

Appendix 4E

Preliminary final report

Name of entity

WIDE BAY AUSTRALIA LTD

ABN or equivalent company reference

40 087 652 060

Financial year ended

30 June 2012

Results for announcement to the market

\$A'000

Revenues from ordinary activities	Down	3.12%	to	198,307
Profit (loss) from ordinary activities after tax attributable to members	Down	16.03%	to	19,040
Net profit (loss) for the period attributable to members	Down	16.03%	to	19,040

DIVIDENDS

		Amount per security	Franked amount per security
Final dividend	Current year	25.0c	25.0c
	Previous year	30.0c	30.0c
Interim dividend	Current year	22.5c	22.5c
	Previous year	30.0c	30.0c
The record date for determining entitlements to the dividends		07 September 2012	

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

	Current year	Previous year
Ordinary securities	47.5c	60.0c

DIVIDEND REINVESTMENT PLAN

The Board of Directors has resolved not to continue the Dividend Reinvestment Plan for this dividend.

DETAILS OF INDIVIDUAL AND TOTAL DIVIDENDS

	Current period \$A'000	Previous corresponding period \$A'000
Ordinary securities		
Interim dividend paid 30 March 2012 - previous period paid 30 March 2011	8,065	10,494
Final dividend payable 25 September 2012 - previous period paid 04 October 2011	9,035	10,605
Total	17,100	21,099

CONSOLIDATED RETAINED PROFITS

	Current period \$A'000	Previous corresponding period \$A'000
Retained profits (accumulated losses) at the beginning of the financial period	22,802	20,542
Net profit (loss) attributable to members	19,040	22,675
Net transfers from (to) reserves	-	-
Less prior period adjustment	303	-
Dividends and other equity distributions paid or payable	18,671	20,415
Retained profits (accumulated losses) at end of financial period	22,868	22,802

NET TANGIBLE ASSET BACKING

	Current period \$A'000	Previous corresponding period \$A'000
Net tangible asset backing per ordinary share	\$ 4.33	\$ 4.32

AUDIT OF ACCOUNTS

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

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2012

	Note	CONSOLIDATED		CHIEF ENTITY	
		\$ 2012	\$ 2011	\$ 2012	\$ 2011
Interest revenue	2	181,603,128	188,793,982	180,424,537	186,997,417
Borrowing costs	2	128,788,317	131,994,334	129,048,242	132,171,411
Net interest revenue		52,814,811	56,799,648	51,376,295	54,826,006
Share of profit of associate	11	625,000	875,000	625,000	875,000
Other non interest revenue	3	16,079,277	15,015,933	13,987,703	11,987,190
Employee benefits expense		16,983,582	15,742,735	16,983,582	15,742,735
Depreciation expense		1,361,164	1,484,136	1,290,558	1,413,530
Amortisation expense		355,103	363,606	355,103	363,606
Occupancy expense		2,516,014	2,344,844	2,635,961	2,445,188
Bad and doubtful debts expense	10	360,457	219,653	430,572	204,135
Other expenses	3	20,718,976	19,905,012	17,461,323	16,572,043
Profit before income tax		27,223,792	32,630,595	26,831,899	30,946,959
Income tax expense	4	8,158,784	10,009,224	7,898,903	8,892,449
Profit from continuing operations		19,065,008	22,621,371	18,932,996	22,054,510
Other comprehensive income					
Revaluation of RMBS investments to fair value		(56,127)	238,162	(56,127)	238,162
Less deferred tax relating to comprehensive income		16,838	(71,448)	16,838	(71,448)
Revaluation of land and buildings to fair value		(2,216,225)	-	(2,216,225)	-
Less deferred tax relating to revaluation of land and buildings		664,868	-	664,868	-
Other comprehensive income for the year		(1,590,646)	166,714	(1,590,646)	166,714
Total comprehensive income for the year		17,474,362	22,788,085	17,342,350	22,221,224
Profit attributable to:					
Owners of the parent entity		19,040,249	22,675,036	18,932,996	22,054,510
Non-controlling		24,759	(53,665)	-	-
		19,065,008	22,621,371	18,932,996	22,054,510
Total comprehensive income attributable to:					
Owners of the parent entity		17,449,603	22,841,750	17,342,350	22,221,224
Non-controlling interests		24,759	(53,665)	-	-
		17,474,362	22,788,085	17,342,350	22,221,224
EARNINGS PER SHARE					
Basic earnings per share (cents per share)	28	53.23	66.36		
Diluted earnings per share (cents per share)	28	53.23	66.36		

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2012

		CONSOLIDATED		CHIEF ENTITY	
		\$	\$	\$	\$
Note		2012	2011	2012	2011
ASSETS					
Cash and cash equivalents	6	76,042,103	88,665,896	64,878,677	75,445,338
Due from other financial institutions	7	11,449,049	4,171,649	11,449,049	4,171,649
Accrued receivables	8	7,326,363	5,576,798	7,180,626	5,106,199
Financial assets	9	289,127,785	249,437,737	279,274,106	238,346,163
Loans and advances	10	2,229,447,630	2,278,964,727	2,231,592,734	2,281,563,533
Other investments	11	8,155,432	8,107,649	28,576,476	28,528,693
Property, plant & equipment	12	17,169,750	19,772,071	13,669,750	16,039,012
Deferred income tax assets	13	2,268,889	2,211,751	1,927,136	1,764,258
Other assets	14	13,550,832	9,927,638	13,013,978	9,532,732
Goodwill	15	42,057,110	42,057,110	43,316,012	43,316,012
TOTAL ASSETS		2,696,594,943	2,708,893,026	2,694,878,544	2,703,813,589
LIABILITIES					
Deposits and short term borrowings	16	1,625,629,847	1,453,950,919	1,628,472,978	1,459,419,862
Payables and other liabilities	17	35,437,030	34,371,538	34,435,597	31,537,905
Securitised loans	10	798,597,187	971,802,659	798,597,187	971,802,659
Income tax payable	18	978,176	1,527,456	978,176	1,527,456
Deferred income tax liabilities	18	2,992,949	4,214,289	2,499,882	3,721,221
Provisions	19	6,336,805	10,329,853	3,000,968	2,705,355
Subordinated capital notes	20	28,000,000	38,000,000	28,000,000	38,000,000
TOTAL LIABILITIES		2,497,971,994	2,514,196,714	2,495,984,788	2,508,714,458
NET ASSETS		198,622,949	194,696,312	198,893,756	195,099,131
EQUITY					
Parent entity interest in equity					
Contributed equity	21	161,810,414	156,383,983	161,810,414	156,383,983
Reserves	22	14,443,524	16,034,170	14,443,524	16,034,170
Retained profits		22,868,454	22,802,361	22,639,818	22,680,978
Total parent entity interest in equity		199,122,392	195,220,514	198,893,756	195,099,131
Non-controlling interests	23				
Contributed equity		1,000	1,000		
Retained profits		(500,443)	(525,202)		
Total non-controlling interests		(499,443)	(524,202)		
TOTAL EQUITY		198,622,949	194,696,312	198,893,756	195,099,131

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2012

		CONSOLIDATED		CHIEF ENTITY	
		\$ 2012	\$ 2011	\$ 2012	\$ 2011
CASH FLOWS FROM OPERATING ACTIVITIES	Note				
Interest received		180,485,240	189,987,747	179,306,649	187,041,681
Dividends received		606,482	719,009	1,206,482	2,619,009
Borrowing costs		(125,629,641)	(126,414,340)	(125,889,566)	(126,591,417)
Other non interest income received		9,738,014	9,267,021	13,304,677	10,080,831
Cash paid to suppliers & employees		(45,365,526)	(35,085,252)	(42,680,775)	(36,749,946)
Income tax paid		(9,384,227)	(12,276,583)	(9,167,533)	(10,189,444)
NET CASH FLOWS FROM OPERATING ACTIVITIES	24	10,450,342	26,197,602	16,079,934	26,210,714
CASH FLOWS FROM INVESTING ACTIVITIES					
Net increase in investment securities		(44,786,808)	(48,380,762)	(46,024,702)	(43,020,103)
Net increase in amounts due from other financial institutions		5,224,186	73,085,277	5,224,186	73,085,277
Net increase in loans		49,366,066	(26,492,791)	49,819,766	(26,201,771)
Net increase in other investments		(7,306,528)	(135,000)	(7,306,528)	(135,000)
Purchase of non current assets		(1,330,172)	(1,109,736)	(1,492,625)	(1,109,736)
Proceeds from sale of property, plant & equipment		2,880	1,000	2,880	1,000
NET CASH USED IN INVESTING ACTIVITIES		1,169,624	(3,032,012)	222,977	2,619,667
CASH FLOWS FROM FINANCING ACTIVITIES					
Net increase in deposits and other borrowings		172,668,325	143,088,529	170,042,513	145,519,452
Purchase (redemption) of subordinated capital notes		(10,000,000)	13,000,000	(10,000,000)	13,000,000
Net increase in amounts due to other financial institutions and other liabilities		(173,704,028)	(190,858,113)	(173,704,028)	(190,858,113)
Proceeds from share issue		865,328	25,133,233	865,328	25,295,476
Dividends paid		(14,073,384)	(14,033,852)	(14,073,385)	(14,033,853)
NET CASH FLOWS FROM FINANCING ACTIVITIES		(24,243,759)	(23,670,203)	(26,869,572)	(21,077,038)
NET INCREASE/(DECREASE) IN CASH HELD		(12,623,793)	(504,613)	(10,566,661)	7,753,343
Cash at beginning of financial year		88,665,896	89,170,509	75,445,338	67,691,995
CASH AT END OF FINANCIAL YEAR	6	76,042,103	88,665,896	64,878,677	75,445,338

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 2012

	Note	Share Capital Ordinary	Retained Profits	Asset Revaluation Reserve	General Reserve	Statutory Reserve	Doubtful Debts Reserve	Available for Sale Reserve	Non- Controlling Interests	Total
		\$	\$	\$	\$	\$	\$	\$	\$	\$
CONSOLIDATED										
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
Balance at 01 July 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
Total comprehensive income for year:										
Profit attributable to members of parent company		-	19,040,249	-	-	-	-	-	-	19,040,249
Profit attributable to non-controlling interests		-	-	-	-	-	-	-	24,759	24,759
Prior period adjustment	34	-	(303,450)	-	-	-	-	-	-	(303,450)
Decrease due to revaluation decrement on RMBS investments		-	-	-	-	-	-	(56,127)	-	(56,127)
Deferred tax liability adjustment on revaluation decrement on RMBS investments		-	-	-	-	-	-	16,838	-	16,838
Decrease due to revaluation decrement on land and buildings		-	-	(2,216,225)	-	-	-	-	-	(2,216,225)
Deferred tax liability adjustment on revaluation decrement on land and buildings		-	-	664,868	-	-	-	-	-	664,868
Sub-total		156,383,983	41,539,160	3,418,279	5,833,939	2,676,071	2,387,810	127,425	(499,443)	211,867,224
Issue of share capital for staff share plan		829,109	-	-	-	-	-	-	-	829,109
Issue of share capital for dividend reinvestment plan		4,597,322	-	-	-	-	-	-	-	4,597,322
Dividends provided for or paid - ordinary shares		-	(18,670,706)	-	-	-	-	-	-	(18,670,706)
Balance at 30 June 2012		161,810,414	22,868,454	3,418,279	5,833,939	2,676,071	2,387,810	127,425	(499,443)	198,622,949

	Share Capital Ordinary	Retained Profits	Asset Revaluation Reserve	General Reserve	Statutory Reserve	Doubtful Debts Reserve	Available for Sale Reserve	Non- Controlling Interests	Total
	\$	\$	\$	\$	\$	\$		\$	\$
CHIEF ENTITY									
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 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
Balance at 01 July 2011	156,383,983	22,680,978	4,969,636	5,833,939	2,676,071	2,387,810	166,714	-	195,099,131
Total comprehensive income for year:									
Profit attributable to members of parent company	-	18,932,996	-	-	-	-	-	-	18,932,996
Prior period adjustment	-	(303,450)	-	-	-	-	-	-	(303,450)
Decrease due to revaluation decrement on RMBS investments	-	-	-	-	-	-	(56,127)	-	(56,127)
Deferred tax liability adjustment on revaluation decrement on RMBS investments	-	-	-	-	-	-	16,838	-	16,838
Decrease due to revaluation decrement on land and buildings	-	-	(2,216,225)	-	-	-	-	-	(2,216,225)
Deferred tax liability adjustment on revaluation decrement on land and buildings	-	-	664,868	-	-	-	-	-	664,868
Sub-total	156,383,983	41,310,524	3,418,279	5,833,939	2,676,071	2,387,810	127,425	-	212,138,031
Issue of share capital for staff share plan	829,109	-	-	-	-	-	-	-	829,109
Issue of share capital for dividend reinvestment plan	4,597,322	-	-	-	-	-	-	-	4,597,322
Dividends provided for or paid - ordinary shares	-	(18,670,706)	-	-	-	-	-	-	(18,670,706)
Balance at 30 June 2012	161,810,414	22,639,818	3,418,279	5,833,939	2,676,071	2,387,810	127,425	-	198,893,756

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

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

During the year the insurance for a significant portion of loans was transferred from MRM to QBE. MRM will continue to insure the remaining portfolio not transferred, with all new loans in excess of 80% LVR being insured with QBE going forward.

As at 30 June 2012 there were two loans on which interest was not being accrued due to hardship concessions.

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 a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Group. The Group has decided not to early adopt any of the new and amended pronouncements. The Group's assessment of the new and amended pronouncements that are relevant to the Group but applicable in future reporting periods is set out below:

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

These Standards are applicable retrospectively and include revised requirements for the classification and measurement of financial instruments, as well as recognition and derecognition requirements for financial instruments. 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.

The Group has not yet been able to reasonably estimate the impact of these pronouncements on its financial statements.

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 and incorporates Interpretation 121: Income Taxes – Recovery of Revalued Non-Depreciable Assets into AASB 112.

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 are not expected to significantly impact the Group.

AASB 10: Consolidated Financial Statements, AASB 11: Joint Arrangements, AASB 12: Disclosure of Interests in Other Entities, AASB 127: Separate Financial Statements (August 2011), AASB 128: Investments in Associates and Joint Ventures (August 2011) and AASB 2011–7: Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards [AASB 1, 2, 3, 5, 7, 9, 2009–11, 101, 107, 112, 118, 121, 124, 132, 133, 136, 138, 139, 1023 & 1038 and Interpretations 5, 9, 16 & 17] (applicable for annual reporting periods commencing on or after 1 January 2013).

AASB 10 replaces parts of AASB 127: Consolidated and Separate Financial Statements (March 2008, as amended) and Interpretation 112: Consolidation – Special Purpose Entities. AASB 10 provides a revised definition of control and additional application guidance so that a single control model will apply to all investees. The Group has not yet been able to reasonably estimate the impact of this Standard on its financial statements.

AASB 11 replaces AASB 131: Interests in Joint Ventures (July 2004, as amended). AASB 11 requires joint arrangements to be classified as either "joint operations" (where the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities) or "joint ventures" (where the parties that have joint control of the arrangement have rights to the net assets of the arrangement). Joint ventures are required to adopt the equity method of accounting (proportionate consolidation is no longer allowed).

AASB 12 contains the disclosure requirements applicable to entities that hold an interest in a subsidiary, joint venture, joint operation or associate. AASB 12 also introduces the concept of a "structured entity", replacing the "special purpose entity" concept currently used in Interpretation 112, and requires specific disclosures in respect of any investments in unconsolidated structured entities. This Standard will affect disclosures only and is not expected to significantly impact the Group.

To facilitate the application of AASBs 10, 11 and 12, revised versions of AASB 127 and AASB 128 have also been issued. These Standards are not expected to significantly impact the Group.

AASB 13: Fair Value Measurement and AASB 2011–8: Amendments to Australian Accounting Standards arising from AASB 13 [AASB 1, 2, 3, 4, 5, 7, 9, 2009–11, 2010–7, 101, 102, 108, 110, 116, 117, 118, 119, 120, 121, 128, 131, 132, 133, 134, 136, 138, 139, 140, 141, 1004, 1023 & 1038 and Interpretations 2, 4, 12, 13, 14, 17, 19, 131 & 132] (applicable for annual reporting periods commencing on or after 1 January 2013).

AASB 13 defines fair value, sets out in a single Standard a framework for measuring fair value, and requires disclosures about fair value measurement.

AASB 13 requires:

- inputs to all fair value measurements to be categorised in accordance with a fair value hierarchy; and

- enhanced disclosures regarding all assets and liabilities (including, but not limited to, financial assets and financial liabilities) to be measured at fair value.

The impact of this Standard has not yet been assessed.

AASB 2011-9: Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income [AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039 & 1049] (applicable for annual reporting periods commencing on or after 1 July 2012).

The main change arising from this Standard is the requirement for entities to group items presented in other comprehensive income (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently.

This Standard affects presentation only and is therefore not expected to significantly impact the Group.

AASB 119: Employee Benefits (September 2011) and AASB 2011-10: Amendments to Australian Accounting Standards arising from AASB 119 (September 2011) [AASB 1, AASB 8, AASB101, AASB124, AASB134, AASB1049 & AASB 2011-8 and Interpretation 14] (applicable for annual reporting periods commencing on or after 1 July 2012).

These Standards introduce a number of changes to accounting and presentation of defined benefit plans. The Group does not have any defined benefit plans and so is not impacted by the amendment.

AASB 119 (September 2011) also includes changes to the accounting for termination benefits that require an entity to recognise an obligation for such benefits at the earlier of:

- (i) for an offer that may be withdrawn – when the employee accepts;
- (ii) for an offer that cannot be withdrawn – when the offer is communicated to affected employees; and
- (iii) where the termination is associated with a restructuring of activities under AASB 137: Provisions, Contingent Liabilities and Contingent Assets, and if earlier than the first two conditions – when the related restructuring costs are recognised.

The Group has not yet been able to reasonably estimate the impact of these changes to AASB 119.

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

NOTE 2

INTEREST REVENUE AND INTEREST EXPENSE

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

INTEREST REVENUE 2012

	Average Balance \$	Interest \$	Average Interest Rate %
Deposits with other financial institutions	52,895,679	2,530,244	4.78
Investment securities	220,843,315	10,759,960	4.87
Loans and advances	2,286,801,182	167,412,604	7.32
Other	20,490,026	900,320	4.39
	2,581,030,202	181,603,128	7.04

BORROWING COSTS 2012

Deposits from other financial institutions	836,898,611	48,130,359	5.75
Customer deposits	1,556,114,735	77,026,236	4.95
Subordinated notes	31,333,333	3,631,722	11.59
	2,424,346,679	128,788,317	5.31

NET INTEREST REVENUE 2012

52,814,811

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

CONSOLIDATED		CHIEF ENTITY	
\$	\$	\$	\$
2012	2011	2012	2011

NOTE 3

PROFIT BEFORE INCOME TAX

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

Profit relating to mortgage insurance activities (also refer Note 1. m)

Premium revenue	2,344,478	3,422,011	-	-
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Included in the profit before income tax are the following revenue items:

Other revenue

Dividends

Controlled entities	-	-	600,000	1,900,000
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Other corporations	140	150	140	150
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Fees and commissions	11,749,502	9,128,280	11,749,502	9,128,280
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Revaluation of investment securities to fair value	(52,269)	1,149,502	-	-
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Other revenue	2,037,426	1,315,990	1,638,061	958,760
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	16,079,277	15,015,933	13,987,703	11,987,190
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The profit before income tax is arrived at after charging the following items:

Other expenses

Fees and commissions	8,812,111	8,773,908	8,812,113	8,773,908
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Provisions for employee entitlements	288,407	415,185	288,407	415,185
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General and administration expenses	9,007,796	7,872,669	8,360,803	7,382,950
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Underwriting expenses	2,610,662	2,843,250	-	-
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	20,718,976	19,905,012	17,461,323	16,572,043
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NOTE 4

INCOME TAX

Major components of tax expense for the year are:

Current income tax	8,755,557	8,880,942	8,601,415	8,704,073
Deferred income tax	(596,773)	1,128,282	(702,512)	188,376

Income tax reported in income statement	8,158,784	10,009,224	7,898,903	8,892,449
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The prima facie tax on profit before income tax differs from the income tax provided as follows:

Prima facie tax on profit before income tax at 30% (2011 - 30%)	8,167,137	9,789,178	8,049,570	9,284,088
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Tax effect of permanent differences

Depreciation of buildings	93,051	46,826	93,051	46,826
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Franked dividends	(181,945)	(215,703)	(181,945)	(215,703)
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Other items - net	80,541	130,782	118,227	89,097
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Intra-group dividend (MRM)	-	-	(180,000)	(570,000)
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Underprovision for taxation in prior year	-	258,141	-	258,141
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Income tax expense attributable to profit from ordinary activities

	8,158,784	10,009,224	7,898,903	8,892,449
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NOTE 5

DIVIDENDS PAID

Dividends paid during the year

Interim for current year	10,605,465	10,494,251	10,605,465	10,494,251
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Fully franked dividend on ordinary shares

Final for previous year	8,065,241	9,920,372	8,065,241	9,920,372
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Fully franked dividend on ordinary shares

	18,670,706	20,414,623	18,670,706	20,414,623
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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 25 cents per ordinary share (\$9.035 million), for the six months to 30 June 2012, payable on 25 September 2012.

The final dividend for the six months to 30 June 2011 (\$10.605 million) was paid on 04 October 2011, and was disclosed in the 2010/11 financial accounts in accordance with Accounting Standards.

The tax rate at which the dividends have been franked is 30% (2011 - 30%).

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

Balance as at the end of the financial year	12,415,447	10,922,565	12,415,447	10,922,565
Credits that will arise from the payment of income tax payable per the financial statements	978,176	1,527,456	978,176	1,527,456
Debits that will arise from the payment of the proposed dividend	(3,872,071)	(4,544,861)	(3,872,071)	(4,544,861)
	9,521,552	7,905,160	9,521,552	7,905,160

Dividends - cents per share

Dividend proposed				
Fully franked dividend on ordinary shares	25.0	30.0	25.0	30.0
Interim dividend paid during the year				
Fully franked dividend on ordinary shares	22.5	30.0	22.5	30.0
Final dividend paid for the previous year				
Fully franked dividend on ordinary shares	30.0	31.0	30.0	31.0

NOTE 6

CASH AND CASH EQUIVALENTS

Cash on hand and at banks	15,388,103	23,559,627	15,378,677	23,545,338
Deposits on call	60,654,000	65,106,269	49,500,000	51,900,000
	76,042,103	88,665,896	64,878,677	75,445,338

NOTE 7

DUE FROM OTHER FINANCIAL INSTITUTIONS

Bank term deposits	50,000	50,002	50,000	50,002
Deposits with SSP's	11,274,464	3,997,062	11,274,464	3,997,062
Subordinated loans	124,585	124,585	124,585	124,585
	11,449,049	4,171,649	11,449,049	4,171,649

Maturity analysis

Up to 3 months	-	-	-	-
From 3 to 12 months	50,000	50,002	50,000	50,002
From 1 to 5 years	-	-	-	-
No maturity specified	11,399,049	4,121,647	11,399,049	4,121,647
	11,449,049	4,171,649	11,449,049	4,171,649

NOTE 8

ACCRUED RECEIVABLES

Interest receivable	3,149,983	1,987,615	3,149,983	1,987,615
Securitisation receivables	3,215,272	2,385,635	3,215,272	2,385,634
Other	961,108	1,203,548	815,371	732,950
	7,326,363	5,576,798	7,180,626	5,106,199

NOTE 9

FINANCIAL ASSETS

Financial assets held to maturity				
Bills of exchange and promissory notes	31,545,902	28,377,319	31,545,902	28,377,318
Certificates of deposit	151,558,736	98,510,559	151,558,736	98,510,559
Financial assets available for sale				
RMBS Investments	19,137,580	32,379,267	19,137,580	32,379,267
Financial assets at fair value through profit & loss				
Investments in Floating Rate Notes	9,853,679	11,091,573	-	-
Financial assets at amortised cost				
Notes - Securitisation program & other	77,031,888	79,079,019	77,031,888	79,079,019
	289,127,785	249,437,737	279,274,106	238,346,163
Maturity analysis				
Up to 3 months	149,390,876	79,472,982	146,995,574	79,472,982
From 3 to 12 months	55,246,645	80,294,162	55,246,645	79,794,162
From 1 to 5 years	7,458,377	10,591,574	-	-
Later than 5 years	77,031,887	79,079,019	77,031,887	79,079,019
	289,127,785	249,437,737	279,274,106	238,346,163

NOTE 10

LOANS AND ADVANCES

Term loans	1,712,604,346	1,727,230,224	1,712,604,346	1,727,289,735
Loans to controlled entities	-	-	2,145,228	2,524,710
Continuing credit loans	517,722,801	552,247,618	517,722,801	552,247,618
Leases receivable	3,975	74,403	-	-
	2,230,331,122	2,279,552,245	2,232,472,375	2,282,062,063
Provision for impairment	(883,492)	(587,518)	(879,641)	(498,530)
Total loans	2,229,447,630	2,278,964,727	2,231,592,734	2,281,563,533
Provision for impairment				
Specific provision				
Opening balance	(587,518)	(413,795)	(498,530)	(322,733)
Bad and doubtful debts provided for during the year	(295,974)	(173,723)	(381,111)	(175,797)
Total provision for impairment	(883,492)	(587,518)	(879,641)	(498,530)
Charge to profit and loss for bad and doubtful debts comprises:				
Specific provision	(295,974)	(173,723)	(381,111)	(175,797)
Bad debts recognised directly	(64,482)	(45,930)	(49,461)	(28,338)
	(360,456)	(219,653)	(430,572)	(204,135)
Maturity analysis				
Up to 3 months	3,392,811	1,916,452	3,388,716	1,913,509
From 3 to 12 months	13,270,260	3,047,721	13,231,057	3,008,518
From 1 to 5 years	21,634,486	36,013,803	21,602,109	35,981,426
Later than 5 years	2,191,150,073	2,237,986,751	2,193,370,852	2,240,660,080
	2,229,447,630	2,278,964,727	2,231,592,734	2,281,563,533

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 \$798.597 million (30 June 2011 - \$971.803 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	
\$	\$	\$	\$
2012	2011	2012	2011

NOTE 11

OTHER INVESTMENTS

Unlisted shares - at directors' valuation	665,631	636,506	665,511	636,386
Controlled entities - at cost	-	-	20,421,164	20,421,164
Investment in associate	7,489,801	7,471,143	7,489,801	7,471,143
Interest in joint venture - at cost	-	-	-	-
	8,155,432	8,107,649	28,576,476	28,528,693

Investment in controlled entities comprises:

Name	Country of incorporation	JUN 12 %	JUN 11 %	Contribution to consolidated operating profit after income tax		Investment carrying value	
Chief entity							
Wide Bay Australia Ltd	Australia			17,707,996	19,279,510		
Controlled entities							
Mortgage Risk Management Pty Ltd	Australia	100	100	505,612	2,331,974	20,420,000	20,420,000
Wide Bay Australia Mini Lease Pty Ltd	Australia	51	51	25,770	(55,855)	1,041	1,041
MPBS Insurance Pty Ltd	Australia	100	100	-	-	2	2
MPBS Holdings Pty Ltd	Australia	100	100	175,870	244,407	1	1
F.I. Software Solutions Pty Ltd	Australia	100	100	-	-	120	120
				707,252	2,520,526	20,421,164	20,421,164

Investment in associate comprises:

Financial Technology Securities Pty Ltd	Australia	25	25	625,000	875,000	7,489,801	7,471,143
				19,040,248	22,675,036	27,910,965	27,892,307

The carrying amounts of unlisted shares were reassessed by the directors as at 30 June 2012 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.

During the year the insurance for a significant portion of loans was transferred from MRM to QBE. MRM will continue to insure the remaining portfolio not transferred, with all new loans in excess of 80% LVR being insured with QBE going forward.

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 12	\$ JUN 11
Share of associate's balance sheet:		
Current Assets	949,251	851,600
Non-current assets	660,444	651,880
Current Liabilities	(490,466)	(548,980)
Non-current liabilities	(189,512)	-
Net Assets	<u>929,717</u>	<u>954,500</u>
Share of associate's revenue and profit:		
Revenue	2,913,547	2,880,909
Profit before income tax	843,169	1,013,337
Adjustment of accrual	26,884	148,661
Income tax	(245,053)	(286,998)
Profit after income tax	<u>625,000</u>	<u>875,000</u>

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

CONSOLIDATED		CHIEF ENTITY	
\$	\$	\$	\$
2012	2011	2012	2011

NOTE 12

PROPERTY, PLANT AND EQUIPMENT

Freehold land and buildings				
At independent valuation - July 2012	9,680,000	12,655,000	9,680,000	12,655,000
Provision for depreciation	-	505,850	-	505,850
Land and buildings 73 Victoria St Mackay	3,500,000	3,870,000	-	-
At independent valuation - July 2012				
Land and buildings 73 Victoria St Mackay	-	4,225	-	-
At cost				
Provision for depreciation	-	141,166	-	-
	13,180,000	15,882,209	9,680,000	12,149,150
Movement in carrying amount				
Carrying amount at beginning of year	15,882,209	16,205,740	12,149,150	12,402,075
Additions	-	-	-	-
Revaluation decrement (net)	2,378,678	-	2,216,225	-
Depreciation	323,531	323,531	252,925	252,925
Carrying amount at end of year	13,180,000	15,882,209	9,680,000	12,149,150
Plant and equipment				
At cost	26,012,559	24,557,266	26,012,559	24,557,266
Provision for depreciation	22,022,809	20,667,404	22,022,809	20,667,404
	3,989,750	3,889,862	3,989,750	3,889,862
Movement in carrying amount				
Carrying amount at beginning of year	3,889,862	4,304,337	3,889,862	4,304,337
Additions	1,492,625	1,109,736	1,492,625	1,109,736
Depreciation	1,392,737	1,524,211	1,392,737	1,524,211
Carrying amount at end of year	3,989,750	3,889,862	3,989,750	3,889,862
	17,169,750	19,772,071	13,669,750	16,039,012

All land and buildings were revalued as at July 2012 by certified practising valuers Michael Everingham and Jim Webster of Propell National Valuers QLD.

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

NOTE 13

DEFERRED INCOME TAX ASSETS

Deferred income tax assets are attributable to:

Employee leave provisions	869,400	782,878	869,400	782,878
Other provisions	265,048	176,255	263,892	149,559
Property, plant & equipment	647,179	572,643	638,307	546,122
Takeover expenses	-	-	-	-
Unrealised losses on investments	320,254	451,361	-	-
MPBS project costs	-	114,605	-	114,605
Share issue costs	97,346	129,794	97,346	129,794
Other items	69,662	(15,785)	58,191	41,300
	2,268,889	2,211,751	1,927,136	1,764,258

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	13,550,832	9,927,638	13,013,978	9,532,732
	13,550,832	9,927,638	13,013,978	9,532,732

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	
	\$ 2012	\$ 2011	\$ 2012	\$ 2011
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 2012 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:

- the trading results for the financial year ending 30 June 2012 represents the cash-generating potential of the consolidated entity;
- 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 4.0%;
- the net present value discount rate used in the impairment testing was 10.39% which represents the Weighted Average Cost of Equity to the consolidated group at 30 June 2012.

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 4.42% over the previous 5 years.

NOTE 16

DEPOSITS AND SHORT TERM BORROWINGS

Call deposits	424,328,957	392,557,682	427,172,088	398,026,626
Term deposits	1,145,325,756	1,061,393,237	1,145,325,756	1,061,393,236
Negotiable certificates of deposit	55,975,134	-	55,975,134	-
	1,625,629,847	1,453,950,919	1,628,472,978	1,459,419,862

Maturity analysis				
On call	480,468,854	444,452,900	483,311,985	449,921,843
Up to 3 months	794,133,219	591,970,492	794,133,219	591,970,492
From 3 to 12 months	255,931,533	339,799,950	255,931,533	339,799,950
From 1 to 5 years	95,096,241	77,677,577	95,096,241	77,677,577
Later than 5 years	-	50,000	-	50,000
	1,625,629,847	1,453,950,919	1,628,472,978	1,459,419,862

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

NOTE 17

PAYABLES AND OTHER LIABILITIES

Trade creditors	4,073,279	3,291,299	4,073,279	3,291,299
Accrued interest payable	22,872,501	21,631,626	22,872,501	21,631,626
Other creditors	8,491,250	9,448,613	7,489,817	6,614,980
	35,437,030	34,371,538	34,435,597	31,537,905

Maturity analysis				
Up to 3 months	25,597,180	24,868,635	24,595,747	22,035,000
From 3 to 12 months	8,068,593	7,947,674	8,068,593	7,947,676
From 1 to 5 years	1,771,257	1,554,229	1,771,257	1,554,229
Later than 5 years	-	1,000	-	1,000
	35,437,030	34,371,538	34,435,597	31,537,905

NOTE 18

DEFERRED INCOME TAX LIABILITIES

Provision for taxation	978,176	1,527,456	978,176	1,527,456
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Deferred income tax liabilities are attributable to:

Asset revaluation reserve	1,958,044	2,622,912	1,464,977	2,129,844
Prepayments	352,587	813,997	352,587	813,997
Equity accounting revenue	360,491	354,894	360,491	354,894
Accrued interest	68,070	102,106	68,070	102,106
MPBS acquisition adjustments	147,510	184,387	147,510	184,387
Visa debit card costs	51,636	64,545	51,636	64,545
Special reserve	54,611	71,448	54,611	71,448
	2,992,949	4,214,289	2,499,882	3,721,221
	3,971,125	5,741,745	3,478,058	5,248,677

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, and the revaluations of land and buildings which were charged to the asset revaluation reserve in equity.

NOTE 19

PROVISIONS

Employee entitlements				
Balance at beginning of year	2,609,593	2,379,000	2,609,593	2,379,000
Annual leave and long service leave provided for during the year	288,407	230,593	288,407	230,593
Balance at end of year	2,898,000	2,609,593	2,898,000	2,609,593

Maturity Analysis

Current provision	2,538,483	2,213,698	2,538,483	2,213,698
Non-current provision	359,517	395,895	359,517	395,895
	2,898,000	2,609,593	2,898,000	2,609,593

Unearned direct premiums and outstanding claims

Balance at beginning of year	7,624,498	7,773,888	-	-
Transfers to the provision during the year	914,678	3,175,426	-	-
Payments from the provision during the year	5,203,339	3,324,816	-	-
Balance at end of year	3,335,837	7,624,498	-	-

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	102,968	95,762	102,968	95,762
Total provisions	6,336,805	10,329,853	3,000,968	2,705,355

NOTE 20

SUBORDINATED CAPITAL NOTES

Inscribed debenture stock	28,000,000	38,000,000	28,000,000	38,000,000
Maturity analysis				
Up to 3 months	28,000,000	38,000,000	28,000,000	38,000,000

NOTE 21

CONTRIBUTED EQUITY

Fully paid ordinary shares

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

Balance at beginning of year	35,348,920	156,383,983	32,001,199	124,647,825
Issued during the year				
Staff share plan	120,510	829,109	108,996	1,003,853
Dividend Reinvestment Plan	669,897	4,597,322	681,375	6,381,297
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	36,139,327	161,810,414	35,348,920	156,383,983

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

9 December 2011 - 120,510 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

The total number of shares issued to employees during the financial year was

The total market value at date of issue,

9 December 2011 (17 December 2010) was

The total amount paid or payable for the shares at that date was

	CONSOLIDATED		CHIEF ENTITY	
	JUN 12	JUN 11	JUN 12	JUN 11
	2,464,455	2,343,945	2,464,455	2,343,945
	120,510	108,996	120,510	108,996
	\$	\$	\$	\$
	897,800	1,179,337	897,800	1,179,337
	829,109	1,003,853	829,109	1,003,853

Dividend Reinvestment Plan (DRP)

04 October 2011 - 375,449 ordinary shares were issued.

30 March 2012 - 294,448 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 04 October 2011 and 30 March 2012 were issued at a discount of 5.0% 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 12	\$ JUN 11	\$ JUN 12	\$ JUN 11
NOTE 22				
RESERVES				
Movements in reserves				
Available for Sale Reserve				
Balance at beginning of year	166,714	-	166,714	-
Increase due to revaluation of RMBS investments to mark-to-market	(56,127)	238,162	(56,127)	238,162
Deferred tax liability adjustment on revaluation of RMBS investments	16,838	(71,448)	16,838	(71,448)
Balance at end of year	127,425	166,714	127,425	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 beginning of year	4,969,636	4,969,636	4,969,636	4,969,636
Increase/(decrease) due to revaluation increment on land and buildings	(2,216,225)	-	(2,216,225)	-
Deferred tax liability adjustment on revaluation increment on land and buildings	664,868	-	664,868	-
Decrease due to transfer to retained profits of revaluation of assets since sold	-	-	-	-
Balance at end of year	3,418,279	4,969,636	3,418,279	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	14,443,524	16,034,170	14,443,524	16,034,170

NOTE 23

OUTSIDE EQUITY INTEREST

Reconciliation of outside equity interest in controlled entities:

Opening balance	(524,202)	(470,537)
Share of operating profit/(loss)	24,759	(53,665)
Closing balance	(499,443)	(524,202)

NOTE 24

CASH FLOW STATEMENT

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

Profit after tax from continuing operations	19,065,008	22,621,371	18,932,996	22,054,510
Depreciation & amortisation	1,716,267	1,847,742	1,645,661	1,777,136
Bad debts expense	360,457	219,653	430,572	204,135
(Profit)/Loss on disposal of non-current assets	(2,880)	(1,000)	(2,880)	(1,000)
(Increase)/Decrease in Assets				
Accrued interest on investments	(40,078)	109,795	(40,078)	109,795
Prepayments	(3,623,194)	(1,080,975)	(3,481,246)	(1,080,975)
Inventories	2,715	(28,623)	2,715	(28,623)
Sundry debtors	(2,200,901)	(3,043,075)	6,070,247	3,879,644
Deferred tax asset	(57,138)	782,847	(162,878)	(274,418)

Increase/(Decrease) in Liabilities				
Increase in creditors & accruals	(2,611,542)	6,250,036	(5,113,614)	80,319
Increase in deferred tax payable	(1,221,340)	372,000	(1,221,339)	372,000
Increase in income tax payable	(1,225,439)	(2,267,354)	(1,268,629)	(1,296,996)
Increase in employee entitlement provisions	288,407	415,185	288,407	415,185
Net cash flows from operating activities	10,450,342	26,197,602	16,079,934	26,210,714

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 25

EXPENDITURE COMMITMENTS

Capital expenditure commitment				
Capital expenditure contracted for within one year	266,738	75,902	266,738	75,902
Lease expenditure commitments				
Non cancellable operating leases				
Up to 1 year	2,077,598	1,910,165	2,077,598	1,910,165
From 1 to 2 years	1,624,490	1,262,849	1,624,490	1,262,849
From 2 to 5 years	1,974,155	1,466,785	1,974,155	1,466,785
Total lease expenditure	5,676,243	4,639,799	5,676,243	4,639,799

NOTE 26

EMPLOYEE ENTITLEMENTS AND SUPERANNUATION COMMITMENTS

Employee entitlements				
The aggregate employment entitlement liability is comprised of:				
Provisions - (note 19)	2,898,000	2,609,593	2,898,000	2,609,593

NOTE 27

CONTINGENT LIABILITIES AND CREDIT COMMITMENTS

Approved but undrawn loans	54,623,942	44,395,641	54,623,942	44,395,641
Approved but undrawn credit limits	122,497,979	120,542,447	122,497,979	120,542,447
	177,121,921	164,938,088	177,121,921	164,938,088

NOTE 28

EARNINGS PER SHARE

Basic earnings per share (cents per share)	53.23	66.36
Diluted earnings per share (cents per share)	53.23	66.36

Basic		Diluted	
\$	\$	\$	\$
2012	2011	2012	2011

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

Calculation of numerator				
Net profit attributable to shareholders	19,040,249	22,675,036	19,040,249	22,675,036
Less dividends paid on preference shares	-	-	-	-
Numerator	19,040,249	22,675,036	19,040,249	22,675,036
Weighted average number of shares				
Ordinary shares	35,769,234	34,168,810	35,769,234	34,168,810
Potential ordinary shares	-	-	-	-
Total weighted average ordinary shares	35,769,234	34,168,810	35,769,234	34,168,810

NOTES TO AND FORMING PART OF THE
ACCOUNTS FOR THE YEAR ENDED
30/06/12

PROCESSED DATE: 21/08/2012 11:12
PROCESSED BY: B. Schafer

CONSOLIDATED		CHIEF ENTITY	
\$	\$	\$	\$
JUN 12	JUN 11	JUN 12	JUN 11

NOTE 29

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
RE Hancock	Managing Director
FM McLeod	Executive Director and Chief Operating Officer
JF Pressler	Director - Non-executive
PJ Sawyer	Director - Non-executive
B Dangerfield	Director - Non-executive (appointed 22nd November 2011)

ii) Executives

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

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 2012

Short term benefits

Cash salary and fees	2,629,950	2,675,226	2,629,950	2,675,226
Cash bonus	-	-	-	-
Non-monetary	29,958	69,131	29,958	69,131

Post employment benefits

Superannuation	266,716	314,810	267,716	314,810
Retirement benefits	-	94,313	-	94,313
Termination benefits	-	-	-	-
Share based payments	-	-	-	-
Other long term benefits	-	-	-	-

2,926,624	3,153,480	2,927,624	3,153,480
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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 lowest available fixed interest rate available to the general public at the beginning of the Fringe Benefits Tax year. Therefore this 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 2012	Balance 30 June 2011	Interest Charged	Write-off	Balance 30 June 2012	Number in Group 30 June 2012
	\$	\$	\$	\$	
Directors	(2,044,153)	31,967	-	(1,554,806)	2
Executives	(2,101,236)	141,225	-	(1,790,411)	5
Total: Key management personnel	(4,145,389)	173,192	-	(3,345,217)	7

Loans for the year ended 30 June 2011	Balance 30 June 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

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

	Balance 30 June 2011	Interest** Charged	Write-off	Balance 30 June 2012	Highest In Period
Directors	\$	\$	\$	\$	\$
RE Hancock	(1,261,014)	18,112	-	(1,276,041)	(1,360,176)
FM McLeod	(291,474)	13,855	-	(278,765)	(308,595)
Executives					
WR Schafer	(516,377)	31,623	-	(529,592)	(541,121)
DA Hancock	(607,058)	40,070	-	(635,616)	(649,232)
SV Butler	(542,875)	37,564	-	(530,144)	(542,876)

* Does not include A R Ashton or SM Caville as their loans was 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 is held by 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 2012 was \$3,980,393.2 (2011: \$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 2011	Received as Remuneration	Options Exercised	Net Change Other	Balance 30 June 2012
Directors					
JS Humphrey	31,551	-	-	-	31,551
RE Hancock	2,093,156	-	-	27,715	2,120,871
FM McLeod	128,321	-	-	8,619	136,940
JF Pressler	-	-	-	-	-
PJ Sawyer	603,512	-	-	-	603,512
B Dangerfield	-	-	-	-	-
Executives					
WR Schafer	5,750	-	-	7,000	12,750
DA Hancock	76,516	-	-	(8,543)	67,973

SV Butler	5,250	-	-	-	5,250
AR Ashton	20,100	-	-	5,368	25,468
SM Caville	21,474	-	-	3,959	25,433

Total	2,985,630	-	-	44,118	3,029,748
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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.

King Wood Mallesons (previously 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) Corporate Restructure - \$7,464; 2) Securitisation - \$193,717; 3) Business Combinations - \$35,757.

CONSOLIDATED		CHIEF ENTITY	
\$	\$	\$	\$
2012	2011	2012	2011
236,938	42,082	236,938	42,082

CONSOLIDATED		CHIEF ENTITY	
\$	\$	\$	\$
2012	2011	2012	2011

NOTE 30

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	133,414	148,207	133,414	148,207
Tax returns (including subsidiaries)	21,916	17,741	21,916	17,741
Tax advice	21,532	8,219	21,532	8,219
Other services	4,092	23,230	4,092	23,230
Accrual adjustment	23,047	6,603	23,047	6,603
	<u>204,001</u>	<u>204,000</u>	<u>204,001</u>	<u>204,000</u>

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	26,000	25,500	-	-
Other regulatory audit services (APRA Return)	11,000	10,500	-	-
	<u>37,000</u>	<u>36,000</u>	<u>-</u>	<u>-</u>

KPMG related practices:

Other regulatory audit services	11,920	11,600		
	<u>11,920</u>	<u>11,600</u>		
	<u>252,921</u>	<u>251,600</u>	<u>204,001</u>	<u>204,000</u>

NOTE 31

EVENTS SUBSEQUENT TO BALANCE DATE

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

NOTE 32

BUSINESS AND GEOGRAPHICAL SEGMENT INFORMATION

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

NOTE 33

CONCENTRATION OF ASSETS AND LIABILITIES AND OFF BALANCE SHEET ITEMS

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

NOTE 34

PRIOR PERIOD ADJUSTMENT

The Society has adopted a policy of changing the repayment due date of customer loans from a common due date to the anniversary date of the loan. During this process an adjustment was required to be made to the cumulative interest accrual relating to prior periods. As the amount of the adjustment was immaterial, the balance sheet for the prior year has not been restated, however the adjustment has been shown as a line item in the Statement of Changes in Equity.

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 and the Board's targets. The Board's target is for the capital adequacy ratio to be maintained above 13%. During the 2012 and 2011 financial years the capital adequacy ratios of both the consolidated and chief entities were maintained above the target ratio.

The capital adequacy calculations at 30 June 2012 and 30 June 2011 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 12	\$ JUN 11	\$ JUN 12	\$ JUN 11
Total risk weighted assets	1,002,720,102	974,294,081	1,000,290,779	972,360,789
Capital base	134,338,752	142,373,153	133,770,593	142,237,036
Risk-based capital ratio	13.40%	14.61%	13.37%	14.63%

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 \$853,665 or increase by \$853,665 (2011: decrease by \$1,078,437 or increase by \$1,078,437). 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 all loans in excess of 80% 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 of residential property.

The society has a diversified Branch Network consisting of 42 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 12	\$ JUN 11	\$ JUN 12	\$ JUN 11
Less than 30 days	64,257,695	60,322,697	64,257,681	60,320,496
30 days and less than 60 days	25,713,806	30,861,567	25,713,768	30,861,567
60 days and less than 90 days	6,476,130	18,773,820	6,476,130	18,773,820
90 days and less than 182 days	8,907,354	8,982,116	8,907,113	8,977,090
182 days and less than 273 days	2,144,295	1,960,317	2,144,295	1,957,904
273 days and less than 365 days	1,903,314	2,450,204	1,903,094	2,450,204
365 days and over	1,235,940	1,258,602	1,232,361	1,173,073
	110,638,534	124,609,323	110,634,442	124,514,154

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:

	% 2012	% 2011
Queensland	80.9	79.8
Victoria	8.5	9.1
New South Wales	8.6	9.2
South Australia	1.2	1.2
Western Australia	0.8	0.6
Tasmania	-	0.1
Northern Territory	-	-
	100.0	100.0

NOTE 35 (CONT)

FINANCIAL INSTRUMENTS

Terms, conditions and accounting policies

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

Recognised Financial Instruments	Notes to Accounts	Accounting Policies	Terms and Conditions
Financial assets			
Short term deposits	6 7	Short term deposits are stated at amortised cost. Interest is recognised when earned.	Short term deposits have an effective interest rate of 4.57% (2011 - 6.03%)
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 4.53% (2011 - 5.65%)
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 5.07% (2011 - 5.42%)
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 6.13% (2011 - 6.40%)
RMBS Investments	9	RMBS Investments are recorded at fair value through the Available for Sale Reserve.	
Mortgage Risk Management Pty Ltd Investments	9	Investments held by Mortgage Risk Management Pty Ltd are recorded at fair value through profit and loss.	
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.	New mortgage loans approved with an LVR in excess of 80% will be insured under an arrangement with QBE, 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

			<p>subsidiary.</p> <p>Certain of the society's loans have been securitised and continue to be managed by the society. Further details are disclosed in note 10.</p> <p>The securitisation notes have a maturity period of greater than 30 years. The securitisation notes are eligible for repayment once the balance of the trust falls below 10% of the invested amount. Interest paid to the note holders is repriced on a monthly basis.</p>
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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.
Payables and other liabilities	17	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 2012 are disclosed in note 5.
Subordinated capital notes	20	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:

	2012	2011
	\$	\$
WB Trust 2010-1	325,300	348,000
WB Trust No. 3	592,000	147,000
WB Trust No. 4	46,795	30,054
WB Trust 2009-1	484,600	117,000
WB Trust 2008-1	629,100	170,000
WB Trust 2006-1	181,300	107,000
WB Trust 2005-1	115,100	82,000
WB Trust 2004-1	-	32,000

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:				Non interest bearing		Total carrying amount per		Weighted average effective interest rate	
			1 year or less		From 1 to 5 years				balance sheet			
	\$ 2012	\$ 2011	\$ 2012	\$ 2011	\$ 2012	\$ 2011	\$ 2012	\$ 2011	\$ 2012	\$ 2011	% 2012	% 2011
Financial assets												
Cash and cash equivalents	73,007,130	84,188,313	-	-	-	-	3,034,973	4,477,583	76,042,103	88,665,896	4.48	6.06
Due from other financial institutions	11,304,049	4,026,647	50,000	50,002	-	-	95,000	95,000	11,449,049	4,171,649	5.67	5.99
Accrued receivables	-	-	-	-	-	-	7,257,009	5,504,730	7,257,009	5,504,730	-	-
Financial assets	18,226,284	23,450,469	202,242,219	159,267,144	68,659,282	66,720,124	-	-	289,127,785	249,437,737	5.22	5.61
Loans and advances	1,910,499,314	2,009,174,848	168,366,860	124,871,930	151,464,948	145,505,467	-	-	2,230,331,122	2,279,552,245	7.39	7.51
Other investments	-	-	-	-	-	-	6,936,211	6,888,428	6,936,211	6,888,428	-	-
Other assets	-	-	-	-	-	-	13,014,899	9,532,066	13,014,899	9,532,066	-	-
Total financial assets	2,013,036,777	2,120,840,277	370,659,079	284,189,076	220,124,230	212,225,591	30,338,092	26,497,807	2,634,158,178	2,643,752,751		
Financial liabilities												
Deposits and short term borrowings	424,328,957	392,557,682	1,106,204,649	983,665,660	95,096,241	77,727,577	-	-	1,625,629,847	1,453,950,919	4.97	4.98
Payables and other liabilities	-	-	-	-	-	-	35,437,030	34,371,538	35,437,030	34,371,538	-	-
Securitized loans	684,077,518	856,537,272	60,285,802	53,234,522	54,233,867	62,030,865	-	-	798,597,187	971,802,659	5.75	5.18
Provisions	-	-	-	-	-	-	6,336,805	10,329,853	6,336,805	10,329,853	-	-
Subordinated capital notes	-	-	28,000,000	38,000,000	-	-	-	-	28,000,000	38,000,000	11.59	11.26
Total financial liabilities	1,108,406,475	1,249,094,954	1,194,490,451	1,074,900,182	149,330,108	139,758,442	41,773,835	44,701,391	2,494,000,869	2,508,454,969		

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	
	\$ 2012	\$ 2011	\$ 2012	\$ 2011
Financial assets				
Cash and cash equivalents	76,042,103	88,665,896	76,042,103	88,665,896
Due from other financial institutions	11,449,049	4,171,649	11,449,237	4,171,836
Accrued receivables	7,257,009	5,504,730	7,257,009	5,504,730
Financial assets	289,127,785	249,437,737	291,566,076	251,374,169
Loans and advances	2,230,331,122	2,279,552,245	2,233,802,465	2,282,748,742
Other investments	6,936,211	6,888,428	6,936,211	6,888,428
Other assets	13,014,899	9,532,066	13,014,899	9,532,066
Total financial assets	2,634,158,178	2,643,752,751	2,640,068,000	2,648,885,867
Financial liabilities				
Deposits and short term borrowings	1,625,629,847	1,453,950,919	1,619,698,524	1,448,854,593
Payables and other liabilities	35,437,030	34,371,538	35,437,030	34,371,538
Securitised loans	798,597,187	971,802,659	799,840,145	973,165,368
Provisions	6,336,805	10,329,853	6,336,805	10,329,853
Subordinated capital notes	28,000,000	38,000,000	28,000,000	38,000,000
Total financial liabilities	2,494,000,869	2,508,454,969	2,489,312,504	2,504,721,352

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.
Financial assets	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 2012				
Available-for-sale financial assets	-	19,137,580	-	19,137,580
Financial assets designated at fair value through profit or loss	-	9,853,679	-	9,853,679
	-	28,991,259	-	28,991,259

Chief Entity 2012				
Available-for-sale financial assets	-	19,137,580	-	19,137,580
Financial assets designated at fair value through profit or loss	-	-	-	0
	-	19,137,580	-	19,137,580

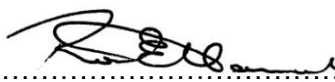
	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Consolidated 2011				
Available-for-sale financial assets	-	32,379,267	-	32,379,267
Financial assets designated at fair value through profit or loss	-	11,091,574	-	11,091,574
	-	43,470,841	-	43,470,841

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

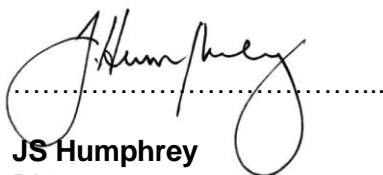
DIRECTORS' DECLARATION

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 2012 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 2012.

Signed in accordance with a resolution of the Directors.



RE Hancock
Director



JS Humphrey
Director

21 August 2012
Bundaberg

DIRECTORS' STATUTORY REPORT

Review and Results of Operations

The consolidated net profit after income tax for the year was \$19,040,249 compared to \$22,675,036 for 2010/2011 – a decrease of 16.03%. Loans approved for the year totalled \$306,600,230.

Principal Activities and Significant Changes

There have been no significant changes in the principal activities of Wide Bay Australia 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.

In June 2012, the bulk of loans insured with the Company's wholly owned Lenders Mortgage Insurance captive Mortgage Risk Management Pty Ltd (MRM) were transferred to QBE Lenders' Mortgage Insurance Limited (QBE). The only new business written by MRM going forward is in respect of existing borrowers retained by MRM. The MRM Board will review the activities of the captive going forward into the ensuing financial year.

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

The number of full time equivalent employees at 30 June 2012 was 239.

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 Company.

Capital adequacy as at 30 June 2012 was 13.40%.

Likely Developments

During 2011/2012, with the slowing in housing demand in the first 6 months, we experienced a decline in total outstanding loans. In more recent months, we have seen an overall strengthening and increase in loan applications. This has seen the loan book stabilise over the last six months.

We anticipate this demand will continue to increase in 2012/2013 and show improved growth in our outstanding loans for the year. We are constantly reviewing other avenues for increasing our lending volumes, particularly through the use of mortgage brokers and introducers.

Business Strategies & Prospects for Future Financial Years

The Company continues to focus on residential lending primarily through our own branch network and to a lesser extent, mortgage broker introduced loans.

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

Dividends

Ordinary Shares

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

- An interim fully franked dividend of 22.5 cents per ordinary share was paid on 30 March 2012 (30 March 2011 – 30 cents).

- A final fully franked dividend of 25 cents per ordinary share has been declared by the Directors and will be paid on 25 September 2012. (4 October 2011 – 30 cents).
- The Dividend Reinvestment Plan (DRP) has been withdrawn for the final dividend payable in September 2012, as with the restructuring of MRM it is anticipated that, subject to the actuaries calculations and APRA approval, a return of capital will be made from MRM to Wide Bay Australia Ltd. This will further enhance the Company's capital ratio.

Directors

The names and particulars of the Directors of the Company 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, King & Wood Mallesons, 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 57.

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 70.

Mrs Frances M McLeod 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 Company for over 37 years. She is a Director of Mortgage Risk Management Pty Ltd. Mrs McLeod is an executive Director and is aged 54.

Mr John F 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 the Chairman of Mortgage Risk Management Pty Ltd, having been appointed on 21 January 2011. He is also a member of the Audit Committee, an independent Director and Chairman of the Group Board Remuneration Committee. He is aged 70.

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 Ltd which runs the Friendly Society Private Hospital and Pharmacies in Bundaberg. Mr Sawyer is the Chairman of the Audit Committee, is an independent Director and a member of the Group Board Remuneration Committee. He was appointed as a Director of Mortgage Risk Management Pty Ltd on 21 January 2011. He is aged 62.

Mr Barry Dangerfield

Mr Dangerfield was appointed to the Board on 22 November 2011. He has had 38 years experience in the banking industry, having held senior positions in commercial, retail and agribusiness. Mr Dangerfield is a non-executive Director and is aged 56.

The above named Directors held office during the whole of the financial year, excluding Barry Dangerfield who was appointed 22 November 2011.

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, 8 meetings of the Audit Committee and 3 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	14	12	8	7	3	3
R E Hancock	14	14	8	8 *	3	1**
J S Humphrey	14	14	8	8	3	3
F M McLeod	14	12	8	7 *	n/a	n/a
P J Sawyer	14	13	8	8	3	3
B Dangerfield (app 22/11/11)	8	7	4	4	0	0

* 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

R E Hancock	2,120,871
J S Humphrey	31,551
F M McLeod	136,940
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 Company. In each case the transactions have occurred within a normal supplier – customer relationship on conditions no more favourable than those available to other suppliers.

	2012	2011
King & Wood Mallesons, a related party due to having a common Director being John S Humphrey, received fees for legal services and corporate advice:		
1) Corporate restructure (\$7,464)		
2) Securitisation (\$193,717)		
3) Business combination (\$35,757)		
Totalling	\$236,938	\$42,082

Remuneration Report

The fees payable for non-executive Directors are determined with reference to industry standards, the size of the Company, 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 2011/12 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 John 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 Company 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 <i>Managing Director</i>	2010/2011	\$1,143,278		\$34,436	\$50,000					\$1,227,714
	2011/2012	\$1,179,076		\$15,209	\$50,000					\$1,244,285
McLeod, FM <i>Director & Chief Operating Officer</i>	2010/2011	\$265,509		\$9,057	\$42,491					\$317,057
	2011/2012	\$276,130		\$3,987	\$40,968					\$321,085
Humphrey, JS <i>Chairman (non-exec)</i>	2010/2011	\$97,534			\$8,778					\$106,312
	2011/2012	\$102,122			\$9,190					\$111,312
Fell, JH <i>Director (non-exec)</i>	2010/2011	-			\$35,717					\$35,717
	2011/2012	-			-					-
Pressler, JF <i>Director (non-exec)</i>	2010/2011	\$68,750			\$10,000					\$78,750
	2011/2012	\$72,750			\$10,000					\$82,750
Sawyer, PJ <i>Director (non-exec)</i>	2010/2011	\$28,750			\$50,000					\$78,750
	2011/2012	\$42,750			\$40,000					\$82,750
Dangerfield, B <i>Director (non-exec)</i>	2010/2011	-			-					-
	2011/2012	\$46,256			\$4,163					\$50,419
TOTAL REMUNERATION – SPECIFIED DIRECTORS										
	2010/2011	\$1,603,821		\$43,493	\$196,986					\$1,844,300
	2011/2012	\$1,719,084		\$19,196	\$154,321					\$1,892,601

		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		
Other Key Management Personnel										
Schafer, WR Chief Financial Officer	2010/2011	\$284,800		\$4,025	\$15,200					\$304,025
	2011/2012	\$293,086		\$3,420	\$15,775					\$312,281
Butler, SV Loans Manager	2010/2011	\$159,287		\$805	\$15,200					\$175,292
	2011/2012	\$162,563		-	\$16,554					\$179,117
Hancock, DA Manager – Structured Finance, Products & Interstate Operations	2010/2011	\$186,363		\$8,090	\$15,200					\$209,653
	2011/2012	\$192,431		\$2,992	\$15,775					\$211,198
Ashton, AR Internal Auditor	2010/2011	\$109,337		\$5,675	\$31,662					\$146,674
	2011/2012	\$98,372		\$2,094	\$48,536					\$149,002
Caville, SM Chief Information Officer	2010/2011	\$143,083		\$7,043	\$12,878					\$163,004
	2011/2012	\$164,414		\$2,256	\$15,755					\$182,425
Pokarier, IR Operations Manager	2010/2011	\$188,535			\$27,684	\$94,313				\$310,532
	2011/2012	-			-	-				-
TOTAL REMUNERATION – SPECIFIED EXECUTIVES										
	2010/2011	\$1,071,405		\$25,638	\$117,824	\$94,313				\$1,309,180
	2011/2012	\$910,866		\$10,762	\$112,395	-				\$1,034,023

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.

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 Company has paid premiums to indemnify Directors and Officers against personal losses arising from their respective positions within the Company. During the reporting period and subsequent to 30 June 2012, no amounts have been paid under the indemnities by the Company.

The Directors and Officers of the Company and its subsidiaries are insured against certain liabilities arising in the course of their duties. This premium is paid by the Company 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 Company'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 Company 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 Company, acting as an advocate for the Company 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:

	\$		\$
	2012		2011
Services provided in connection with the:-			
Tax Return (including Subsidiaries)	\$ 21,916	\$	17,741
Tax Advice	\$ 21,532	\$	8,219
Other Services	\$ 4,092	\$	23,230
	<u>\$ 47,540</u>	<u>\$</u>	<u>49,190</u>



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 2012 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.

A handwritten signature in blue ink that reads "Bentleys".

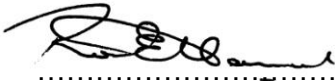
Bentleys Brisbane Partnership
Chartered Accountants

A handwritten signature in blue ink that reads "S-D-S".

Stewart Douglas
Partner

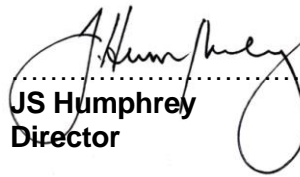
17 August 2012
Brisbane

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



RE Hancock AM
Director

21 August 2012
Bundaberg



JS Humphrey
Director

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 2012, 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 by the *Corporations Act 2001*, provided to the directors of Wide Bay Australia Ltd on 17 August 2012, 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 2012 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 2012.

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 2012 complies with section 300A of the *Corporations Act 2001*.



Bentleys
Brisbane Partnership

Brisbane 21 August 2012



Stewart Douglas
Partner