

**WIDE BAY CAPRICORN BUILDING SOCIETY LTD  
HALF YEARLY REPORT 2002-2003**

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**wide bay » banking your way »**



**YOUR BOARD OF DIRECTORS**



« **John Pressler**  
FICA FIFS  
Chairman



« **Ron Hancock**  
FICA FAICD FIFS  
Managing Director



« **John Fell**  
FICA FIFS  
Director



« **Kerry McBride**  
FIFS  
Director



« **Peter Sawyer**  
FICA FAICD FIFS  
Director

**YOUR DIRECTORS' REPORT**



**Your Society** has posted a solid performance for the six months to 31 December 2002. Net operating profit for the period after tax was \$4.626 million, which compares with \$4.176 million for the six months to 31 December 2001 and represents an increase of 10.77%.

Throughout this period we have been able to maintain steady performance and cost ratios, with a margin of around 2%.

Lending has been consistent with the previous corresponding period with an amount of \$158.7 million for the six months. Assets and loans under management now total \$1.185 billion.

A high level of churning and payouts within the Industry has slowed the growth of the Society's loan book. This churning, we believe is attributed to the increased activity in the housing market over recent months, resulting in refinancing and payout of existing home mortgages. The activity of brokers within the Industry has also contributed to this. We are monitoring this trend and will continue to focus on building a stable secure home loan book, through the provision of sound loan products and the development of additional products.

On 16 August 2002 the Society completed its first off balance sheet securitisation for \$235 million, where in the past our securitisation programs have remained on balance sheet.

As a result of the off balance sheet securitisation, your Board resolved recently to participate in a Resetting Convertible Preference (RCP) share buy-back program of up to \$7 million and to also reduce capital by the redemption of outstanding tier 2 subordinated debt. At this stage we have not completed any acquisition of RCP's, as we are not prepared to meet the current market

price. We expect to complete some acquisitions over the remainder of this financial year.

The Society's subordinated debt matures in March, April and July of this year and will be fully redeemed for an amount of approximately \$14 million.

The Board has declared a fully franked dividend of 16 cents per ordinary share, which will be payable on 14 March 2003.

We continue to broaden and develop our presence particularly in provincial Queensland and have recently completed branch upgrades in Caboolture and opened a new lending facility in Townsville. Our interstate operations in Sydney, Melbourne and Adelaide are performing soundly and provide a broad geographical spread for building the Society's loan book.

Our captive Lenders Mortgage Insurer — Mortgage Risk Management Pty Ltd, has performed well and is making a solid contribution to the Society's overall performance. Its capital structure and operations meet the Standard & Poors 'A' model and is now used exclusively for mortgage insurance of the Society's loans. All loans are fully insured with either the Society's captive or an approved Lenders Mortgage Insurer, ensuring the Society does not incur a loss on any lending transaction.

Our 'Wealthpath' financial planning activities continue to expand and are receiving steady support. Our 'smartlink' Internet and Telephone Banking facilities also continue to be refined and along with the BPAY bill payment service have received tremendous growth over the past 12 months. We are currently looking at entry into the giroPost system which will allow our customers to access their deposit and loan accounts at over 2,900 Australia Post outlets across Australia.

## YOUR DIRECTORS' REPORT CONTINUED



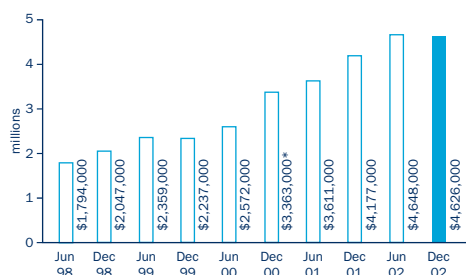
Overall, your Board and Management are confident we can maintain the level of performance already achieved to December for the remainder of this financial year, although we do anticipate a slowing and increased competition in the housing market.

**JOHN PRESSLER**  
CHAIRMAN

**RON HANCOCK**  
MANAGING DIRECTOR

17 February 2003 — Bundaberg

**Six monthly after tax profit** \*before extraordinary item



### At a glance result summary

WIDE BAY CAPRICORN BUILDING SOCIETY LTD (WBB)  
SIX MONTHS ENDED 31 DECEMBER, 2002

#### Profit after tax

\$4,626,177  
10.77 per cent increase over previous corresponding period

#### Interim dividend

16 cents per share (payable 14 March, 2003)

#### Assets and loans under management

\$1,185,588,798

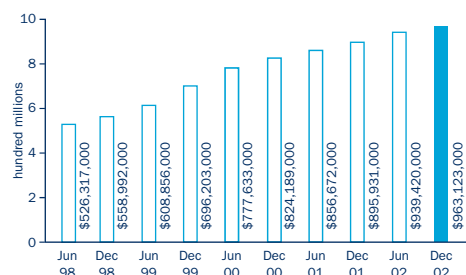
#### Lending for six months

\$158.7 million

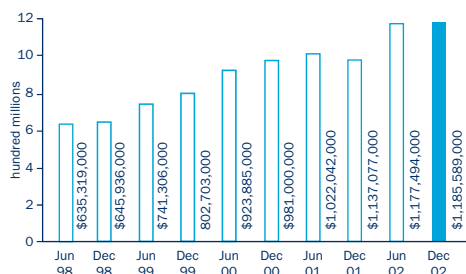
#### Closing Share Price

\$6.30 (31 December, 2002)  
\$5.72 (01 July, 2002)  
An increase of \$0.58

### Loans portfolio



### Assets and loans under management



### Share price history



## CONDENSED STATEMENT OF FINANCIAL PERFORMANCE

FOR THE HALF YEAR ENDED 31 DECEMBER 2002



	Consolidated	
	6 Months to 31/12/02	6 Months to 31/12/01
Note	\$000's	\$000's
Interest revenue	34,694	33,104
Borrowing costs	22,186	21,505
Net interest revenue	12,508	11,599
Non interest revenues	4,135	3,558
Total operating income	16,643	15,157
Bad and doubtful debts expense	(3)	(1)
Other expenses	10,029	9,275
Profit from ordinary activities before income tax expense	6,617	5,883
Income tax expense relating to ordinary activities	2,058	1,819
Profit from ordinary activities after related income tax expense	4,559	4,064
Outside equity interest in net profit	(67)	(112)
Net profit attributable to members of the parent company	4,626	4,176
Retained profits at the beginning of the financial year	6,620	5,075
Total available for appropriation	11,246	9,251
Transfer (to)/from statutory claims equalisation reserve	171	(24)
Transfer to doubtful debts reserve	-	(365)
Dividends provided for or paid — Ordinary shares	-	(3,219)
Dividends provided for or paid — Resetting Convertible Preference shares	2 (1,294)	(95)
Retained profits at the end of the half year	10,123	5,548
Basic earnings per share (cents per share)	16.51	20.35
Diluted earnings per share (cents per share)	17.77	

## CONDENSED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2002



	Note	Consolidated	
		As at 31/12/02 \$000's	As at 31/12/01 \$000's
<b>Assets</b>			
Cash and liquid assets		24,924	26,728
Due from other financial institutions		1,737	1,840
Accrued receivables		2,214	4,099
Investment securities		167,943	185,144
Loans and advances	3	498,502	379,486
Other investments		2,714	1,756
Property, plant and equipment		12,664	12,487
Deferred tax assets		322	466
Other assets		7,036	5,555
<b>Total assets</b>		<b>718,056</b>	617,561
<b>Liabilities</b>			
Deposits and short term borrowings		544,363	475,199
Due to other financial institutions		60,000	30,000
Payables and other liabilities		10,103	9,913
Tax liabilities		1,639	2,019
Provisions		7,180	9,625
Subordinated capital notes		14,000	14,000
<b>Total Liabilities</b>		<b>637,285</b>	540,756
<b>Net assets</b>		<b>80,771</b>	76,805
<b>Equity</b>			
Parent entity interest in equity			
Contributed equity	4	58,429	57,727
Reserves	5	12,594	12,766
Retained profits		10,123	6,620
<b>Total parent entity interest in equity</b>		<b>81,146</b>	77,113
Outside equity interest in controlled entities			
Contributed equity		7	7
Retained profits		(382)	(315)
<b>Total outside equity interest</b>		<b>(375)</b>	(308)
<b>Total equity</b>		<b>80,771</b>	76,805

## CONDENSED STATEMENT OF CASH FLOWS

FOR THE HALF YEAR ENDED 31 DECEMBER 2002



	Note	Consolidated	
		6 Months to 31/12/02 \$000's	6 Months to 31/12/01 \$000's
<b>Cash flows from operating activities</b>			
Interest received		34,541	32,901
Dividends received		-	3
Borrowing costs		(21,224)	(22,478)
Other non interest income received		8,271	3,802
Cash paid to suppliers and employees		(13,756)	(7,954)
Income tax paid		(2,515)	(2,707)
<b>Net cash flows from operating activities</b>		<b>5,317</b>	3,567
<b>Cash flows from investing activities</b>			
Net increase in investment securities		15,244	(69,283)
Net increase in amounts due from other financial institutions		1,976	(1,794)
Net increase in loans	3	179,743	(41,289)
Net increase in other investments		(1,403)	1,172
Purchase of non current assets		(638)	(473)
<b>Net cash used in investing activities</b>		<b>194,922</b>	(111,667)
<b>Cash flows from financing activities</b>			
Net increase in deposits and other borrowings		70,505	22,355
Redemption of subordinated capital notes		-	(11,000)
Net increase in amounts due to other financial institutions and other liabilities	3	(268,306)	70,703
Proceeds from share issue		274	33,574
Dividends paid		(4,516)	(3,001)
<b>Net cash flows from financing activities</b>		<b>(202,043)</b>	112,631
<b>Net increase in cash held</b>		<b>(1,804)</b>	4,531
Cash at beginning of financial year		26,728	14,317
<b>Cash at end of half year</b>		<b>24,924</b>	18,848

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2002



### 1. Basis of preparation

These general purpose half year consolidated accounts have been prepared in accordance with the applicable Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board and Urgent Issues Group Consensus Views.

The accounting policies adopted are consistent with those adopted in the preparation of the financial statements for the year ended 30 June 2002.

We recommend that this report should be read in conjunction with the 2002 Annual Report, which contains notes of the type not included in this interim financial report. This report should also be read in conjunction with the public announcements made by Wide Bay Capricorn Building Society Ltd during the half year in accordance with any continuous disclosure obligations arising under the Corporations Act 2001.

### 2. Dividends provided for or paid

In accordance with the new Accounting Standard AASB1044, dividends are only provided for as declared or paid. The Board declared a dividend of 16 cents per ordinary share (\$3.241 million), for the six months to 31 December, 2002, payable on 14 March, 2003.

### 3. Assets under management

The Society has continued to fund its loan activities by use of securitisation of the Society's mortgages. These loans have been precluded from the assets of the consolidated group, having been sold into the securitisation programs but at the same time managed by the Society.

On 16 August 2002, the Society completed its first off-balance sheet securitisation for \$235 million.

### 4. Contributed equity

	Consolidated	
	31/12/02	31/12/01
	\$000's	\$000's
Fully Paid Ordinary shares		
Balance at beginning of period	24,380	23,917
Issued during the period		
Staff share plan	703	464
Balance at end of period	25,083	24,381
Resetting Convertible Preference shares		
Balance at beginning of period	33,346	-
Issued during the period		
Issue — 17 December 2001	-	35,000
Less share issue costs	-	1,654
Balance at end of period	33,346	33,346
Total Contributed Equity	58,429	57,727

On 20 December, 2002, the company announced its intention to buy back a maximum number of 70,000 Resetting Convertible Preference shares. An unlimited period of time has been specified for the buy-back.

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## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE HALF YEAR ENDED 31 DECEMBER 2002



### 5. Reserves

	Consolidated	
	31/12/02	31/12/01
	\$000's	\$000's
Movements in reserves		
Statutory Claims Equalisation reserve		
Balance at beginning of period	171	158
Transfer from Profit and Loss Appropriation	(171)	13
Balance at end of period	-	171
Doubtful Debts reserve		
Balance at beginning of period	2,297	2,297
Transfer from Profit and Loss Appropriation	-	(368)
Balance at end of period	2,297	1,929

### 6. 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.

### 7. Contingent liabilities

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

## DIRECTORS' DECLARATION



In the opinion of the Directors of Wide Bay Capricorn Building Society Ltd:

- The consolidated financial statements and notes for the financial period ending 31 December 2002 have been prepared in accordance with accounting standards applicable under the Corporations Act 2001;
- The consolidated financial statements and notes for the financial period ending 31 December 2002 present a true and fair view of the financial position and performance of the consolidated entity.
- As at the date of this statement there are reasonable grounds to believe that the Society 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 Capricorn Building Society Ltd, in accordance with a Resolution of the Board.

R E HANCOCK  
DIRECTOR

17 February 2003 — Bundaberg

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## INDEPENDENT REVIEW REPORT

TO THE MEMBERS OF WIDE BAY CAPRICORN BUILDING SOCIETY LTD



### Scope

We have reviewed the financial report of Wide Bay Capricorn Building Society Ltd for the half-year ended 31 December 2002 consisting of the Condensed Statement of Financial Performance, Condensed Statement of Financial Position, Condensed Statement of Cash Flows, Notes to the Financial Statements and the Directors' Declaration. The financial report includes the consolidated financial statements of the consolidated entity comprising the Society and the entities it controlled at the end of the half-year or from time to time during the half-year. The Society's directors are responsible for the financial report.

We have performed an independent review of the financial report in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with Accounting Standard AASB 1029 'Interim Financial Reporting' and other mandatory professional reporting requirements in Australia and statutory requirements, so as to present a view which is consistent with our understanding of the Society's financial position and performance as represented by the results of its operations and its cash flows and in order for the Society to lodge the financial report with the relevant regulatory authorities.

Our review has been conducted in accordance with Australian Auditing Standards applicable to review engagements. A review is limited primarily to inquiries of the Society's personnel and analytical procedures applied to the financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

### Statement

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 Capricorn Building Society Ltd is not in accordance with:

- a) financial institutions legislation and the Corporations Act 2001 including:
  - i) giving a true and fair view of the Society's financial position as at 31 December 2002 and of its performance for the half-year ended on that date;
  - ii) complying with Accounting Standard AASB 1029 'Interim Financial Reporting'; and
- b) other mandatory professional reporting requirements in Australia.

**BENTLEYS MRI**  
**CHARTERED ACCOUNTANTS**

**BY RJ FORBES**  
**PARTNER**

17 February 2003 — Brisbane

## DIRECTORS' STATUTORY REPORT

FOR THE HALF-YEAR ENDED 31 DECEMBER 2002



The Directors present this report on the Society's accounts and consolidated accounts for the six month period ended 31 December, 2002 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, FIFS

Mr Fell was a director and secretary of the Gympie and North Coast Building Society from 1976 until merger with the Society in 1981. He was a partner of Fell Laird, Chartered Accountants of Gympie and is a director of Mortgage Risk Management Pty Ltd.

### Mr Ronald E Hancock FCA, FAICD, FIFS

Mr Hancock is the Managing Director of the Society. He was a foundation director and manager of the Burnett Permanent Building Society formed in 1966, which in 1979 amalgamated with the Maryborough Permanent Building Society to form Wide Bay Capricorn Building Society.

Mr Hancock has had 36 years experience as a practising Chartered Accountant and is a member of the Institute of Chartered Accountants and a director of Cashcard Australia Ltd, Fincom Pty Ltd, Mortgage Risk Management Pty Ltd, Wide Bay Capricorn Financial Planning Services Pty Ltd and Wide Bay Capricorn Mini Lease Pty Ltd.

### Mr Kerry G McBride FIFS

Mr McBride was appointed to the Board in 1987. He is a retired partner of Corser Sheldon and Gordon, Solicitors of Maryborough and Hervey Bay.

### Mr John F Pressler FAICD, FIFS

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

### 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 and Maryborough.

Mr Sawyer is the Chairman of the Audit Committee.

All directors are members of the Audit Committee.

### 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 and the securitisation of mortgages. Funds generated are used to provide finance for residential accommodation and related purposes and for home equity lending secured by registered mortgage over freehold or perpetual leasehold properties. All residential loans are fully protected against loss. The Society has established a separate mortgage fund to provide cover for some of its activities.

The consolidated net operating profit after income tax for the six months ended 31 December 2002 was \$4.626 million. Total assets and loans under management as at 31 December 2002 stood at \$1.185 billion. Loans approved during the half year amounted to \$158.7 million.

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

**R E HANCOCK**  
**DIRECTOR**

17 February 2003 — Bundaberg



## HEAD OFFICE

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