wide bay
AUSTRALIA LTD
banking your way

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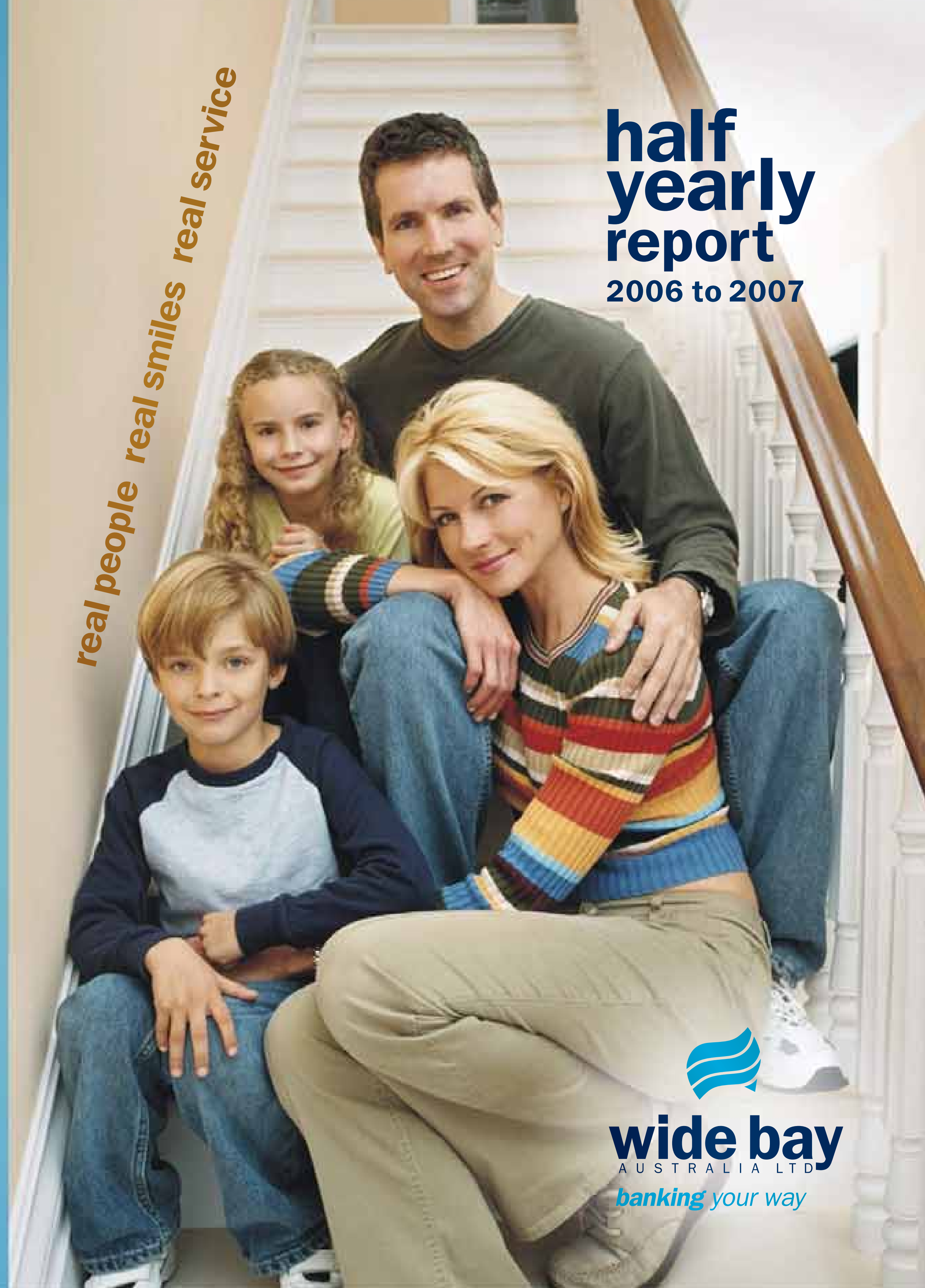
LISTED ON AUSTRALIAN STOCK EXCHANGE



half yearly report 2006 to 2007

wide bay
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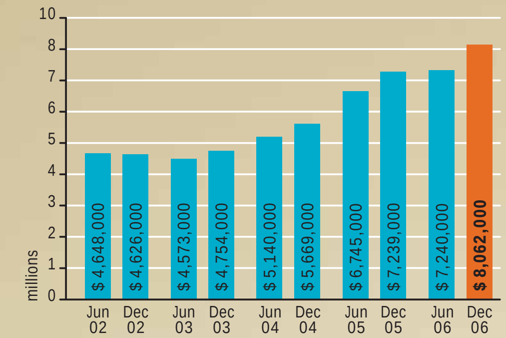
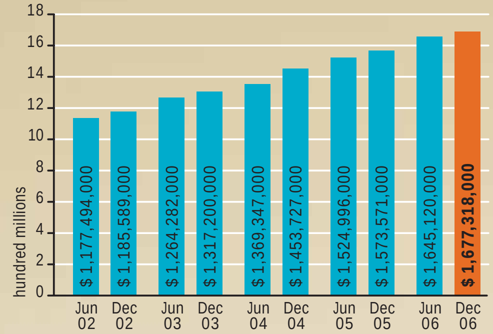
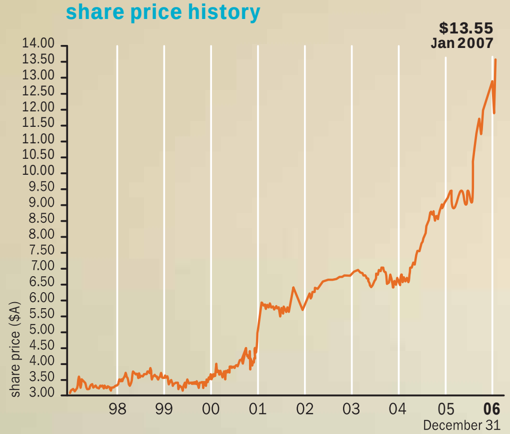
six monthly after-tax profit



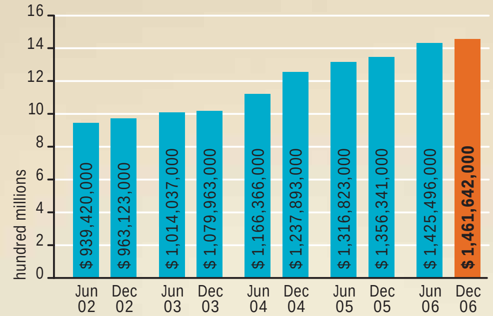
assets and loans under management



share price history



loans portfolio



at a glance summary

six months ended 31 December 2006

profit after tax

$8,061,731

11.4 per cent increase over previous corresponding period

interim dividend

30 cents per share (paid 19 December 2006)

assets and loans under management

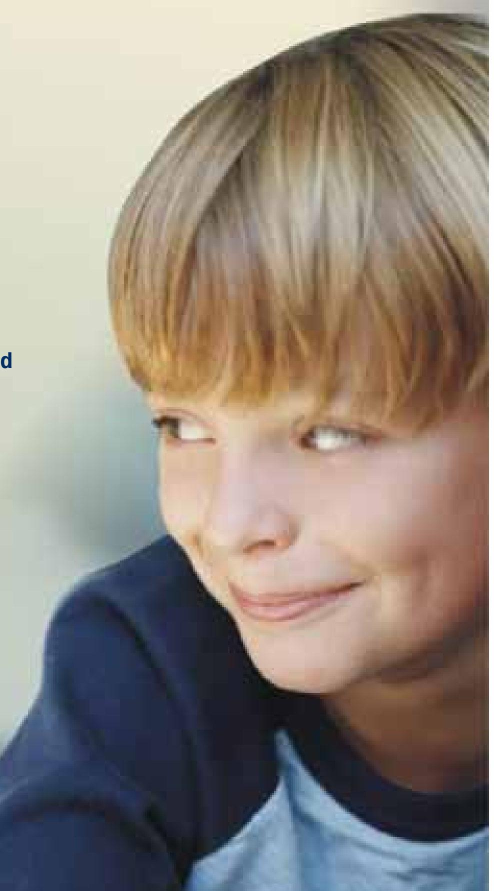
$1,677,317,758

lending for six months

$225.7 million

closing share price

$13.55 (3 January 2007)



your directors' report

On behalf of the Board of Directors of Wide Bay Australia Ltd, I am pleased to advise that the six months to 31 December 2006 has again been successful with a consolidated after tax profit of $8.062 million, which compares to $7.239 million for the corresponding period last year. This represents an increase of 11.4% and is consistent with our earlier forecast. The surplus represents basic earnings per share of 31.81 cents, which takes to account the additional shares issued in December on the conversion of the Resetting Convertible Preference Shares (RCPS).

Loan approvals were solid with $225.7 million being approved for the six months compared to $194.7 million for the corresponding period ended December 2005. This represents an increase of 16% over that period, with the outstanding loans now $1.462 billion. Current indicators are that demand will be consistent for the remainder of this financial year, particularly given our expansion of our branch network and our additional resources in our Sydney and Melbourne branches.

Our cost to income continues to improve showing a further reduction to 54.1% for the period, compared to the annual cost to income at 30 June 2006 of 56.7%. These ratios are excellent results and the Board commend Management on this achievement.

In December 2006, your Directors resolved to convert the RCPS to ordinary shares with an additional 4,366,843 ordinary shares being issued. In anticipation of that conversion, because the RCPS had received dividends to the conversion date of 20 December 2006 and to avoid duplication of dividends for those RCP holders, the Board declared and paid a fully franked dividend of 30 cents per ordinary share on 19 December 2006. This dividend was in lieu of the dividend that normally would have been paid around March 2007 in respect of the 6 months trading. Consequently the next dividend to be paid will be the final dividend for the year, which is normally paid around September. Based on current trading forecasts, your Board estimates a fully franked dividend in the range of 30 cents per share will be payable as a final dividend for the year.

Our investments in associated companies are performing well, with our captive mortgage insurer, Mortgage Risk Management Pty Ltd providing an after tax surplus of $1.24 million for the six months and our investment in Financial Technologies Securities Pty Ltd, in which we hold a 25% interest, showing a solid yield and growth.

Overall your Board is targeting growth for the full year of approximately 16%.

Management has been active in expanding selected areas for growth with the establishment of branches. Our Noosa branch relocated to the new shopping centre at Noosa Civic last October. New branches will open at Robina Town Centre at the Gold Coast on 26 February 2007 and at the new Gympie Centro shopping centre on 1 March 2007.

An agency incorporating full branch facilities also opened at Cannonvale on 5 February. Cannonvale is the commercial area for the Airlie Beach/Whitsunday area of Queensland.

A further agency incorporating full branch facilities will be established in the Mackay city centre at the end of this month providing our customers with three outlets in that city.

These new branches further strengthen the concentration of the society's activities, particularly in the Mackay/Whitsunday area and will compliment our overall growth. As stated earlier, additional personnel and resources have also been provided to strengthen our branches in Sydney and Melbourne.

We continue to hold our Standard and Poors' credit rating of "BBB-", a recognised investment grade credit rating. This rating has seen the society achieve benefits and recognition, which has resulted in some considerable savings, particularly in respect of the public issue of our securitisation program for $327 million, which settled in December 2006.

During the period your Board approved the society proceeding with an offer to acquire Pioneer Permanent Building Society, which also attracted some bids from other institutions. After constant review of our position and advice from our consultants, we eventually withdrew our offer resolving not to proceed, as we did not believe an increase in our bid was justified. While the involvement in the offer did incur costs and considerable effort from our management team, we believe it was a worthwhile exercise. We will continue to monitor the market and consider any similar situation and opportunities where it is considered it would be beneficial to our overall structure.

Consistent with previous years, our policy is to focus on product development as well as diversification of our operations to harness any opportunities that emerge through that diversification.

We have now commenced a limited secured commercial lending program and have only in the past week completed our first margin loan. This product was developed in conjunction with our associated financial planning company and concentrated solely on margin lending for managed funds, exclusive of individual shares. We see an opportunity for steady growth of this margin lending product.

Our policy is to not become involved in higher risk low-doc, sub-prime loans or reverse mortgages, which we believe have a way to go before they are satisfactorily developed.

We have always stated that our strength is our long serving stable management team and the expertise and enthusiasm that they display. Again the performance of the last six months is largely attributed to their efforts and on behalf of the Board I extend our appreciation to this team and to all of our staff, customers and shareholders for their continued support.

Yours faithfully

John Pressler
Chairman

Ron Hancock
Managing Director

21 February 2007 - Bundaberg

condensed income statement

for the half year ended 31 December 2006

	Consolidated	
	6 months to 31/12/2006 $000's	6 months to 31/12/2005 $000's
Interest revenue	**60,446**	53,568
Finance costs	**43,030**	37,956
Net interest revenue	**17,416**	15,612
Non interest revenue	**7,310**	7,195
Total operating income	**24,726**	22,807
Bad and doubtful debts expense	**19**	18
Other expenses	**13,355**	12,711
Profit before income tax	**11,352**	10,078
Income tax expense	**3,289**	2,854
Profit after tax from continuing operations	**8,063**	7,224
Profit attributable to minority interest	**1**	(15)
Net profit attributable to members of the parent company	**8,062**	7,239
Basic earnings per share (cents per share)	**31.81**	28.76
Diluted earnings per share (cents per share)	**31.81**	28.76

condensed balance sheet

as at 31 December 2006

	Note	Consolidated as at 31/12/2006 $000's	Consolidated as at 30/06/2006 $000's
Assets			
Cash and cash equivalents		**46,677**	60,473
Due from other financial institutions		**2,284**	2,284
Accrued receivables		**5,062**	7,965
Financial assets available for sale		**130,569**	117,292
Loans and advances		**1,461,642**	1,425,496
Other investments		**7,089**	6,947
Property, plant and equipment		**17,161**	17,157
Deferred income tax assets		**815**	767
Other assets		**6,019**	6,739
Total assets		**1,677,318**	1,645,120
Liabilities			
Deposits and short term borrowings		**792,786**	761,860
Due to other financial institutions		**1,991**	2,958
Payables and other liabilities		**15,800**	21,153
Securitised loans		**758,643**	747,079
Deferred income tax liabilities		**5,048**	4,832
Provisions		**8,769**	8,882
Subordinated capital notes		**10,000**	10,000
Total liabilities		**1,593,037**	1,556,764
Net assets		**84,281**	88,356
Equity			
Parent entity interest in equity			
Contributed equity	2	**59,621**	58,696
Reserves		**14,480**	14,480
Retained profits		**10,601**	15,602
Total parent entity interest in equity		**84,702**	88,778
Outside equity interest in controlled entities			
Contributed equity		**1**	1
Retained profits		**(422)**	(423)
Total outside equity interest		**(421)**	(422)
Total equity		**84,281**	88,356

condensed cash flow statement

for the half year ended 31 December 2006

	Note	Consolidated 6 months to 31/12/2006 $000's	Consolidated 6 months to 31/12/2005 $000's
Cash flows from operating activities			
Interest received		**60,137**	53,306
Borrowing costs		**(40,960)**	(35,577)
Other non interest income received		**8,427**	9,147
Cash paid to suppliers and employees		**(13,798)**	(13,908)
Income tax paid		**(3,362)**	(2,553)
Net cash flows from operating activities		**10,444**	10,415
Cash flows from investing activities			
Net increase in investment securities		**(10,722)**	11,265
Net increase in amounts due from other financial institutions		**(2,556)**	(4,033)
Net increase in loans		**(39,346)**	(42,431)
Net increase in other investments		**(141)**	(6,288)
Purchase of non current assets		**(829)**	(1,361)
Proceeds from sale of investments, property, plant and equipment		**-**	1
Net cash used in investing activities		**(53,594)**	(42,847)
Cash flows from financing activities			
Net increase in deposits and other borrowings		**33,786**	32,572
Net increase in amounts due to other financial institutions and other liabilities		**8,268**	(837)
Proceeds from share issue		**363**	343
Dividends paid	3	**(13,063)**	(6,054)
Net cash flows from financing activities		**29,354**	26,024
Net increase/(decrease) in cash held		**(13,796)**	(6,408)
Cash at beginning of financial year		**60,473**	43,401
Cash at end of half year		**46,677**	36,993

condensed statement of changes in equity

for the half year ended 31 December 2006

Consolidated	Share Capital Ordinary $000's	Perpetual Resetting Convertible Preference Shares $000's	Retained Profits $000's	Asset Revaluation Reserve $000's	General Reserve $000's	Statutory Reserve $000's	Doubtful Debts Reserve $000's	Minority Interests $000's	Total $000's
Balance at 01 July 2005	26,175	31,744	13,569	818	5,834	2,676	1,929	(458)	82,287
Profit attributable to members of parent entity	-	-	7,239	-	-	-	-	-	7,239
Profit attributable to minority shareholders	-	-	-	-	-	-	-	(15)	(15)
Subtotal	26,175	31,744	20,808	818	5,834	2,676	1,929	(473)	89,511
Issue of share capital	777	-	-	-	-	-	-	-	777
Dividends provided for or paid - ordinary shares	-	-	(4,700)	-	-	-	-	-	(4,700)
Dividends provided for or paid - perpetual resetting convertible preference shares	-	-	(1,354)	-	-	-	-	-	(1,354)
Balance at 31 December 2005	26,952	31,744	14,754	818	5,834	2,676	1,929	(473)	84,234
Balance at 01 July 2006	26,952	31,744	15,602	4,041	5,834	2,676	1,929	(422)	88,356
Profit attributable to members of parent entity	-	-	8,062	-	-	-	-	-	8,062
Profit attributable to minority shareholders	-	-	-	-	-	-	-	1	1
Subtotal	26,952	31,744	23,664	4,041	5,834	2,676	1,929	(421)	96,419
Issue of share capital	925	-	-	-	-	-	-	-	925
Conversion of perpetual resetting convertible preference shares to ordinary shares	31,744	(31,744)	-	-	-	-	-	-	-
Dividends provided for or paid - ordinary shares	-	-	(11,632)	-	-	-	-	-	(11,632)
Dividends provided for or paid - perpetual resetting convertible preference shares	-	-	(1,431)	-	-	-	-	-	(1,431)
Balance at 31 December 2006	**59,621**	**-**	**10,601**	**4,041**	**5,834**	**2,676**	**1,929**	**(421)**	**84,281**

notes to the financial statements

for the half year ended 31 December 2006

1 BASIS OF PREPARATION

The half-year consolidated financial statements are a general purpose financial report prepared in accordance with the requirements of the *Corporations Act 2001*, Accounting Standard AASB 134: Interim Financial Reporting, and other authoritative pronouncements of the Australian Accounting Standards Board, including Australian Accounting Interpretations.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2006 and any public announcements made by Wide Bay Australia Ltd and its controlled entities during the half-year in accordance with continuous disclosure requirements arising under the *Corporations Act 2001*.

Except as described below, the accounting policies applied by the consolidated entity in this consolidated interim financial report are the same as those applied by the consolidated entity in its consolidated financial report as at and for the year ended 30 June 2006.

The half-year report does not include full disclosures of the type normally included in an annual financial report.

a) Principles of Consolidation

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

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

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

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

b) Income Tax

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

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

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

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

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

c) Property, Plant & Equipment

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

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

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

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

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

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

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

Depreciation

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

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

Buildings - 40 years
Plant and equipment - 4 to 6 years
Leasehold improvements - 4 to 6 years or the term of the lease, whichever the lesser

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

d) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that are transferred to entities in the economic entity are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over their estimated useful lives where it is likely that the economic entity will obtain ownership of the asset or over the term of the lease.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

e) Financial Instruments

Recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Financial assets at fair value through profit and loss - A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the income statement in the period in which they arise.

Loans and receivables - Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Held-to-maturity investments - These investments have fixed maturities, and it is the group's intention to hold these investments to maturity. Any held-to-maturity investments held by the group are stated at amortised cost using the effective interest rate method.

Available-for-sale financial assets - Available for sale financial assets include any financial assets not included in the above categories. Available-for-sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity.

Financial liabilities - Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Fair value - Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment - At each reporting date, the group assess whether there is objective evidence that a financial instrument has been impaired. In the case of available-for sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the income statement.

f) Investments in Associates

Investments in associate companies are recognised in the financial statements by applying the equity method of accounting where significant influence is exercised over an investee. Significant influence exists where the investor has the power to participate in the financial and operating policy decisions of the investees but does not have control or joint control over those policies.

g) Intangibles

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

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

h) Employee Benefits

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

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

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

i) Provisions

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

j) Cash and Cash Equivalents

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

k) Goods and Services Tax

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

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

l) Revenue

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

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

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

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

Premium Revenue - Mortgage Risk Management Pty Ltd

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

m) Loans and Advances - Doubtful Debts

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

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

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

n) Comparative Figures

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

o) Rounding of Amounts

The parent entity has applied the relief available to it under ASIC Class Order 98/100 and accordingly, amounts in the financial report and directors' report have been rounded off to the nearest $1,000.

2 PERPETUAL RESETTING CONVERTIBLE PREFERENCE SHARES

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

3 DIVIDENDS PROVIDED FOR OR PAID

To ensure there would not be a doubling of dividends to RCP holders for the six months to 31 December 2006, the Board resolved that the interim dividend normally paid in March be paid to all ordinary shareholders prior to RCP conversion on 20 December 2006. A fully franked ordinary dividend of 30 cents per share was declared on 20 November 2006, and paid to shareholders on 19 December 2006.

4 SEGMENT INFORMATION

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

5 CONTINGENT LIABILITIES

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

independent auditor's review report

to the members of Wide Bay Australia Ltd

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report ("financial report") of Wide Bay Australia Ltd, which comprises the condensed balance sheet as at 31 December 2006, and the condensed income statement, condensed statement of changes in equity, condensed cash flow statement for the half-year ended on that date, accompanying explanatory notes to the financial statements including a statement of significant accounting policies and the directors' declaration of the Wide Bay Australia Ltd consolidated entity ("the consolidated entity"). The consolidated entity comprises Wide Bay Australia Ltd ("the company") and the entities it controlled during the half-year period and at the half-year's end.

Directors' Responsibility for the Half-Year Financial Report

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

Auditors' Responsibility

Our responsibility is to express a conclusion on the consolidated half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *"Review of an Interim Financial Report Performed by the Independent Auditor of the Entity"*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2006 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *"Interim Financial Reporting and the Corporations Regulations 2001"*. As the auditor of Wide Bay Australia Ltd, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of Wide Bay Australia Ltd on 19 February 2007, would be in the same terms if provided to the directors as at the date of this auditors' review report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Wide Bay Australia Ltd is not in accordance with the *Corporations Act 2001* including:

a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2006 and of its performance for the half-year ended on that date; and

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

Bentleys MRI Martin Power

Bentleys MRI
Chartered Accountants

P M Power
Partner

21 February 2007 - Brisbane

auditor's independence declaration

under Section 307C of the *Corporations Act 2001*

to the directors of Wide Bay Australia Ltd

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2006 there have been:

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

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

Bentleys MRI Martin Power

Bentleys MRI
Chartered Accountants

P M Power
Partner

19 February 2007 - Brisbane

directors' statutory report

for the half year ended 31 December 2006

The Directors present this report on the society's accounts and consolidated accounts for the six months period ended 31 December, 2006 in accordance with the provisions of the Corporations Act 2001.

The Directors in office during or since the end of the half-year period are:

Mr John H Fell FCA, FAICD, FIFS

Mr Fell was a director and secretary of the Gympie and North Coast Building Society from 1976 until merger with the society in 1981. He is Chairman of Mortgage Risk Management Pty Ltd and a member of the Audit Committee. He was a practising Chartered Accountant for many years and is a member of the Institute of Chartered Accountants. Mr Fell is an independent director.

Mr Ronald E Hancock FCA, FAICD, FIFS

Mr Hancock is the Managing Director. He was a foundation director and manager of the Burnett Permanent Building Society formed in 1966, which subsequently merged with other Queensland societies to form Wide Bay Capricorn Building Society, which in 2003 changed its name to Wide Bay Australia Ltd.

Mr Hancock was a practising Chartered Accountant for 32 years and is a member of the Institute of Chartered Accountants and a director of Mortgage Risk Management Pty Ltd, Wide Bay Australia Financial Planning Services Pty Ltd and Financial Technology Securities Pty Ltd. He is the Chairman of Wide Bay Australia Mini Lease Pty Ltd. Mr Hancock is an Executive Director.

Mr John F Pressler OAM, FAICD, FIFS

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

Mr Peter J Sawyer FCA, FAICD, FIFS

Mr Sawyer has been a director of the society since 1987. He is a partner of the firm Ulton, Chartered Accountants of Bundaberg, Maryborough and Hervey Bay and is a Fellow of the Institute of Chartered Accountants. He is involved in a wide range of business activities. Mr Sawyer is the Chairman of the Audit Committee and is an independent director.

Mrs Frances M McLeod AIFS

Mrs McLeod was appointed to the Board on 14 October 2003. She is currently Executive Manager of Wide Bay Australia and has a wide range of experience based on her involvement with the society for over 30 years. She is a director of Mortgage Risk Management Pty Ltd and Wide Bay Australia Financial Planning Services Pty Ltd. Mrs McLeod is an executive director.

The society continues to comply with the ASX corporate governance recommendations.

The independent non-executive directors each have many years of service and it is considered with their diverse backgrounds and years of experience they continue to make an integral contribution to the ongoing development of the society.

The auditor's independence declaration for the half-year ended 31 December 2006 has been received and been included in this financial report.

Review of Operations

The activities of the society remained unchanged during the six month period. These activities include the provision of financial facilities satisfying customers' savings and investment needs. Funds generated are used to provide finance for residential accommodation and related purposes, for home equity lending secured by registered mortgage over freehold or perpetual leasehold properties and limited secured commercial lending. The society has now developed a restricted margin loan for managed funds only, which will primarily be used in conjunction with our associated financial planning company.

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

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

The consolidated net operating profit after income tax for the six months ended 31 December 2006 was $8.062 million. Total assets as at 31 December 2006 stood at $1.677 billion. Loans approved during the half-year amounted to $225.7 million.

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

Ron Hancock
Director 21 February 2007 - Bundaberg

directors' declaration

In the opinion of the Directors of Wide Bay Australia Ltd:

a) The consolidated financial statements and notes for the financial period ended 31 December 2006 have been prepared in accordance with accounting standards applicable under the Corporations Act 2001;

b) The consolidated financial statements and notes for the financial period ended 31 December 2006 present a true and fair view of the financial position and performance of the consolidated entity; and

c) As at the date of this statement there are reasonable grounds to believe that Wide Bay Australia Ltd will be able to pay its debts as and when they become due and payable.

Signed on behalf of the Board of Directors of Wide Bay Australia Ltd, in accordance with a Resolution of the Board.

Ron Hancock
Director

21 February 2007 - Bundaberg