Appendix 4E

Preliminary final report

Name of entity

WIDE BAY AUSTRALIA LTD

ABN or equivalent company reference	Financial year ended
40 087 652 060	**30 June 2013**

Results for announcement to the market

				$A'000
Revenues from ordinary activities	**Down**	**16.35%**	**to**	**165,875**
Profit (loss) from ordinary activities after tax attributable to members	**Down**	**86.05%**	**to**	**2,453**
Net profit (loss) for the period attributable to members	**Down**	**86.05%**	**to**	**2,453**

DIVIDENDS

		Amount per security	Franked amount per security
Final dividend	**Current year**	**4.0c**	**4.0c**
	Previous year	**25.0c**	**25.0c**
Interim dividend	**Current year**	**13.0c**	**13.0c**
	Previous year	**22.5c**	**22.5c**
The record date for determining entitlements to the dividends		**13 September 2013**	

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

	Current year	Previous year
Ordinary securities	**17.0c**	**47.5c**

DIVIDEND REINVESTMENT PLAN

The Board of Directors has resolved that the Dividend Reinvestment Plan remain suspended for the final dividend for the year ended 30 June 2013.

DETAILS OF INDIVIDUAL AND TOTAL DIVIDENDS

	Current period $A'000	Previous corresponding period $A'000
Ordinary securities		
Interim dividend paid 28 March 2013 - previous period paid 30 March 2012	**4,711**	**8,065**
Final dividend payable 04 October 2013 - previous period paid 25 September 2012	**1,450**	**9,035**
Total	**6,161**	**17,100**

CONSOLIDATED RETAINED PROFITS

	Current period $A'000	Previous corresponding period $A'000
Retained profits (accumulated losses) at the beginning of the financial period	21,406	22,802
Net profit (loss) attributable to members	2,453	17,578
Net transfers from (to) reserves	-	-
Less prior period adjustment	-	303
Dividends and other equity distributions paid or payable	13,746	18,671
Retained profits (accumulated losses) at end of financial period	10,113	21,406

NET TANGIBLE ASSET BACKING

	Current period $A'000	Previous corresponding period $A'000
Net tangible asset backing per ordinary share	$ 4.00	$ 4.29

AUDIT OF ACCOUNTS

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

WIDE BAY AUSTRALIA LTD - ABN 40 087 652 060

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2013

	Note	CONSOLIDATED $ 2013	CONSOLIDATED $ 2012	CHIEF ENTITY $ 2013	CHIEF ENTITY $ 2012
Interest revenue	2	154,282,722	181,603,128	153,371,592	180,424,537
Borrowing costs	2	103,348,500	128,788,317	103,546,078	129,048,242
Net interest revenue		50,934,222	52,814,811	49,825,514	51,376,295
Share of profit of associate	11	150,000	625,000	150,000	625,000
Other non interest revenue	3	11,442,159	16,079,277	9,125,813	13,987,703
Employee benefits expense		17,395,090	16,983,582	17,395,090	16,983,582
Depreciation expense		1,182,891	1,361,164	1,121,641	1,290,558
Amortisation expense		349,509	355,103	349,509	355,103
Occupancy expense		2,472,973	2,516,014	2,570,939	2,635,961
Bad and doubtful debts expense	10	2,365,125	360,457	2,346,029	430,572
Other expenses	3	35,032,942	22,807,276	32,185,493	17,461,323
Profit before income tax		3,727,851	25,135,492	3,132,626	26,831,899
Income tax expense	4	846,193	7,532,294	2,922,927	7,898,903
Profit from continuing operations		2,881,658	17,603,198	209,699	18,932,996
Other comprehensive income					
Items that may be reclassified subsequently to profit or loss					
Revaluation of RMBS investments to fair value		83,059	(56,127)	83,059	(56,127)
Less deferred tax relating to comprehensive income		(24,918)	16,838	(24,918)	16,838
Items that will not be reclassified subsequently to profit or loss					
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		58,141	(1,590,646)	58,141	(1,590,646)
Total comprehensive income for the year		2,939,798	16,012,552	267,840	17,342,350
Profit attributable to:					
Owners of the parent entity		**2,452,505**	**17,578,439**	**209,699**	**18,932,996**
Non-controlling		429,153	24,759	-	-
		2,881,658	17,603,198	209,699	18,932,996
Total comprehensive income attributable to:					
Owners of the parent entity		2,510,646	15,987,793	267,840	17,342,350
Non-controlling interests		429,152	24,759	-	-
		2,939,798	16,012,552	267,840	17,342,350

EARNINGS PER SHARE			
Basic earnings per share (cents per share)	28	6.78	49.14
Diluted earnings per share (cents per share)	28	6.78	49.14

WIDE BAY AUSTRALIA LTD - ABN 40 087 652 060

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2013

	Note	CONSOLIDATED $ 2013	CONSOLIDATED $ 2012	CHIEF ENTITY $ 2013	CHIEF ENTITY $ 2012
ASSETS					
Cash and cash equivalents	6	74,993,169	76,042,103	64,539,258	64,878,677
Due from other financial institutions	7	12,666,416	11,449,049	12,666,416	11,449,049
Accrued receivables	8	7,544,909	7,326,363	7,469,248	7,180,626
Financial assets	9	268,813,236	289,127,785	261,850,788	279,274,106
Current tax assets	13	313,659	-	313,659	-
Loans and advances	10	2,229,139,636	2,229,447,630	2,227,344,333	2,231,592,734
Other investments	11	665,631	8,155,432	14,666,675	28,576,476
Property, plant & equipment	12	16,957,605	17,169,750	13,518,855	13,669,750
Deferred income tax assets	13	8,078,850	2,895,379	7,684,578	1,927,136
Other assets	14	11,150,761	13,648,264	10,658,833	13,013,978
Goodwill	15	42,057,110	42,057,110	43,316,012	43,316,012
TOTAL ASSETS		2,672,380,982	2,697,318,865	2,664,028,655	2,694,878,544
LIABILITIES					
Deposits and short term borrowings	16	1,707,382,180	1,625,629,847	1,712,515,240	1,628,472,978
Payables and other liabilities	17	33,850,584	35,437,030	31,338,698	34,435,597
Securitised loans	10	701,603,087	798,597,187	701,603,087	798,597,187
Income tax payable	18	-	978,176	-	978,176
Deferred income tax liabilities	18	2,433,207	2,992,949	1,940,139	2,499,882
Provisions	19	12,189,987	8,522,537	2,648,896	3,000,968
Subordinated capital notes	20	28,000,000	28,000,000	28,000,000	28,000,000
TOTAL LIABILITIES		2,485,459,045	2,500,157,726	2,478,046,060	2,495,984,788
NET ASSETS		186,921,937	197,161,139	185,982,595	198,893,756
EQUITY					
Parent entity interest in equity					
Contributed equity	21	162,377,263	161,810,414	162,377,263	161,810,414
Reserves	22	14,501,665	14,443,524	14,501,665	14,443,524
Retained profits		10,113,299	21,406,644	9,103,667	22,639,818
Total parent entity interest in equity		186,992,227	197,660,582	185,982,595	198,893,756
Non-controlling interests	23				
Contributed equity		1,000	1,000		
Retained profits		(71,290)	(500,443)		
Total non-controlling interests		(70,290)	(499,443)		
TOTAL EQUITY		186,921,937	197,161,139	185,982,595	198,893,756

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2013

		CONSOLIDATED		CHIEF ENTITY	
		$	$	$	$
	Note	2013	2012	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES					
Interest received		154,042,949	180,485,240	153,131,822	179,306,649
Dividends received		262,757	606,482	262,757	1,206,482
Borrowing costs		(105,895,811)	(125,629,641)	(106,093,389)	(125,889,566)
Other non interest income received		12,549,945	9,738,014	9,164,162	13,304,677
Cash paid to suppliers & employees		(40,910,454)	(45,365,526)	(39,045,458)	(42,680,775)
Income tax paid		(7,881,809)	(9,384,227)	(7,881,906)	(9,167,533)
NET CASH FLOWS FROM OPERATING ACTIVITIES	24	12,167,577	10,450,342	9,537,988	16,079,934
CASH FLOWS FROM INVESTING ACTIVITIES					
Net increase in investment securities		28,302,810	(44,786,808)	25,411,579	(46,024,702)
Net increase in amounts due from other financial institutions		(7,938,261)	5,224,186	(7,938,261)	5,224,186
Net increase in loans		(140,864)	49,366,066	3,799,544	49,819,766
Net increase in other investments		(1,267,367)	(7,306,528)	(1,267,367)	(7,306,528)
Purchase of non current assets		(1,320,254)	(1,330,172)	(1,320,254)	(1,492,625)
Proceeds from sale of property, plant & equipment		-	2,880	-	2,880
NET CASH USED IN INVESTING ACTIVITIES		17,636,064	1,169,624	18,685,241	222,977
CASH FLOWS FROM FINANCING ACTIVITIES					
Net increase in deposits and other borrowings		81,325,660	172,668,325	83,615,587	170,042,513
Purchase (redemption) of subordinated capital notes		-	(10,000,000)	-	(10,000,000)
Net increase in amounts due to other financial institutions and other liabilities		(99,613,748)	(173,704,028)	(99,613,748)	(173,704,028)
Proceeds from share issue		1,181,363	865,328	1,181,363	865,328
Dividends paid		(13,745,850)	(14,073,384)	(13,745,850)	(14,073,385)
NET CASH FLOWS FROM FINANCING ACTIVITIES		(30,852,575)	(24,243,759)	(28,562,648)	(26,869,572)
NET INCREASE/(DECREASE) IN CASH HELD		(1,048,934)	(12,623,793)	(339,419)	(10,566,661)
Cash at beginning of financial year		76,042,103	88,665,896	64,878,677	75,445,338
CASH AT END OF FINANCIAL YEAR	6	74,993,169	76,042,103	64,539,258	64,878,677

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 2013

CONSOLIDATED	Note	Share Capital Ordinary	Retained Profits	Asset Revaluation Reserve	General Reserve	Statutory Reserve	Doubtful Debts Reserve	Available for Sale Reserve	Non-Controlling Interests	Total
		$	$	$	$	$	$	$	$	$
Balance at 01 July 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		-	17,578,439	-	-	-	-	-	-	17,578,439
Profit attributable to non-controlling interests		-	-	-	-	-	-	-	24,759	24,759
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 increment 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	40,077,350	3,418,279	5,833,939	2,676,071	2,387,810	127,425	(499,443)	210,405,414
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	21,406,644	3,418,279	5,833,939	2,676,071	2,387,810	127,425	(499,443)	197,161,139
Balance at 01 July 2012		161,810,414	21,406,644	3,418,279	5,833,939	2,676,071	2,387,810	127,425	(499,443)	197,161,139
Total comprehensive income for year:										
Profit attributable to members of parent company		-	2,452,505	-	-	-	-	-	-	2,452,505
Profit attributable to non-controlling interests		-	-	-	-	-	-	-	429,153	429,153
Prior period adjustment		-	-	-	-	-	-	-	-	-
Increase due to revaluation increment on RMBS investments		-	-	-	-	-	-	83,059	-	83,059
Deferred tax liability adjustment on revaluation increment on RMBS investments		-	-	-	-	-	-	(24,918)	-	(24,918)
Sub-total		161,810,414	23,859,149	3,418,279	5,833,939	2,676,071	2,387,810	185,566	(70,290)	200,100,938
Issue of share capital for staff share plan		566,849	-	-	-	-	-	-	-	566,849
Dividends provided for or paid - ordinary shares		-	(13,745,850)	-	-	-	-	-	-	(13,745,850)
Balance at 30 June 2013		162,377,263	10,113,299	3,418,279	5,833,939	2,676,071	2,387,810	185,566	(70,290)	186,921,937

CHIEF ENTITY	Share Capital Ordinary	Retained Profits	Asset Revaluation Reserve	General Reserve	Statutory Reserve	Doubtful Debts Reserve	Available for Sale Reserve	Non-Controlling Interests	Total
	$	$	$	$	$	$		$	$
Balance at 01 July 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
Balance at 01 July 2012	161,810,414	22,639,818	3,418,279	5,833,939	2,676,071	2,387,810	127,425	-	198,893,756
Total comprehensive income for year:									
Profit attributable to members of parent company	-	209,699	-	-	-	-	-	-	209,699
Increase due to revaluation increment on RMBS investments	-	-	-	-	-	-	83,059	-	83,059
Deferred tax liability adjustment on revaluation increment on RMBS investments	-	-	-	-	-	-	(24,918)	-	(24,918)
Sub-total	161,810,414	22,849,517	3,418,279	5,833,939	2,676,071	2,387,810	185,566	-	199,161,596
Issue of share capital for staff share plan	566,849	-	-	-	-	-	-	-	566,849
Dividends provided for or paid - ordinary shares	-	(13,745,850)	-	-	-	-	-	-	(13,745,850)
Balance at 30 June 2013	162,377,263	9,103,667	3,418,279	5,833,939	2,676,071	2,387,810	185,566	-	185,982,595

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 company"). Wide Bay Australia is a for-profit 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) IMPAIRMENT OF ASSETS

At the end of each reporting period, the Board assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information, including dividends received from subsidiaries, associates or jointly controlled entities. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at revalued amount in accordance with another standard (for example, in accordance with the revaluation model in AASB 116: Property, Plant and Equipment). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other standard.

Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment testing is performed annually for goodwill, intangible assets with indefinite lives and intangible assets not yet available for use.

g) 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.

h) 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.

i) 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.

j) 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.

k) 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.

l) 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.

m) 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 Taxation 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.

n) 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.

o) LOANS AND ADVANCES - DOUBTFUL DEBTS

During the 2011/2012 financial year insurance for a significant portion of loans was transferred from MRM to QBE. MRM will continue to insure the remaining portfolio not transferred, with new loans in excess of 80% LVR being insured with QBE going forward.

Loan impairments are recognised when objective evidence is available that a loss event has occurred and as a consequence it is not likely that all amounts owed will be received.

Specific provisions for doubtful debts are recognised for individual loans that are identified as impaired by undertaking an assessment of estimated future cashflows.

Collective provisions are determined by segmenting the portfolio into asset classes with similar credit risk characteristics. Each exposure within each segment is allocated a probability of default and a loss given default percentage to calculate an expected loss. Key elements determining the segmentation of an exposure include the product type, LVR, whether the exposure is covered by Lenders’ Mortgage Insurance and the arrears position.

Where loan terms have been renegotiated (e.g. loans provided hardship relief), impairment provisioning is determined on the basis of the arrears position as if the renegotiation had not taken place. Restructured loans are returned to performing status after meeting restructured terms for a minimum 6 month period.

p) 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.

q) NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2012, and have not been applied in preparing these consolidated financial statements. Those which may be relevant to the consolidated entity are set out below. The consolidated entity does not plan to adopt these standards early.

i) AASB 9 Financial Instruments (2010), AASB 9 Financial Instruments (2009)
AASB (9) 2009 introduces new requirements for the classification and measurement of financial assets. Under AASB 9 (2009), financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. AASB 9 (2010) introduces additions relating to financial liabilities. The IASB currently has an active project that may result in limited amendments to the classification and measurement requirements of AASB 9 and new requirements to address the impairment of financial assets and hedge accounting.

AASB 9 (2010 and 2009) are effective for annual periods beginning on or after 1 January 2015 with early adoption permitted.

The consolidated entity has not yet determined the potential impact of this standard.

ii) AASB 10 Consolidated Financial Statements, AASB 11 Joint Arrangements, AASB 12 Disclosure of Interests in Other Entities (2011)
AASB 10 introduces a single control model to determine whether an investee should be consolidated. As a result, the consolidated entity may need to change its consolidation conclusion in respect of its investees, which may lead to changes in the current accounting for these investees.

Under AASB 11, the structure of the joint arrangement, although still an important consideration, is no longer the main factor in determining the type of joint arrangement and therefore the subsequent accounting.

The consolidated entity's interest in a joint operation, which is an arrangement in which the parties have rights to the assets and obligations for the liabilities, will be accounted for on the basis of the consolidated entity's interest in those assets and liabilities.

The consolidated entity's interest in a joint venture, which is an arrangement in which the parties have rights to the net assets, will be equity accounted.

AASB 12 brings together into a single standard all the disclosure requirements about an entity's interests in subsidiaries, joint arrangements, associated and unconsolidated structured entities. The consolidated entity is currently assessing the disclosure requirements for interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities in comparison with the existing disclosures, AASB 12 requires the disclosure of information about the nature, risks and financial effects of these interests.

These standards are effective from annual periods beginning on or after 1 January 2013 with early adoption permitted.

The consolidated entity is not expecting a significant impact from these accounting standards.

iii) AASB 13 Fair Value Measurement (2011)
AASB 13 provides a single source of guidance on how fair value is measured, and replaces the fair value measurement guidance that is currently dispersed throughout Australian Accounting Standards. Subject to limited exceptions, AASB 13 is applied when fair value measurements of disclosures are required or permitted by other AASB's. AASB 13 is effective for annual periods beginning on or after 1 January 2013 with early adoption permitted.

This standard is expected to result in more detailed fair value disclosures, but is not expected to significantly impact the amounts recognised in the consolidated entity's financial statements.

iv) AASB 119 Employee Benefits
AASB 119 (2011) changes the definition of short-term and other long-term employee benefits to clarify the distinction between the two. For defined benefit plans, removal of the accounting policy choice for recognition of actuarial gains and losses is not expected to have any impact on the consolidated entity.

AASB 119 (2011) is effective for annual periods beginning on or after 1 January 2013 with early adoption permitted.

As the consolidated entity does not have any defined benefit plans the entity is not expecting a significant impact from this accounting standard.

r) PRIOR PERIOD ACCOUNTING ERROR

Subsequent to the 30 June 2012 balance date a review of the systems, procedures and policies adopted for loans managed under the National Consumer Credit Hardship and Account Management Obligations was conducted.

As a result of the review of reports and statistics relating to the 'hardships' loan portfolio, the Board of Directors, in conjunction with the actuarial advisors to MRM, determined that a provision for doubtful debts should have been set aside at 30 June 2012 to allow for potential future losses. As a result, a prior period error has been recognised in the financial accounts in accordance with the Accounting Standards. Refer to note 34 for detailed disclosures.

s) COMPARATIVE FIGURES

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

t) CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements in conformity with AASB's requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstance Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

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

NOTE 2

INTEREST REVENUE AND INTEREST EXPENSE

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

	Average Balance $	Interest $	Average Interest Rate %
INTEREST REVENUE 2013			
Deposits with other financial institutions	51,640,976	1,919,084	3.72
Investment securities	210,268,460	7,929,254	3.77
Loans and advances	2,253,711,149	143,708,173	6.38
Other	23,333,483	726,211	3.11
	2,538,954,068	154,282,722	6.08
BORROWING COSTS 2013			
Deposits from other financial institutions	680,509,989	30,965,493	4.55
Customer deposits and NCD's	1,687,150,109	69,378,509	4.11
Subordinated notes	28,000,000	3,004,498	10.73
	2,395,660,098	103,348,500	4.31
NET INTEREST REVENUE 2013		50,934,222	
INTEREST REVENUE 2012			
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 and NCD's	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	

NOTE 3

PROFIT BEFORE INCOME TAX

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

	CONSOLIDATED $ 2013	CONSOLIDATED $ 2012	CHIEF ENTITY $ 2013	CHIEF ENTITY $ 2012
Profit relating to mortgage insurance activities (also refer Note 1. n)				
Premium revenue	799,854	2,344,478	-	-
Included in the profit before income tax are the following revenue items:				
Other revenue				
Dividends				
Controlled entities	-	-	-	600,000
Other corporations	217	140	217	140
Fees and commissions	8,210,866	11,749,502	8,210,866	11,749,502

Revaluation of investment securities to fair value	286,750	(52,269)	-	-
Other revenue	2,144,472	2,037,426	914,730	1,638,061
	11,442,159	16,079,277	9,125,813	13,987,703

Fees and commissions for the 2012 financial year included a one-off credit of $3.500m arising from the transfer of $957m loans from MRM to QBE Lenders' Mortgage Insurance Limited, and the subsequent release of unearned income from MRM to the chief entity.

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

Other expenses				
Fees and commissions	10,111,929	8,812,111	10,111,929	8,812,113
Provisions for employee entitlements	147,769	288,407	147,769	288,407
Impairment of investment - MRM Pty Ltd (refer Note 11)	-	-	6,420,000	-
Impairment of investment - Financial Technology Securities Pty Ltd (refer Note 11)	7,377,261	-	7,377,261	-
General and administration expenses	8,681,667	9,007,796	8,128,534	8,360,803
Underwriting expenses	8,714,316	4,698,962	-	-
	35,032,942	22,807,276	32,185,493	17,461,323
Superannuation contributions paid	1,206,603	1,211,584	1,206,603	1,211,584

NOTE 4

INCOME TAX

Major components of tax expense for the year are:

Current income tax	6,614,988	8,755,557	8,659,564	8,601,415
Deferred income tax	(5,768,795)	(1,223,263)	(5,736,637)	(702,512)
Income tax reported in income statement	846,193	7,532,294	2,922,927	7,898,903

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% (2012 - 30%)	1,118,355	7,540,647	939,788	8,049,570
Tax effect of permanent differences				
Depreciation of buildings	55,646	93,051	55,646	93,051
Franked dividends	(78,827)	(181,945)	(78,827)	(181,945)
Other items - net	(248,981)	80,541	80,320	118,227
Intra-group dividend (MRM)	-	-	-	(180,000)
MRM impairment			1,926,000	
Income tax expense attributable to profit from ordinary activities	846,193	7,532,294	2,922,927	7,898,903

NOTE 5

DIVIDENDS PAID

Dividends paid during the year				
Interim for current year	4,711,018	10,605,465	4,711,018	10,605,465
Fully franked dividend on ordinary shares				
Final for previous year	9,034,832	8,065,241	9,034,832	8,065,241
Fully franked dividend on ordinary shares				
	13,745,850	18,670,706	13,745,850	18,670,706

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 4 cents per ordinary share ($1.450 million), for the six months to 30 June 2013, payable on 04 October 2013.

The final dividend for the six months to 30 June 2012 ($9.035 million) was paid on 25 September 2012, and was disclosed in the 2011/12 financial accounts in accordance with Accounting Standards.

The tax rate at which the dividends have been franked is 30% (2012 - 30%).

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

Balance as at the end of the financial year	14,543,802	12,415,447	14,543,802	12,415,447
Credits that will arise from the payment of income tax payable per the financial statements	(313,659)	978,176	(313,659)	978,176
Debits that will arise from the payment of the proposed dividend	(621,233)	(3,872,071)	(621,233)	(3,872,071)
	13,608,910	9,521,552	13,608,910	9,521,552

Dividends - cents per share

Dividend proposed				
Fully franked dividend on ordinary shares	4.0	25.0	4.0	25.0
Interim dividend paid during the year				
Fully franked dividend on ordinary shares	13.0	22.5	13.0	22.5
Final dividend paid for the previous year				
Fully franked dividend on ordinary shares	25.0	30.0	25.0	30.0

NOTE 6

CASH AND CASH EQUIVALENTS

Cash on hand and at banks	13,052,419	15,388,103	13,039,258	15,378,677
Deposits on call	61,940,750	60,654,000	51,500,000	49,500,000
	74,993,169	76,042,103	64,539,258	64,878,677

NOTE 7

DUE FROM OTHER FINANCIAL INSTITUTIONS

Bank term deposits	-	50,000	-	50,000
Deposits with SSP's	12,541,831	11,274,464	12,541,831	11,274,464
Subordinated loans	124,585	124,585	124,585	124,585
	12,666,416	11,449,049	12,666,416	11,449,049
Maturity analysis				
Up to 3 months	-	-	-	-
From 3 to 12 months	-	50,000	-	50,000
From 1 to 5 years	-	-	-	-
No maturity specified	12,666,416	11,399,049	12,666,416	11,399,049
	12,666,416	11,449,049	12,666,416	11,449,049

NOTE 8

ACCRUED RECEIVABLES

Interest receivable	3,127,259	3,149,983	3,127,259	3,149,983
Securitisation receivables	2,259,260	3,215,272	2,259,260	3,215,272
Other	2,158,390	961,108	2,082,729	815,371
	7,544,909	7,326,363	7,469,248	7,180,626

NOTE 9

FINANCIAL ASSETS

Financial assets held to maturity				
Bills of exchange and promissory notes	27,768,320	31,545,902	27,768,320	31,545,902
Certificates of deposit	147,056,182	151,558,736	147,056,182	151,558,736
Financial assets available for sale				
RMBS Investments	7,036,136	19,137,580	7,036,136	19,137,580
Financial assets at fair value through profit & loss designated on initial recognition				
Investments in Floating Rate Notes	6,962,448	9,853,679	-	-
Financial assets at amortised cost				
Notes - Securitisation program & other	79,990,150	77,031,888	79,990,150	77,031,888
	268,813,236	289,127,785	261,850,788	279,274,106
Maturity analysis				
Up to 3 months	158,678,832	149,390,876	157,678,832	146,995,574
From 3 to 12 months	24,181,806	55,246,645	24,181,806	55,246,645
From 1 to 5 years	5,962,448	7,458,377	-	-
Later than 5 years	79,990,150	77,031,887	79,990,150	77,031,887
	268,813,236	289,127,785	261,850,788	279,274,106

NOTE 10

LOANS AND ADVANCES

Term loans	1,802,308,293	1,712,604,346	1,802,308,293	1,712,604,346
Loans to controlled entities	-	-	(1,794,761)	2,145,228
Continuing credit loans	429,006,598	517,722,801	429,006,598	517,722,801
Leases receivable	542	3,975	-	-
	2,231,315,433	2,230,331,122	2,229,520,130	2,232,472,375
Provision for impairment	(2,175,797)	(883,492)	(2,175,797)	(879,641)
Total loans	2,229,139,636	2,229,447,630	2,227,344,333	2,231,592,734
Provision for impairment				
Specific provision				
Opening balance	(883,492)	(587,518)	(879,641)	(498,530)
Bad and doubtful debts provided for during the year	(1,292,305)	(295,974)	(1,296,156)	(381,111)
Total provision for impairment	(2,175,797)	(883,492)	(2,175,797)	(879,641)
Charge to profit and loss for bad and doubtful debts comprises:				
Specific provision	(1,292,305)	(295,974)	(1,296,156)	(381,111)
Bad debts recognised directly	(1,072,820)	(64,482)	(1,049,873)	(49,461)
	(2,365,125)	(360,456)	(2,346,029)	(430,572)
Maturity analysis				
Up to 3 months	5,011,616	3,392,811	5,011,616	3,388,716
From 3 to 12 months	4,924,427	13,270,260	4,924,427	13,231,057
From 1 to 5 years	23,877,213	21,634,486	23,877,213	21,602,109
Later than 5 years	2,195,326,380	2,191,150,073	2,193,531,077	2,193,370,852
	2,229,139,636	2,229,447,630	2,227,344,333	2,231,592,734

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 $701.603 million (30 June 2012 - $798.597 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	
	$	$	$	$
	2013	2012	2013	2012

NOTE 11

OTHER INVESTMENTS

	2013	2012	2013	2012
Unlisted shares - at directors' valuation	665,631	665,631	665,511	665,511
Controlled entities - at cost	-	-	14,001,164	20,421,164
Investment in associate	-	7,489,801	-	7,489,801
	665,631	8,155,432	14,666,675	28,576,476

Investment in controlled entities comprises:

Name	Country of incor-poration	JUN 13 %	JUN 12 %	Contribution to consolidated operating profit after income tax 2013	2012	Investment carrying value 2013	2012
Chief entity							
Wide Bay Australia Ltd	Australia			6,479,699	17,707,996		
Controlled entities							
Mortgage Risk Management Pty Ltd	Australia	100	100	(4,845,713)	(956,197)	14,000,000	20,420,000
Wide Bay Australia Mini Lease Pty Ltd	Australia	51	51	446,668	25,770	1,041	1,041
MPBS Insurance Pty Ltd	Australia	100	100	-	-	2	2
MPBS Holdings Pty Ltd	Australia	100	100	221,851	175,870	1	1
F.I. Software Solutions Pty Ltd	Australia	100	100	-	-	120	120
				(4,177,194)	(754,557)	14,001,164	20,421,164
Investment in associate comprises:							
Financial Technology Securities Pty Ltd	Australia	25	25	150,000	625,000	-	7,489,801
				2,452,505	17,578,439	14,001,164	27,910,965

The carrying amounts of unlisted shares were reassessed by the directors as at 30 June 2013 with the reassessments being based on the projections of the current market values of the shares.

Controlled entities

Mortgage Risk Management Pty Ltd (MRM)
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 company'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 prior financial year the insurance for a significant portion of loans was transferred from MRM to QBE at a cost of $6.1m which is being written off over 5 years. MRM will continue to insure the remaining portfolio not transferred, with new loans in excess of 80% LVR being insured with QBE going forward.

The directors, acting on advice from the reviewing actuary, significantly increased the provisions in MRM in the second half of 2012/2013. The increase arose from a re-examination and revised modelling of the insured loan book.

The directors resolved that the additional provisions and resulting losses in MRM are evidence of impairment of the investment in the entity. Impairment losses of $6.420m have been recognised in the chief entity, reducing the value of the investment from $20.420m to $14.000m.

The valuation of the investment on the balance sheet of the chief entity has been derived by estimating the net present value of the future cash flows, and by evaluating the net assets of the controlled entity.

The recoverable amounts in considered by the directors to be value-in use, and it is the intention of the board for the subsidiary to continue trading. There is unlikely to be a market for sale of the subsidiary.

Wide Bay Mini Lease Pty Ltd
The company 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
MPBS Holdings Pty Ltd is a wholly owned subsidiary which holds the property at 73 Victoria Street Mackay.

MPBS Insurance Pty Ltd
MPBS Insurance Pty Ltd is a wholly owned subsidiary which is no longer actively trading.

F.I. Software Solutions Pty Ltd
F.I. Software Solutions Pty Ltd is a wholly owned subsidiary which is no longer actively trading.

Widcap Securities Pty Ltd
Widcap Securities Pty Ltd is a wholly owned subsidiary which acts as the manager and custodian for Wide Bay's public RMBS and Warehouse Securitisation programs.

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.

The directors are aware of significant challenges in the financial planning industry and external pressures on Financial Technology Securities Pty Ltd.

The directors resolved a provision for impairment for the full value of the investment be made as the recoverable amount was determined to be nil. The impairment was based on the view that there is significant uncertainty

about dividend income to be derived. Therefore, it was determined that value-in-use was nil. As there is no discernable market for the investment, it was also determined that fair value less costs to sell was nil.
In addition, the dividends derived from the investment have been in decline.

The carrying value of the investment, accounted for using the equity method, has been reduced from $7.377m to nil.

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

	\$ JUN 13	\$ JUN 12
Share of associate's balance sheet:		
Current Assets	842,983	949,251
Non-current assets	678,899	660,444
Current Liabilities	(552,169)	(490,466)
Non-current liabilities	(151,136)	(189,512)
Net Assets	818,577	929,717
Share of associate's revenue and profit:		
Revenue	2,559,273	2,913,547
Profit before income tax	187,778	843,169
Adjustment of accrual	31,963	26,884
Income tax	(69,741)	(245,053)
Profit after income tax	150,000	625,000

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

	CONSOLIDATED		CHIEF ENTITY	
	$	$	$	$
	2013	2012	2013	2012

NOTE 12

PROPERTY, PLANT AND EQUIPMENT

Freehold land and buildings				
At independent valuation - July 2012	9,680,000	9,680,000	9,680,000	9,680,000
Provision for depreciation	178,550	-	178,550	-
Land and buildings 73 Victoria St Mackay	3,500,000	3,500,000	-	-
At independent valuation - July 2012				
Provision for depreciation	61,250	-	-	-
	12,940,200	13,180,000	9,501,450	9,680,000
Movement in carrying amount				
Carrying amount at beginning of year	13,180,000	15,882,209	9,680,000	12,149,150
Additions	-	-	-	-
Revaluation decrement (net)	-	2,378,678	-	2,216,225
Depreciation	239,800	323,531	178,550	252,925
Carrying amount at end of year	12,940,200	13,180,000	9,501,450	9,680,000
Plant and equipment				
At cost	27,122,653	26,012,559	27,122,653	26,012,559
Provision for depreciation	23,105,248	22,022,809	23,105,248	22,022,809
	4,017,405	3,989,750	4,017,405	3,989,750
Movement in carrying amount				
Carrying amount at beginning of year	3,989,750	3,889,862	3,989,750	3,889,862
Additions	1,320,254	1,492,625	1,320,254	1,492,625
Depreciation	1,292,599	1,392,737	1,292,599	1,392,737
Carrying amount at end of year	4,017,405	3,989,750	4,017,405	3,989,750
	16,957,605	17,169,750	13,518,855	13,669,750

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

INCOME TAX ASSETS

Income tax receivable	313,659	-	313,659	-

Deferred income tax assets are attributable to:

Employee leave provisions	769,500	869,400	769,500	869,400
Other provisions	3,981,343	891,538	3,980,188	263,892
Property, plant & equipment	641,842	647,179	632,970	638,307
Unrealised losses on investments	2,159,224	320,254	1,886,449	-
Other project acquisition costs	104,612	-	104,612	-
Premium on loans purchased (First Mac)	107,103	-	107,103	-
Subordinated notes prepaid expenses	38,801	-	38,801	-
Share issue costs	64,897	97,346	64,897	97,346
Other items	211,528	69,662	100,058	58,191
	8,078,850	2,895,379	7,684,578	1,927,136

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	11,150,761	13,648,264	10,658,833	13,013,978
	11,150,761	13,648,264	10,658,833	13,013,978

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 1h), and recognises the acquisition date as 10 January 2008.

	CONSOLIDATED		CHIEF ENTITY	
	$	$	$	$
	2013	2012	2013	2012
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 entities.

The goodwill disclosed in the Statement of Financial Position at 30 June 2013 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, minus forecast capital expenditure.

The cash flows have been projected over a period of five years. The terminal value of the business beyond year five has been determined using a constant growth perpetuity.

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

i) the budgeted trading result for the financial year ending 30 June 2014 represents the cash-generating potential of the chief entity based on the forecasts approved by the Board of Directors;
ii) the estimated growth in the cash-generating unit cash flows over years one to five (beyond 30 June 2014) was 2.5% (2012: 3.0%);
iii) the terminal growth rate (beyond five years) was 2.5% (2012: 3.0%); and
iv) the post-tax discount rate used in the impairment testing was 9.8% (2012: 10.39%) which represents the Cost of Equity to the consolidated group at 30 June 2013. The equivalent pre-tax rate was 14.0% (2012: 14.84%).

The trigger points at which the carrying value of cash-generating unit would exceed its recoverable amount, while holding all other variables constant, are as follows:

i) terminal growth rate - 1.0% (2012: 2.1%); and
ii) discount rate - 11.2% (2012: 11.2%).

NOTE 16

DEPOSITS AND SHORT TERM BORROWINGS

Call deposits	447,756,403	424,328,957	452,889,463	427,172,088
Term deposits	1,171,830,698	1,145,325,756	1,171,830,698	1,145,325,756
Negotiable certificates of deposit	87,795,079	55,975,134	87,795,079	55,975,134
	1,707,382,180	1,625,629,847	1,712,515,240	1,628,472,978
Maturity analysis				
On call	511,803,029	480,468,854	516,936,089	483,311,985
Up to 3 months	795,270,089	794,133,219	795,270,089	794,133,219
From 3 to 12 months	347,713,202	255,931,533	347,713,202	255,931,533
From 1 to 5 years	52,595,860	95,096,241	52,595,860	95,096,241
Later than 5 years	-	-	-	-
	1,707,382,180	1,625,629,847	1,712,515,240	1,628,472,978

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	5,534,054	4,073,279	5,534,054	4,073,279
Accrued interest payable	19,513,868	22,872,501	19,513,868	22,872,501
Other creditors	8,802,662	8,491,250	6,290,776	7,489,817
	33,850,584	35,437,030	31,338,698	34,435,597
Maturity analysis				
Up to 3 months	25,663,291	25,597,180	23,151,405	24,595,747
From 3 to 12 months	7,406,164	8,068,593	7,406,164	8,068,593
From 1 to 5 years	781,129	1,771,257	781,129	1,771,257
Later than 5 years	-	-	-	-
	33,850,584	35,437,030	31,338,698	34,435,597

NOTE 18

INCOME TAX LIABILITIES

Provision for taxation	-	978,176	-	978,176
Deferred income tax liabilities are attributable to:				
Asset revaluation reserve	1,958,045	1,958,044	1,464,977	1,464,977
Prepayments	212,239	352,587	212,239	352,587
Equity accounting revenue	-	360,491	-	360,491
Accrued interest	34,035	68,070	34,035	68,070
MPBS acquisition adjustments	110,633	147,510	110,633	147,510
Visa debit card costs	38,727	51,636	38,727	51,636
Special reserve	79,528	54,611	79,528	54,611
	2,433,207	2,992,949	1,940,139	2,499,882
	2,433,207	3,971,125	1,940,139	3,478,058

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	2,898,000	2,609,593	2,898,000	2,609,593
Annual leave and long service leave provided for during the year	147,769	288,407	147,769	288,407
Annual leave and long service leave payments made during the year	480,769	-	480,769	-
Balance at end of year	2,565,000	2,898,000	2,565,000	2,898,000
Maturity Analysis				
Current provision	2,093,259	2,538,483	2,093,259	2,538,483
Non-current provision	471,741	359,517	471,741	359,517
	2,565,000	2,898,000	2,565,000	2,898,000
Unearned direct premiums and outstanding claims				
Balance at beginning of year	5,521,569	7,624,498	-	-
Transfers to the provision during the year	4,574,588	2,134,060	-	-
Payments from the provision during the year	555,066	4,236,989	-	-
Balance at end of year	9,541,091	5,521,569	-	-

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	83,896	102,968	83,896	102,968
Total provisions	12,189,987	8,522,537	2,648,896	3,000,968

NOTE 20

SUBORDINATED CAPITAL NOTES

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

NOTE 21

CONTRIBUTED EQUITY

	Shares JUN 13 No.	$ JUN 13	Shares JUN 12 No.	$ JUN 12
Fully paid ordinary shares				
All ordinary shares have equal voting, dividend and capital repayment rights.				
Balance at beginning of year	36,139,327	161,810,414	35,348,920	156,383,983
Issued during the year				
Staff Share Plan	99,273	566,849	120,510	829,109
Dividend Reinvestment Plan	-	-	669,897	4,597,322
Balance at end of year	36,238,600	162,377,263	36,139,327	161,810,414

Effective 01 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

19 December 2012 - 99,273 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.

	CONSOLIDATED		CHIEF ENTITY	
	JUN 13	JUN 12	JUN 13	JUN 12
The total number of shares issued to employees since the inception of the staff share plan was	2,563,728	2,464,455	2,563,728	2,464,455
The total number of shares issued to employees during the financial year was	99,273	120,510	99,273	120,510
	$	$	$	$
The total market value at date of issue, 19 December 2012 (09 December 2011) was	585,711	897,800	585,711	897,800
The total amount paid or payable for the shares at that date was	566,849	829,109	566,849	829,109

Dividend Reinvestment Plan (DRP)

The DRP has been suspended by the board of directors during the 2012/2013 financial year.

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% on the weighted sale price of the company's shares sold during the five trading days immediately following the Record Date.

	CONSOLIDATED		CHIEF ENTITY	
	$	$	$	$
	JUN 13	JUN 12	JUN 13	JUN 12

NOTE 22

RESERVES

Movements in reserves

	CONSOLIDATED JUN 13	CONSOLIDATED JUN 12	CHIEF ENTITY JUN 13	CHIEF ENTITY JUN 12
Available for Sale Reserve				
Balance at beginning of year	127,425	166,714	127,425	166,714
Increase due to revaluation of RMBS investments to mark-to-market	83,059	(56,127)	83,059	(56,127)
Deferred tax liability adjustment on revaluation of RMBS investments	(24,918)	16,838	(24,918)	16,838
Balance at end of year	185,566	127,425	185,566	127,425
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	3,418,279	4,969,636	3,418,279	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	3,418,279	3,418,279	3,418,279
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	14,501,665	14,443,524	14,501,665	14,443,524

NOTE 23

OUTSIDE EQUITY INTEREST

Reconciliation of outside equity interest in controlled entities:

	CONSOLIDATED JUN 13	CONSOLIDATED JUN 12
Opening balance	(499,443)	(524,202)
Share of operating profit/(loss)	429,153	24,759
Closing balance	(70,290)	(499,443)

NOTE 24

CASH FLOW STATEMENT

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

	CONSOLIDATED JUN 13	CONSOLIDATED JUN 12	CHIEF ENTITY JUN 13	CHIEF ENTITY JUN 12
Profit after tax from continuing operations	2,881,658	17,603,198	209,699	18,932,996
Depreciation & amortisation	1,532,399	1,716,267	1,471,149	1,645,661
Bad debts expense	2,365,125	360,457	2,346,029	430,572
(Profit)/Loss on disposal of non-current assets	-	(2,880)	-	(2,880)
(Increase)/Decrease in Assets				
Accrued interest on investments	277,329	(40,078)	277,330	(40,078)
Impairment of investments	7,377,261	-	13,797,261	-
Prepayments	2,347,552	(3,623,194)	2,355,146	(3,481,246)
Inventories	37,116	2,715	37,116	2,715
Sundry debtors	5,464,692	(2,200,901)	(3,241,603)	6,070,247

Deferred tax asset	(5,204,495)	(57,138)	(5,151,976)	(162,878)
Increase/(Decrease) in Liabilities				
Increase in creditors & accruals	2,536,526	(1,149,732)	2,808,789	(5,113,614)
Increase in deferred tax payable	(559,743)	(1,221,340)	(559,743)	(1,221,339)
Increase in income tax payable	(7,035,612)	(1,225,439)	(4,958,978)	(1,268,629)
Increase in employee entitlement provisions	147,769	288,407	147,769	288,407
Net cash flows from operating activities	12,167,577	10,450,342	9,537,988	16,079,934

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	135,900	266,738	135,900	266,738
Lease expenditure commitments				
Non cancellable operating leases				
Up to 1 year	2,358,421	2,077,598	2,358,421	2,077,598
From 1 to 2 years	1,817,888	1,624,490	1,817,888	1,624,490
From 2 to 5 years	2,165,320	1,974,155	2,165,320	1,974,155
Total lease expenditure	6,341,629	5,676,243	6,341,629	5,676,243

NOTE 26

EMPLOYEE ENTITLEMENTS

Employee entitlements				
The aggregate employment entitlement liability is comprised of:				
Provisions - (note 19)	2,565,000	2,898,000	2,565,000	2,898,000

NOTE 27

CONTINGENT LIABILITIES AND CREDIT COMMITMENTS

Approved but undrawn loans	49,650,638	54,623,942	49,650,638	54,623,942
Approved but undrawn credit limits	130,312,947	122,497,979	130,312,947	122,497,979
Bank guarantees	237,375	-	237,375	-
	180,200,960	177,121,921	180,200,960	177,121,921

NOTE 28

EARNINGS PER SHARE

Basic earnings per share (cents per share)	6.78	49.14
Diluted earnings per share (cents per share)	6.78	49.14

	Basic		Diluted	
	$	$	$	$
	2013	2012	2013	2012
Information relating to the calculation of the earnings per share is as follows:				
Calculation of numerator				
Net profit attributable to shareholders	2,452,505	17,578,439	2,452,505	17,578,439
Less dividends paid on preference shares	-	-	-	-
Numerator	2,452,505	17,578,439	2,452,505	17,578,439
Weighted average number of shares				
Ordinary shares	36,192,091	35,769,234	36,192,091	35,769,234
Potential ordinary shares	-	-	-	-
Total weighted average ordinary shares	36,192,091	35,769,234	36,192,091	35,769,234

	CONSOLIDATED		CHIEF ENTITY	
	$	$	$	$
	JUN 13	JUN 12	JUN 13	JUN 12

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 unless otherwise stated.

i) Directors

JS Humphrey	Chairman - Non-executive Director
RE Hancock	Managing Director (retired 4 February 2013)
FM McLeod	Executive Director and General Manager Strategy Implementation & Productivity Improvement
JF Pressler	Director - Non-executive
PJ Sawyer	Director - Non-executive
B Dangerfield	Director - Non-executive

ii) Executives

Current key management personnel

MJ Barrett	Chief Executive Officer (appointed 4 February 2013)
WR Schafer	Chief Financial Officer and Company Secretary
MB McLennan	Chief Risk Officer (15 March 2013 - 30 June 2013)
SM Caville	Chief Information Officer
A McArdle	General Manager Sales & Distribution (appointed 04 March 2013)
C Nevis	General Manager 3rd Party & Alliances (appointed 27 May 2013)

Former key management personnel

SV Butler	General Manager Operations (01 July 2012 - 15 March 2013)
DA Hancock	Group Treasurer (01 July 2012 - 15 March 2013)
AR Ashton	Internal Auditor (01 July 2012 - 15 March 2013)

Following a corporate restructure on 15 March 2013 the titles and responsibilities of executives of the company changed. This resulted in a change to those executives considered to be key management personnel.

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 2013

Short term benefits				
Cash salary and fees	2,868,447	2,629,950	2,868,447	2,629,950
Cash bonus	-	-	-	-
Non-monetary	8,856	29,958	8,856	29,958
Post employment benefits				
Superannuation	133,109	266,716	133,109	267,716
Retirement benefits	84,162	-	84,162	-
Termination benefits	-	-	-	-
Share based payments	-	-	-	-
Other long term benefits	22,944	61,939	22,944	61,939
	3,117,518	2,988,563	3,117,518	2,988,563

Remuneration is calculated based on the period each employee was classified as key management personnel.

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 90 basis points below the standard variable rate or 20 basis points below the standard fixed rate on applicable loan types, available to the general public at any time. Similar rates are, however, available to the general public, 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 2013	Balance 30 June 2012	Interest Charged	Write-off	Balance* 30 June 2013	Number in Group 30 June 2013
	$	$	$	$	
Directors	(1,554,806)	8,926	-	(1,599,467)	2
Executives	(1,790,411)	77,062	-	(2,135,033)	6
Total: Key management personnel	(3,345,217)	85,988	-	(3,734,500)	8

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

Individuals with loans above $100,000 in reporting period	Balance 30 June 2012	Interest** Charged	Write-off	Balance 30 June 2013	Highest In Period
Directors	$	$	$	$	$
RE Hancock	(1,276,041)	1,050	-	(1,311,746)	(1,334,290)
FM McLeod	(278,765)	7,877	-	(287,721)	(328,902)
Executives					
MJ Barrett	-	6,082	-	(469,082)	(475,000)
WR Schafer	(529,592)	27,889	-	(519,127)	(535,684)
DA Hancock	(635,616)	20,831	-	(548,030)	(551,997)
SV Butler	(530,144)	22,261	-	(519,120)	(530,144)

Does not include AR Ashton or SM Caville as their loans was less than $100,000.
* Balance at 30 June 2013 or the date the individuals ceased being key management personnel.
** Actual interest charged is affected by the use of the society's offset account.
Balances are for the period individuals were considered key management personnel.

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 2013 was $4,286,179.75 (2012: $3,980,393.20)

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 2012	Received as Remuneration	Options Exercised	Net Change Other	Balance* 30 June 2013
Directors					

JS Humphrey	31,551	-	-	-	31,551
RE Hancock (retired 04 February 2013)	2,120,871	-	-	25,000	2,145,871
FM McLeod	136,940	-	-	8,014	144,954
JF Pressler	-	-	-	-	-
PJ Sawyer	1,066,231	-	-	11,336	1,077,567
B Dangerfield	-	-	-	42,076	42,076
Executives					
MJ Barrett (appointed 04 February 2013)	-			8,000	8,000
WR Schafer	12,750	-	-	3,000	15,750
DA Hancock (01 July 2012 - 15 March 2013)	67,973	-	-	(2,600)	65,373
SV Butler (01 July 2012 - 15 March 2013)	5,250	-	-	-	5,250
AR Ashton (01 July 2012 - 15 March 2013)	25,468	-	-	-	25,468
SM Caville	25,433	-	-	10,206	35,639
AJ McArdle (appointed 04 March 2013)	-	-	-	1,765	1,765
Total	3,492,467	-	-	106,797	3,599,264

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.

*Balance at 30 June 2013 or the date when the individuals ceased being key management personnel.

e) Other key management personnel transactions

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

		CONSOLIDATED		CHIEF ENTITY	
		$	$	$	$
		2013	2012	2013	2012
King Wood Mallesons (previously Mallesons Stephen Jaques), a related party due to having a common director being John S Humphrey (until 01 January 2013) received fees for legal services corporate advice provided in connection with:					
Corporate restructure	$7,657				
Securitisation	$380,377				
Business combinations	$81,952				
Other	$3,391	473,377	236,938	473,377	236,938

	CONSOLIDATED		CHIEF ENTITY	
	$	$	$	$
	2013	2012	2013	2012

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	186,268	133,414	186,268	133,414
Tax returns (including subsidiaries)	20,018	21,916	20,018	21,916
Tax advice	22,283	21,532	22,283	21,532
Other assurance services	84,232	-	84,232	-
Other services	42,592	4,092	42,592	4,092
Accrual adjustment	22,607	23,047	22,607	23,047
	378,000	204,001	378,000	204,001
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	22,000	26,000	-	-
Other regulatory audit services (APRA Return)	11,000	11,000	-	-
	33,000	37,000	-	-
KPMG related practices:				
Other regulatory audit services	40,500	11,920		
	40,500	11,920		
	451,500	252,921	378,000	204,001

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 company operates predominantly in one industry. The principal activities of the company are confined to the raising of funds and the provision of finance for housing. The company commenced funding personal loans in May 2013. The personal loans portfolio was immaterial at balance date and has not been reported as a segment.
The company operates principally within the States of Queensland, New South Wales and Victoria.

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 ACCOUNTING ERROR

Subsequent to the 30 June 2012 balance date a review of the systems, procedures and policies adopted for loans managed under the National Consumer Credit Hardship and Account Management Obligations was conducted. The review included the process for assessing loans qualifying for management under hardship obligations, the reporting of the arrears on this portfolio and the amount set aside in the Outstanding Claims Liabilities (other expenses - other underwriting expenses) in the wholly owned insurance captive Mortgage Risk Management Pty Ltd (MRM).

As a result of the review of reports and statistics relating to the ‘hardships’ loan portfolio, the Board of Directors, in conjunction with the actuarial advisors to MRM, determined that a provision for doubtful debts should have been set aside at 30 June 2012 to allow for potential future losses. As a result, a prior period error has been recognised in the financial accounts in accordance with the Accounting Standards.

The Board has determined, in conjunction with the actuaries, that the provision for doubtful debts at 30 June 2012 was understated by an amount $1.46m net of tax. Accordingly a prior period adjustment has been disclosed in the financial reports at 30 June 2012.

The balance sheet for 1 July 2011 has not been restated in the financial accounts as the prior period adjustment had nil effect on the carried forward balances for the 2011/12 financial year. The aggregate effects of the prior period error in the financial statements of the consolidated entity for the year ended 30 June 2012 is as follows:

	Previous disclosure $	Adjustment $	Revised disclosure $
STATEMENT OF FINANCIAL POSITION			
Deferred income tax assets	2,268,889	626,490	2,895,379
Other assets	13,550,832	97,432	13,648,264
Provisions	6,336,805	2,185,732	8,522,537
Retained profits	22,868,454	(1,461,810)	21,406,644
STATEMENT OF COMPREHENSIVE INCOME			
Other expenses	20,718,976	2,088,300	22,807,276
Profit before income tax	27,223,792	(2,088,300)	25,135,492
Income tax expense	8,158,784	(626,490)	7,532,294
Profit from continuing operations	19,065,008	(1,461,810)	17,603,198
Profit attributable to owners of the parent company	19,040,249	(1,461,810)	17,578,439
EARNINGS PER SHARE			
Basic earnings per share (cents per share)	53.23	(4.09)	49.14
Diluted earnings per share (cents per share)	53.23	(4.09)	49.14

NOTE 35

FINANCIAL INSTRUMENTS

a) CAPITAL RISK MANAGEMENT

The Australian Prudential Regulation Authority's ("APRA's") Prudential Standard APS110 Capital Adequacy aims to ensure the 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 Board of Directors take responsibility to ensure the company and consolidated entity maintains a level and quality of capital commensurate with the type, amount and concentration of risks to which the company and consolidated group is exposed from its activities. The Board has regard to prospective changes in the risk profile and capital holdings.

The company'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 board's targets. The Board's target is for the capital adequacy ratio to be maintained above 13%. During the 2013 and 2012 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 2013 and 30 June 2012 have been prepared in accordance with the revised prudential standards incorporating the Basel III principles.

APRA Prudential Standards and Guidance Notes for ADI's provide guidelines for the calculation of capital and specific parameters relating to Tier 1, Common Equity Tier 1 and 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 and term subordinated debt.

Consistent with Basel III, the approach to capital assessment provides for a quantitative measure of the capital adequacy and focuses 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;
iv) securitisation risks; and
v) the amount, form and quality of capital held to act as a buffer against these and other exposures.

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

	CONSOLIDATED		CHIEF ENTITY	
	$	$	$	$
	JUN 13	JUN 12	JUN 13	JUN 12
Total risk weighted assets	1,033,696,379	1,002,720,102	1,030,340,368	1,000,290,779
Capital base	142,816,198	134,338,752	140,725,982	133,770,593
Risk-based capital ratio	13.82%	13.40%	13.66%	13.37%

b) INTEREST RATE RISK MANAGEMENT

The Asset and Liability Management Committee (ALCO) 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"). The ALCO'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 rate settings;
ii) to compare the interest rate exposures set out in the Gap Analysis Report against the limits prescribed under Wide Bay Australia's Interest Rate Risk trigger limits.
iii) to ascertain whether the risks manifested in the Gap Analysis Report are appropriate given the committee's view on interest rates;
iv) to review and analyse:
- the maturity profile of cash flow as produced through the Gap Analysis Report;
- the concentration in sources and application of funds;
- the ability to borrow in various markets;
- the potential sources of volatility in assets and liabilities;
- the impact of market/operational disruption on cash flow and on customers; and
- the ability to undertake asset sales.

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 $497,940 or increase by $497,940 (2012: decrease by $853,665 or increase by $853,665). This is mainly due to the company'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 expected liquidity requirements.

An additional reserve equivalent to a minimum of 5% of the company’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 company. The risk management procedures define the credit principles, lending policies and the decision making processes which control the credit risk of the company.

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 company'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 company has a diversified Branch Network consisting of 39 branches and agencies across Queensland, and branches in Sydney and Melbourne. 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 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 (excluding effects of hardship accounts) comprise:

	CONSOLIDATED		CHIEF ENTITY	
	$	$	$	$
	JUN 13	JUN 12	JUN 13	JUN 12
30 days and less than 60 days	40,915,178	25,713,806	40,915,178	25,713,768
60 days and less than 90 days	13,052,608	6,476,130	13,052,608	6,476,130
90 days and less than 182 days	16,732,261	8,907,354	16,732,261	8,907,113
182 days and less than 273 days	7,618,941	2,144,295	7,618,941	2,144,295
273 days and less than 365 days	6,576,124	1,903,314	6,576,124	1,903,094
365 days and over	3,044,653	1,235,940	3,044,653	1,232,361
	87,939,765	46,380,839	87,939,765	46,376,761

As at 30 June 2013 there were four loans (30 June 2012: two loans) on which interest was not being accrued due to impairment.

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 and Victoria.

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

	% 2013	% 2012
Queensland	81.2	80.9
Victoria	7.9	8.5
New South Wales	8.6	8.6
South Australia	1.1	1.2
Western Australia	1.1	0.8
Tasmania	0.1	-
	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 3.39% (2012 - 4.57%)
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 3.21% (2012 - 4.53%)
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 3.88% (2012 - 5.07%)
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 4.90% (2012 - 6.13%)
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. Personal loans are approved on both a secured and unsecured basis and are not insured. Loans made for the purchase of staff shares are secured by the shares themselves.

			Certain of the company's loans have been securitised and continue to be managed by the company. Further details are disclosed in note 10. The securitisation notes have a maturity period of greater than 30 years. The securitisation notes are eligible for repayment once the balance of the trust falls below 10% of the invested amount. Interest paid to the note holders is repriced on a monthly basis.
Financial liabilities			
Deposits	16	Deposits are recorded at the principal amount. Interest is brought to account on an accrual basis.	Details of maturity of the deposits are set out in note 16. Interest is calculated on the daily balance.
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 2013 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 No. 6	36,689	-
WB Trust 2010-1	196,000	325,300
WB Trust No. 3	413,400	592,000
WB Trust No. 4	30,638	46,795
WB Trust 2009-1	259,800	484,600
WB Trust 2008-1	490,300	629,100
WB Trust 2006-1	105,700	181,300
WB Trust 2005-1	95,100	115,100

NOTE 35 (CONT)

Interest rate risk

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

Financial instruments	Floating interest rate		Fixed interest rate maturing in: 1 year or less		Fixed interest rate maturing in: From 1 to 5 years		Non interest bearing		Total carrying amount per balance sheet		Weighted average effective interest rate	
	$ 2013	$ 2012	$ 2013	$ 2012	$ 2013	$ 2012	$ 2013	$ 2012	$ 2013	$ 2012	% 2013	% 2012
Financial assets												
Cash and cash equivalents	72,546,721	73,007,130	-	-	-	-	2,446,448	3,034,973	74,993,169	76,042,103	3.42	4.48
Due from other financial institutions	12,571,416	11,304,049	-	50,000	-	-	95,000	95,000	12,666,416	11,449,049	3.19	5.67
Accrued receivables	-	-	-	-	-	-	7,512,672	7,257,009	7,512,672	7,257,009	-	-
Financial assets	26,214,546	18,226,284	181,860,639	202,242,219	60,738,051	68,659,282	-	-	268,813,236	289,127,785	3.97	5.22
Loans and advances	1,914,166,115	1,910,499,314	165,716,870	168,366,860	151,432,448	151,464,948	-	-	2,231,315,433	2,230,331,122	6.45	7.39
Other investments	-	-	-	-	-	-	705,312	6,936,211	705,312	6,936,211	-	-
Other assets	-	-	-	-	-	-	10,659,753	13,014,899	10,659,753	13,014,899	-	-
Total financial assets	2,025,498,798	2,013,036,777	347,577,509	370,659,079	212,170,499	220,124,230	21,419,185	30,338,092	2,606,665,991	2,634,158,178		
Financial liabilities												
Deposits and short term borrowings	447,756,403	424,328,957	1,207,029,917	1,106,204,649	52,595,860	95,096,241	-	-	1,707,382,180	1,625,629,847	4.13	4.97
Payables and other liabilities	-	-	-	-	-	-	33,850,584	35,437,030	33,850,584	35,437,030	-	-
Securitised loans	601,880,324	684,077,518	52,107,141	60,285,802	47,615,622	54,233,867	-	-	701,603,087	798,597,187	4.54	5.75
Provisions	-	-	-	-	-	-	12,189,987	8,522,537	12,189,987	8,522,537	-	-
Subordinated capital notes	-	-	28,000,000	28,000,000	-	-	-	-	28,000,000	28,000,000	10.73	11.59
Total financial liabilities	1,049,636,727	1,108,406,475	1,287,137,058	1,194,490,451	100,211,482	149,330,108	46,040,571	43,959,567	2,483,025,838	2,496,186,601		

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	
	$ 2013	$ 2012	$ 2013	$ 2012
Financial assets				
Cash and cash equivalents	74,993,169	76,042,103	74,993,169	76,042,103
Due from other financial institutions	12,666,416	11,449,049	12,666,416	11,449,237
Accrued receivables	7,512,672	7,257,009	7,512,672	7,257,009
Financial assets	268,813,236	289,127,785	270,300,370	291,566,076
Loans and advances	2,231,315,433	2,230,331,122	2,234,776,230	2,233,802,465
Other investments	705,312	6,936,211	705,312	6,936,211
Other assets	10,659,753	13,014,899	10,659,753	13,014,899
Total financial assets	2,606,665,991	2,634,158,178	2,611,613,922	2,640,068,000
Financial liabilities				
Deposits and short term borrowings	1,707,382,180	1,625,629,847	1,701,869,645	1,619,698,524
Payables and other liabilities	33,850,584	35,437,030	33,850,584	35,437,030
Securitised loans	701,603,087	798,597,187	702,691,282	799,840,145
Provisions	12,189,987	8,522,537	12,189,987	8,522,537
Subordinated capital notes	28,000,000	28,000,000	28,000,000	28,000,000
Total financial liabilities	2,483,025,838	2,496,186,601	2,478,601,498	2,491,498,236

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	$	$	$	$
2013				
Available-for-sale financial assets	-	7,036,136	-	7,036,136
Financial assets designated at fair value through profit or loss	-	6,962,448	-	6,962,448
	-	13,998,584	-	13,998,584
Chief Entity				
2013				
Available-for-sale financial assets	-	7,036,136	-	7,036,136
Financial assets designated at fair value through profit or loss	-	-	-	0
	-	7,036,136	-	7,036,136

	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	-	-	-	-
	-	19,137,580	-	19,137,580

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 2013 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 2013.

Signed in accordance with a resolution of the Directors.

………………………………………… ……………………………………....

J S Humphrey P J Sawyer
Director Director

27 August 2013
Bundaberg

DIRECTORS' STATUTORY REPORT – 2013

Review and results of operations

The consolidated net profit after income tax for the 2012/13 financial year was $2.453m compared to the result of $17.578m for the 2011/12 year.

The results of the Wide Bay Australia Ltd group (Wide Bay) were adversely affected by one-off items arising from provisions for doubtful debts and the impairment of an equity accounted investment which are discussed in detail below.

The loan book of Wide Bay stood at $2.229b at 30 June 2013. After a decline in the first half of the financial year, the loan book stood at $2.197b at 31 December 2012, before recovering in the second half.

Mortgage Risk Management Ltd (MRM)

As previously announced MRM, a wholly owned mortgage insurer, increased provisioning by $4.8m in the second half of 2012/13 financial year. This exceeded budget expectations for the half year by $3.2m.

The increase arose from the re-examination and revised modeling of the MRM insured loan book. Actuarial guidance was received confirming the provisioning requirement. The portfolio of loans in the insurer had seen deterioration in the arrears performance and there were a small number of large loans which required provisions set aside due to valuations falling short of previous levels.

The insurance 'captive' is now soundly provisioned with $11.4m set aside for bad and doubtful debts which may arise over the next 4 years.

In June 2012, loans to the value of $957m were transferred from MRM to QBE Lenders' Mortgage Insurance Limited (QBE) at a cost to the chief entity of $6.1m. This expense is now being written down over a 5 year period.

MRM receives no new business and will continue to wind down although there is still a portfolio of $435m loans insured in the wholly owned subsidiary. The loan portfolio contains $307m loans with an LVR up to 80% and $128m of loans with LVR's greater than 80%.

Financial Technology Securities Pty Ltd (FTS)

Wide Bay acquired a 25% interest in FTS, a financial planning business, in 2005. After reviewing the investment and modeling the value, the Board of Directors formed the opinion that this asset carries significant uncertainty in the previous holding value.

It was resolved to write down the investment in this company by the full value of $7.377m. This write down is a non-cash item and has no impact on the capital position of Wide Bay due to its prior status as a deduction from tier 1 capital in the chief entity.

Principal activities and significant changes

The Board of Wide Bay appointed a new Chief Executive Officer, Martin Barrett, in February 2013, following the retirement of former Managing Director, Ron Hancock.

Mr Barrett delivered a 3 year Strategic Plan to the Board in May outlining the direction and initiatives for the company.

The company continues to focus on residential lending with the objective of growing the loan book through the branch network and mortgage broker introduced loans. The expectation is that 3rd party broker loans will make up approximately 40% of loans funded in the 2013/14 financial year.

The 3 year Strategic Plan sets the agenda for the organisation over the medium term. It is a plan focused on the core business. It seeks to address and improve the current and future business performance of Wide Bay via:

1. Re-structure of the leadership team to align role responsibilities, address current performance challenges, compliance/risk challenges and to enable improved productivity across the organisation.

2. Improving the skills, capability and accountability of the Sales and Distribution team (Retail network) as a priority to lift both financial performance and customer experience. Training, performance management (including KPI setting) and recruitment of improved talent are key areas of focus.

3. Better defining, managing and growing home lending via the Broker and Mortgage Alliance introducers to ensure growth at or above market. The previous approach of local lenders working with local brokers is not effective given the national model that main aggregators operate.

4. Introducing the new segment of Business Banking with a staged approach of July - October 2013 Build Phase and November 2013 Origination phase. The new channel will provide both growth opportunity as well as revenue diversification. The model will target SME customers primarily in the Wide Bay core catchment area.

5. Supporting the Business Channels via Product, Marketing, Technology, Risk, Operations, Human Resources and Infrastructure improvement. The organisational alignment is to be focused on supporting the Revenue Businesses (Sales & Distribution, 3rd Party and Business Banking) to attract more customers, and to provide them with the full services and products they require in a responsible and sustainable way.

Personal loans

Wide Bay began offering personal loans in May 2013. The personal loan book was $0.9m at 30 June 2013 which is immaterial to the balance sheet and has not been reported as a separate segment for the financial year.

Acquisitions

The Board will continue to monitor opportunities to acquire loan books or suitable institutions as they arise. While not actively seeking acquisition prospects, the Board will review any offers made which may complement the overall operations of the group.

Matters subsequent to the end of the financial year

There has been no other matter or circumstance since the end of the financial year that will significantly affect the results of operations in future years or the state of affairs of the company.

Subsequent to the end of the 2012/13 financial year, Mr J F Pressler, independent Director of Wide Bay Australia Ltd, was appointed as the company's designated director on the board of FTS, to replace Mr R E Hancock.

Capital

The capital adequacy ratio for the Wide Bay group (excluding MRM) at 30 June 2013 was 13.82% (2012: 13.40%).

The tier 1 capital ratio at 30 June 2013 was 11.15% (2012: 10.99%).

The capital level remains strong and in excess of the Board target of 13.00%.

Wide Bay has withdrawn the application for the return of capital from MRM due to the additional provision required in that subsidiary in the current financial year. The capital remains strong and well in excess of the Board targets. The capital in MRM will continue to be reviewed and an application for return of capital will be considered by the Board at a future date as MRM continues to wind down.

Dividends

An interim dividend of 13.0 cents per ordinary share was declared and paid 28 March 2013.

A fully franked dividend of 4.0 cents per ordinary share has been declared by the Board and will be paid on 04 October 2013. The Board has taken the view that the impairment of FTS is a non-cash item and paid a dividend from 'cash' profits.

The Dividend Reinvestment Plan has been suspended by the Board and remains in suspension for the dividend payable on 04 October 2013.

Directors

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

Professor John S Humphrey LL.B

Professor Humphrey was appointed to the Board on 19 February 2008, and was appointed Chairman following the 2009 Annual General Meeting. He was a senior partner in the Brisbane office of international law firm, King & Wood Mallesons (until 01 January 2013), where he specialised in commercial law and corporate mergers and acquisitions. He is now Executive Dean of the Faculty of Law at Queensland University of Technology. He is currently a non-executive Director of Horizon Oil Limited and Downer-EDI Limited. Professor Humphrey is an independent Director and a member of the Audit Committee. He is aged 58.

Mr Ronald E Hancock AM FCA, FAICD, FIFS – Retired 04 February 2013

Mr Hancock was the Managing Director of Wide Bay Australia Ltd until his retirement on 4 February 2013. 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 was an executive Director until his retirement on 4 February 2013 and is aged 71.

Mrs Frances M McLeod MAICD, FIFS

Mrs McLeod was appointed to the Board in 2003. She is the General Manager – Strategy and Implementation and Productivity Improvement of Wide Bay Australia Ltd and has a wide range of experience based on her involvement with the Company for over 39 years. She is a Director of Mortgage Risk Management Pty Ltd. Mrs McLeod is an executive Director and is aged 55.

Mr John F Pressler OAM FAICD, FIFS.

Mr Pressler was appointed to the Board in 1988. He is a prominent figure in Emerald's agricultural and horticultural industries and is the Chairman of the listed Lindsay Australia 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 71.

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 63.

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 57.

The above named Directors held office during the whole of the financial year with the exception of R E Hancock who retired on 4 February 2013.

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,13 meetings of the Directors, 6 meetings of the Audit Committee and 5 meetings of the Remuneration Committee were held, in respect of which each Director attended the following number:

	Board		Audit		Remuneration	
	Held	Attended	Held	Attended	Held	Attended
J F Pressler	13	12	6	5	5	5
R E Hancock	8	8	3	3*	n/a	n/a
J S Humphrey	13	11	6	6	5	1
F M McLeod	13	11	4	4*	n/a	n/a
P J Sawyer	13	12	6	6	5	5
B Dangerfield	13	13	6	6	5	4
M Barrett			2	2*		

*** Messrs' Hancock, McLeod and Barrett who are not members of the Audit Committee, attended the Audit Committee meetings 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	2,145,871 – Retired 04 February 2013
J S Humphrey	31,551
F M McLeod	144,954
P J Sawyer	1,077,567
B Dangerfield	42,076

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.

	2013	**2012**
King & Wood Mallesons, a related party due to having a common Director being John S Humphrey (until 01 January 2013), received fees for legal services and corporate advice: 1) Corporate restructure ($7,657.30) 2) Securitisation ($380,376.42) 3) Business combination ($81,952.30 4) Other (3,390.71) Totalling	$473,377	$236,938

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 2012/13 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**	**Superannuation**	**Retirement Benefits**	**Termination Benefits**	**Options**		
Specified Directors										
Hancock, RE *Managing Director* ***Retired 4/02/13***	2011/2012	$1,179,076		$15,209	$50,000				$33,908	$1,278,193
	2012/2013	$1,130,240		$4,750	$8,333	$84,162				$1,227,485
McLeod, FM *Director & General Manager – Strategy Implementation & Productivity Improvement*	2011/2012	$276,130		$3,987	$40,968				$9,912	$330,997
	2012/2013	$305,208		$1,522	$16,457				$7,708	$330,895
Humphrey, JS *Chairman (non-exec)*	2011/2012	$102,122			$9,190					$111,312
	2012/2013	$102,122			$9,190					$111,312
Pressler, JF *Director (non-exec)*	2011/2012	$72,750			$10,000					$82,750
	2012/2013	$75,917			$6,833					$82,750
Sawyer, PJ *Director (non-exec)*	2011/2012	$42,750			$40,000					$82,750
	2012/2013	$75,917			$6,833					$82,750
Dangerfield, B *Director (non-exec)*	2011/2012	$46,256			$4,163					$50,419
	2012/2013	$75,917			$6,833					$82,750
TOTAL REMUNERATION – SPECIFIED DIRECTORS										
	2011/2012	$1,719,084		$19,196	$154,321				$43,820	$1,936,421
	2012/2013	$1,765,321		$6,272	$54,479	$84,162			$7,708	$1,917,942

	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									

Barrett, MJ *Chief Executive Officer*	2011/2012 **4/02/2012** **to** **30/06/2013**	n/a $185,973			n/a $6,335					n/a $192,308
Schafer, WR *Chief Financial Officer*	2011/2012 2012/2013	$293,086 $296,847		$3,420 $760	$15,775 $16,457				$7,210 $6,421	$319,491 $320,485
McLennan, M *Chief Risk Officer*	2011/2012 **15/03/2013** **to** **30/06/20/13**	n/a $51,361			n/a $4,800					n/a $56,161
Nevis, C General Manager Third Party & Strategic Alliances	2011/2012 **27/05/2013** **to** **30/06/2013**	n/a $11,997			n/a $1,080					n/a $13,077
McArdle, A *General Manager Sales & Distribution*	2011/2012 **15/03/2013** **to** **30/06/2013**	n/a $44,107			n/a $3,970					n/a $48,077
Caville, SM *Chief Information Officer*	2011/2012 2012/2013	$164,414 $167,799		$2,256 $813	$15,755 $15,102				$3,950 $3,955	$186,375 $187,669
Butler, SV *General Manager Operations*	2011/2012 **01/07/2012** **to** **15/03/2013**	$162,563 $116,715			$16,554 $10,505				$3,428 $2,741	$182,545 $129,961
Ashton, AR *Internal Auditor*	2011/2012 **01/07/2012** **to** **15/03/2013**	$98,372 $97,744		$2,094	$48,536 $8,724				$3,531 $2,119	$152,533 $108,587
Hancock, DA *Manager Group Treasurer*	2011/2012 **01/07/2012** **to** **15/03/2013**	$192,431 $130,583		$2,992 $1,011	$15,775 $11,657					$211,198 $143,251
TOTAL REMUNERATION – SPECIFIED EXECUTIVES										
	2011/2012 2012/2013	$910,866 1,103,126.		$10,762 $2,584	$112,395 $78,630				$18,119 $15,236	$1,052,142 $1,199,576

Employment Contracts

All named Key Management Personnel and the Managing Director have/had employment contracts. Major provisions of those agreements are summarised below:-

Current Personnel

Chief Executive Officer – M J Barrett

- Contract dated – 04 February 2013
- Term of agreement – no fixed term
- Wide Bay Australia or M J Barrett may terminate this agreement by providing 6 months written notice or provide payment in lieu of the notice period.
- Short Term Incentive (STI) – The STI benefit will be payable on achieving Key Performance Indicators each year and will be a cash bonus of up to a maximum value of 30% of Fixed Pay subject to meeting performance targets. For details of the STI see (a).
- Long Term Incentive (LTI) – Grant of performance rights up to a maximum value of 30% of Fixed Pay and as determined by the Remuneration Committee. For Details of the LTI see (b).

(a) Short Term Incentives

Up to 30% of base salary on achieving KPI's on the basis of percentage allocation in terms of CEO scorecard and measured by populating actual results and discretionary. The CEO must complete a full year of service to be eligible to receive the STI for each applicable financial year, the bonus entitlement will be calculated based on the 30th June results and the overall performance including discretionary as determined by the Remuneration Committee and paid on the 30th September.

(b) Long Term Incentives

The grant of performance rights, under the terms of Wide Bay Australia Ltd *Performance Rights Plan Rules*, to subscribe for or be transferred at no cost one share for every performance right exercised. The CEO must complete a full year of service to be eligible to receive the LTI for each applicable financial year, the bonus entitlement will be calculated based on the 30th June results and overall performance including discretionary as determined by the Remuneration Committee and paid on the 1st July. The performance rights carry no dividend or voting rights. Subject to the vesting conditions 33% of the performance rights vest on the second anniversary of the measured performance year, 33% on the third anniversary and 33% on the fourth anniversary. The vesting conditions are as follows:

- The Executive must be employed at the vesting date.
- Any personal income tax payable on exercise of the performance rights is payable by the Executive.
- The number of performance rights will be adjusted for any capital reconstructions (eg consolidation or splits).

Executive Director & General Manager – Strategy & Implementation & Productivity Improvement - 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.

Chief Risk Officer – M B McLennan – from 15th March 2013

- Contract dated – 10 June 2011

- Term of agreement – no fixed term
- Wide Bay Australia or M B McLennan 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 52 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.

General Manager – Sales & Distribution – A J McArdle – from 15th March 2013

- Contract dated 24 May 2013
- Term of agreement – no fixed term
- Wide Bay Australia or A J McArdle may terminate this agreement by providing 3 months written notice or provide payment in lieu of the notice period.

General Manager –Third Party & Strategic Alliances– C M Nevis – from 27th May 2013

- Contract dated 25 April 2013
- Term of agreement – no fixed term
- Wide Bay Australia or C M Nevis may terminate this agreement by providing 3 months written notice or provide payment in lieu of the notice period.

<u>Non-Current Personnel</u>

Managing Director - R E Hancock – Retired 4/2/13

- 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.

General Manager - Operations – S V Butler – up to 15 March 2013

- 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.

Internal Auditor – A R Ashton – up to 15 March 2013

- 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.

Group Treasurer – D A Hancock – up to 15 March 2013

- 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.

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 2013, 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:

	$ 2013	$ 2012
Services provided in connection with the:-		
Tax Return (including Subsidiaries)	20,018	21,916
Tax Advice	22,283	21,532
Other Assurance Services	84,232	-
Other Services	42,592	4,092
	$ 169,125	$ 47,540

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

…………………………………………	…………………………………………
J S Humphrey	**P J Sawyer**
Director	**Director**

27 August 2013
Bundaberg

Bentleys
THINKING AHEAD

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 2013 there have been:

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

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

Bentleys

Bentleys Brisbane Partnership

Stewart Douglas
Partner
Brisbane
27 August 2013

Bentleys
THINKING AHEAD

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF WIDE BAY AUSTRALIA LTD

Report on the Financial Report

We have audited the accompanying financial report of Wide Bay Australia Ltd and controlled entities (the consolidated entity) and Wide Bay Australia Ltd (the company), which comprises the statement of financial position as at 30 June 2013, 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.

Bentleys
THINKING AHEAD

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's Opinion

In our opinion:

a. the financial report of Wide Bay Australia Ltd and controlled entities and Wide Bay Australia Ltd 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 2013 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 2013.

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 2013 complies with section 300A of the *Corporations Act 2001*.

Bentleys

Bentleys Brisbane Partnership

Stewart Douglas
Partner
Brisbane
27 August 2013