ordinary shares in Mackay Permanent Building Society Ltd (MPBS).

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

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

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

	CONSOLIDATED		CHIEF ENTITY	
	$ 2011	$ 2010	$ 2011	$ 2010
Goodwill	42,057,110	42,057,110	43,316,012	43,316,012
	42,057,110	42,057,110	43,316,012	43,316,012

Impairment testing

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

The goodwill disclosed in the Statement of Financial Position at 30 June 2011 was supported by the impairment testing and no impairment adjustment was required.

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

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

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

i) the trading results for the financial year ending 30 June 2011 represents the cash-generating potential of the consolidated entity;
ii) the estimated growth in the cash-generating unit cash flows over the testing period was 3.0% which compares to budgeted growth for the consolidated group of 4.6%;
iii) the net present value discount rate used in the impairment testing was 5.149% which represents the cost of funds to the consolidated group at 30 June 2011.

The estimated growth of 3% is considered to be a conservative parameter as the growth in the loan book of the consolidated entity has averaged 6.58% over the previous 5 years.

NOTE 16

DEPOSITS AND SHORT TERM BORROWINGS

Call deposits	392,557,682	385,587,924	398,026,626	388,625,945
Term deposits	1,061,393,237	924,298,688	1,061,393,236	924,298,688
	1,453,950,919	1,309,886,612	1,459,419,862	1,312,924,633
Maturity analysis				
On call	444,452,900	435,958,703	449,921,843	438,996,724
Up to 3 months	591,970,492	319,790,990	591,970,492	319,790,990
From 3 to 12 months	339,799,950	522,875,023	339,799,950	522,875,023
From 1 to 5 years	77,677,577	31,261,896	77,677,577	31,261,896
Later than 5 years	50,000	-	50,000	-
	1,453,950,919	1,309,886,612	1,459,419,862	1,312,924,633

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

NOTE 17

DUE TO OTHER FINANCIAL INSTITUTIONS

Secured loans	0	275,834,809	0	275,834,809
Maturity analysis				
Up to 3 months	-	72,408,925	-	72,408,925
From 3 to 12 months	-	203,425,884	-	203,425,884
	-	275,834,809	-	275,834,809

The loans to the chief entity are secured by charges held over internally securitised registered mortgage documents. The carrying amount of these mortgages is $Nil. (2010 -$322,100,000).

NOTE 18

PAYABLES AND OTHER LIABILITIES

Trade creditors	3,291,299	5,835,505	3,291,299	5,835,505
Accrued interest payable	21,631,626	15,892,158	21,631,626	15,892,158
Other creditors	9,448,613	10,055,422	6,614,980	6,423,703
	34,371,538	31,783,085	31,537,905	28,151,366
Maturity analysis				
Up to 3 months	24,868,635	21,393,908	22,035,000	17,762,189
From 3 to 12 months	7,947,674	9,860,141	7,947,676	9,860,141
From 1 to 5 years	1,554,229	529,036	1,554,229	529,036
Later than 5 years	1,000	-	1,000	-
	34,371,538	31,783,085	31,537,905	28,151,366

NOTE 19

DEFERRED INCOME TAX LIABILITIES

Provision for taxation	1,527,456	4,171,993	1,527,456	3,084,276
Deferred income tax liabilities are attributable to:				
Asset revaluation reserve	2,622,912	2,622,912	2,129,844	2,129,844
Prepayments	813,997	553,922	813,997	553,922
Equity accounting revenue	354,894	308,051	354,894	308,051
Accrued interest	102,106	136,141	102,106	136,141
MPBS acquisition adjustments	184,387	221,264	184,387	221,264
Visa debit card costs	64,545	-	64,545	-
Special reserve	71,448	-	71,448	-
	4,214,289	3,842,290	3,721,221	3,349,222
	5,741,745	8,014,283	5,248,677	6,433,498

In respect of each temporary difference the adjustment was charged to income, except for the revaluations of the RMBS investments, which were charged to the "available for sale reserve" in equity.

NOTE 20

PROVISIONS

Employee entitlements				
Balance at beginning of year	2,379,000	2,290,000	2,379,000	2,290,000
Annual leave and long service leave provided for during the year	230,593	89,000	230,593	89,000
Balance at end of year	2,609,593	2,379,000	2,609,593	2,379,000
Unearned direct premiums and outstanding claims				
Balance at beginning of year	7,773,888	8,267,869	-	-
Transfers to the provision during the year	3,175,426	3,199,430	-	-
Payments from the provision during the year	3,324,816	3,693,410	-	-
Balance at end of year	7,624,498	7,773,889	-	-

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

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

Other provisions	95,762	51,588	95,762	51,587
Total provisions	10,329,853	10,204,477	2,705,355	2,430,587

NOTE 21

SUBORDINATED CAPITAL NOTES

Inscribed debenture stock	38,000,000	25,000,000	38,000,000	25,000,000
Maturity analysis				
Up to 3 months	38,000,000	25,000,000	38,000,000	25,000,000

NOTE 22

CONTRIBUTED EQUITY

	Shares JUN 11 No.	$ JUN 11	Shares JUN 10 No.	$ JUN 10
Fully paid ordinary shares				
All ordinary shares have equal voting, dividend and capital repayment rights.				
Balance at beginning of year	32,001,199	124,647,825	31,241,947	117,814,059
Issued during the year				
Staff share plan	108,996	1,003,853	84,594	703,822
Dividend Reinvestment Plan	681,375	6,381,297	674,658	6,129,944
Share Placement	1,035,000	10,008,450	-	-
Share Purchase Plan	1,522,350	14,721,125	-	-
Share issue costs	-	(540,809)	-	-
Deferred tax asset adjustment on share issue costs	-	162,242		
Balance at end of year	35,348,920	156,383,983	32,001,199	124,647,825

CONSOLIDATED		CHIEF ENTITY	
JUN 11	JUN 10	JUN 11	JUN 10

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

Staff Share Plan

17 December 2010 - 108,996 ordinary shares were issued.

Shares issued pursuant to the society's staff share plan were at a price of 90% of the weighted average price of the society's shares traded on the Australian Securities Exchange for the 10 days prior to the issue of the invitation to subscribe for the shares.

The members of the society approved a staff share plan in 1992 enabling the staff to participate to a maximum of 10% of the shares of the society. The share plan is available to all employees under the terms and conditions as decided from time to time by the Directors, but in particular, limits the maximum loan to each participating employee to 40% of their gross annual income. The plan requires employees to provide a deposit of 10% with the balance able to be repaid over a period of 5 years at no interest.

The total number of shares issued to employees since the inception of the staff share plan was	2,343,945	2,234,949	2,343,945	2,234,949
The total number of shares issued to employees during the financial year was	108,996	84,594	108,996	84,594
The total market value at date of issue, 17 December 2010 (24 November 2009) was	1,179,337	786,724	1,179,337	786,724
The total amount paid or payable for the shares at that date was	1,003,853	703,822	1,003,853	703,822

Dividend Reinvestment Plan (DRP)

05 October 2010 - 313,295 ordinary shares were issued.

30 March 2011 - 368,080 ordinary shares were issued.

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

The shares issued under the DRP on 05 October 2010 and 30 March 2011 were issued at a discount of 7.5% on the weighted sale price of the company's shares sold during the five trading days immediately following the Record Date.

Share Placement

08 October 2010 - 1,035,000 ordinary shares were placed.

The company issued shares under a share placement at an issue price of $9.67 per share to sophisticated, experienced and professional investors who subscribed for shares under the placement.

Share Purchase Plan

27 October 2010- 1,522,350 ordinary shares were issued.

The company issued shares under a share purchase plan to strengthen the company's balance sheet by paying down debt and for funding of ongoing business activities. The shares were issued at an issue price of $9.67 which represented a 7.5% discount to the volume weighted average sale price of shares sold on the ASX during the pricing period.

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

	CONSOLIDATED		CHIEF ENTITY	
	$	$	$	$
	JUN 11	JUN 10	JUN 11	JUN 10

NOTE 23

RESERVES

Movements in reserves

	JUN 11	JUN 10	JUN 11	JUN 10
Available for Sale Reserve				
Balance at beginning of year	-	-	-	-
Increase due to revaluation of RMBS investments to mark-to-market	238,162	-	238,162	-
Deferred tax liability adjustment on revaluation of RMBS investments	(71,448)	-	(71,448)	-
Balance at end of year	166,714	-	166,714	-
The balance of this reserve represents the excess of the mark-to-market valuation over the original cost of the RMBS investments				
Asset revaluation reserve				
Balance at end of year	4,969,636	4,969,636	4,969,636	4,969,636
The balance of this reserve represents the excess of the independent valuation over the original cost of the land and buildings.				
Statutory reserve - Building Societies Fund Act 1993				
Balance at end of year	2,676,071	2,676,071	2,676,071	2,676,071
This is a statutory reserve created on a distribution from the Queensland Building Society Fund.				
General reserve				
Balance at end of year	5,833,939	5,833,939	5,833,939	5,833,939
A special reserve was established upon the society issuing fixed share capital in 1992. The special reserve represented accumulated members profits at that date and was transferred to the general reserve over a period of 10 years being finalised in 2001/2002.				
Doubtful debts reserve				
Balance at end of year	2,387,810	2,387,810	2,387,810	2,387,810
Under APRA Harmonised Standards the society is required to establish a general reserve for doubtful debts. The amount is generally up to 0.5% of Risk Weighted Assets.				
Total Reserves	16,034,170	15,867,456	16,034,170	15,867,456

NOTE 24

OUTSIDE EQUITY INTEREST

Reconciliation of outside equity interest in controlled entities:

	JUN 11	JUN 10
Opening balance	(470,537)	(436,349)
Share of operating profit/(loss)	(53,665)	(34,188)
Closing balance	(524,202)	(470,537)

NOTE 25

CASH FLOW STATEMENT

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

	JUN 11	JUN 10	JUN 11	JUN 10
Profit after tax from continuing operations	22,621,371	22,268,248	22,054,510	21,658,963
Depreciation & amortisation	1,847,742	2,014,898	1,777,138	1,944,338
Bad debts expense	219,653	606,603	204,135	288,399
(Profit)/Loss on disposal of non-current assets	(1,000)	-	(1,000)	-
(Increase)/Decrease in Assets				
Accrued interest on investments	109,795	(263,798)	109,795	(263,798)
Prepayments	(1,080,975)	(2,425,174)	(1,080,975)	(2,425,174)
Inventories	(28,623)	693	(28,623)	693
Sundry debtors	(3,043,075)	3,971,817	3,879,644	1,728,372
Future income tax benefit	782,847	149,715	(274,418)	(118,619)

Increase/(Decrease) in Liabilities				
Increase in creditors & accruals	6,250,036	(306,090)	80,319	(2,315,756)
Increase in deferred tax payable	372,000	353,106	372,000	353,106
Increase in income tax payable	(2,267,354)	2,307,829	(1,296,996)	1,233,214
Increase in employee entitlement provisions	415,185	89,000	415,185	89,000
Net cash flows from operating activities	26,197,602	28,766,847	26,210,714	22,172,738

Cash flows arising from the following activities are presented on a net basis:

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

NOTE 26

EXPENDITURE COMMITMENTS

Capital expenditure commitment				
Capital expenditure contracted for within one year	75,902	336,357	75,902	336,357
Lease expenditure commitments				
Non cancellable operating leases				
Up to 1 year	1,910,165	2,125,962	1,910,165	2,125,962
From 1 to 2 years	1,262,849	1,541,336	1,262,849	1,541,336
From 2 to 5 years	1,466,785	1,844,162	1,466,785	1,844,162
Total lease expenditure	4,639,799	5,511,460	4,639,799	5,511,460

NOTE 27

EMPLOYEE ENTITLEMENTS AND SUPERANNUATION COMMITMENTS

Employee entitlements				
The aggregate employment entitlement liability is comprised of:				
Provisions - (note 20)	2,609,593	2,379,000	2,609,593	2,379,000

NOTE 28

CONTINGENT LIABILITIES AND CREDIT COMMITMENTS

Approved but undrawn loans	44,395,641	51,023,606	44,395,641	51,023,606
Approved but undrawn credit limits	120,542,447	122,390,693	120,542,447	122,390,693
	164,938,088	173,414,299	164,938,088	173,414,299

NOTE 29

EARNINGS PER SHARE

Basic earnings per share (cents per share)	66.36	70.54
Diluted earnings per share (cents per share)	66.36	70.54

	Basic		Diluted	
	$ 2011	$ 2010	$ 2011	$ 2010
Information relating to the calculation of the earnings per share is as follows:				
Calculation of numerator				
Net profit attributable to shareholders	22,675,036	22,302,436	22,675,036	22,302,436
Less dividends paid on preference shares	-	-	-	-
Numerator	22,675,036	22,302,436	22,675,036	22,302,436
Weighted average number of shares				
Ordinary shares	34,168,810	31,614,740	34,168,810	31,614,740
Potential ordinary shares	-	-	-	-
Total weighted average ordinary shares	34,168,810	31,614,740	34,168,810	31,614,740

	CONSOLIDATED		CHIEF ENTITY	
	$	$	$	$
	2011	2010	2011	2010

NOTE 30

KEY MANAGEMENT PERSONNEL AND RELATED PARTY DISCLOSURES

a) Details of key management personnel

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

i) Directors

JS Humphrey	Chairman - Non-executive Director
JH Fell	Director - Non-executive - retired 14/12/10
RE Hancock	Managing Director
FM McLeod	Executive Director and Chief Operating Officer
JF Pressler	Director - Non-executive
PJ Sawyer	Director - Non-executive

ii) Executives

IR Pokarier	Operations Manager - retired 29/10/10
WR Schafer	Chief Financial Officer and Company Secretary
SV Butler	Loans Manager
DA Hancock	Manager Structured Finance, Products and Interstate Operations
AR Ashton	Internal Auditor
SM Caville	Chief Information Officer - appointed 01/11/10

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

b) Key management personnel compensation

Remuneration for the year ended 30 June 2011

	Consolidated 2011	Consolidated 2010	Chief Entity 2011	Chief Entity 2010
Short term benefits				
Cash salary and fees	2,675,226	2,377,679	2,675,226	2,377,679
Cash bonus	-	-	-	-
Non-monetary	69,131	62,834	69,131	62,834
Post employment benefits				
Superannuation	314,810	336,688	314,810	336,688
Retirement benefits	94,313	-	94,313	-
Termination benefits	-	-	-	-
Share based payments	-	-	-	-
Other long term benefits	-	-	-	-
	3,153,480	2,777,201	3,153,480	2,777,201

c) Loans to key management personnel

The following table outlines the aggregate of loans to key management personnel. Details are provided on an individual basis for each of the key management personnel whose indebtedness exceeded $100,000 at any time during this reporting period.

Loans have been made in accordance with the normal terms and conditions offered by the society and charged at the Benchmark Interest Rate for the Fringe Benefits Tax year as set by the Australian Taxation Office. This Benchmark Interest Rate would approximate an arms' length interest rate offered by the society.

Loans are also made in accordance with the Staff Share Plan approved by shareholders in 1992. The loans are repayable over 5 years at 0% interest, with the loans being secured by a lien over the relevant shares. Such loans are only available to employees of the society and there is no applicable arm's length interest to take into account in this note.

Loans for the year ended 30 June 2011	Balance 01 July 2010	Interest Charged	Write-off	Balance 30 June 2011	Number in Group 30 June 2011
	$	$	$	$	
Directors	(2,004,004)	55,691	-	(2,044,153)	3
Executives	(2,524,581)	141,790	-	(2,101,236)	6
Total: Key management personnel	(4,528,585)	197,481	-	(4,145,389)	9

Loans for the year ended 30 June 2010	Balance 01 July 2009	Interest Charged	Write-off	Balance 30 June 2010	Number in Group 30 June 2010
	$	$	$	$	
Directors	(2,089,791)	44,461	-	(2,004,004)	3
Executives	(2,003,196)	126,596	-	(2,524,581)	5
Total: Key management personnel	(4,092,987)	171,057	-	(4,528,585)	8

Individuals with loans above $100,000 in reporting period *

	Balance 30 June 2010	Interest** Charged	Write-off	Balance 30 June 2011	Highest In Period
Directors	$	$	$	$	$
JH Fell	(493,122)	11,622	-	(491,664)	(493,122)
RE Hancock	(1,228,884)	30,892	-	(1,261,014)	(1,343,024)
FM McLeod	(281,998)	13,177	-	(291,474)	(311,404)
Executives					
IR Pokarier as at 29/10/10	(456,542)	20,084	-	(434,924)	(452,067)
WR Schafer	(912,932)	46,105	-	(516,377)	(923,608)
DA Hancock	(604,817)	37,835	-	(607,058)	(616,167)
SV Butler	(550,290)	37,766	-	(542,875)	(550,290)

* Does not include AR Ashton or SM Caville as their loans were less than $100,000.
** Actual interest charged is affected by the use of the society's offset account.

A loan and a line of credit facility has been provided to Edals Investments Pty Ltd. RE Hancock and DA Hancock are two of five equal shareholders in Edals Investments Pty Ltd, along with three other direct family members. The balance of the loan together with the drawn amount on the line of credit facility at 30 June 2011 was $3,547,712.24.

d) Equity Holdings and Transactions

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

	Balance 30 June 2010	Received as Remuneration	Options Exercised	Net Change Other	Balance 30 June 2011
Directors					
JS Humphrey	30,000	-	-	1,551	31,551
JH Fell	422,531	-	-	(11,217)	411,314
RE Hancock	2,031,490	-	-	61,666	2,093,156
FM McLeod	117,820	-	-	10,501	128,321
JF Pressler	-	-	-	-	-
PJ Sawyer	592,512	-	-	11,000	603,512
Executives					
IR Pokarier	330,388	-	-	N/A	N/A
WR Schafer	3,500	-	-	2,250	5,750
DA Hancock	71,634	-	-	4,882	76,516
SV Butler	4,750	-	-	500	5,250
AR Ashton	14,454	-	-	5,005	19,459
SM Caville	N/A	-	-	-	21,474
Total	3,619,079	-	-	86,138	3,396,303

While Mr J F Pressler does not hold shares individually or in a related body corporate he is a director of Hestearn Pty Ltd, which holds 308,543 shares. Mr Pressler does not have a controlling interest in Hestearn Pty Ltd.

There were no shares granted during the reporting period as compensation.

e) Other key management personnel transactions

The following persons and entities related to key management personnel have provided services to the society. In each case the transactions have occurred within a normal supplier - customer relationship on terms and conditions no more favourable than those available to other suppliers.

	CONSOLIDATED		CHIEF ENTITY	
	$	$	$	$
	2011	2010	2011	2010
Mallesons Stephen Jaques, a related party due to having a common director being John S Humphrey, received fees for legal services and corporate advice provided in connection with: 1) Issue of subordinated floating rate note - $28,185 2) Share Placement & Share Purchase Plan - $14,617	42,082	4,421	42,082	4,421

	CONSOLIDATED		CHIEF ENTITY	
	$	$	$	$
	2011	2010	2011	2010

NOTE 31

REMUNERATION OF AUDITORS

Amounts received or due and receivable by the auditors of the chief entity, Bentleys Brisbane Partnership, are as follows:				
Audit or review of the financial statements of the entity and any other entity in the economic entity	148,207	115,607	148,207	115,607
Tax returns (including subsidiaries)	17,741	5,786	17,741	5,786
Tax advice	8,219	11,725	8,219	11,725
Other services	23,230	8,219	23,230	8,219
Accrual adjustment	6,603	3,663	6,603	3,663
	204,000	145,000	204,000	145,000
Amounts received or due and receivable by the auditors of Mortgage Risk Management Pty Ltd, KPMG, are as follows:				
Audit or review of the financial statements of the entity	25,500	25,000	-	-
Other regulatory audit services (APRA Return)	10,500	10,000	-	-
	36,000	35,000	-	-
KPMG related practices:				
Other regulatory audit services	11,600	11,200		
	11,600	11,200		
	251,600	191,200	204,000	145,000

NOTE 32

EVENTS SUBSEQUENT TO BALANCE DATE

The financial statements were authorised for issue by the directors on the date the directors' declaration was signed.

NOTE 33

BUSINESS AND GEOGRAPHICAL SEGMENT INFORMATION

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

NOTE 34

CONCENTRATION OF ASSETS AND LIABILITIES AND OFF BALANCE SHEET ITEMS

The Directors are satisfied that there is no undue concentration of risk by way of geographical area, customer group or industry group.

NOTE 35

FINANCIAL INSTRUMENTS

a) CAPITAL RISK MANAGEMENT

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

The group's management prepares a 3 year capital plan and monitors actual risk-based capital ratios on a monthly basis to ensure the capital ratio complies with APRA's guidelines. APRA requires the capital adequacy ratio for the group to be maintained above 12% plus a 1% buffer. During the 2011 and 2010 financial years the consolidated and chief entities complied with APRA's prescribed minimum capital requirements at all times.

The capital adequacy calculations at 30 June 2011 and 30 June 2010 have been prepared in accordance with the revised prudential standards incorporating the Basel II principles.

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

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

The total risk weighted assets calculations are based on:
i) credit risk arising from on-balance sheet and off-balance sheet exposures;
ii) market risk arising from trading activities;
iii) operational risk associated with banking activities; and
iv) securitisation risks.

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

	CONSOLIDATED		CHIEF ENTITY	
	$ JUN 11	$ JUN 10	$ JUN 11	$ JUN 10
Total risk weighted assets	974,294,081	799,882,787	972,360,789	798,305,694
Capital base	142,373,153	98,584,203	142,237,036	98,582,973
Risk-based capital ratio	14.61%	12.32%	14.63%	12.35%

b) INTEREST RATE RISK MANAGEMENT

The Asset and Liability Management Committee ("ALMC") is responsible for the analysis and management of interest rate risk inherent in the balance sheet through balance sheet and financial derivative alternatives. These risks are quantified in the Rate Sensitive Asset and Liability Gap Analysis Report (the “Gap Analysis Report”). ALMC’s function and role are:
i) to review and analyse the interest rate exposures (as set out in the Gap Analysis Report) in the context of current wholesale interest setting;
ii) to compare the interest rate exposures set out in the Gap Analysis Report against the limits prescribed under the Interest Rate Risk Management Policy; and
iii) to ascertain whether the risks manifested in the Gap Analysis Report are appropriate given the committee’s view on interest rates.

At the reporting date, if interest rates had been 1.0% higher or lower and all other variables were held constant, the group's net profit would decrease by $1,078,437 or increase by $1,078,437 (2010: decrease by $811,445 or increase by $811,445). This is mainly due to the society's exposures to fixed and variable rate loans, and deposit and securitisation liabilities.

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

c) LIQUIDITY RISK MANAGEMENT

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

Liquidity is monitored by management and a projection of near future liquidity (30 days) is calculated daily. This information is used by management to manage liquidity.

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

d) CREDIT RISK MANAGEMENT

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

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

The society has a diversified Branch Network consisting of 43 branches and agencies across Queensland, branches in Sydney and Melbourne and a lending centre in Adelaide. As a result the geographic risk is widely disbursed. All regional loan staff and panel valuers are locally based ensuring an in depth knowledge of the local economy and developments in the real estate market.

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

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

The past due loans and advances for the group comprise:

	CONSOLIDATED		CHIEF ENTITY	
	\$	\$	\$	\$
	JUN 11	JUN 10	JUN 11	JUN 10
Less than 30 days	60,322,697	58,469,060	60,320,496	58,465,705
30 days and less than 60 days	30,861,567	24,925,788	30,861,567	24,923,337
60 days and less than 90 days	18,773,820	12,125,244	18,773,820	12,121,729
90 days and less than 182 days	8,982,116	5,456,942	8,977,090	5,224,695
182 days and less than 273 days	1,960,317	3,846,056	1,957,904	3,835,943
273 days and less than 365 days	2,450,204	381,007	2,450,204	354,269
365 days and over	1,258,602	1,039,001	1,173,073	758,249
	124,609,323	106,243,098	124,514,154	105,683,927

Concentration of credit risk

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

The concentration of the loans and advances throughout Australia are as follows:

	%	%
	2011	2010
Queensland	79.8	80.0
Victoria	9.1	9.2
New South Wales	9.2	9.0
South Australia	1.2	1.2
Western Australia	0.6	0.4
Tasmania	0.1	0.1
Northern Territory	-	0.1
	100.0	100.0

NOTE 35

FINANCIAL INSTRUMENTS

Terms, conditions and accounting policies

The economic entity's accounting policies, including the terms and conditions of each class of financial asset, financial liability and equity instrument, both recognised and unrecognised at the balance date, are as follows:

Recognised Financial Instruments	Notes to Accounts	Accounting Policies	Terms and Conditions
Financial assets			
Short term deposits	6 7	Short term deposits are stated at amortised cost. Interest is recognised when earned.	Short term deposits have an effective interest rate of 6.03% (2010 - 4.47%)
Accrued receivables	8	Amounts receivable are recorded at their recoverable amount.	
Bills of exchange and promissory notes	9	Bills of exchange and promissory notes are stated at amortised cost.	Bills of exchange and promissory notes have an effective interest rate of 5.65% (2010 - 4.56%)
Certificates of deposit	9	Certificates of deposit are carried at amortised cost. Interest revenue is recognised when earned.	Certificates of deposit have an effective interest rate of 5.42% (2010 - 4.20%)
Notes	9	Notes are carried at amortised cost.	These notes are an overcover required as part of the securitisation of loans. They have an effective interest rate of 6.40% (2010 - 5.16%)
Loans and advances	10	Loan interest is calculated on the closing daily outstanding balance and is charged in arrears to the customer's account on a monthly basis. Loans and advances are recorded at amortised cost.	The majority of new mortgage loans approved, in particular in excess of 75% LVR, are protected with either one of the recognised mortgage insurers or through the society's wholly owned subsidiary, Mortgage Risk Management Pty Ltd, an approved lenders mortgage insurer, and are secured by first mortgage over residential property. Loans made for the purchase of staff shares are secured by the shares themselves. The loan to subsidiary is secured by a fixed and floating charge over all property, assets and rights of the subsidiary. Certain of the society's loans have been securitised and continue to be managed by the society. Further details are disclosed in note 10. The securitisation notes have a maturity period of greater than 30 years. The securitisation notes are eligible for repayment once the balance of the trust falls below 10% of the invested amount. Interest paid to the note holders is repriced on a monthly basis.

Financial liabilities			
Deposits	16	Deposits are recorded at the principal amount. Interest is brought to account on an accrual basis.	Details of maturity of the deposits are set out in note 16. Interest is calculated on the daily balance.
Due to other financial institutions	17	Amounts due to other financial institutions are initially recorded at cost, being fair value of the consideration received net of issue costs. Subsequently they are measured at amortised cost.	
Payables and other liabilities	18	Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the economic entity.	Trade creditors are normally settled on 30 day terms.
Dividends payable	5	Dividends payable are recognised when declared by the company.	Details of the final dividend declared by the company for the financial year ended 30 June 2011 are disclosed in note 5.
Subordinated capital notes	21	The subordinated capital notes are inscribed debenture stock.	These notes are issued for an initial period of 5 years and thereafter can be redeemed on an annual basis until the final redemption date of 10 years.

Derivatives

Each of the securitisation trusts has an Interest Rate Swap in place to hedge against fixed rate loans held in the trust. The mark to market values at the end of the year were as follows:

	2011 $	2010 $
WB Trust 2010-1	348,000	-
WB Trust No. 3	147,000	343,534
WB Trust No. 4	30,054	46,479
WB Trust 2009-1	117,000	477,960
WB Trust 2008-1	170,000	(141,484)
WB Trust 2006-1	107,000	233,566
WB Trust 2005-1	82,000	140,376
WB Trust 2004-1	32,000	118,343

NOTE 35 (CONT)

Interest rate risk

The economic entity's exposure to interest rate risks and the effective interest rates of financial assets and financial liabilities, both recognised and unrecognised at the balance date, are as follows:

Financial instruments	Floating interest rate		Fixed interest rate maturing in: 1 year or less		Fixed interest rate maturing in: From 1 to 5 years		Non interest bearing		Total carrying amount per balance sheet		Weighted average effective interest rate	
	$ 2011	$ 2010	$ 2011	$ 2010	$ 2011	$ 2010	$ 2011	$ 2010	$ 2011	$ 2010	% 2011	% 2010
Financial assets												
Cash and cash equivalents	84,188,313	83,821,169	-	-	-	-	4,477,583	5,349,340	88,665,896	89,170,509	6.06	4.65
Due from other financial institutions	4,026,647	4,026,647	50,002	78,778,082	-	-	95,000	95,000	4,171,649	82,899,729	5.99	4.24
Accrued receivables	-	-	-	-	-	-	5,504,730	20,667,988	5,504,730	20,667,988	-	-
Investment securities	23,450,469	17,807,665	159,267,144	102,678,780	66,720,124	74,689,565	-	-	249,437,737	195,176,010	5.61	4.53
Loans and advances	2,009,174,848	1,924,186,833	124,871,930	191,755,087	145,505,467	139,308,379	-	-	2,279,552,245	2,255,250,299	7.51	6.64
Other investments	-	-	-	-	-	-	6,888,428	6,597,287	6,888,428	6,597,287	-	-
Other assets	-	-	-	-	-	-	9,532,066	8,302,896	9,532,066	8,302,896	-	-
Total financial assets	2,120,840,277	2,029,842,314	284,189,076	373,211,949	212,225,591	213,997,944	26,497,807	41,012,511	2,643,752,751	2,658,064,718		
Financial liabilities												
Deposits and short term borrowings	392,557,682	383,798,069	983,665,660	894,826,647	77,727,577	31,261,896	-	-	1,453,950,919	1,309,886,612	4.98	3.99
Due to other financial institutions	-	-	-	275,834,808	-	-	-	-	-	275,834,809	5.00	4.38
Payables and other liabilities	-	-	-	-	-	-	34,371,538	31,783,085	34,371,538	31,783,085	-	-
Securtised loans	856,537,272	770,955,198	53,234,522	76,829,640	62,030,865	55,816,055	-	-	971,802,659	903,600,893	5.18	4.59
Provisions	-	-	-	-	-	-	10,329,853	10,204,477	10,329,853	10,204,477	-	-
Subordinated capital notes	-	-	38,000,000	25,000,000	-	-	-	-	38,000,000	25,000,000	11.26	10.23
Total financial liabilities	1,249,094,954	1,154,753,267	1,074,900,182	1,272,491,095	139,758,442	87,077,951	44,701,391	41,987,562	2,508,454,969	2,556,309,876		

NOTE 35 (CONT)

Net fair values

The aggregate net fair values of financial assets and financial liabilities, both recognised and unrecognised, at the balance date are as follows:

	Total carrying amount per balance sheet		Aggregate net fair value	
	$ 2011	$ 2010	$ 2011	$ 2010
Financial assets				
Cash and cash equivalents	88,665,896	89,170,509	88,665,896	89,170,509
Due from other financial institutions	4,171,649	82,899,729	4,171,836	83,195,147
Accrued receivables	5,504,730	20,667,988	5,504,730	20,667,988
Investment securities	249,437,737	195,176,010	251,374,169	196,449,685
Loans and advances	2,279,552,245	2,255,250,299	2,282,748,742	2,258,581,413
Other investments	6,888,428	6,597,287	6,888,428	6,597,287
Other assets	9,532,066	8,302,896	9,532,066	8,302,896
Total financial assets	2,643,752,751	2,658,064,718	2,648,885,867	2,662,964,925
Financial liabilities				
Deposits and short term borrowings	1,453,950,919	1,309,886,612	1,448,854,593	1,305,944,851
Due to other financial institutions	-	275,834,809	-	274,800,428
Payables and other liabilities	34,371,538	31,783,085	34,371,538	31,783,085
Securitised loans	971,802,659	903,600,893	973,165,368	904,935,556
Provisions	10,329,853	10,204,477	10,329,853	10,204,477
Subordinated capital notes	38,000,000	25,000,000	38,000,000	25,000,000
Total financial liabilities	2,508,454,969	2,556,309,876	2,504,721,352	2,552,668,397

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

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

	amount is considered to be a reasonable estimate of net fair value. For the liabilities which are long term the fair value is estimated using discounted cash flow analysis, based on current rates for similar types of liability.
Securitised loans	The fair values of securitised loans are estimated using discounted cash flow analysis, based on current lending rates for similar types of loans.
Provisions	The carrying amount approximates fair value.
Subordinated capital notes	The carrying amount approximates fair value.

Financial Instruments Measured at Fair Value

The financial instruments recognised at fair value in the statement of financial position have been analysed and classified using a fair value hierarchy reflecting the significance of the inputs used in making the measurements. The fair value hierarchy consists of the following levels:

- quoted prices in active markets for identical assets or liabilities (Level 1);
- inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

	Level 1	Level 2	Level 3	Total
Consolidated	$	$	$	$
2011				
Available-for-sale financial assets	-	32,379,267	-	32,379,267
Financial assets designated at fair value through profit or loss	-	11,091,574	-	11,091,574
	-	43,470,841	-	43,470,841
Chief Entity				
2011				
Available-for-sale financial assets	-	32,379,267	-	32,379,267
Financial assets designated at fair value through profit or loss	-	-	-	-
	-	32,379,267	-	32,379,267

DIRECTORS' DECLARATION

1. In the opinion of the Directors of Wide Bay Australia Ltd ("the company"):

   a) the financial statements and notes and the remuneration disclosures that are contained in the Remuneration Report are in accordance with the Corporations Act 2001, including:

      (i) giving a true and fair view of the financial position of the company and consolidated entity as at 30 June 2011 and of their performance, as represented by the results of their operations and their cash flows, for the year ended on that date; and

      (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretation) and the Corporations Regulations 2001;

   b) the financial report also complies with International Financial Reporting Standards as disclosed in note 1;

   c) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

2. The Directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the Managing Director and Chief Financial Officer for the financial year ended 30 June 2011.

Signed in accordance with a resolution of the Directors.

…………………………………	…………………………………
RE Hancock	**JS Humphrey**
Director	Director

22 August 2011
Bundaberg

DIRECTORS' STATUTORY REPORT

Review and Results of Operations

The consolidated net profit after income tax for the year was $22,675,036, compared to $22,302,436 for 2009/2010 - an increase of 1.67%. Loans approved for the year totalled $308,279,720.

Principal Activities and Significant Changes

There have been no significant changes in the principal activities during the financial year, which is the provision of banking facilities and financial services, including the raising of funds on deposit and the provision of finance over mortgages secured by residential property.

The society owns its own lender's mortgage insurance captive, Mortgage Risk Management Pty Ltd, ("MRM") which during 2010/2011 insured additional and the majority of new residential mortgage loans to our existing borrowers, as well as loans with 75% or less LVR. The majority of loans in excess of 75% LVR were insured with Genworth Financial Mortgage Insurance Pty Limited.

Wide Bay Australia Ltd is a company limited by shares and incorporated in Australia.

The number of full time equivalent employees at 30 June 2011 was 239.02

Matters Subsequent to the End of the Financial Year and Future Developments

There has been no matter or circumstance since the end of the year that will significantly affect the results of operations in further years or the state of affairs of the society.

Capital adequacy as at 30 June 2011 was 14.61%

Likely Developments

The society is forecasting a further good result for 2011/2012, however the final results will be dependent on the activities of the housing sector which has over recent months showed a significant slowing.

We will continue to be active in maintaining our lending activities both from a competitors and products aspect. We will examine other avenues for increasing our lending volumes through an increased use of brokers and expect to develop some limited commercial lending during the year.

Business Strategies & Prospects for Future Financial Years

The society continues to focus on residential lending primarily through its own branches, and to a lesser extent, broker introduced loans.

The Board intends that the society will continue to look at all opportunities as they emerge, particularly mergers of 'like' institutions and/or acquisitions that will complement the society's overall operations.

Dividends

Ordinary Shares

Dividends paid or declared by the society, since the end of the last financial year, are as follows: -

- An interim fully franked dividend of 30 cents per ordinary share was paid on 30 March 2011 (26 March 2010 – 32 cents).

- A final fully franked dividend of 30 cents per ordinary share has been declared by the Directors and will be paid on 4 October 2011. (5 October 2010 – 31 cents).

Directors

The names and particulars of the directors of the society in office during or since the end of the financial year are:-

Mr John S Humphrey LL.B

Mr Humphrey was appointed to the Board on 19 February 2008 and was appointed Chairman following the November 2009 Annual General Meeting. 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, a member of the Audit Committee and a member of the Group Board Remuneration Committee. He is aged 56.

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 was a practising Chartered Accountant for many years. Mr Fell is Chairman of Mortgage Risk Management Pty Ltd, an independent director, a member of the Audit Committee and a member of the Group Board Remuneration Committee. He is aged 61.
Mr Fell retired from the Board on 14 December 2010.

Mr Ronald E Hancock AM, 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, subsequently Wide Bay Australia Ltd.

Mr Hancock was a practising chartered accountant for 32 years and is a director of Mortgage Risk Management Pty Ltd and Financial Technology Securities Pty Ltd. Mr Hancock is an executive director and is aged 69.

Mrs Frances M McLeod MFIFS, MAICD, FIFS

Mrs McLeod was appointed to the Board in 2003. She is Chief Operating Officer of Wide Bay Australia Ltd and has a wide range of experience based on her involvement with the society for over 35 years. She is a director of Mortgage Risk Management Pty Ltd. Mrs McLeod is an executive director and is aged 53.

Mr John Pressler OAM, FAICD, FIFS.

Mr Pressler was appointed to the Board in 1988. After 12 years as Chairman he stepped down at the meeting following the November 2009 Annual General Meeting. He is a prominent figure in Emerald's agricultural and horticultural industries and is the Chairman of the listed Lindsay Australia Limited. He is a director of Mortgage Risk Management Pty Ltd, a member of the Audit Committee, is an independent director and Chairman of the Group Board Remuneration Committee. He is aged 69.

Mr Peter J Sawyer FCA, FAICD, FIFS

Mr Sawyer has been a director since 1987. Until August 2008, he was a partner of the firm Ulton, Chartered Accountants with offices in Bundaberg, Maryborough, Hervey Bay and Gladstone. Mr Sawyer is Chairman of The Bundaberg Friendly Society Medical Institute which runs the Friendly Society Private Hospital and Pharmacies in Bundaberg. He is a Director of Mortgage Risk Management Pty Ltd. Mr Sawyer is the Chairman of the Audit Committee and a member of the Group Board Remuneration Committee and is an independent Director. He is aged 61.

The abovenamed directors held office during the whole of the financial year excluding John Fell who retired from the Board on 14 December 2010.

Company Secretary

Mr William R Schafer B.Com, CA

Mr Schafer was appointed Company Secretary in August 2001. He has extensive experience in public accounting and management (law firms). He is an Associate of the Institute of Chartered Accountants.

Directors' Meetings

During the financial year, 14 meetings of the directors, 7 meetings of the Audit Committee and 1 meeting of the Remuneration Committee were held, in respect of which each director attended the following number:

	Board		**Audit**		**Remuneration**	
	Held	Attended	Held	Attended	Held	Attended
J F Pressler	13	13	7	7	1	1
R E Hancock	13	13	7	7 *	1	1**
J S Humphrey	13	13	7	7	1	1
F M McLeod	13	13	7	7 *	n/a	n/a
P J Sawyer	13	12	7	7	1	1
J H Fell (retired 14/12/10)	7	6	3	3	1	1

* Messrs Hancock and McLeod, who are not members of the Audit Committee attended the Audit Committee meetings by invitation.
** Mr Hancock who is not a member of the Remuneration Committee attended the Remuneration Committee meeting by invitation.

Directors' Shareholdings

The directors currently hold shares of the company in their own name or a related body corporate as follows: -

Ordinary Shares

J H Fell (retired 14/12/10)	411,314
R E Hancock	2,093,156
J S Humphrey	31,551
F M McLeod	128,321
P J Sawyer	603,512

While Mr J F Pressler does not hold shares individually or in a related body corporate, he is a director of Hestearn Pty Ltd, which holds 308,543 shares. Mr Pressler does not have a controlling interest in Hestearn Pty Ltd.

Related Party Disclosure

The following persons and entities related to key management personnel have provided services to the Society. In each case the transactions have occurred within a normal supplier – customer relationship on conditions no more favourable than those available to other suppliers.

	2011	**2010**
Mallesons Stephen Jaques, a related party due to having a common director being John S Humphrey, received fees for legal		

services and corporate advice

1) Issue of subordinated floating rate note
2) Share Placement & Share Purchase Plan

Totalling	$42,082	$4,421

Remuneration Report

The fees payable for non-executive Directors are determined with reference to industry standards, the size of the society, performance and profitability. The Directors' fees are approved by the shareholders at the Annual General Meeting in the aggregate and the individual allocation is approved by the Board.

Remuneration of senior executives and other executive Directors for 2010/11 was subject to the Remuneration Committee and ratified by the Board. Relevant remuneration was based on the individual's performance throughout the year, the duties and responsibilities undertaken and is set so as to reflect the remuneration commensurate with the market place, given those duties and performances.

The Board Remuneration Committee consists of all independent Directors with Mr J Pressler as Chairman.

No company performance based payments were made to senior executives during the year.

Details of the nature and amount of each major element of the remuneration of each Director and each of the named officers of the society receiving the highest remuneration and the key management personnel are:

		Short Term Benefits			Post Employment Benefits		Termination Benefits	Share Based Payments	Other Long Term Benefits	Total
		Cash Salary and Fees	Cash Bonus	Non-Monetary	Super-annuation	Retirement Benefits	Termination Benefits	Options		
Specified Directors										
Hancock, RE	2009/10	$1,034,798		$17,607	$50,000					$1,102,405
Managing Director	2010/11	$1,143,278		$34,436	$50,000					$1,227,714
McLeod, FM	2009/10	$235,649		$4,255	$44,350					$284,254
Director & Chief Operating Officer	2010/11	$265,509		$9,057	$42,491					$317,057
Humphrey, JS	2009/10	$86,998			$7,830					$94,828
Chairman (non-exec)	2010/11	$97,534			$8,778					$106,312
Fell, JH	2009/10	$28,750			$50,000					$78,750
Director (non-exec)	2010/11	$0.00			$35,717					$35,717
Pressler,JF	2009/10	$80,234			$10,000					$90,234
Director (non-exec)	2010/11	$68,750			$10,000					$78,750
Sawyer, PJ	2009/10	$28,750			$50,000					$78,750
Director (non-exec)	2010/11	$28,750			$50,000					$78,750
Total Remuneration – Specified Directors										
	2009/10	$1,495,179		$21,862	$212,180					$1,729,221
	2010/11	$1,603,821		$43,493	$196,986					$1,844,300
Other Key Management Personnel										
Pokarier, IR (Retired 29/10/11)	2009/10	$246,000		$4,912	$50,000					$300,912
Operations Manager	2010/11	$188,535			$27,684	$94,313				$310,532
Schafer, WR	2009/10	250,174		$6,364	$14,461					$270,999
Chief Financial Officer	2010/11	$284,800		$4,025	$15,200					$304,025
Butler, SV	2009/10	$136,881		$11,160	$14,461					$162,502
Loans Manager	2010/11	$159,287		$805	$15,200					$175,292
Hancock, DA	2009/10	146,071		$15,228	$14,461					$175,760
Manager – Structured Finance, Products and Interstate Operations	2010/11	$186,363		$8,090	$15,200					$209,653
Ashton, AR	2009/10	$103,374		$3,308	$31,125					$137,807
Internal Auditor	2010/11	$109,337		$5,675	$31,662					$146,674
Caville, SM *Chief Information Officer*	2010/11	$143,083		$7,043	$12,878					$163,004
Total Remuneration – Specified Executives										
	2009/10	$882,500		$40,972	$124,508					$1,047,980
	2010/11	$1,071,405		$25,638	$117,824	$94,313				$1,309,180

Employment Contracts

All named Key Management Personnel, the Managing Director and Chief Operating Officer have employment contracts. Major provisions of those agreements are summarised below:-

Managing Director - R E Hancock

- Contract dated – 21 May 2007
- Term of agreement – no fixed term
- Wide Bay Australia or R E Hancock may terminate this agreement by providing 4 months written notice or provide payment in lieu of the notice period.
- Payment on early termination due to a takeover or not being offered ongoing employment in Bundaberg in an equivalent position, equal to 6 months salary plus 2 weeks salary per year of service with a minimum payment of 20 weeks and a maximum payment of 104 weeks.

Executive Director & Chief Operating Officer - F M McLeod

- Contract dated – 21 May 2007
- Term of agreement – no fixed term
- Wide Bay Australia or F M McLeod may terminate this agreement by providing 4 months written notice or provide payment in lieu of the notice period.
- Payment on early termination due to a takeover or not being offered ongoing employment in Bundaberg in an equivalent position, equal to 6 months salary plus 2 weeks salary per year of service with a minimum payment of 20 weeks and a maximum payment of 104 weeks.

Operations Manager – I R Pokarier – Retired 29 October 2010

- Contract dated – 21 May 2007
- Term of agreement – no fixed term
- Wide Bay Australia or I R Pokarier may terminate this agreement by providing 4 months written notice or provide payment in lieu of the notice period.
- Payment on early termination due to a takeover or not being offered ongoing employment in Bundaberg in an equivalent position, equal to 6 months salary plus 2 weeks salary per year of service with a minimum payment of 20 weeks and a maximum payment of 104 weeks.

Chief Financial Officer & Company Secretary – W R Schafer

- Contract dated – 28 May 2007
- Term of agreement – no fixed term
- Wide Bay Australia or W R Schafer may terminate this agreement by providing 4 months written notice or provide payment in lieu of the notice period.
- Payment on early termination due to a takeover or not being offered ongoing employment in Bundaberg in an equivalent position, equal to 6 months salary plus 2 weeks salary per year of service with a minimum payment of 20 weeks and a maximum payment of 104 weeks.

Loans Manager – S V Butler

- Contract dated 18 May 2007
- Term of agreement – no fixed term
- Wide Bay Australia or S V Butler may terminate this agreement by providing 4 months written notice or provide payment in lieu of the notice period.
- Payment on early termination due to a takeover or not being offered ongoing employment in Bundaberg in an equivalent position, equal to 6 months salary plus 2 weeks salary per year of service with a minimum payment of 20 weeks and a maximum payment of 104 weeks.

Manager – Structured Finance, Products and Interstate Operations – D A Hancock

- Contract dated – 28 May 2007
- Term of agreement – no fixed term
- Wide Bay Australia or D A Hancock may terminate this agreement by providing 4 months written notice or provide payment in lieu of the notice period.
- Payment on early termination due to a takeover or not being offered ongoing employment in Bundaberg in an equivalent position, equal to 6 months salary plus 2 weeks salary per year of service with a minimum payment of 20 weeks and a maximum payment of 104 weeks.

Internal Auditor – AR Ashton

- Contract dated 29 May 2007
- Term of agreement – no fixed term
- Wide Bay Australia or A R Ashton may terminate this agreement by providing 3 months written notice or provide payment in lieu of the notice period.
- Payment on early termination due to a takeover or not being offered ongoing employment in Bundaberg in an equivalent position, equal to 4 months salary plus 2 weeks salary per year of service with a minimum payment of 16 weeks and a maximum payment of 104 weeks.

Chief Information Officer – SM Caville

- Contract dated 1 November 2010
- Term of agreement – no fixed term
- Wide Bay Australia or SM Caville may terminate this agreement by providing 4 months written notice or provide payment in lieu of the notice period.
- Payment on early termination due to a takeover or not being offered ongoing employment in Bundaberg in an equivalent position, equal to 6 months salary plus 2 weeks salary per year of service with a minimum payment of 20 weeks and a maximum payment of 104 weeks.

Indemnities and Insurance Premiums for Officers and Auditors

During the financial year the society has paid premiums to indemnify directors and officers against personal losses arising from their respective positions within the society. During the reporting period and subsequent to 30 June 2011, no amounts have been paid under the indemnities by the society.

The directors and officers of the society and its subsidiaries are insured against certain liabilities arising in the course of their duties. This premium is paid by the society but under the confidentiality provisions of this policy, the directors have not disclosed the nature of the liability, the insurer, the limit of liability or the premiums paid.

Non-Audit Services

During the year, Bentleys, the society's Auditor, has performed certain other services in addition to their statutory duties.

The Board has considered the non-audit services provided during the year by the Auditor, and in accordance with advice provided by the Audit Committee, is satisfied that the provision of those non-audit services during the year by the Auditor is compatible with, and did not compromise, the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- All non-audit services were subject to the Corporate Governance procedures adopted by the society and have been reviewed by the Audit Committee to ensure they do not impact the integrity and objectivity of the Auditor, and

- The non-audit services provided do not undermine the general principles relating to auditor independence as set out in Code of Conduct APES 110 'Code of Ethics for Professional Accountants' issued by the Accounting Professional and Ethical Standards Board, as they did not involve reviewing or auditing the Auditor's own work, acting in a management or decision making capacity for the society, acting as an advocate for the society or jointly sharing risks and rewards.

A copy of the Auditor's Independence Declaration, as required under Section 307C of the Corporations Act, is included in the Directors' Statutory Report.

Non-audit services paid to Bentleys are as follows:

		$ 2011		$ 2010
Services provided in connection with the:-				
Tax Return Subsidiaries	$	17,741	$	5,786
Tax Advice	$	8,219	$	11,725
Other Services	$	23,230	$	8,219
	$	49,190	$	25,730

Bentleys
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WIDE BAY AUSTRALIA LTD

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 year ended 30 June 2011 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

Bentleys Brisbane Partnership
Chartered Accountants

Martin Power

P M Power
Partner

18 August 2011
Brisbane

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

RH Hancock
Director

22 August 2011
Bundaberg

JS Humphrey
Director

Bentleys
THINKING AHEAD

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF WIDE BAY AUSTRALIA LTD

Report on the Financial Report

We have audited the accompanying financial report of Wide Bay Australia Ltd (the company) and Wide Bay Australia Ltd and Controlled Entities (the consolidated entity), which comprises the statement of financial position as at 30 June 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard *AASB101: Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards (IFRS).

Auditors' Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements, and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required

Bentleys
THINKING AHEAD

by the *Corporations Act 2001*, provided to the directors of Wide Bay Australia Ltd on 18 August 2011, would be in the same terms if provided to the directors as at the date of this auditors' report.

Auditor's Opinion

In our opinion:

a. the financial report of Wide Bay Australia Ltd and Wide Bay Australia Ltd and Controlled Entities is in accordance with the *Corporations Act 2001*, including:
   i. giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2011 and of their performance for the year ended on that date; and
   ii. complying with Australian Accounting Standards and the Corporations Regulations 2001; and
b. the financial report also complies with the International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in the Directors' Statutory Report for the financial year ended 30 June 2011.

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the Remuneration Report of Wide Bay Australia Ltd for the financial year ended 30 June 2011 complies with section 300A of the *Corporations Act 2001*.

Bentleys

Bentleys
Brisbane Partnership

Martin Power

P M Power
Partner

Brisbane 22 August 2011