

IMB makes a difference

Concise Report 2007



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Notice of Annual General Meeting

The annual general meeting of IMB Ltd will be held at the Hoskins Room, Novotel Northbeach, 2-14 Cliff Road, Wollongong on Tuesday 30 October 2007.

The financial statements and other specific disclosures are an extract of, and have been derived from IMB Ltd and its Controlled Entities ("Group") full financial report for the financial year. Other information included in the concise financial report is consistent with the Group's full financial report.

The concise financial report does not, and cannot be expected to, provide as full an understanding of the financial performance, financial position and financing and investing activities of the Group as the full financial report.

A copy of the Group's 2007 Annual Report, including the independent audit report, will be available to all members in September 2007, and will be sent to members without charge upon request. The 2007 Annual Report can be requested by calling 133IMB (133462) or by visiting our web site at www.imb.com.au

ABF

PRODUCED IN PART BY
AUSTRALIAN
BANKING & FINANCE
MAGAZINE

'yes'
OPTUS

AWARDS 2007

Best Building Society



A photograph of a young woman with blonde hair, looking upwards and to the right. She is wearing a brown jacket. The background is a field of tall, green grass with some white flowers. The image has a soft, natural feel.

IMB makes a difference

We're different for a whole range of reasons and one is that we're a member based organisation providing an alternative to the big banks. Our focus on our members — depositors, borrowers and shareholders, our staff and the community helps us develop a strong business that benefits all our stakeholders.



About IMB

Who we are

Established in 1880, IMB is the longest standing mutual building society in New South Wales.

With more than \$4.6 billion in assets and around 200,000 members, IMB has grown to be one of Australia's largest building societies.

IMB offers full-service face-to-face and electronic banking facilities including home and personal lending, savings and transaction accounts, term deposits, business banking, financial planning and a wide range of insurance products.

IMB boasts 38 branches throughout the Illawarra, Sydney, NSW South Coast, the ACT and in Melbourne, supported by an effective mobile lending team and ATM network. IMB also provides loans through nearly 100 broker groups across Australia.

IMB is regulated by the Australian Prudential Regulatory Authority and are a member of ABACUS, an independent organisation representing mutual building societies and credit unions.

IMB was the first ever Australian building society to be assigned a public investment grade rating by rating agency Standard and Poor's and is currently assigned a long term rating of BBB with a positive outlook and a short term rating of A-2.

Our Vision

IMB will be Australia's leading and most respected member based financial institution.

Our Mission

IMB, through sustainable profitable growth, will continue as a profitable, independent mutual building society providing excellent financial services and solutions to its members for the advancement and welfare of all its stakeholders.

Our Values

IMB's values reflect the way we do things at IMB. They are the guiding principles by which we run the business and conduct ourselves in all interactions with our colleagues, our customers, our suppliers and all other stakeholders. They are:

Integrity	Maintaining and promoting social, ethical, and organisational standards in conducting internal and external business activities.
Community	Enhancing each other's sense of belonging within the organisation and the IMB community as a whole.
Co-operation	Working co-operatively and effectively with others to accomplish IMB's goals.
Excellence	Demonstrating excellence and consistently showing initiative through actions and decisions.
Respect	Showing respect for the individual in all interactions and activities.

Five Year Summary

		AIFRS ¹		GAAP ¹	
	2007 \$000	2006 \$000	2005 \$000	2004 \$000	2003 \$000
Income Statement					
For the year ended 30 June 2007					
Interest income	307,500	260,874	237,673	156,371	144,032
Interest expense	235,856	194,101	172,220	101,816	90,468
Interest margin	71,644	66,773	65,453	54,555	53,564
Income from equity investments	–	–	–	(947)	(1,834)
Non interest income	15,846	16,262	18,937	28,021	30,818
Bad and doubtful debts expense	1,221	1,075	902	925	1,109
Non interest expense	58,232	56,868	61,592	57,763	61,308
Profit before tax	28,037	25,092	21,896	22,941	20,131
Income tax expense	8,078	7,464	6,909	6,382	7,999
Net loss attributable to outside equity interests	–	–	–	–	242
Profit after tax	19,959	17,628	14,987	16,559	12,374
Balance Sheet					
As at 30 June 2007					
Assets					
Loans to members	3,499,034	3,308,138	2,929,149	1,794,810	1,831,901
Liquids	1,097,825	889,024	684,521	823,824	590,473
Other	30,939	30,579	78,731	37,782	46,999
Total assets	4,627,798	4,227,741	3,692,401	2,656,416	2,469,373
Liabilities					
Deposits	2,744,737	2,652,087	2,534,727	2,483,154	2,300,781
Securitised loans funding	1,639,772	1,346,436	948,358	–	–
Other	66,101	64,631	54,779	27,875	35,677
Total liabilities	4,450,610	4,063,154	3,537,864	2,511,029	2,336,458
Net assets	177,188	164,587	154,537	145,387	132,915

			AIFRS ¹		GAAP ¹	
		2007	2006	2005	2004	2003
Performance Ratios						
Capital adequacy	%	12.4	11.0	10.6	11.4	10.5
Total asset growth	%	9.5	14.5	5.9	7.6	12.7
Net asset growth	%	7.7	6.5	6.5	9.4	7.1
Liquid assets/total liabilities	%	24.7	21.9	18.5	32.8	25.3
After tax return on average net assets	%	11.8	11.2	10.0	11.9	9.6
Net interest income/average total assets	%	1.6	1.7	1.8	2.1	2.2
Non interest income/average total assets	%	0.4	0.4	0.5	1.1	1.3
Non interest expenses/average total assets	%	1.3	1.4	1.7	2.2	2.4
Non interest expenses/operating income	%	67.5	69.4	73.8	71.6	75.3
Bad debts expense/average loans	%	0.04	0.03	0.03	0.05	0.06
Cost of funds	%	5.6	5.1	4.9	4.2	4.0
Interest margin	%	1.60	1.65	1.78	2.16	2.29
Total loans approved	\$m	952.9	1,120.2	991.1	1,036.4	1,077.4
	No.	9,809	11,549	9,480	10,015	10,582
Home loans approved	\$m	781.4	883.2	791.3	900.3	966.8
	No.	4,776	5,444	5,152	5,799	6,295
Average home loan approved	\$000	163.6	162.2	153.6	155.3	153.6
Deposit accounts	000	361.0	332.5	326.6	323.3	320.3
Number of sales centres	No.	38	37	34	33	34
Staff (full time equivalent)	No.	406	404	395	415	396

1. Amounts for years 2003 and 2004 were calculated in accordance with previous Australian GAAP. Amounts for 2005 to 2007 have been calculated in accordance with Australian equivalents to IFRS ("AIFRS").

“A better alternative to banking”

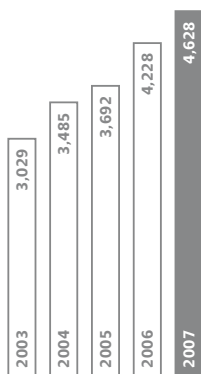
As a long standing mutual building society we are as safe and secure as a bank, but unlike banks our focus is on meeting the needs of our members. We do this by providing better service and highly competitive pricing and product features.

In 2005, 2006 and now in 2007 – IMB has been singled out by independent experts from its competitors as the best building society in Australia.



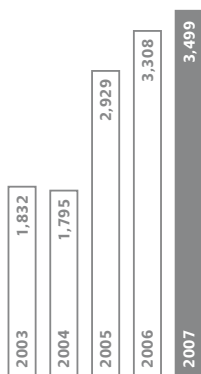
Highlights

Total assets under management
\$ million



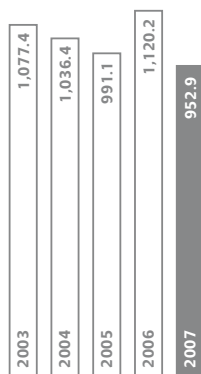
9.5%
increase

Loans under management
\$ million



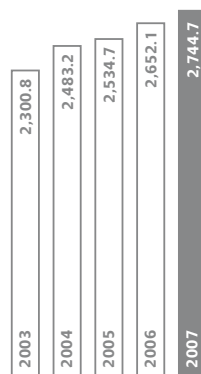
5.8%
increase

Loans approved
\$ million



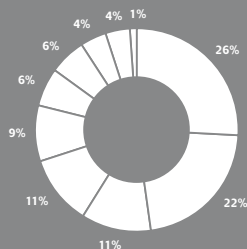
15.0%
decrease

Members' deposits
\$ million



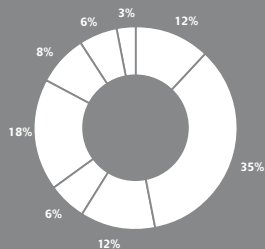
3.5%
increase

Loans by location



26% Sydney
22% Illawarra
11% NSW Southern Highlands
11% Victoria
9% NSW South Coast
6% Other NSW
6% Australian Capital Territory
4% Western Australia
4% Queensland
1% Other

Deposits by location



12% Sydney
35% Illawarra
12% NSW Southern Highlands
6% Victoria
18% NSW South Coast
8% Other NSW
6% Australian Capital Territory
3% Other

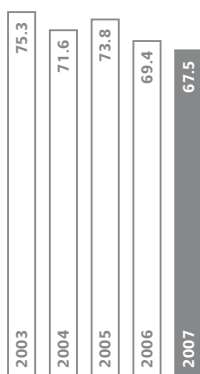
“Another award-winning performance”

Profit after tax
\$ million



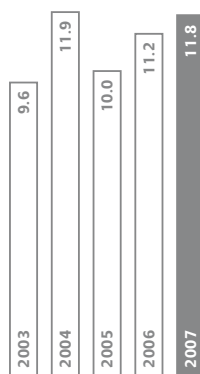
13.2%
increase

Efficiency
ratio %



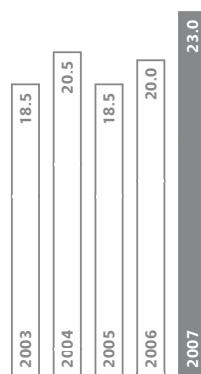
1.9%
improvement

Return on average
equity %



5.4%
increase

Dividends
cents per share



3.0¢
per share increase

- IMB was awarded the Best Building Society Award 2007 by Australian Banking and Finance Magazine. This is the third year in a row IMB has received national and independent recognition.
- Our Secured Personal loan and three of our deposit products – the IMB Reward Saver, IMB Cash Management Account and the IMB Balance + Account, were all awarded the maximum five-star rating from a leading independent reviewer.
- In the last twelve months, we successfully launched a Reverse Mortgage product and a new Home and Content provider – Vero Insurance.
- We opened IMB's newest branch at Glen Waverly in Victoria.
- We allocated a further \$350,000 to the IMB Community Foundation, bringing the total amount of funds granted to the community to almost \$4.0 million.
- We launched our fourth \$500 million Residential Securities Offer and second \$250 million Commercial Securities Offer in the Australian Bond Markets to both domestic and overseas investors.

Chairman's Letter

On behalf of the board, I am pleased to report strong results for the year in which competitive pressures increased in a challenging operating environment.

The Group's operating profit after tax was \$20.0 million, an increase of 13.2 percent on the previous year. The results continue to support the board's current strategic direction and members can be well satisfied with IMB's performance and financial results for the year under review.

Strategies

It is IMB's primary strategic objective to continue to utilise members' deposit funds to their maximum advantage, by delivering residential and commercial lending and other banking-related financial products and services from a foundation of outstanding personal service.

The range of initiatives and operational plans flowing from the set strategies are designed to drive the business forward in line with IMB's Mission and in tandem with the fundamental tenet of sustainable, profitable growth.

The board's current strategic plan incorporates four clear areas of concentration. In **growing the business**, the focus will continue on new branches (new members), loan and deposit volumes, business banking, member retention, "organic" growth and growth by affiliations with other mutual financial institutions.

Improving the business directs management attention to cost efficiencies, more effective (internal) project management, alignment of IT capabilities with strategic growth, sharper attention to key business processes, and best use of sales and member-related data. The board and management fully embrace enterprise-wide risk management across the organisation to maximise the security, efficiency and effectiveness of all systems, controls and practices.

A key to IMB's continued success is its **highly motivated and skilled workforce**. IMB is benefiting from a range of initiatives including enhancement of career development programmes, upgraded training programmes, personnel satisfaction through skills development and remuneration policies, and strong divisional leadership.

The board is working on **improvements in member/stakeholder relations** by better recognising member expectations and concerns and addressing specific communications to the issues regarding mutuality and growth opportunities for IMB.

Members' Meetings

During the year, extraordinary general meetings of members and of each class of members were held to consider an amendment to the constitution. Although majority votes in favour were recorded at each meeting the required 75% majority was not achieved at the shareholder-members' meeting. The amendment did not proceed and directors and management will continue to pursue IMB's strategic goals "as usual".

These meetings highlighted the need for board guidance and education of members on a number of long term issues which affect the diverse interests of each class of members of IMB. The board, assisted by independent expert advisors, is moving with diligence to address those issues with a view to members achieving a better understanding of IMB as a mutual building society.

Mutuality and Members

As a building society dedicated to the principles of mutuality, IMB has the dominant responsibility of attending to the financial well-being of all members – depositors, borrowers, shareholders. This needs to be done in a way that not only ensures IMB remains their preferred provider of financial services, but also in a way that attracts others who have not yet experienced IMB's advantages.

One of the key measures of success in discharging this responsibility involves an annual assessment of member benefits which accrue from lower- or no-fee accounts, from minimum application of transaction fees, from favourable interest rate pricing and from other financial services. The independent analyst CANNEX Financial Services again conducted that assessment, and reported that the average-per-member value of those benefits



amounted to \$85 per member. Less than 24 percent of members are charged transaction fees and no member is charged account-keeping fees for their deposit account.

Dividend

The board declared a final dividend on ordinary share capital for the year of 15.0 cents per share, making a total dividend for 2006-07 of 23.0 cents. This was an increase of 3.5 cents (17.9 percent) above last year's normal dividend of 19.5 cents. A special dividend of 0.5 cents was also paid last year.

Based on the closing share price at 30 June, 2007 the dividend payment represents a direct yield of 7.3 percent, or 10.4 percent after adjusting for the franking credit. In addressing dividend payments, the board particularly takes into consideration IMB's need for capital in the current year and beyond, the net profit result and Australian Securities and Investments Commission's ("ASIC") mutualty guidelines.

Best Building Society!

IMB has again received a major award amongst financial services organisations. This year, IMB was awarded "Best Building Society" by Australian Banking and Finance Magazine. This follows on from the awards received over the past two years as "Building Society of the Year". This is a very creditable achievement and one which reflects most favourably on the attitude, skills and competence of our valued staff.

ABACUS

An important objective was achieved through the year when ABACUS, the industry organisation representing the mutual financial services industry, gained 100% membership of all mutual building societies and credit unions in Australia. That sector of authorised deposit-taking institutions ("ADI's") now has more than 4.5 million members across the nation.

Corporate Governance

The Annual Report contains a comprehensive statement on IMB's corporate governance policies. Directors and management are committed to strict adherence to those governance practices and prudential standards and will continue to view them in a positive context to IMB's advantage and not in any way as impediments to its progress.

Corporate Social Responsibility

IMB continues to support the members and the communities in which it operates through an annual grant to the IMB Community Foundation. The eighth year of allocations saw the total funds awarded to 150 community projects climb to \$3.85 million since 2000.

The IMB Community Foundation is a very practical and tangible expression of IMB's leadership in this area of responsible social and business practice.

Board of Directors

Since the end of the financial year, one director, Ms Vivien Twyford, has retired and the board has appointed Mr Kieran Biddle to fill the casual vacancy. Mr Biddle will stand for election at the Annual General Meeting.

A directors' succession plan exists and at all times, the board will consider appointments on the basis of maintaining the desired levels of competency, fitness and propriety, noting that all candidates must undertake an assessment and comply with APRA's Fit & Proper Persons prudential standard.

APRA's prudential standards for ADI's coupled with IMB's corporate governance practices ensure that the board has the necessary levels and mix of skills, knowledge, qualifications and experience to manage the business, and that directors are independent both by definition and perception.

Outlook

Since August, 2006 the Reserve Bank of Australia has increased interest rates three times, with prospects of further rises evident. Coupled with knock-on effects from global financial market traumas and the idiosyncrasies of a pre-election period, the first half at least of 2007-08 will be challenging.

IMB has no direct exposure to the US sub-prime debt issues, though indirect flow-on effects throughout financial markets can impinge on funding costs.

Notwithstanding those challenges, directors are optimistic about the year ahead, and expect IMB to grow, to achieve its targets and to maintain a strong and high quality balance sheet.

Appreciation

I express my appreciation to my fellow directors for their considerable time, energy and valued input into IMB's affairs throughout the year. In particular I acknowledge the excellent contribution to IMB of Vivien Twyford, who retired from the board on 1 August, 2007.

Our executive management and our staff have again contributed with commitment and enthusiasm and with a strong affiliation with IMB values and traditions. We thank them sincerely.

My fellow directors and I believe IMB is well-positioned to pursue its strategic objectives and vision, for the benefit of all members and its broader stakeholders.



LR Fredericks
Chairman

“Membership brings rewards”

As a building society our aim is to provide value to all our members. The value we generate is distributed to depositor and loan members through offering better interest rates and fees than our competitors, and to shareholder members through increased dividends.



Chief Executive's Review of Operations

Overview

The 2006-07 profit result was again a record for IMB. This is despite tough economic conditions in the housing sector, particularly in New South Wales, further adversely impacted by two rises in official interest rates implemented throughout the year.

The total loan approvals figure of \$952.9 million is a significant reduction on the prior year's record approval level. Although a 15.0 percent reduction in approval levels, this level helped total assets increase by \$400.0 million or 9.5 percent, the second highest increase in any one year in IMB's long history. In a year of further pressure on margins due to increased competition, the asset growth, combined with improvements in efficiency, assisted IMB in recording Group operating profit after tax of \$20.0 million, an increase of 13.2 percent compared to the prior year. This is also a record performance for any year on both published and underlying core profit for IMB.

In 2004-05 IMB became the first non-bank financial institution in Australia to achieve an investment grade rating from Standard and Poors. In 2005-06 Standard and Poors, as part of its independent review of IMB recognised the strength of IMB's performance and future strategies by upgrading the Company's long term rating from BBB- to BBB. In 2006-07 Standard and Poors announced that this rating is under positive outlook. Furthermore, in the same release, Standard and Poors announced an upgrade of IMB's short term rating from A3 to A2. This recognised the ongoing improvements in balance sheet strength and internal control systems.

Four years ago IMB launched its own residential mortgage backed securitisation trust and a number of new trusts were launched in subsequent years. These trusts have successfully issued notes to both domestic and international markets and the quality of the underlying assets, reflecting IMB's credit quality, has ensured they are well accepted in the market. In 2006-07 IMB successfully launched the fourth \$500 million residential trust recognising both the strength of IMB and its systems and also the quality of the lending portfolio. In addition, IMB in 2004-05 launched a commercial mortgage backed securitisation trust, again a very innovative transaction in the Australian financial marketplace. A second commercial trust of \$250 million was successfully launched in 2006-07 to both domestic and international markets.

These initiatives, combined with others to be implemented in the coming year, give IMB strength of balance sheet not previously experienced. As a Company committed to mutuality, with a strong balance sheet and access to a number of capital sources, IMB is well prepared for its future growth strategies. The capital adequacy ratio of 12.4 percent at balance date when compared to the statutory level of 8.0 percent reflects the improved performance of IMB, the efficient use of capital available and the focus on balance sheet management strategies during a period of significant growth.

This was also reflected by the fact that in 2006-07 IMB received the Best Building Society Award 2007 by Australian Banking and Finance Magazine. This is the third year in a row that IMB has received national and independent recognition.

Other recognition included the fact that four IMB products were awarded the maximum five star rating from a leading independent reviewer.

During the year IMB also successfully launched a Reverse Mortgage product, changed insurance providers for our members' Home and Contents Insurance and opened another interstate branch in Glen Waverley, Victoria.



Profit

Group operating profit after tax at \$20.0 million was an increase of \$2.4 million or 13.2 percent over the previous year. This is also a record performance for any year on both published and underlying core profit for IMB.

Net interest income

Net interest income for the year was \$71.6 million, up \$4.9 million on the previous year. The improvement reflects the growth strategies implemented to counter intense competition in the housing finance market and the market for retail deposits in the current low interest rate environment. Nevertheless an increasingly competitive marketplace will dictate that tightening net interest margins will continue.

Non interest income

Non interest income reduced by \$0.4 million compared to the previous year. IMB continues to ensure its members enjoy the lowest possible fees compared to its competitors, in fact less than 24 percent of its members pay any fees each month.

Bad and doubtful debts expense

Bad and doubtful debts expense was \$1.2 million, an increase of \$0.1 million on the previous year. Overall, IMB's level of mortgage arrears continues to be well below the national averages in all categories. The residential book is one of the best in the country, a view substantiated by the current quarterly review by the mortgage insurance company, PMI Mortgage Insurance Ltd.

Non interest expense

Non interest expense increased by \$1.4 million or 2.4 percent compared to the prior year. Most of the increase is attributable to initiatives viewed as strategic investments in the future of IMB.

The ratio of non interest expense to operating income for the Group decreased from 69.4 percent in 2005-06 to 67.5 percent in 2006-07. Non interest expense, as a proportion of average total assets for the Group, also improved from 1.4 percent last year to 1.3 percent.

Balance Sheet

IMB has achieved solid loan market, being 15 percent lower than the previous year. This continuing focus on increasing loan approvals is a key part of IMB's strategic growth. IMB has the strength both on and off balance sheet to cope with the planned significant expansion in the year ahead.

Loans to members outstanding increased by \$0.2 billion (or 5.8 percent) to \$3.5 billion. This contributed to assets increasing \$0.4 billion (or 9.5 percent) to over \$4.6 billion at the end of the financial year.

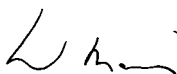
Management and Staff

During the year under review, there has been ongoing strengthening of the senior management ranks. The skilled and experienced senior staff joining IMB, especially in the area of sales, has and will continue to complement the existing staff to ensure the strategic initiatives contemplated will continue to be successfully implemented.

As I do regularly on a personal basis, I publicly thank our staff most sincerely for their strenuous and successful efforts as well as personal support during the year under review. Once again they have responded in excellent fashion to overcome the many different challenges put before them. In a continuing environment of change and ever-increasing demands, service levels continue to be not only maintained, but also improved.

Outlook

The improved performance and efficiencies achieved over the last few years, in a sometimes difficult and increasingly competitive environment, as well as the significant investment in the development of our staff and systems, constitute the strategic platform for future growth. We will continue to focus strongly on the key drivers to maximise performance and strengthen the IMB to the benefit of all its members.



PW Morris
Chief Executive

“Making a difference to the community”

NAME Local community

AMOUNT Three million, eight hundred and fifty thousand dollars

2255 6898 215 5214

PAYEE IMB

We allocated a further \$350,000 to the IMB Community Foundation, bringing the total amount of **funds granted to the community to almost \$4 million.**



DATE 25/06/07

\$ 3,850,000

3 Community Foundation

Our community

IMB has a long history of supporting the communities it serves.

Our commitment today remains as strong as ever and we continue to play an active role in the communities in which we operate.

We recognise that our responsibilities extend to our impact on the environment and on the communities in which we serve.

IMB Community Foundation

In 1999 the IMB Community Foundation was established as a way for IMB to offer funding support back to the community.

The foundation aims to provide the economic opportunities for social, cultural, environmental, tourism, and educational organisations within communities in Wollongong, the Shoalhaven, the far south coast, inland to Canberra, Goulburn and north to Macarthur.

The IMB Community Foundation focuses on projects which are of lasting benefit, involving a wide range of issues to a broad cross section of our community. Since its creation the Foundation has supported almost 150 projects.

This year the IMB Community Foundation granted another \$350,000 for community projects bringing the total amount of funds granted through the Foundation to nearly \$4 million.

The projects funded this year are aimed at both younger and older members of our communities. They support the environment, business development, migrant communities and overseas students, those with disabilities, those who ride bikes and enjoy walking. The projects support education, mentoring, the performing arts, the museum sector and community capacity building. No two projects are alike but each in its own way supports the communities in which IMB's members live and work.

Projects supported by the Community Foundation in 2007 include:

- Administration Assistance
 - Clean Energy for Eternity
- Broadcasting the Future
 - 92.5 FM Youth Community Radio
- Cobargo Historic Walk
 - Cobargo Tourist and Business Association Inc
- Community-Based Cycling Training Scheme, Partner Consultations
 - Bicycle Federation of Australia Inc
- Cows Create Careers
 - Strzelecki Lions Club
- Environment Upgrade of Riverside Nursery
 - Stage 1 Tulgeen Group
- Howell Faulks Park Path
 - Cambewarra Residents & Ratepayers Association
- Inspiring Mental Health
 - Youth Solutions
- Local Scripts – Local Films
 - Film Illawarra
- Nowra Adult Day Care Centre Garden
 - Australian Plants Society (APS), Nowra
- MENTOR – Men Together Our Responsibility
 - Port Kembla Community Project Inc.
- Mentoring Towards Manhood
 - Wingecarribee Health Association for Men Inc
- Museum Development Program
 - Wollongong City Council
- Performance Marquee
 - Shellharbour City Council, Youth Services Team
- Resources to support Homework Help
 - SCARF
- Rock and Water Program
 - Picton High School
- The Dunn & Lewis Memorial Youth Entertainment Complex
 - The Dunn & Lewis Youth Development Foundation Ltd.
- Towards a Sustainable Albion Park
 - Futureworld Eco-Technology Centre
- Spearing Reserve Bushcare
 - Edmund Rice College
- Wallaga Lake Management Skills
 - Little Yuin Aboriginal Preschool
- Welcome to Wollongong
 - Welcome to Wollongong Community Working Group



Other community support

IMB also supports a variety of charity, community and sporting organisations including the Salvation Army Red Shield Appeal, Mission Australia, the Wollongong IMB Hawks Basketball team, the Wollongong IMB Lions AFL team, Wollongong based motor racer Damien White and IMB is a major sponsor of the Wollongong Symphony Orchestra. In addition we support numerous other community grass roots projects and events including the provision of marquees for the use by the region's sporting clubs, schools, charities and other community groups.

Other community sponsorships during the year included:

- Bega Sports Awards
- Bellambi Public School
- Bowral Golf Club Ladies Day
- Bulli Markets
- Corrimal Chamber of Commerce
- Cronulla South Public School
- Dapto Community Carols
- Dapto Junior Soccer Club Trivia Night
- Eden High School
- Eden Ladies Golf
- Enough Is Enough Youth Programme – Sutherland Shire
- Fairy Meadow Demonstration School Trivia Night
- Glen Waverley AFL Hawks
- Holden Owners of Southern NSW
- Illawarra Children's Services
- Illawarra Women and Leadership Forum
- IMB School Citizen of the Year – Albion Park Public School
- Kidz Wish
- KyStars – Kiama Lions Young Talent Quest
- Lake South Public Speaking
- Merimbula Public School Book prize
- Mogo Zoo
- Pambula Show
- Picton Public School – local community award
- Primbee Public School fortnightly awards
- Queanbeyan Gift Race
- Rock School Breakfast
- Sapphire Coast Band
- Southern Districts Rugby Union
- Southern Highland Hockey Association
- Team IMB – Damien White V8 Utes
- Warilla Public School – Book sponsorship
- Wollondilly Christmas Lights Sponsorship
- Wollongong IMB Hawks
- Wollongong IMB Lions Football Club
- Wollongong Symphony Orchestra
- Woonona East Primary School Trivia



Our people

IMB is committed to attracting and retaining high quality staff and ensuring employee satisfaction and recognition.

The five IMB core values of integrity, community, co-operation, excellence and respect define our culture and guide the way in which our staff interact with colleagues, members and other IMB stakeholders.

As an organisation, it is our goal to provide a workplace that maximises staff satisfaction, rewards staff for their success and effort, offers career development opportunities and ensures the health and safety of employees.

Staff Survey

Each year IMB conducts a staff survey to identify strengths and areas for improvement within the organisation with the aim of improving current workplace practices, policies and culture. Each year a Staff Satisfaction Index is calculated based on survey responses. 2006 saw a 9% improvement in the overall Staff Satisfaction Index to 64%, a very pleasing result. The survey also rated IMB's workplace culture and values at world's best practice levels (satisfaction rating of 80% or greater) in 7 out of 11 categories, with the remaining 4 categories rated in the mid to high 70's by staff. This is an outstanding result and reflects our commitment to make IMB a great place to work.

A reflection of IMB's positive workplace culture is found in our large number of long serving employees. The following staff members have worked with IMB for 20 years or longer and we thank and congratulate them for their contribution during their time with us.

30 + Years

Merrilyn Lane
Barry Bush

Dianne Mountford
Lea Stokoe

Patricia Rowan
Janet Cowan

25 – 30 Years

Lloyd Price
Wayne Morris
Wendy Fellowes
Kathie Boschiero
Joy Walker

Julie Hurry
Max Pavy
Leanne Louttit
Neville Elliott
Michelle Gray

Doug Skeates
Darren Edwards
Rhonda Barton

20 – 25 Years

Cathy Benzie
Rhonda Breeze
Sandra Kenning
Cindy Nutt
Deborah Barnard
Cathy Richardson
Jenny Cadona

Kim Martyn
Pam Fail
Mavis Smith
Allison Evans
Colleen Franklin
Richard Kosarew
Gordon Anderson

Linda Vugrek
Kerry Young
Corinne Harris
Bill Faulkner
Janine Hammersley
Jenny Donnelly

Learning and Development

At IMB, we have a strong focus on providing our staff with the skills and knowledge they need to meet immediate and longer term needs. Our learning and development focus in the last 12 months has been in the areas of customer service, sales skills, personal and home loan lending, alliance products, induction and necessary compliance training. We have also invested in management and leadership training for our key frontline managers to ensure we have the skills and knowledge to manage our business effectively into the future.

In addition to IMB's extensive internal learning program, staff undertook a range of external training courses during the year, primarily to develop specialist technical or industry skills. External training was provided in areas such as IT, Treasury, Accounting, Law and specialist Lending skills, ensuring that IMB staff remain equipped to deal with the increasingly complex demands of their respective workplaces, customers and the finance industry.

Our cadetship and traineeship programs continue to provide us with a pipeline of talented recruits as we "grow our own" staff to meet current and future demands. Of the 28 trainees recruited over the last 2 years, 24 are employed in permanent positions with IMB, with several already occupying management and supervisory roles.

Employee Recognition

We recognise the achievements of our staff through formal Awards such as the annual Chief Executives Award, Sales Awards and Trainee of the Year Award. The IMB Night of Excellence provides an opportunity to celebrate the success of our high achievers and recognise their contribution to IMB.

The Chief Executives Award recognises staff members who "go the extra mile", that is, perform their job above and beyond normal expectations and requirements, and are exemplars of the IMB Values. The 2007 Chief Executives Award winner is Lauren Wise.

The IMB Trainee of the Year Award recognises one of the IMB trainees who excels in all aspects of their role. This may include customer relationships, sales and referrals, or other work based achievements, as well as their off job studies. The winner must demonstrate motivation, commitment, initiative, the ability to work well in a team and community involvement. The 2006 – 2007 winner of this award was Laura Jones.

All IMB trainees are eligible to nominate for the Illawarra Regional Trainee of the Year Award, where they compete for recognition with trainees from companies throughout the Illawarra, South Coast, Cooma and Monaro areas. Laura Jones and Renee Taylor from IMB were both successful in being named Regional Trainee of the Year in their respective categories (Business Studies and Marketing), with Renee Taylor named as overall Regional Trainee of the Year. Renee will represent the region at the NSW state finals to be held in September.

This is the second consecutive year in which an IMB Trainee has received this honour, with Ashlee O'Kane named Illawarra Regional Trainee of the Year last year. These awards are a recognition of the quality of IMB's traineeship program and the calibre of IMB's trainees.

Staff Social Events

IMB recognises that there is an important social aspect in work, and during the year staff members attended and participated in events such as the family picnic and staff Christmas party. IMB also has a social club, fully funded by the staff. This year, members participated in activities such as sports days, winery tours, trivia nights, the annual golf day, family barbeques and an annual gala dinner.

Community Involvement

IMB is committed to building positive relationships with the community. Community involvement has included participation in activities such as The World's Greatest Shave and Breakfast on the Beach and Tubs in the Basin events, and staff involvement in many of the IMB Community Foundation sponsored projects. Individual branches also play a large role in local communities, supporting fundraisers and local events, attending school information sessions and being active participants in the business community.

Occupational Health and Safety

IMB is committed to providing the highest possible level of workplace health and safety for our staff and customers. Staff are trained in areas such as robbery safety and fire procedure and office and branch premises are inspected regularly to ensure that our workplaces are safe for our staff and the public. We have an active OH&S Committee responsible for regularly reviewing OH&S policies and practice, raising awareness of OH&S issues, and recommending OH&S training of employees. IMB has a comprehensively documented OH&S Management System which is reviewed, updated and audited regularly to ensure that our OH&S policies, procedures and practice remain relevant and effective.

IMB's commitment to its staff and their families extends well beyond the workplace, including through the provision of an independent and confidential counselling service to assist staff and their families in dealing with the range of challenges often thrown up by everyday life.



IMB Trainee of the Year – Laura Jones
and Regional Trainee of the Year –
Renee Taylor.

Directors' Report



The directors have pleasure in presenting their report, together with the concise financial report of IMB Ltd, ("the Company") and of the Group, being the Company and its controlled entities, for the year ended 30 June 2007 and the auditor's report thereon.

Directors

The directors of the Company during or since the end of the financial year are:

Lindsay Russell Fredericks, Chairman

Michael John Cole

George Anthony Edgar

Lynette Therese Gearing

Harold Hanson AM

Lynton Patrick Nicholas

Vivien Jennifer Twyford (resigned 1 August 2007)

Kieran Robert Biddle (appointed 1 August 2007)

All of the directors are independent directors.

At the annual general meeting of the Company on 30 October 2007, three directors, Messrs MJ Cole, GA Edgar and KR Biddle, will retire in accordance with the constitution of the Company and, being eligible, offer themselves for re-election.



Directors' and Executives' Particulars

Lindsay Russell Fredericks

FPNA FAICD FAIM

Mr Fredericks, whose area of expertise is business management particularly in the co-operative sector, and management accounting, has been a non executive director since 1990 and was elected Chairman on 1 December 2004. He is Chairman of the Nominations and Governance Committee, and Remuneration and CEO Evaluation Committee, a member of the Audit and Risk Management Committee and ex-officio member of the IMB Community Foundation Committee. Mr Fredericks is a business consultant specialising in management and accounting services and financial projects for small business. Other former positions include: General Manager of Shoalhaven Dairy Co Ltd, director of the Co-operative Federation of NSW, Chairman of NSW Dairy and Food Industry Training Committee and General Manager of Miltonbrook Pty Ltd.



Top – Lindsay Russell Fredericks
Middle – Michael John Cole
Bottom – George Anthony Edgar

Mr Fredericks is a 30 year member of the Lions Service Organisation. As well as being Chairman of IMB Ltd, Mr Fredericks is also Chairman of all entities wholly owned by IMB Ltd, except for IMB Land Pty Ltd, of which Mr Fredericks is not a director.

Michael John Cole

BEC (SYD) MEC (SYD) FFIN

Mr Cole, whose expertise is funds management, has been a non executive director since 2003. He is Chairman of the Audit and Risk Management Committee and a member of the Remuneration and CEO Evaluation Committee. He held many senior executive and board positions during his 17 years with Bankers Trust Australia Limited, and is now an independent consultant. Mr Cole is currently a director of NSW Treasury Corporation and Winchester Property Services Limited and an alternate director of Ascalon Ltd, and Chairman of SAS Trustee Corporation, Ironbark Capital Limited and Platinum Asset Management Limited. As well as being a director of IMB Ltd, Mr Cole is also a director of all entities wholly owned by IMB Ltd.

George Anthony Edgar

BSC (TECH MET)

Mr Edgar, whose expertise is business management, has been a non executive director since 2000. He is a member of the Remuneration and CEO Evaluation Committee and the Nominations and Governance Committee. Mr Edgar is the former President of BHP Flat Products and former Chief Executive Officer of BHP Integrated Steel. He is a Councillor of the University of Wollongong, is a director of Shin Investments Pty Ltd and former Chairman of Mainteck Services Australia. As well as being a director of IMB Ltd, Mr Edgar is also a director of all entities wholly owned by IMB Ltd.

Lynette Therese Gearing

B.COMM DIP VALUATIONS CERT BUS STUDIES (REAL ESTATE) FAICD

Ms Gearing has been a non executive director since 2003. She is a member of the IMB Audit and Risk Management Committee, the Nominations and Governance Committee and the Land Development Committee. Ms Gearing has business experience in superannuation, funds management, corporate finance and management consulting.

Ms Gearing is currently a director of Hancock National Resource Group Australia Pty Limited and Stockland Corporation Limited. As well as being a director of IMB Ltd, Ms Gearing is also a director of all entities wholly owned by IMB Ltd, and is Chairperson of IMB Land Pty Ltd.

Harold Hanson AM

DIP.LAW (SYDNEY)

Mr Hanson, whose area of expertise is the legal field, has been a non executive director since 1990. He is a member of the Audit and Risk Management Committee, the Nominations and Governance Committee, the IMB Community Foundation Committee and the Land Development Committee. He has practised as a solicitor in private practice in Wollongong since 1960 and is now a private legal consultant. He is a former Chairman and a life member of Tourism Wollongong, and was a commissioner and board member of the NSW Tourism Commission and Tourism NSW from 1988 to 1997. Mr Hanson is a life member of Apex, a board member of the Australian and New Zealand College for Seniors, fellow of the University of Wollongong and former Chairman of the Wollongong University Foundation. He is also a former member of the Salvation Army Community Advisory Board for the Illawarra, a former alderman of Wollongong City Council and former Deputy Chairman of Illawarra Electricity. He was the 1987 New South Wales Lawyer of the Year and the 1998 winner of the NSW award for excellence in regional tourism. As well as being a director of IMB Ltd, Mr Hanson is also a director of all entities wholly owned by IMB Ltd.

Lynton Patrick Nicholas

FCPA FCIS

Mr Nicholas, whose expertise is business management, has been a non executive director since 2004. He is Chairman of the IMB Community Foundation Committee and a member of the Audit and Risk Management Committee. Mr Nicholas is a former General Manager Supply of BHP Steel, and a former Chief Financial Officer of a number of BHP Steel divisions. He is a business consultant to a number of major Australian companies. Mr Nicholas is also Chairman of the Flagstaff Group Limited, President of the Port Kembla Golf Club Limited and Chairman of the Catholic Diocese of Wollongong Finance Council. As well as being a director of IMB Ltd, Mr Nicholas is also a director of all entities wholly owned by IMB Ltd.

Vivien Jennifer Twyford

BA GRAD DIP.COM (MGMT) FAICD

Ms Twyford retired from the board on 1 August 2007. Ms Twyford, whose area of expertise is business consulting, had been a non executive director since 1990. She was a member of the Remuneration and CEO Evaluation Committee and former Chairperson of IMB Community Foundation Pty Ltd. Ms Twyford is Managing Director of Twyford Consulting and has been a consultant in the area of business improvement, people and strategy for 25 years, now specialising in community consultation. In 2002, the University of Wollongong awarded her a fellowship. She was President of the International Association of Public Participation in 2004. Ms Twyford is an accredited mediator with the Australian Commercial Disputes Centre. She is a member of the Illawarra Advisory Board of the Salvation Army. As well as being a director of IMB Ltd, Ms Twyford was also a director of all entities wholly owned by IMB Ltd.

Kieran Robert Biddle

DIP.LAW SAB SPEC – ACC BUS

Mr Biddle, who is a lawyer, was appointed as a non executive director on 1 August 2007. He has been a principal solicitor in private practice in Wollongong since 1978, is a solicitor of the High Court of Australia and the Supreme Court of New South Wales, an Accredited Specialist in Business Law and a Public Notary. Mr Biddle is a director and Chair of the Finance Committee of Centacare, Wollongong. He is also a director of Australian Industry World Limited, a local not-for-profit company and acts as an honorary solicitor for a number of charities. As well as being a director of IMB Ltd, Mr Biddle is also a director of all entities wholly owned by IMB Ltd.

Peter Wayne Morris

ACIS ACIM MNIA AIMM AIFS AMP (HARV)

Mr Morris is the Chief Executive. Since joining the Company in 1977, he has held a number of positions in both the branch network and administration, as well as a range of management positions. Mr Morris is responsible for Human Resources, IMB share trading, cards, e-business, insurances and transaction processing, and information systems and technology.



Top – Lynette Therese Gearing
Middle – Harold Hanson
Bottom – Lynton Patrick Nicholas

Directors' Report (continued)



Mr Morris is a director of King Financial Services Pty Ltd, Illawarra Performing Arts Centre Limited, trading as Merrigong Theatre Co, Illawarra Regional Information Service Ltd, Abacus Australian Mutuals Pty Ltd and an alternate director of Australian Settlements Limited. He is also Chairman of IMB Financial Planning Limited and Chairman of the Australian Association of Permanent Building Societies Inc.

Robert James Ryan

BEC MCOMMLAW FCIS FCIM ACA FTIA

Mr Ryan is the Deputy Chief Executive, Chief Financial Officer and Company Secretary and joined the Company in 1999. He is responsible for the overall management of the Company's finance, treasury, compliance, strategic projects, corporate services, lending and loans administration and property and support services. Mr Ryan is a director of IMB Financial Planning Limited, Australian Settlements Limited and an alternate director of King Financial Services Pty Ltd. Prior to joining IMB, Mr Ryan held the positions of Managing Director, Chief Financial Officer and Company Secretary at Australian Resources Limited.

Malcolm Raymond Harley

Mr Harley is General Manager Sales and Marketing and joined the Company in 2005. He is responsible for all sales channels nationally, the development, maintenance and delivery of all IMB retail, business and commercial products and services along with advertising, promotion and management of the IMB brand. Mr Harley has been working in the banking and finance industry for twenty six years and has held senior management roles with both St George Bank Ltd and RAMS Home Loans Ltd.

Principal Activities

The principal activities of the Group during the financial year were the provision to members of banking and financial services, including lending, savings, insurance and investment products.

There has been no significant change in the nature of these activities during the year ended 30 June 2007.

Operating and Financial Review

Consolidated profit for the year attributable to members was \$20.0 million (2006: \$17.6 million), an increase of \$2.4 million or 13.2% over 2006.

Loan approvals were down \$167 million to \$953 million (2006: \$1,120 million). This was due to a lower level of residential lending approvals which were down \$101 million from 2006 levels, and a net decrease in other lending of \$66 million.

Net interest income for the year was \$71.6 million, up \$4.9 million on the previous year. This improvement resulted from the growth in average interest earning assets which was achieved mainly through average loans and investments increasing by 10.5% or \$417 million to \$4,395 million, offset by an increase in average interest bearing liabilities of 10.4% or \$400 million to \$4,229 million and a 5 basis points decrease in interest margin to 1.6%.

Bad and doubtful debts expense increased by \$146,000 to \$1,221,000 (2006: \$1,075,000).

Non interest income decreased by \$0.4 million or 2.6% to \$15.8 million.

Non interest expense increased by \$1.4 million or 2.4% to \$58.2 million.

The expense to income ratio decreased from 69.4% in 2006 to 67.5% in 2007.

Dividends

Dividends paid or declared by the Company to shareholders since the end of the previous financial year were:

- a final ordinary dividend of \$0.12 per share amounting to \$4,789,000 franked to 100% at a tax rate of 30%, declared on 1 August 2006, in respect of the year ended 30 June 2006, payable on 30 August 2006.
- a special dividend of \$0.005 per share amounting to \$200,000 franked to 100% at a tax rate of 30%, declared on 1 August 2006, in respect of the year ended 30 June 2006, payable on 30 August 2006.
- an interim dividend of \$0.08 per share amounting to \$3,193,000 franked to 100% at a tax rate of 30%, in respect of the year ended 30 June 2007, paid on 27 February 2007.

Top – Vivien Jennifer Twyford
Bottom – Peter Wayne Morris

- a final ordinary dividend of \$0.150 per share amounting to \$5,987,000 franked to 100% at a tax rate of 30%, declared on 14 August 2007, in respect of the year ended 30 June 2007, payable on 30 August 2007.

Total dividends paid or declared in respect of the year ended 30 June 2007 were \$0.23 per share (2006: dividend of \$0.20) amounting to \$9,180,000 (2006: \$7,982,000).

Events Subsequent to Reporting Date

On 24 July 2007, the directors of IMB Land Pty Ltd resolved that IMB Land Pty Ltd pay a \$1,000,000 fully franked dividend from retained earnings taxed at 30% payable to its parent IMB Ltd.

Other than the matters discussed above, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

Likely Developments

In June 2002 the Company issued \$10,000,000 of Subordinated Floating Rate Notes for a ten year period maturing 2012. The floating rate note is set at the 90 day bank bill rate plus 120 basis points. After the 5th anniversary, the Company, with the consent of APRA, may redeem the notes. The Company intends to redeem the notes and replace them with a \$20,000,000 issue in September 2007.

Details of other likely developments in the operations of the Group in subsequent financial years are disclosed in the Chairman's Letter and Chief Executive's Review of Operations on pages 10 to 15 of the concise financial report.

State Of Affairs

Details of any significant changes in the state of affairs of the Group are disclosed in the Chairman's Letter and Chief Executive's Review of Operations on pages 10 to 15 of the concise financial report.

Directors' Interests

The relevant interests of each director in the share capital of the Company are:

Director	Holding at 14 August 2007
Mr LR Fredericks – related parties	4,693 8,354
Mr MJ Cole	7,131
Mr GA Edgar – related party	3,000 38,976
Ms LT Gearing	2,000
Mr H Hanson AM	16,273
Mr LP Nicholas – related party	2,000 38,890
Mr KR Biddle – related party	5,000 13,203



Top – Robert James Ryan
Bottom – Malcolm Raymond Harley

Directors' and Officers' Indemnification and Insurance

Indemnification

Every director and executive officer of the Company and its controlled entities is indemnified out of the property of the Company against any liability which the director or executive officer may incur while acting as a director or executive officer.

Insurance

During the year, the Company paid a premium in respect of a contract insuring the current and former directors and executive officers of the Company and its controlled entities against certain liabilities that may be incurred in discharging their duties as directors and executive officers. The contract of insurance prohibits the disclosure of the nature of the liabilities insured and premium payable.

Directors' Report (continued)

Environmental Regulation

The Group's interest in a controlled entity involved in land development is subject to environmental regulations. The board believes that the controlled entity has adequate systems in place for the management of its environmental requirements. The remainder of the Group's operations are not subject to any significant environmental regulations under either Commonwealth or State legislation. The board is not aware of any breach of environmental requirements as they apply to the Group.

Meetings of Directors

The following table sets out the number of meetings of the Company's directors (including meetings of committees of directors) held during the year ended 30 June 2007 and the number of meetings attended by each director.

	Directors' Meetings	Audit & Risk Management	Land Development	Remuneration & CEO Evaluation	Nominations & Governance	IMB Community Foundation
Number of meetings held	14	4	4	5	5	3
Number of meetings attended						
Mr LR Fredericks ^(a)	14	4	–	5	5	3
Mr MJ Cole	14	4	–	5	–	–
Mr GA Edgar ^(b)	14	–	–	5	5	–
Ms LT Gearing	14	4	4	–	5	–
Mr H Hanson AM	14	4	4	–	5	3
Mr LP Nicholas	14	4	–	–	–	3
Ms VJ Twyford ^(c)	13	–	–	5	–	2

^(a) Mr Fredericks is an ex-officio member of the IMB Community Foundation Committee.

^(b) Mr Edgar attended 3 Audit and Risk Management Committee meetings as an observer.

^(c) Ms Twyford attended 3 Audit and Risk Management Committee meetings as an observer.

The following table sets out the number of meetings of the Company's wholly owned subsidiaries' directors held during the year ended 30 June 2007 and the number of meetings attended by each director.

	IMB Land Pty Ltd	IMB Securitisation Services Pty Ltd	IMB Funeral Fund Management Pty Ltd	IMB Community Foundation Pty Ltd
Number of meetings held	12	1	1	1
Number of meetings attended				
Mr LR Fredericks ^(a)	–	1	1	1
Mr MJ Cole	11	1	1	1
Mr GA Edgar	12	1	1	1
Ms LT Gearing	12	1	1	1
Mr H Hanson AM	12	1	1	1
Mr LP Nicholas	12	1	1	1
Ms VJ Twyford	11	1	1	1

^(a) Mr Fredericks is not a director of IMB Land Pty Ltd.

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

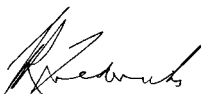
The lead auditor's independence declaration is set out on page 28 and forms part of the directors' report for the financial year ended 30 June 2007.

Rounding of amounts

The Company is of a kind referred to in the ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, amounts in the financial report and directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

Dated at Wollongong this 14th day of August 2007

Signed in accordance with a resolution of the directors:



LR Fredericks
Chairman



MJ Cole
Director



Lead Auditor's Independence Declaration

under Section 307C of the Corporations Act 2001

To: the directors of IMB Ltd

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2007 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

KPMA

KPMG

A handwritten signature in black ink, appearing to read 'Warwick Shanks'.

Warwick Shanks
Partner

Dated at Wollongong this 14th day of August 2007

Financial Statements

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Income Statement

For the year ended 30 June 2007

	Consolidated	
	2007 \$000	2006 \$000
Interest revenue	307,500	260,874
Interest expense	(235,856)	(194,101)
Net interest income	71,644	66,773
Bad and doubtful debts expense	(1,221)	(1,075)
Net interest income after bad and doubtful debts	70,423	65,698
Revenue from land development	–	130
Share of profits of joint venture entity	309	247
Other income	15,537	15,885
Net income	86,269	81,960
Land development expense	–	(113)
Other expenses	(58,232)	(56,755)
Profit before tax	28,037	25,092
Income tax expense	(8,078)	(7,464)
Profit for the year attributable to members of the Company	19,959	17,628

The income statement is to be read in conjunction with the discussion and analysis below and the notes to the financial statements set out on pages 34 to 37.

Discussion and Analysis

Net interest income for the Group increased by \$4,871,000 to \$71,644,000. This increase resulted mainly from the growth in average earning assets, which increased by 10.5% or \$417,280,000 to \$4,394,542,000 offset by an increase in average interest bearing liabilities of 10.4% or \$399,784,000 to \$4,228,715,000, and a reduction in interest margin by 5 basis points to 1.6%.

Bad and doubtful debts expense was \$1,221,000, a slight increase of \$146,000 from the previous year.

Non interest income for the consolidated entity decreased slightly by \$416,000 to \$15,846,000. This was primarily due to a refund in 2006 of interest paid to the Australian Taxation Office of \$538,000.

Non interest expense for the Group increased by \$1,364,000 to \$58,232,000.

The ratio of non interest expenses to operating income decreased from 69.4% in 2006 to 67.5%.

Return on average net assets (after tax) increased from 11.2% in 2006 to 11.8%.

After tax return on average total assets increased from 0.44% in 2006 to 0.45%.

Non interest expense to average total assets decreased from 1.4% in 2006 to 1.3%.

Balance Sheet

As at 30 June 2007

		Consolidated	
	Note	2007 \$000	2006 \$000
ASSETS			
Cash and cash equivalents		56,024	60,743
Available for sale investments		665,263	575,336
Loans and receivables to other ADI's		376,538	252,945
Loans and receivables to members		3,499,034	3,308,138
Equity accounted investments		1,795	1,486
Other financial assets		1,003	957
Derivative assets		2,561	1,291
Inventories		3,352	3,009
Property, plant and equipment		17,353	18,395
Intangible assets		2,350	3,044
Other assets		2,525	2,397
Total assets		4,627,798	4,227,741
LIABILITIES			
Sundry creditors		46,296	46,749
Deposits		2,744,737	2,652,087
Securitised loans funding		1,639,772	1,346,436
Interest bearing liabilities		10,000	10,000
Current tax liabilities		2,669	1,079
Provisions		6,133	5,506
Net deferred tax liabilities		1,003	1,297
Total liabilities		4,450,610	4,063,154
Net assets		177,188	164,587
EQUITY			
Issued capital	6	46,936	46,936
Reserves	7	26,969	26,488
Retained profits	5	103,283	91,163
Total equity attributable to members of the Company		177,188	164,587

The balance sheet is to be read in conjunction with the discussion and analysis below and the notes to the financial statements set out on pages 34 to 37.

Discussion and Analysis

The total assets of the Group increased by \$400,057,000 or 9.5% to \$4,627,798,000 (2006: \$4,227,741,000). The increase in total assets was mainly attributable to an increase in lending, with loan approvals for the year of \$952,900,000 (2006: \$1,120,200,000). Total loans to members increased by \$190,896,000 or 5.8% to \$3,499,034,000 (2006: \$3,308,138,000).

The total liabilities of the Group increased by \$387,456,000 to \$4,450,610,000 (2006: \$4,063,154,000). The movement in total liabilities was mainly due to an increase in members' deposits of \$92,650,000 to \$2,744,737,000 (2006: \$2,652,087,000) and an increase in securitised loans funding of \$293,336,000 to \$1,639,772,000 (2006: \$1,346,436,000).

The ratio of net assets to total assets has decreased slightly from 3.89% in 2006 to 3.83%.

Statement of Cash Flows

For the year ended 30 June 2007

	Consolidated	
	2007 \$000	2006 \$000
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest received	312,258	259,486
Dividends received	83	21
Other cash receipts in the course of operations	15,307	15,806
Interest paid on deposits	(232,079)	(192,833)
Income taxes paid	(7,134)	(8,488)
Net loans funded	(192,118)	(383,269)
Net increase in deposits	88,866	113,986
Other cash payments in the course of operations	(59,568)	(35,496)
Net cash flows from operating activities	(74,385)	(230,787)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for available for sale investments	(199,312)	(141,554)
Expenditure on property, plant and equipment, and intangibles	(3,174)	(4,417)
Proceeds from sale of property, plant and equipment	367	385
Net cash flows from investing activities	(202,119)	(145,586)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds from securitised loans funding	279,967	410,473
Dividends paid	(8,182)	(7,583)
Net cash flows from financing activities	271,785	402,890
Net (decrease)/increase in cash and cash equivalents held	(4,719)	26,517
Cash and cash equivalents at the beginning of the year	60,743	34,226
Cash and cash equivalents at the end of the year	56,024	60,743

The statement of cash flows is to be read in conjunction with the discussion and analysis below and the notes to the financial statements set out on pages 34 to 37.

Discussion and Analysis

Operating Activities

Cash outflows from operating activities in relation to the Group decreased by \$156,402,000 to \$74,385,000 (2006: \$230,787,000). This was mainly due to a decrease in net loans funded of \$191,151,000 offset by a decrease in deposit growth of \$25,120,000.

Investing Activities

Cash outflows from investing activities increased by \$56,533,000 to \$202,119,000 (2006: \$145,586,000). This was mainly due to the purchase of available for sale financial assets.

Financing Activities

Cash flows from financing activities decreased by \$131,105,000 to \$271,785,000 (2006: \$402,890,000). The cash flow from financing activities was largely due to the net proceeds from the sale of securitised loans.

Statement of Changes in Equity

For the year ended 30 June 2007

	Consolidated	
	2007 \$000	2006 \$000
Total equity at the beginning of the year	164,587	154,537
Adjustments on adoption of AASB 132 and AASB 139:		
– Retained profits	–	(1,218)
– Available for sale revaluation reserve	–	59
– Hedging reserve	–	(365)
– Equity investments revaluation reserve	–	418
– General reserve for credit losses	–	432
Change in available for sale investments recognised through profit and loss	513	(110)
Change in fair value of available for sale investments	(611)	(377)
Change in fair value of cash flow hedges	890	1,267
Change in fair value of equity investments	32	(101)
Net income recognised directly in equity	824	5
Profit after tax for the year	19,959	17,628
Total recognised income and expense for the year	20,783	17,633
Dividends paid	(8,182)	(7,583)
Total equity at the end of the year	177,188	164,587

Amounts are stated net of tax.

The statement of changes in equity is to be read in conjunction with the discussion and analysis below and the notes to the financial statements set out in pages 34 to 37.

Discussion and Analysis

Total equity of the Group increased by \$12,601,000 to \$177,188,000. This increase was largely due to net profit for the year of \$19,959,000 and movement in other reserves of \$824,000 offset by the payment of dividends of \$8,182,000.

There were no issues of ordinary shares or any other capital instruments during the year. The recognition of various items directly in equity as required under AIFRS had an immaterial impact on total equity during the year.

Notes to the Financial Statements

For the year ended 30 June 2007

1. Basis of Preparation of Concise Financial Report

The concise financial report has been prepared in accordance with the Corporations Act 2001, Accounting Standard AASB 1039 *Concise Financial Reports* and applicable Urgent Issues Group Consensus Views. The financial statements and specific disclosures required by AASB 1039 have been derived from the Group's full financial report for the financial year. Other information included in the concise financial report is consistent with the Group's full financial report. The concise financial report does not, and cannot be expected to, provide as full an understanding of the financial performance, financial position and financing and investing activities of the Group as the full financial report.

The financial report has been prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: derivative financial instruments, available for sale financial instruments, and listed equity investments.

A full description of the accounting policies adopted by the Group may be found in the Group's full financial report. These accounting policies have been consistently applied by each entity in the Group and are consistent with those of the previous year.

The presentation currency is Australian dollars.

2. Accounting Estimates

Management discussed with the Audit and Risk Management Committee the development, selection and disclosure of the Group's critical accounting policies and estimates and the application of these policies and estimates.

Use of estimates and judgements

The preparation of the financial report 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. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described below:

Impairment

All loan assets are subject to recurring review and assessed for possible impairment. All bad debts are written off in the period in which they are identified.

Provisions for loan losses are based on an incurred loss model, which recognises a provision where there is objective evidence of impairment at each balance date, even where the impairment event cannot be attributed to individual exposures. The required provision is estimated on the basis of historical loss experience.

Specific provisions are recognised where specific impairment is identified. Where individual loans are found not to be impaired, they are placed into pools of assets with similar risk profiles and collectively assessed for losses that have been incurred but not yet identified.

The Group makes judgements as to whether there is any observable data indicating that there is a significant decrease in the estimated future cash flows from a portfolio of loans. The evidence may include observable data indicating that there has been an adverse change in the payment status of the borrowers in a group, or national or local economic conditions that are likely to have triggered a worsening of the loan quality, that will eventually lead to losses. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio. The methodology and assumptions used for estimating likely future losses are reviewed regularly to reduce any differences between loss estimates and actual loss experience. Changes in the assumptions used for estimating likely future losses could result in a change in provisions for loan losses and have a direct impact on the impairment charge.

A general reserve for credit losses is also held as an additional allowance for bad debts to meet prudential requirements.

Special Purpose Entities ("SPEs")

The Company, through its securitisation program, packages residential and commercial mortgage loans, and uses these pools of loans to raise funds from investors of an amount equivalent to the unpaid balances of the loans.

When assessing whether the Group controls (and therefore consolidates) an SPE, judgement is required about risks and rewards as well as the Group's ability to make operational decisions for the SPE. The range of factors that are considered in assessing control are whether:

- (a) a majority of the benefits of an SPE's activities are obtained;
- (b) a majority of the residual ownership risks related to the SPE's assets are obtained;
- (c) the decision making powers of the SPE vest with the Group; and
- (d) the SPE's activities are being conducted on behalf of the Group and according to its specific business needs.

As the Company has the right to obtain a majority of the residual benefits of the SPE's and is exposed to the majority of the residual risk associated with these SPE's, their underlying assets, liabilities, revenues and expenses are reported in the Group's consolidated balance sheet and income statement.

The accounting policies have been applied consistently to all periods presented in this consolidated financial report, and have been applied consistently by Group entities.

3. Segment Reporting

The Group operates predominantly in the banking and financial services industry in Australia.

4. Dividends

Dividends recognised in the current year by the Company are:

	Cents per share	Total amount \$'000	% Franked	Date of Payment
2007				
2007 interim dividend	8.0	3,193	100%	27-Feb-07
2006 final dividend	12.0	4,789	100%	30-Aug-06
2006 special dividend	0.5	200	100%	30-Aug-06
		8,182		
2006				
2006 interim dividend	7.5	2,993	100%	27-Feb-06
2005 final dividend	11.5	4,590	100%	30-Aug-05
		7,583		

Franked dividends paid were franked at the tax rate of 30%.

Subsequent Events

On 14 August 2007 the Board declared a final ordinary dividend of 15.0 cents per share amounting to \$5,987,000 franked to 100% at a tax rate of 30%, in respect of the year ended 30 June 2007. The dividends are payable on 30 August 2007. The financial effect of these dividends has not been brought to account in the financial statements for the year ended 30 June 2007 and will be recognised in subsequent financial reports. The declaration and subsequent payment of dividends has no income tax consequences.

	Note	Consolidated 2007 \$'000	2006 \$'000
5. Retained Profits			
Retained profits at the beginning of the year		91,163	82,346
Profit for the year attributable to members of the Company		19,959	17,628
Adjustments on adoption of AASB 132 and AASB 139		–	(1,218)
Dividends recognised during the year	4	(8,182)	(7,583)
Transfers from/(to) general reserve for credit losses		343	(10)
Retained profits at the end of the year		103,283	91,163
6. Issued Capital			
Balance at the beginning of the year		46,936	46,936
Balance at the end of the year		46,936	46,936

Under its constitution, the Company may issue new shares at any time. Also under the constitution of the Company, no person may hold an entitlement in ordinary shares of more than five percent (5%) of the nominal value of all shares of that class. A Member of the Company is entitled to one vote only, irrespective of the number of shares or the number or amounts of deposits held. All Members have an interest in the assets and earnings of the Company.

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

Notes to the Financial Statements

For the year ended 30 June 2007

	Consolidated	
	2007 \$000	2006 \$000
7. Reserves		
Available for sale revaluation reserve		
Balance at the beginning of the year	(428)	–
Adjustment on adoption of AASB 132 and AASB 139	–	59
Revaluation movement for the year net of tax	(611)	(377)
Change in available for sale investments recognised through profit and loss	513	(110)
Balance at the end of the year	(526)	(428)
Cashflow hedging reserve		
Balance at the beginning of the year	902	–
Adjustment on adoption of AASB 132 and AASB 139	–	(365)
Revaluation movement for the year net of tax	890	1,267
Balance at the end of the year	1,792	902
Equity investments revaluation reserve		
Balance at the beginning of the year	317	–
Adjustment on adoption of AASB 132 and AASB 139	–	418
Revaluation movement for the year net of tax	32	(101)
Balance at the end of the year	349	317
General reserve for credit losses		
Balance at the beginning of the year	442	–
Adjustment on adoption of AASB 132 and AASB 139	–	432
Transfer (to)/from retained profits	(343)	10
Balance at the end of the year	99	442
General reserve		
Balance at the beginning and end of the year	25,255	25,255
Total reserves	26,969	26,488

7. Reserves (continued)

Available for sale revaluation ("AFS") reserve

AFS reserve includes the cumulative net change in fair value of available for sale investments until the investment is derecognised, net of applicable income tax.

Cashflow hedging reserve

The cashflow hedging reserve comprises the effective portion of the cumulative net change in the fair value of cashflow hedging instruments, net of applicable income tax.

Equity investments revaluation reserve

The equity revaluation reserve relates to the cumulative net change in the fair value of investments in listed shares, net of applicable income tax.

General reserve for credit losses

The general reserve for credit losses contains an additional allowance for bad debts. The general reserve for credit losses together with the amounts calculated as a collective provision must be adequate to comply with prudential requirements.

General reserve

The general reserve includes retained profits from prior years.

8. Contingent Liabilities

The directors are of the opinion that provisions are not required in respect of these matters, as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement.

Contingent liabilities considered remote

Guarantees given by IMB Ltd

Real Estate Development

Indemnity of \$50,000 (2006: \$50,000) in favour of the Commonwealth Bank of Australia ("the bank") covering guarantees by the bank as part of conditions relating to the purchase of land in association with real estate development activities undertaken by a controlled entity, IMB Land Pty Ltd and that entity's joint venturer.

The Company has an agreement with its joint venturer to share equally in losses and liabilities.

Business Banking clients

Contingent liabilities also include guarantees of \$2,278,000 (2006: \$1,492,000) issued on behalf of clients supporting performance, rental and other commercial obligations. The Company holds either term deposits or real estate as security against these performance guarantees.

9. Events subsequent to reporting date

Dividends

For dividends declared by IMB Ltd after 30 June 2007 refer to note 4.

On 24 July 2007, the directors resolved that IMB Land Pty Ltd pay a \$1,000,000 fully franked dividend from retained earnings taxed at 30% payable to its parent IMB Ltd.

There were no other events subsequent to balance date.

Directors' Declaration

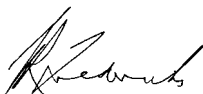
For the year ended 30 June 2007

In the opinion of the directors of IMB Ltd ("the Company"), the accompanying concise financial report of the group, comprising IMB Ltd and its controlled entities for the financial year ended 30 June 2007, set out on pages 30 to 37:

(a) has been derived from or is consistent with the full financial report for the financial year; and

(b) complies with Australian Accounting Standard AASB 1039 *Concise Financial Reports*.

Signed in accordance with a resolution of the directors:



LR Fredericks

Chairman



MJ Cole

Director

Dated at Wollongong this 14th day of August 2007.

Independent Audit Report on Concise Financial Report

to the Members of IMB Ltd



The accompanying concise financial report of the Group comprising IMB Ltd ("the Company") and its controlled entities comprises the balance sheet as at 30 June 2007, the income statement, statement of changes in equity and cash flow statement for the year then ended and related notes 1 to 9, derived from the audited financial report of IMB Ltd for the year ended 30 June 2007 and the discussion and analysis. The concise financial report does not contain all the disclosures required by Australian Accounting Standards.

Directors' responsibility for the concise financial report

The directors of the Company are responsible for the preparation of the concise financial report in accordance with Australian Accounting Standard AASB 1039 *Concise Financial Reports* and the Corporations Act 2001. This responsibility includes establishing and maintaining internal control relevant to the preparation of the concise financial report; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on the concise financial report based on our audit procedures. We have conducted an independent audit in accordance with Australian Auditing Standards, of the financial report of IMB Ltd for the year ended 30 June 2007. Our audit report on the financial report for the year was signed on 14 August 2007 and was not subject to any modification. The Australian Accounting 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 for the year is free of material misstatement.

Our procedures in respect of the concise financial report include testing that the information in the concise financial report is derived from, and is consistent with the financial report for the year, and examination on a test basis, of evidence supporting the amounts, discussion and analysis, and other disclosures which were not directly derived from the financial report for the year. These procedures have been undertaken to form an opinion whether, in all material respects, the concise financial report complies with Australian Accounting Standard AASB 1039 *Concise Financial Reports* and whether the discussion and analysis complies with the requirements laid down in Australian Accounting Standard AASB 1039 *Concise Financial Reports*.

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

Auditor's opinion

In our opinion the concise financial report, including the discussion and analysis, of IMB Ltd and its controlled entities for the year ended 30 June 2007 complies with Australian Accounting Standard AASB 1039 *Concise Financial Reports*.

A handwritten signature in black ink, appearing to read 'KPMG' followed by a stylized signature.

KPMG

A handwritten signature in black ink, appearing to read 'Warwick Shanks'.

Warwick Shanks
Partner

Wollongong, 14 August 2007

Locations

IMB Branches

New South Wales

Albion Park	147 Tongarra Road Albion Park NSW 2527
Batemans Bay	21 Orient Street Batemans Bay NSW 2536
Bega	193-195 Carp Street Bega NSW 2550
Bowral	Shops 9 & 10 Oxley Mall Wingecaribee Street Bowral NSW 2576
Camden	Shop 26, 180-186 Argyle Street Camden NSW 2570
Corrimal	Shops 2-4, Stocklands Corrimal Shopping Centre Princes Highway, Corrimal NSW 2518
Dapto	2-4 Bong Bong Road Dapto NSW 2530
Eden	199 Imlay Street Eden NSW 2551
Fairy Meadow	84B Princes Highway Fairy Meadow NSW 2519
Figtree	Shop 32 & 33 Westfield Shopping Town Princes Highway, Figtree NSW 2525
Goulburn	Shop 27, Argyle Mall Goulburn NSW 2580
Kiama	86 Terralong Street Kiama NSW 2533
Liverpool	Shop 19, Liverpool Plaza Macquarie Street Liverpool NSW 2170
Macarthur Square	Shop L10, L11 Level 2 Macarthur Square Shopping Centre Ambarvale NSW 2560
Merimbula	Cnr Merimbula Drive & Market Street Merimbula NSW 2548
Miranda	Shop G, 105 Westfield's Shoppingtown Miranda NSW 2228
Moruya	55 Vulcan Street Moruya NSW 2537
Narooma	127 Wagonga Street Narooma NSW 2546
Nowra	86 Kinghorn Street Nowra NSW 2541
Parramatta	207 Church Street Parramatta NSW 2150
Penrith	25 Riley Street Penrith NSW 2750

Picton	Shop 1A, 148 Argyle Street Picton NSW 2571
Queanbeyan	Shop 7, Riverside Plaza Queanbeyan NSW 2620
Shellharbour	Shop 46, Shellharbour Stockland Shopping Centre Shellharbour NSW 2529
Thirroul	Shop 6, Anita Theatre King Street Thirroul NSW 2515
Ulladulla	89 Princes Highway Ulladulla NSW 2539
Unanderra	102 Princes Highway Unanderra NSW 2526
Vincentia	Shop 17, Burton Mall Vincentia NSW 2540
Warilla	6 George Street Warilla NSW 2528
Warrawong	Shop 114, Westfield Shopping Centre Warrawong NSW 2502
Wollongong	205 Crown Street Wollongong NSW 2500
Woonona	367-369 Princes Highway Woonona NSW 2517
Wynyard	312 George Street Sydney NSW 2000

ACT

Belconnen	Level 3, Westfield Shopping Town Belconnen ACT 2617
Canberra City	Shop CG 04, City Walk Canberra City ACT 2600
Tuggeranong	Level 1, Shop 175 177 Tuggeranong Hyperdome Shopping Centre Tuggeranong ACT 2900
Woden	Shop 1, Plaza Level Woden Churches Centre Woden ACT 2606

Victoria

Glen Waverly	55 Railway Parade North Glen Waverly VIC 3150
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Financial Planning

IMB Financial Planning	Level 1, 2-4 Bong Bong Road Dapto NSW 2530
King Financial Services	Level 1, Engineering House 11 National Circuit Barton ACT 2600

Corporate Directory

Shareholders' Diary and other information

Payment of final dividend 30 August 2007
Annual general meeting 30 October 2007 at 10:00am

Notice of Annual General Meeting

The annual general meeting of members of IMB Ltd will be held at the Hoskins Room, Novotel Northbeach, 2-14 Cliff Road, Wollongong on 30 October 2007 at 10:00am

Company Secretary

Robert James Ryan BEc MCommLaw FCIS FCIM ACA FTIA

Registered Office

253-259 Crown Street
Wollongong NSW 2500

Share Registry

IMB Ltd is not listed on the Australian Stock Exchange.
Shares are traded under an Australian Market License held by the Company.

The share register is available for inspection at:

Level 6 Executive Services
253-259 Crown Street
Wollongong NSW 2500

Advisors

Solicitors

Watson Mangioni
Level 13
50 Carrington St
Sydney NSW 2000

Auditors

KPMG
Level 3
63 Market St
Wollongong NSW 2500



Concise Report 2007