



**the new IMB**

IMB Ltd ABN 92 087 651 974

Concise Financial  
Report 2002

the new **IMB**  
represents  
our future,  
builds on  
our past and is  
the way  
it should be

The financial statements and other specific disclosures have been derived from IMB Ltd and its controlled entities ("consolidated entity") full financial report for the financial year. Other information included in the concise financial report is consistent with the consolidated entity's full financial report.

The concise 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 consolidated entity as the full financial report.

A copy of the consolidated entity's 2002 Annual Financial Report, including the independent audit report, is available to all members, and will be sent to members without charge on request. The 2002 Annual Financial Report can be requested by calling 133IMB (133462) or by visiting our web site at [www.imb.com.au](http://www.imb.com.au).

## contents

highlights	1
letter from the chairman	3
chief executive's review of operations	5
directors' report	16
statement of financial performance	21
statement of financial position	23
statement of cash flows	25
notes to the financial statements	27
directors' declaration	32
independent audit report	32



# highlights

## Financial

Profit after tax up 6% to \$10.5 million.

Total assets under management increased by a record \$613 million or 33.1% up to \$2.5 billion.

Record lending approvals of \$1.19 billion up by 49%.

Bad and doubtful debt expense was 0.05% of average loans, down 0.02%.

Deposits grew by a record 21.9% to \$2.04 billion.

A further \$500,000 was allocated to the IMB Community Foundation. This brings to \$1.5 million the amount of funds granted through the Foundation to the community.

## Products and Services

New Miranda sales centre opened and the Wynyard sales centre refurbished.

Free Bpay service introduced through the ATM network.

Entered into alliance with Australian Unity providing IMB members access to Australian Unity's 36 outlets located in Victoria, Adelaide and Brisbane as well as their range of insurance products.

Commercial lending operations established outside of NSW through links with an established network of brokers.

Appointed by ClubsNSW as their preferred supplier of investment and call account facilities for registered clubs in NSW.

Secured 6 awards in the 14th Personal Investor Awards for Excellence in Financial Services 2002.

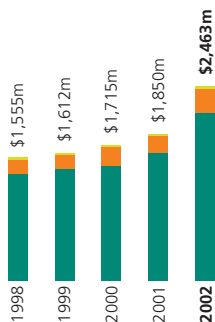
## Corporate

Australian Unity Building Society Limited acquired and integrated into IMB Group.

Name of company changed to IMB Ltd and undertook rebranding which included launch of new logo and corporate identity.

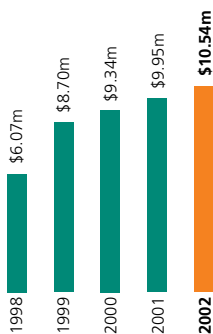
Acquired a majority interest in King Financial Services Pty Ltd (as a subsidiary of IMB Financial Planning Limited) in conjunction with our financial planning joint venture partner ipac securities limited.

Launched funds management business IMB Matrix Asset Management.



Total assets under management

Loans Liquids Other



Operating profit after tax



**Directors**

- front row (from left)
- Peter Bolt
- Harold Hanson
- Ken McKinnon (Chairman)
- back row (from left)
- Bryce Wauchope
- Vivien Twyford
- George Edgar
- Russell Fredericks



**Executives**

- (from left)
- Robert Ryan,
- Mark Anderson,
- Bob Turnbull
- and chief executive,
- Wayne Morris

# letter from the chairman

dear members

## The Company's results for 2002 complete five consecutive years of profit improvement.

Loan approvals approached \$1.2 billion for the year, assets under management increased by a record \$613.0 million (33.1%) and net profit reached \$10.5 million (an increase of 6.0%). This is a good outcome.

IMB Ltd, the new formal company name (which reflects the Company's common marketplace name) adopted at the last Annual General Meeting, and the new logo launched in February have underlined the renewed vigour of the Company in offering expanded banking and financial services through a wider area of operations. Our new Miranda sales centre and the refurbished Wynyard sales centre are showpieces for the industry. Growth initiatives especially in the Victorian and Sydney market places have reflected this enhanced vigour and modernisation.

Not only did IMB achieve record lending and record retail deposit growth, it also acquired the Australian Unity Building Society Limited and a majority interest in King Financial Services Pty Ltd (as a subsidiary of IMB Financial Planning Limited, in conjunction with our financial planning joint venture partner ipac securities limited). In addition IMB acquired a majority interest in Callidus Group Investments Pty Limited, trading as IMB Matrix Asset Management. The strategic alliances with ipac and the Australian Unity group will realise ongoing benefits in the future. IMB Matrix Asset Management, which

was initiated right at the end of the financial year with an experienced team of expert funds managers, will, as it develops, create a new revenue stream for IMB.

Ongoing product development continues to be a focus for IMB and is highlighted by the commercial lending writings and the announcement in May that IMB led the market in the introduction of a free Bpay service through the ATM network, complementing the existing internet banking service through access imb.

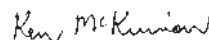
The annual result was achieved despite volatile interest rate movements and unremitting pressure on margins. Six decreases in official interest rates, totalling 2.0% over the last calendar year were followed by two rises of 0.25% each in May and June of 2002. It is satisfying to have achieved a significant increase in market share notwithstanding the interest rate movements, competition from mortgage managers and the increasing array of products and distribution channels available to customers.

In short, the re-positioning of the Company has already delivered improvements and better services for customers. Benefits for members and shareholders can be expected to further increase in future years. The increase in dividend reflects the Company's improved position.

A further \$500,000 was allocated to the IMB Community Foundation for 2002 to support seventeen projects as far apart as Wollongong and Bega and inland to Canberra. Reports back from recipients of foundation grants highlight the importance of Foundation activities. The prosperity of the communities that are recipients of grants is fundamental to the Company's well being; they are for mutual benefit.

As I write, the world's stock markets are volatile and in sharp decline. We do not believe it is prudent to rely on the economy being as healthy next year as it has been in recent years. Nevertheless, IMB does anticipate continuing growth in the coming year. The Chief Executive's report comments in more detail on activities that will strengthen IMB's range of products, its level of service to members, and its efficiency. The re-positioning of IMB will have greater impact, taking IMB further towards its vision of being a strong and successful financial institution, regionally based, but with a national focus.

One of the pleasures of this last year has been the breadth of contributions made. In particular, I have appreciated the energetic, creative and most importantly, successful way in which Wayne Morris and his executive team, the whole of the IMB staff and my fellow directors have risen to the challenge.



Prof KR McKinnon AO  
Chairman

# the new **IMB** represents **our future**

## our national presence

The growth of IMB to be a provider of banking and financial services, based in Wollongong, but with a growing national presence, is a key strategy for our future. Our Miranda sales centre and the refurbished Wynyard sales centre are showpieces for the industry. Growth initiatives especially in the Victorian and Sydney market places have reflected our enhanced vigour and modernisation.



elizabeth st, melbourne  
australian unity sales centre agency



george st, sydney

# chief executive's review of operations

**IMB continues to be a force in the banking and financial services sector of Australia. We believe that is the way it should be.**

## Overview

As noted in the Chairman's letter in the year just completed there have been a significant number of strategic initiatives implemented. These include the acquisition of a building society in Victoria, the acquisition, in conjunction with our financial planning joint venture partner, of another financial planning business in Canberra, and the acquisition of a majority equity interest in a funds management company based in Sydney. Geographical expansion into most states, product diversification and a strengthening of the distribution channels and alliance opportunities available throughout Australia continue.

The longer term benefits of these efforts will ensure that IMB continues to be a force in the banking and financial services sector of Australia. We believe that is the way it should be.

## Profit

Group operating profit after tax at \$10.5 million was a record for IMB, a further improvement of \$0.6 million over the previous year. In the second half, the board declared a fully franked final dividend of 11.5 cents per share. This brings the total for the year to 18.5 cents per share, an increase of 1.0 cent per share compared to the previous year. As anticipated, the return on average equity, at 8.9% is at a similar level to the previous year. The 6.0% increase in net profit for the year under review is a very satisfying outcome in the light of competitive forces faced by IMB.

## Net interest income

Net interest income for the year was \$47.0 million, up \$0.9 million on the previous year. The improvement reflects the strategies implemented to counter intense competition in the housing finance market and the market for retail deposits in an extremely low interest rate environment. With the increase in official rates in the latter part of the year net interest margins improved slightly giving an improved platform for 2002-2003. Nevertheless an increasingly competitive marketplace will dictate that tightening net interest margins, albeit at a slower rate of contraction than over the last five years, will continue.

## Non interest income

Non interest income improved by \$4.7 million, or approximately 33.4% on the previous year and is the highest ever achieved by IMB. Non interest income sources are primarily revenue from land development, transaction cost recoveries, loan fees, commissions on insurance, investment product sales and loan securitisation income. It should be noted that less than 24% of our members pay any transaction fees each month, a slightly lower percentage than that for the previous year. Ongoing and new initiatives relating to key alliances and joint ventures will see significant ongoing improvement in this area.



## \$1 billion customers

Mr and Mrs Jackson from Fairy Meadow New South Wales helped IMB achieve history. The Illawarra couple's home loan pushed IMB over the \$1 billion lending mark for the first time in a financial year.

During the year IMB helped 6,646 people own their own home.





### **Bad and doubtful debts expense**

Bad and doubtful debts expense was \$0.9 million, a similar level to last year. This is an excellent result, in light of the significant increase in the loan book. Part of this expense was the raising of a general provision of \$0.4 million against the commercial loan book, irrespective of the fact that at June 30, no commercial loans were in arrears more than 90 days. Overall, IMB's level of mortgage arrears continues to be well below national averages in all categories.

### **Non interest expense**

Non interest expense increased to \$50.4 million, from \$44.6 million in 2001, an increase of \$5.8 million or 13.0%. Most of the increase is attributable to initiatives viewed as investments in the future of IMB. The 13.0% increase in expenses compares favourably to the 33.1% increase in assets under management.

Personnel costs have increased by \$1.4 million or 6.9% during the year, occupancy costs have increased by \$0.1 million or 2.2% and land development expenses have increased by \$0.5 million or 41.9%. Payment system charges have increased by \$0.6 million or 15.4%, marketing expenses have increased by \$0.8 million or 29.8%, data processing expenses have increased by \$0.2 million or 17.5% and other expenses have increased by \$2.2 million or 22.0%.

The ratio of non interest expense to operating income for the group increased from 75.5% in 2001 to 77.9% in 2002. Non interest expense, as a proportion of average total assets for the group, improved from 2.5% in 2001 to 2.4% in 2002.

The growth of IMB to be a provider of banking and financial services with a national presence is a key strategy for the future. Implementation of the strategy is on track as are the results of the efforts and costs attributable to the strategy. This strategy is providing demonstrable results and the investment in current and future initiatives will provide a significantly stronger IMB for the benefit of all stakeholders.

## Even easier to do banking with

At IMB we offer a broad range of banking and financial services when and where our members want them. As an IMB Member you are always welcome at an IMB Sales Centre, an IMB Mobile Lender can come to you, you can bank 24 hours a day on-line through access imb or you can use our phone banking service, IMB Direct.



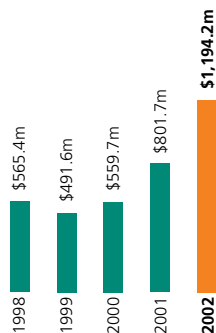
IMB has achieved **excellent** loan approval levels of \$1.2 billion for the year. This **record level of lending is an increase of \$0.4 billion or 49.0% compared to last year.**

### Statement of Financial Position

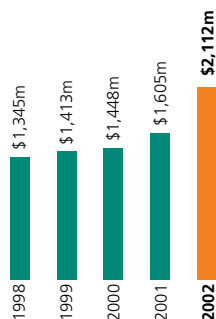
IMB has achieved excellent loan approval levels of \$1.2 billion for the year. This record level of lending is an increase of \$0.4 billion or 49.0% compared to last year.

Loans outstanding increased to \$1.8 billion, up \$0.3 billion, or 18.2% over the previous year. Total loans under management, including securitised loans increased by \$0.5 billion or 31.6% compared to last year.

Equally important is the increase in deposits to \$2.0 billion, up \$0.4 billion, or 21.9% over the previous year. This record growth, both in dollars and percentage, highlights the fact that the initiatives implemented by IMB recognise that to achieve sustainable, profitable growth, then all parts of the company need to grow at a similar and controlled pace. The record deposit growth has been sourced from both the retail and wholesale sector. Other wholesale debt strategies have also been implemented to ensure future growth strategies will not be curtailed.



Total loans approved



Total loans under management

# the new **IMB** builds on our past

## Supporting the community

The IMB has had a long tradition of working closely with the community. The IMB Community Foundation is an important way of maintaining this tradition into the future.

Since it was launched in 1999, with grants totalling \$1.5m so far, we have seen 48 community projects make a difference through addressing issues that benefit many communities.

The Pelican Room Youth Art Gallery at Lake Illawarra PCYC, an art gallery for young people run by young people, was a recipient of a grant from the IMB Community Foundation.



chief executive's **review of operations** continued

**Business strategies**

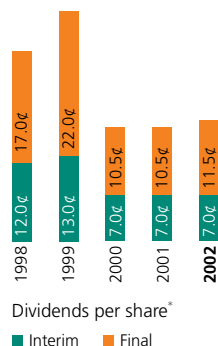
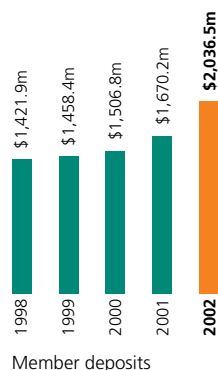
During the year the acquisition of Australian Unity Building Society Limited was announced. This purchase, along with a strategic alliance entered into with Australian Unity Limited, means that IMB has now entered the Victorian, Adelaide and Brisbane marketplaces offering lending and deposit products. In addition IMB now offers Australian Unity insurance products on an agency basis through its sales centres in NSW and ACT. The full integration of Australian Unity Building Society Limited into IMB Ltd was completed in March, 2002 with the integration project being finalised on time and within budget. IMB continues to invest significant effort and costs into the Victorian marketplace and the results to date have been most encouraging.

IMB will continue to look for other acquisition opportunities to profitably grow the business. Our philosophy of being able to offer banking and financial services is reflected in the acquisitions throughout the year. These acquisitions assisted us to enter or further grow in the authorised deposit taking (ADI), financial planning and funds management arenas. Each of these acquisitions will continue to develop in the coming year. Similarly IMB will continue to source alliance partners to widen the products and services available.

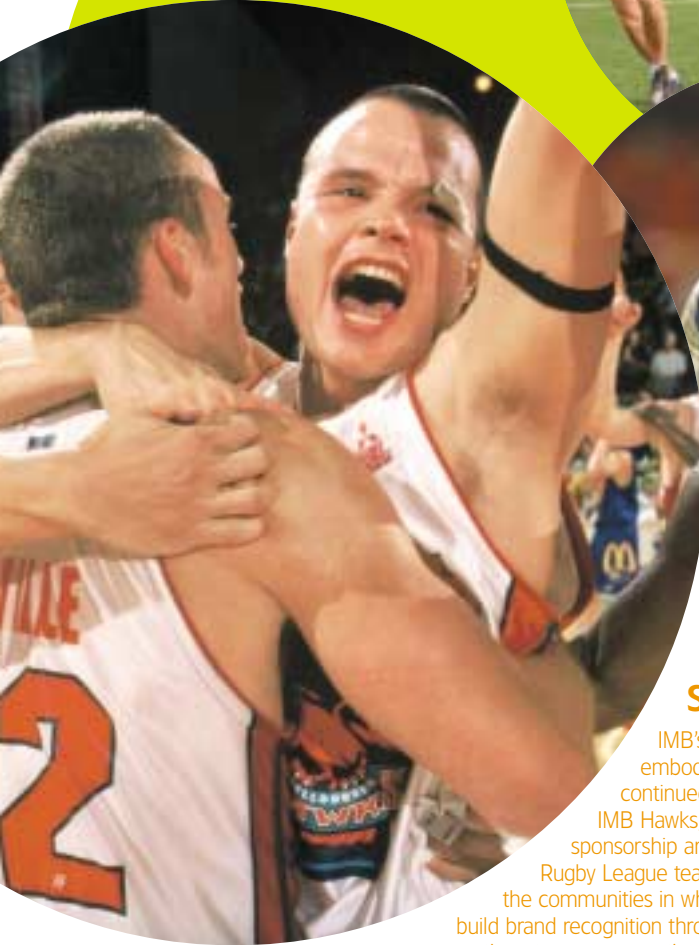
**IMB will continue to look for other acquisition opportunities to profitably grow the business. Our philosophy of being able to offer banking and financial services is reflected in the acquisitions throughout the year.**

IMB opened a new sales centre in Miranda in December 2001. This centre, along with the recently refurbished Wynyard sales centre, combines some of the new Sydney distribution and image strategies of IMB. The new look not only promotes the new logo, imagery and design of the new IMB, but also promotes the wider array of products and services offered by IMB, both in a face to face way and utilising the most up to date e-commerce technology and strategies available.

Ongoing reviews of products and services have resulted in the launch of a number of new deposit and lending products, along with a number of improved insurance products. By continually reviewing the product offerings of our alliance partners, IMB is able to ensure all products offered by IMB, whether our products or on behalf of another institution are not just competitive but also supportable. This has meant a number of products are now sourced from alternative suppliers.



\* 1998 and 1999 figures are prior to the bonus share issue and share split which were completed in the 2000 financial year.



## IMB scores with sponsorships

IMB's sporting sponsorships continue to embody a strong community focus. The continued sponsorship of the Wollongong IMB Hawks, AFL team Carlton and the new sponsorship arrangement with the Cronulla Sharks Rugby League team enhances our association with the communities in which we operate, and helps build brand recognition throughout the country as we continue to grow our national presence.

Again IMB has provided **another three year university academic scholarship to a worthy recipient this year. A total of three recipients are currently enjoying IMB support for their pursuit of academic excellence.**

## **A mutual interest in the community**

The Chairman has referred to the allocation of a further \$500,000 to the IMB Community Foundation. This is but one of many examples of IMB supporting the community in which it serves. Projects supported were not just geographically diverse, but also diverse in nature and size of support requested. Examples of larger projects include the Scouts Australia for its SATlink program with TAFE NSW arranging placement for TAFE students in Scout groups throughout the NSW south coast and southern highlands. This program will increase the resources available for Scout groups and students gain assessments of their leadership skills. Another project will assist the Wollongong Conservatorium of Music make new digital recording technology available to students and a wide range of musicians throughout the Illawarra community. Southern Oceans Seabird Study Association Inc were the recipient of support to develop an interpretive display on the unique seabirds of the Illawarra as was Port Kembla Heritage Park Tourism and Education Centre to develop displays and education resources for the centre. The Capital Region Enterprise and Employment Development Association was a recipient for its small towns project, seeking to develop new ways of

supporting small rural towns on business and community revitalisation by combining small business creation with community capacity building.

Again IMB has provided another three year university academic scholarship to a worthy recipient this year. A total of three recipients are currently enjoying IMB support for their pursuit of academic excellence.

This is in addition to the wide ranging sponsorship support for a number of community and sporting bodies. The naming rights sponsorship of the Wollongong IMB Hawks has assisted the Hawks in making the playoffs in the National Basketball League following their successful quest to become League champions in 2001. This sponsorship and the achievements of the Hawks continue to assist IMB in brand recognition throughout the country as we continue growing our national profile. IMB also has significant mutually beneficial sponsorship relationships in place with Carlton in the Australian Football League and Cronulla in the National Rugby League. Each of these sponsorships is strategic and will successfully improve IMB's presence and profile both from a geographic and also a demographic perspective.



# the new IMB the way it should be

## IMB goes the extra mile

The strenuous efforts of our staff continue to ensure IMB's success. In December 2001 we introduced the Chief Executive's Award to recognise and reward staff for "going the extra mile" above and beyond the normal requirements of the job. The Award is based on nominations by staff and external contacts that have a business relationship with IMB and provides an avenue for people who provide an exceptional service to either internal or external customers to be recognised for their efforts.



"Employee of the Year"  
Michael Ward (right) from Lending  
Services (Intermediaries) was nominated  
by Rob Legge, National Broker Manager (left)  
for "going the extra mile and then some".

Their commitment and teamwork have contributed to  
the rapid growth IMB have achieved in the loan intermediary market.

chief executive's **review of operations** continued

## Centenary Estates Joint Venture

IMB is now in its fifteenth year of involvement with a residential land development joint venture at Albion Park. In recent years the joint venture has recorded marginal performance. This year it has shown an improvement, with the joint venture's land development activities contributing \$418,000 to the group's pre-tax performance.

## Research and development

IMB has now concluded its involvement with the four research and development syndicates from past years. We are continuing to work with the relevant statutory authorities to ensure all outstanding issues are resolved. These are commented on further in the annual financial report.

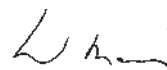
## Management and Staff

During the year under review, there have been no changes in the IMB executive. There has been significant strengthening of the middle management ranks. The skilled and experienced senior staff joining IMB has and will complement the existing staff to ensure the strategic initiatives contemplated will continue to be successfully implemented.

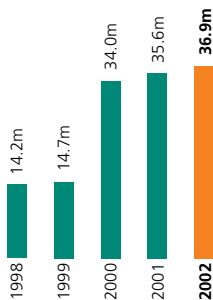
As I do regularly on a personal basis, I publicly thank our staff most sincerely for their strenuous and successful efforts as well as personal support during the year under review. Once again they have responded in excellent fashion to overcome the many different challenges put before them. In a continuing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

## Outlook

As contemplated last year, the improved performance and efficiencies achieved over the last few years, in a sometime difficult economic climate, 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 stakeholders; being our members, our shareholders, our staff, as well as the communities in which we serve.



PW Morris  
Chief Executive



No. of shares on issue\*



Net assets per share\*

\* 1998 and 1999 figures are prior to the bonus share issue and share split which were completed in the 2000 financial year.

# directors' report

FOR THE YEAR ENDED 30 JUNE 2002

The directors have pleasure in presenting their report, together with the concise financial report of the consolidated entity, being IMB Ltd ("the Company"), formerly Illawarra Mutual Building Society Ltd, and its controlled entities, for the year ended 30 June 2002 and the auditor's report thereon.

## Trading Results

The profit after tax from ordinary activities attributable to members of the consolidated entity for the financial year was \$10,544,000 (2001 \$9,951,000). Income tax of the consolidated entity for the financial year was \$3,716,000 (2001 \$4,529,000).

## Dividends

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

- a final dividend of \$0.105 per share amounting to \$3,743,000 franked to 100% at a tax rate of 30%, in respect of the year ended 30 June 2001, paid on 30 August 2001;
- an interim dividend of \$0.07 per share amounting to \$2,554,000 franked to 100% at a tax rate of 30%, in respect of the year ended 30 June 2002, paid on 27 February 2002; and

- a final dividend of \$0.115 per share amounting to \$4,247,000 franked to 100% at a tax rate of 30%, declared on 31 July 2002, in respect of the year ended 30 June 2002, to be paid on 30 August 2002.

Total dividends paid or declared in respect of the year ended 30 June 2002 were \$0.185 per share (2001 \$0.175) amounting to \$6,801,000 (2001 \$6,189,000).

## Directors

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

Kenneth Richard McKinnon AO,  
Chairman  
Peter Francis Bolt OAM  
George Anthony Edgar  
Lindsay Russell Fredericks  
Harold Hanson AM  
Vivien Jennifer Twyford  
Bryce Edward Wauchope

At the annual general meeting of the Company on 25 September 2002, three directors, Messrs KR McKinnon, PF Bolt and BE Wauchope will retire in accordance with the constitution of the Company and, being eligible, offer themselves for re-election.

## Directors Qualifications

### Kenneth Richard McKinnon AO

AUA (Adel) BA BEd (Qld) EdD (Harv) DLitt (Hon) Deakin DLitt (Hon) Wgong DLitt (Hon) UNSW DUniv (Hon) James Cook FACE

Professor McKinnon was appointed chairman in December 2000, after being deputy chairman from 1996. He has been a non executive director since 1993 and is a member of the Remuneration committee. Professor McKinnon is a higher education consultant. He is also a chairman of the Australian Press Council and a director of the College of Law. As well as being chairman of IMB Ltd, Professor McKinnon is chairman of the following IMB subsidiary and associated companies: IMB Land Pty Ltd, IMB Funeral Fund Management Pty Ltd, Lopphaver Pty Ltd, Lafoten Pty Ltd, Vesteralen Pty Ltd, IMB Community Foundation Pty Ltd, Callidus Group Investments Pty Limited and IMB DB Fund Pty Ltd.

### Peter Francis Bolt OAM

Mr Bolt, whose area of expertise is business and local government management has been a non executive director since 1993. He is a member of the Centenary Estate Joint Venture and Audit and Risk Management committees. Mr Bolt is also treasurer of the Wollongong

Sportsground Trust and vice president of the Illawarra Retirement Trust. He is a former alderman of Wollongong City Council, and former chairman of Illawarra Electricity, Illawarra Regional Information Service, NSW Association of Coal Related Councils and Premure Local Government Joint Insurance Authority. As well as being a director of IMB Ltd, Mr Bolt is also a director of the following IMB subsidiary and associated companies: IMB Land Pty Ltd, IMB Funeral Fund Management Pty Ltd, Lopphaver Pty Ltd, Lafoten Pty Ltd, Vesteralen Pty Ltd, IMB Community Foundation Pty Ltd and IMB DB Fund Pty Ltd.

### George Anthony Edgar

Mr Edgar, whose expertise is business management, has been a non executive director since 2000. Mr Edgar is the former president of BHP Flat Products and former chief executive officer of BHP Integrated Steel. He is a member of the Remuneration committee. He is also deputy chancellor, University of Wollongong, chairman of the Stakeholders Reference Group for the Innovation Campus Development at Brandon Park, member of the Illawarra Regional Development Board and past chairman of Mainteck Services Australia. As well as being a director of IMB Ltd, Mr Edgar is also a director of the following IMB

subsidiary and associated companies: IMB Land Pty Ltd, IMB Funeral Fund Management Pty Ltd, Lopphaver Pty Ltd, Lafoten Pty Ltd, Vesteralen Pty Ltd, IMB Community Foundation Pty Ltd and Callidus Group Investments Pty Limited.

### Lindsay Russell Fredericks

FPNA FAICD FAIM

Mr Fredericks, whose area of expertise is accounting and management consulting, has been a non executive director since 1990. He is a member of the Audit and Risk Management and IMB Community Foundation committees. Mr Fredericks is a management consultant specialising in accounting, administrative and financial projects for small business and business writing. He networks with other consultants in sales automation, client relationship management systems and strategic planning projects. He is managing director of Moresground Pty Ltd and has had 28 years experience as chief executive of business enterprises. His former positions include: general manager of Shoalhaven Dairy Co Ltd, director of the Co-operative Federation of NSW, chairman NSW Dairy and Food Industry Training Committee, deputy chairman of the National Committee and general manager of Miltonbrook Pty Ltd. Mr Fredericks is a 26 year member of the Lions Service Organisation. As well as being a director of IMB

## directors' report continued

Ltd, Mr Fredericks is also a director of the following IMB subsidiary and associated companies: IMB Funeral Fund Management Pty Ltd, Lophaver Pty Ltd, Lafoten Pty Ltd, Vesteralen Pty Ltd, IMB Community Foundation Pty Ltd and IMB DB Fund 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 Remuneration and IMB Community Foundation committees. 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 College for Seniors, fellow of the University of Wollongong and 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, 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

the following IMB subsidiaries: IMB Land Pty Ltd, IMB Funeral Fund Management Pty Ltd, Lophaver Pty Ltd, Lafoten Pty Ltd, Vesteralen Pty Ltd and IMB Community Foundation Pty Ltd.

### **Vivien Jennifer Twyford**

BA Grad Dip Com (Mgmt) FAICD

Ms Twyford, whose area of expertise is business consulting, has been a non executive director since 1990. She is chairperson of the IMB Community Foundation committee. Ms Twyford is managing director of Twyford Consulting and has been a consultant in the area of business improvement, people and strategy for 22 years, now specialising in community consultation. In 2002, the University of Wollongong awarded her a fellowship. She is inaugural president of the Australasian Chapter of the International Association of Public Participation (IAP2) and is vice president of the International Board of IAP2. 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 and was chairperson of the Illawarra Branch of the Australasian Institute of Management for 4 years. Ms Twyford was a member of the Illawarra Regional Development Board from 1993 to 1996. As well as being a director of IMB Ltd and IMB Community Foundation Pty Ltd, Ms Twyford is also a director of the following IMB subsidiaries: IMB Land

Pty Ltd, IMB Funeral Fund Management Pty Ltd, Lophaver Pty Ltd, Lafoten Pty Ltd and Vesteralen Pty Ltd.

### **Bryce Edward Wauchope FCA** FAICD

Mr Wauchope has been a non executive director since 1992 and is chairman of the Audit and Risk Management committee and chairman of IMB Financial Planning Limited. He is a director of Helix Resources NL, former chairman of BA Australia Ltd and past immediate president of the Financial Executives Institute of Australia. As well as being a chairman of IMB Ltd and chairman of IMB Financial Planning Ltd, Mr Wauchope is also a director of the following IMB subsidiaries: IMB Land Pty Ltd, IMB Funeral Fund Management Pty Ltd, Lophaver Pty Ltd, Lafoten Pty Ltd, Vesteralen Pty Ltd and IMB Community Foundation Pty Ltd.

## Principal Activities

The principal activities of the consolidated entity 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 2002.

## Review of Operations

Consolidated profit after tax from ordinary activities attributable to members was \$10,544,000 (2001 \$9,951,000), an increase of \$593,000 or 6.0% over 2001.

Loan approvals were \$1,194,246,000 (2001 \$801,704,000). Net interest income increased to \$46,948,000 representing an improvement of \$876,000 resulting mainly from the growth in earning assets, which increased by 21.5% or \$377,182,000 to \$2,133,944,000, offset by a reduction in interest margin by 0.38% to 2.35%.

Bad and doubtful debts expense decreased by \$41,000 to \$898,000 (2001 \$939,000). Non interest income increased by \$4,664,000 and non interest expense increased by \$5,801,000 to provide a profit from ordinary activities before tax of \$14,260,000. This is a decrease of \$220,000 or 1.5% over the previous year.

The increase in non interest income is primarily due to the growth in lending and associated increase in loan fee and loan securitisation income. The increase in non interest expense resulted primarily from the costs associated with the implementation of several major strategic initiatives and market re-positioning.

The contribution to consolidated profit after tax from land development activities increased from a profit of \$243,000 in 2001 to a profit of \$391,000 in 2002.

Research and development activities resulted in a \$221,000 (2001 \$221,000) profit after tax from ordinary activities attributable to members.

During the year, the Company purchased Australian Unity Building Society Limited. The full integration of Australian Unity Building Society Limited was completed in March 2002.

In June 2002, the Company acquired a majority interest in a funds management business, Callidus Group Investments Pty Limited (trading as IMB Matrix Asset Management).

## Events Subsequent to Balance Date

The directors are not aware of any item, transaction or event of a material and unusual nature that has arisen in the interval between 30 June 2002 and the date of this report likely to affect significantly:

- the operations of the consolidated entity;
- the results of those operations; or
- the state of affairs of the consolidated entity in future financial years.

## Likely Developments

Details of the likely developments in the operations of the consolidated entity in subsequent financial years are disclosed in the Chairman's letter and Chief Executive's Review of Operations on pages 3 to 15.

## State Of Affairs

Otherwise than disclosed in this report, in the opinion of the directors there were no significant changes in the state of affairs of the consolidated entity that occurred during the financial year under review.

## Directors' Interests

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

Director	Holding at 31 July 2002
Prof KR McKinnon	16,894
Mr PF Bolt	8,099
Mr GA Edgar	22,418
Mr LR Fredericks	4,004
– associates	25,696
Mr H Hanson	9,337
Ms VJ Twyford	2,200
Mr BE Wauchope	1,000
– associates	9,902

## directors' report continued

### 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.

### Environmental Regulations

The consolidated entity's operations are subject to environmental regulations in relation to land development. The consolidated entity complies with Soil and Erosion Control and Water Quality Regulations set by the Department of Land and Water Conservation and Shellharbour City Council.

### Meetings of Directors

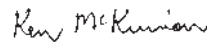
The following table sets out the number of meetings of the Company's directors (including meetings of committees of directors) held during the year ended 30 June 2002 and the number of meetings attended by each director.

	Directors' Meetings	Meetings of Committees			
		Audit and Risk Management	Centenary Estate JV	Remuneration	IMB Community Foundation
Number of meetings held	13	4	8	2	3
Number of meetings attended					
Prof KR McKinnon	13	4	-	2	-
Mr PF Bolt	13	4	8	-	-
Mr GA Edgar	13	-	-	2	-
Mr LR Fredericks	13	4	-	-	3
Mr H Hanson	11	-	-	2	3
Ms VJ Twyford	11	-	-	-	3
Mr BE Wauchope	13	4	-	-	-

### Rounding Of Amounts

The amounts in the financial report have been rounded to the nearest thousand dollars in accordance with ASIC Class Order 98/100 dated 10 July 1998.

Signed in accordance with a resolution of the directors.



KR McKinnon AO, Chairman



H Hanson AM, Director

Wollongong, 31 July 2002



# statement of financial performance

FOR THE YEAR ENDED 30 JUNE 2002

	Consolidated	
	2002 \$000	2001 \$000
Interest revenue	119,346	123,596
Interest expense	(72,398)	(77,524)
Net interest income	46,948	46,072
Bad and doubtful debts expense	(898)	(939)
Net interest income after bad and doubtful debts	46,050	45,133
Revenue from land development	2,233	1,437
Other revenue from ordinary activities	16,377	12,509
Net ordinary income before non interest expenses	64,660	59,079
Personnel expense	(21,570)	(20,181)
Occupancy expense	(5,129)	(5,021)
Land development expense	(1,815)	(1,279)
Payment system charges	(4,219)	(3,655)
Marketing expense	(3,614)	(2,784)
Data processing expense	(1,621)	(1,380)
Other expenses from ordinary activities	(12,148)	(10,209)
Share of losses of associates and joint ventures accounted for using the equity method	(284)	(90)
<b>Profit from ordinary activities before income tax expense</b>	<b>14,260</b>	<b>14,480</b>
Income tax expense relating to ordinary activities	(3,716)	(4,529)
<b>Net profit attributable to members of the parent entity</b>	<b>10,544</b>	<b>9,951</b>
	\$	\$
Basic earnings per share	0.29	0.28

The calculation for earnings per share was based on the weighted average number of permanent shares being 36,491,000 (2001 35,005,000). Nil (2001 60,949) shares have been issued since 30 June 2002 and before the signing of this report.

The consolidated entity does not have any potential ordinary shares on issue that may be considered dilutive therefore diluted earnings per share is not shown.

The statement of financial performance is to be read in conjunction with the discussion and analysis on page 22 and the notes to the financial statements set out on pages 27 to 31.

## Discussion and Analysis of the Statement of Financial Performance

Net interest income for the consolidated entity increased by \$876,000 to \$46,948,000. This increase resulted mainly from the growth in earning assets, which increased by 21.5% or \$377,182,000 to \$2,133,944,000, offset by a reduction in interest margin by 0.38% to 2.35%.

Bad and doubtful debts expense was \$898,000, a similar level to the previous year. Part of this expense was the raising of a general provision of \$400,000 against the commercial loan portfolio.

Non interest income for the consolidated entity increased by \$4,664,000 to \$18,610,000. This was primarily due to the growth in lending and the associated increase in loan fee and loan securitisation income.

Non interest expense for the consolidated entity increased by \$5,801,000 to \$50,400,000. This was largely due to increased costs associated with the implementation of growth strategies including the increase in mortgage and secured commercial lending, the acquisition and integration of Australian Unity Building Society Limited and the launch of the Company's new brand and corporate image. The increase in expenses was also due to an increase in sales of developed land and the legal and consulting costs associated with the audit of the Company's research and development syndicates by the Australian Taxation Office.

Non interest expenses to operating income increased from 75.5% in 2001 to 77.9%.

Return on average net assets (after tax) decreased from 9.2% to 8.9%.

After tax return on average total assets decreased from 0.6% to 0.5%.

Non interest expense to average total assets decreased from 2.5% to 2.4%

# statement of financial position

AT 30 JUNE 2002

	Consolidated	
	2002 \$000	2001 \$000
<b>ASSETS</b>		
Cash assets	18,630	13,042
Trading securities	48,146	139,651
Receivables	1,902	1,944
Investment securities	248,554	62,563
Loans	1,837,244	1,554,548
Investments accounted for using the equity method	1,091	185
Other financial assets	977	622
Inventories	5,386	6,397
Property, plant and equipment	18,543	17,383
Intangible assets	1,247	20
Tax assets	2,405	1,870
Other	3,794	1,782
<b>Total Assets</b>	<b>2,187,919</b>	<b>1,800,007</b>
<b>LIABILITIES</b>		
Payables	9,831	6,699
Deposits	2,036,491	1,670,240
Interest bearing liabilities	10,000	-
Tax liabilities	3,699	3,884
Provisions	3,814	7,177
<b>Total Liabilities</b>	<b>2,063,835</b>	<b>1,688,000</b>
<b>Net Assets</b>	<b>124,084</b>	<b>112,007</b>
<b>EQUITY</b>		
Contributed equity	37,627	34,007
Reserves	30,880	30,880
Retained profits	55,126	47,120
<b>Total parent entity interest</b>	<b>123,633</b>	<b>112,007</b>
Outside equity interests	451	-
<b>Total Equity</b>	<b>124,084</b>	<b>112,007</b>

The statement of financial position is to be read in conjunction with the discussion and analysis on page 24 and the notes to the financial statements set out on pages 27 to 31.

## Discussion and Analysis of the Statement of Financial Position

The total assets of the consolidated entity increased by \$387,912,000, or 21.6%, to \$2,187,919,000 (2001 \$1,800,007,000). The increase in total assets was mainly attributable to an increase in loans. Total loans under management increased by \$507,696,000 or 31.6% to \$2,112,244,000 (2001 \$1,604,548,000) which includes securitised loans of \$275,000,000 (2001 \$50,000,000).

The total liabilities of the consolidated entity increased by \$375,835,000 to \$2,063,835,000 (2001 \$1,688,000,000).

The movement in total liabilities was mainly due to an increase in members' deposits of \$366,251,000 to \$2,036,491,000 (2001 \$1,670,240,000).

Members' equity for the consolidated entity increased by \$12,077,000, or 10.8%, to \$124,084,000 (2001 \$112,007,000). The movement in members' equity is attributable to the growth in retained profits, which increased by \$8,006,000 to \$55,126,000 (2001 \$47,120,000) and also contributed equity increased by \$3,620,000 to \$37,627,000 (2001 \$34,007,000) resulting from the issue of shares through the dividend re-investment scheme.

The ratio of net assets to total assets decreased from 6.2% to 5.7%.

# statement of cash flows

FOR THE YEAR ENDED 30 JUNE 2002

	Consolidated	
	2002 \$000	2001 \$000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Interest received	118,797	123,263
Dividends received	38	10
Non interest income		
- land development	2,557	1,916
- other	16,057	12,354
Interest paid		
- deposits	(71,285)	(77,835)
- borrowings	(10)	(19)
Non interest expense		
- personnel	(20,742)	(19,521)
- occupancy	(5,129)	(5,021)
- land development	(952)	(2,186)
- payment system charges	(4,219)	(3,655)
- marketing	(3,614)	(2,784)
- data processing	(1,621)	(1,380)
- other	(8,967)	(6,485)
Income taxes paid	(4,538)	(7,983)
Net cash provided by operating activities	16,372	10,674
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net increase in loans	(508,744)	(157,280)
Net (increase)/decrease in investments	(86,474)	14,906
Payments for controlled entities (net of cash acquired)	(9,464)	-
Payment for intangible assets	-	(24)
Expenditure on property, plant and equipment	(4,299)	(3,240)
Proceeds from sale of property, plant and equipment	861	127
Net cash used in investing activities	(608,120)	(145,511)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net increase in deposits	365,148	163,736
Proceeds from sale of securitised loans	225,000	-
Net increase/(decrease) in interest bearing liabilities	10,000	(33,000)
Dividends paid	(2,828)	(2,591)
Transfer of business	16	(16)
Net cash provided by financing activities	597,336	128,129
Net increase/(decrease) in cash held	5,588	(6,708)
Cash at the beginning of the financial year	13,042	19,750
<b>Cash at the end of the financial year</b>	<b>18,630</b>	<b>13,042</b>

The statement of cash flows is to be read in conjunction with the discussion and analysis on page 26 and the notes to the financial statements set out on pages 27 to 31.

## Discussion and Analysis of the Consolidated Statement of Cash Flows

### Operating Activities

Cash flows from operating activities in relation to the consolidated entity increased by \$5,698,000 to \$16,372,000 (2001 \$10,674,000). This was mainly due to the increase in non interest income.

### Investing Activities

Cash outflows from investing activities increased by \$462,609,000 to \$608,120,000 (2001 \$145,511,000). This was mainly due to the increase in the amount of loans advanced during the year, an increase in investments and the acquisition of Australian Unity Building Society Limited.

### Financing Activities

The increase in the cash flows from financing activities was largely due to the increase in deposits and the proceeds from the sale of securitised loans.

# notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2002

## 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 consolidated entity's full financial report for the financial year. Other information included in the concise financial report is consistent with the consolidated entity's full financial report for the financial year. 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 consolidated entity as the full financial report.

It has been prepared on the basis of historical costs and does not take into account changing money values or, except where stated, fair values of non-current assets.

These accounting policies have been consistently applied by each entity in the consolidated entity and,

except where there is a change in accounting policy, as set out in note 2, are consistent with those of the previous year.

Where necessary, comparative amounts have been reclassified to achieve consistency in disclosure with current financial year amounts and other disclosures.

A full description of the accounting policies adopted by the consolidated entity may be found in the consolidated entity's full financial report.

## 2 Change in Accounting Policies

### Provisions

The consolidated entity has applied the requirements of Australian Accounting Standard AASB1044 "Provisions, Contingent Liabilities and Contingent Assets" for the first time from 1 July 2001. The standard introduces rules for the recognition, measurement and disclosure of provisions and includes detailed requirements for contingent assets and liabilities.

The company has applied AASB1044 as follows:

### Dividends

In accordance with the requirements of AASB1044, the Company has not recognised a provision for the final dividend in the financial report as the Company did not declare the dividend on or before 30 June 2002. A final dividend of 11.5 cents per share was declared on 31 July 2002. The adjustment to the financial report if AASB1044 had not been applied would be to recognise a provision for a final dividend of \$4,247,000. This would reduce retained profits at the end of the year to \$50,879,000 for the consolidated entity and \$49,517,000 for the Company.

### IMB Community Foundation

The Company has recognised a provision in the financial report for its contribution to the IMB Community Foundation amounting to \$500,000 for the year. On the adoption of AASB1044, contributions to the Foundation will be provided for on an accruals basis once the directors have determined the amount to be contributed for the financial year. In prior years, the Company's contribution has been recognised as an expense when the grant recipients were approved. The change in accounting policy has no financial effect in the current or prior period.



# notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2002

	Consolidated	
	2002 \$000	2001 \$000
<b>3 Dividends</b>		
Fully franked interim dividend provided on 31 December 2000 - \$0.07 per share franked to 100% at a tax rate of 34% paid on 27 February 2001 on 34,937,793 shares	-	2,446
Fully franked final dividend provided on 30 June 2001 - \$0.105 per share franked to 100% at a tax rate of 30% paid on 30 August 2001 on 35,580,928 shares	-	3,743
Fully franked interim dividend declared on 23 January 2002 - \$0.07 per share franked to 100% at a tax rate of 30% paid on 27 February 2002 on 36,482,890 shares	2,554	-
	2,554	6,189

On 31 July 2002, the Board declared a final dividend of 11.5 cents per share amounting to \$4,247,000 franked to 100% at a tax rate of 30%, in respect to the year ended 30 June 2002. The dividend is payable on 30 August 2002.

## 4 Retained Profits

Retained profits at the beginning of the year	47,120	43,374
Net profit attributable to members of the parent entity	10,544	9,951
Net transfers to and from retained profits	16	(16)
Dividends	(2,554)	(6,189)
Retained profits at the end of the year	55,126	47,120

# notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2002

## 5 Interests in Joint Venture Operations

The consolidated entity holds various interests in a number of unincorporated joint ventures as follows:

Controlled entity participating in joint venture	Percentage interest		Nature of activities	Contribution to net profit attributable to members	
	2002 %	2001 %		2002 \$000	2001 \$000
IMB Land Pty Ltd	50.0	50.0	Land development	301	81
Macquarie Syndication (No. 8) Pty Ltd	-	36.0	Research and development	-	-
Lafoten Pty Ltd	-	99.9	Research and development	-	-
Sonoridad Pty Ltd	-	63.0	Research and development	221	221
Vesteralen Pty Ltd	-	99.9	Research and development	-	-

Macquarie Syndication (No. 8) Pty Ltd and Sonoridad Pty Ltd were disposed of by the consolidated entity during the year. The research and development activities of Lafoten Pty Ltd and Vesteralen Pty Ltd were wound up during the year, therefore these companies are no longer operating.

Included in the assets of the consolidated entity are the following items which represent the consolidated entity's interest in the assets employed in the joint ventures, recorded in accordance with the accounting policies described in note 1 of the full financial report.

Assets	2002 \$000	2001 \$000
Cash	201	393
Receivables	499	862
Inventories	5,386	6,398
Other	-	113
Total Assets	6,086	7,766

### Investments accounted for using the equity method

The Company also holds an interest in the following incorporated joint venture:

Controlled entity participating in joint venture	Percentage interest		Nature of activities	2002 \$000	2001 \$000
	2002 %	2001 %			
IMB Financial Planning Limited	50.0	50.0	Financial planning		

### Results of incorporated joint venture

Share of loss from ordinary activities before income tax expense	(284)	(90)
Share of income tax benefit relating to loss from ordinary activities	85	25
Share of net loss accounted for using the equity method	(199)	(65)

### Movement in carrying amount of investment in incorporated joint venture

Carrying amount at beginning of year	185	-
Investment in joint venture acquired during the year	1,105	250
Share of net loss	(199)	(65)
Carrying amount at end of year	1,091	185

During the financial year, IMB Financial Planning Limited acquired 100% of the voting shares in Exford Pty Ltd, which holds 80% of the voting shares of King Financial Services Pty Ltd.

# notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2002

<b>6 Directors' Remuneration</b>	Consolidated	
	2002	2001
Directors' income		
The number of directors of the Company whose income (including superannuation and retirement benefits) from the Company or any related party falls within the following bands:		
\$30,000 – \$39,999	-	1
\$50,000 – \$59,999	4	-
\$60,000 – \$69,999	1	-
\$80,000 – \$89,999	1	-
\$90,000 – \$99,999	-	2
\$100,000 – \$109,999	-	2
\$120,000 – \$129,999	1	-
\$130,000 – \$139,999	-	1
\$170,000 – \$179,999	-	1
\$210,000 – \$219,999*	-	1
	\$000	\$000
Total income paid or payable, or otherwise made available, to all directors of the Company and controlled entities from the Company or any related party	513	996
Base emoluments	317	309
Superannuation contributions	26	24
Retirement benefits accrued	170	481
Retirement benefits paid	-	182
	513	996

\*The directors' remuneration for 2001 includes the retirement benefits paid to the former chairman.

Directors' income does not include insurance premiums paid by the Company in respect of directors' and officers' liabilities and legal expenses contracts, as the insurance policies do not specify premiums paid in respect of individual directors.

# notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2002

## 7 Contingent Liabilities

### Guarantees given by IMB Ltd

#### Real Estate Development

Guarantee in favour of Shellharbour City Council \$595,000 (2001 \$705,000) in association with real estate development activities undertaken by a controlled entity, IMB Land Pty Ltd and that entity's joint venturer.

Indemnity of \$50,000 (2001 \$50,000) in favour of the Commonwealth Bank of Australia 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.

### Pledges

The Company has a pledge in favour of Westpac Banking Corporation of \$10,000,000 (2001 \$10,000,000) securing its cheque clearing facility.

### Australian Taxation Office Audit - Research & Development Syndicates

Over recent years, the Australian Taxation Office ("ATO") has conducted an extensive program of auditing research and development syndicates. Under this program, the consolidated entity is currently subject to audits by the ATO on two of its syndicates.

The ATO has issued a position paper on one syndicate. The Company responded to the position paper. No amended tax assessments have been issued by the ATO and the directors intend to defend the Company's taxation position should

any adjustments be proposed by the ATO.

A second syndicate is also being audited by the ATO. At this time, no position paper has been issued by the ATO and no amended assessments have been received. Whilst the directors intend to defend any potential claims, if the ATO was successful in any action then an income tax liability in relation to primary tax of \$3.85 million would arise. This does not take into account interest and penalties. In the event that the ATO was successful, it is the view of the Company that it is entitled to and would seek to recover any liability from third parties.

While the final outcomes of the audits are uncertain, the directors are of the view that no adjustment to the provision for income tax is required as at 30 June 2002.

## 8 Statement of Operations of Segments

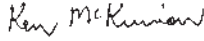
The consolidated entity operates predominantly in the banking and financial services industry in Australia.

## directors' declaration FOR THE YEAR ENDED 30 JUNE 2002

In the opinion of the directors of IMB Ltd, the accompanying concise financial report of the consolidated entity, comprising IMB Ltd and its controlled entities for the year ended 30 June 2002, set out on pages 21 to 31:

- has been derived from or is consistent with the full financial report for the financial year; and
- complies with Accounting Standard AASB 1039 "Concise Financial Reports".

Signed in accordance with a resolution of the directors.



KR McKinnon AO, Chairman



H Hanson, Director

Wollongong 31 July 2002

## independent audit report

on Concise Financial Report to the Members of IMB Ltd (formerly Illawarra Mutual Building Society Ltd)  
FOR THE YEAR ENDED 30 JUNE 2002

### Scope

We have audited the concise financial report of IMB Ltd ("the Company") and its controlled entities for the financial year ended 30 June 2002, consisting of the statement of financial performance, statement of financial position, statement of cash flows, accompanying notes 1 to 8, and the accompanying discussion and analysis on the statement of financial performance, statement of financial position and statement of cash flows (set out on pages 21 to 31), in order to express an opinion on it to the members of the Company. The Company's directors are responsible for the concise financial report.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the concise

financial report is free of material misstatement. We have also performed an independent audit of the full financial report of IMB Ltd and its controlled entities for the year ended 30 June 2002. Our audit report on the full financial report was signed on 31 July 2002 and was not subject to any qualification.

Our procedures in respect of the audit of the concise financial report included testing that the information in the concise financial report is consistent with the full financial report and examination, on a test basis, of evidence supporting the amounts, discussion and analysis, and other disclosures which were not directly derived from the full financial report. These procedures have been undertaken to form an opinion whether, in all material respects, the concise financial report is presented fairly in

accordance with Accounting Standard AASB 1039 "Concise Financial Reports" issued in Australia.

The audit opinion expressed in this report has been formed on the above basis.

### Audit Opinion

In our opinion the concise financial report of IMB Ltd and its controlled entities for the year ended 30 June 2002 complies with AASB 1039 "Concise Financial Reports" issued in Australia.



KPMG



CP Hollis, Partner

Wollongong 31 July 2002

## 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 Rd, Wollongong on Wednesday 25 September 2002 at 10:00am.

## Shareholders' Diary

- Announcement of full year results and final dividend August 2002.
- Annual general meeting 25 September 2002 at 10:00am.

## Registered Office

253-259 Crown Street  
Wollongong, New South Wales 2500



