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IMB
BANKING & FINANCIAL SERVICES

IMB Ltd ABN 92 087 651 974

ANNUAL REPORT 2003

CONTENTS

HIGHLIGHTS

FINANCIAL

Record group profit after tax up 17.4% to $12.4 million.

Return on average equity improved from 8.9% to 9.6%.

Non interest expense to operating income ratio decreased from 77.9% to 75.3%

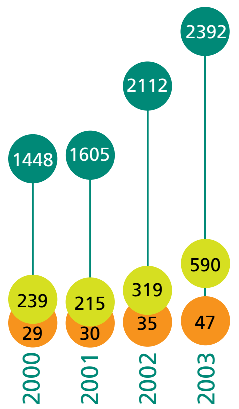
Total assets under management increased by $563 million or 22.8% up to a record $3.0 billion.

Lending approvals of $1.1 billion, the second year in a row approvals exceeded $1.0 billion.

Level of mortgage arrears continue to be well below the national averages in all categories.

Deposits grew by 13% to $2.3 billion.

A further $500,000 was allocated to the IMB Community Foundation. This brings to $2.0 million the amount of funds granted through the Foundation to the community.



TOTAL ASSETS UNDER MANAGEMENT $M

Loans
Liquids
Other

PRODUCTS AND SERVICES

Professional home loan package and 100% offset account introduced.

Launched expanded business banking product range for new and existing small to medium sized enterprises.

Won gold awards for our Wisdom Saver and our 5 year fixed car loan in Personal Investor Awards.

Awarded the Best Car Loan ($17,500) and the Best Equity Line of Credit Loan as a finalist in the Money Magazine – The Best of the Best Awards.

Introduced new Comparison Rates to allow customers to easily compare the true cost of loans with other institution's products.

Replaced existing ATM fleet with new NCR ATM's.

Opened a new sales centre in Parramatta.

Reappointed by ClubsNSW as their preferred supplier of investment and call account facilities for registered clubs in NSW for a further two years.

Joined the Financial Cooperatives Dispute Resolution Scheme, an ASIC approved self-regulatory scheme that provides an external and impartial dispute resolution process for members and customers.

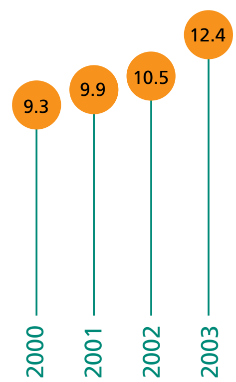
CORPORATE

Enterprise agreements for administration and non NSW sales staff implemented with a call centre agreement currently with the Industrial Commission for ratification.

Established a new Securitisation Trust, the "Illawarra Trust", and securitised an additional $250 million in residential mortgage loans.

Launched debut $500 million Residential Mortgage Backed Securities offer in the Australian bond market.

Completed sale of large portion of land from our residential land joint venture at Albion Park.



OPERATING PROFIT AFTER TAX $M

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The Board of Directors from left to right: George Edgar, Peter Bolt, Harold Hanson, Vivien Twyford, Ken McKinnon (chairman), Lynette Gearing, Russell Fredericks.

RECORD GROUP PROFIT AFTER TAX OF $12.4 MILLION.

IMB group results for 2003 continue the run of six consecutive years of profit improvement.

LETTER FROM THE CHAIRMAN

IMB will be focusing on productivity, expansion and diversification.

The company will continue vigorously to respond to many challenges in pursuit of its vision of becoming a strong and successful financial institution.

DEAR MEMBERS

The IMB group results for 2003 continue the run of six consecutive years of profit improvement. Loan approvals again exceeded $1 billion for the year, assets under management increased by $563 million (22.8 percent) to a record $3 billion and net profit reached a record $12.4 million (an increase of 17.4 percent). While the result is a satisfactory outcome for the year, it nevertheless falls short of the Board's ambitions.

A number of matters significantly influenced the result both positively and negatively. These included the income from the sale of a large portion of land in our joint venture land development company's portfolio, settlement with the Australian Taxation Office of two R&D matters dating back to 1994, investment in a funds management company, efficiency measures to support the growth of the company and ongoing expansion both geographically and in our product range.

The foregoing contribute to the satisfactory aspects of the result because it was achieved despite sustained low interest rates and unremitting pressure on margins for the whole year. Growth in the Victorian and Sydney markets helped us to achieve a significant increase in market share despite the vigour of the competition, but in the face of likely further pressure on margins, forecasts of a slowing in the housing market, and sustained competition, the pressure is on us to do better.

Our previous capital arrangements will not support the growth targets of the company. Accordingly, significant time, effort and money has been expended in the creation of an IMB securitisation trust. This was launched in early July 2003, with the $500 million placement accepted at a favourable price, especially significant for the IMB as a new company in that marketplace. The successful placement of such a large sum on favourable terms highlights both the quality of the IMB mortgage book and the skills and energy of those involved in the launch.

Another $500,000 was allocated to the IMB Community Foundation for 2003 to support nineteen projects as far apart as Wollongong and Bega and inland to Canberra. In addition the Foundation was able to support the ACT Bushfire Appeal with a grant of $25,000. 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.

In short, the re-positioning of the company is delivering improvements and better services for customers.

Notwithstanding these good features, if the Board's ambitions for the future of the company are to be realised, there are real challenges ahead. In the face of the continually declining margins and forecasts of market contraction the company will have to run faster to stay at the same level of profits. To meet our aspirations it will have to do better. The world's economies and stock markets continue to exhibit the volatility of recent years. It would not be prudent to rely on either the Australian economy or the world economy being as healthy next year as in recent years. We have to keep the focus on productivity, expansion and diversification. The moves the company has made give it every chance of overcoming obstacles to growth but now is not the time for over optimistic forecasts.

The challenges associated with higher levels of corporate governance, the work and costs associated with new compliance requirements from regulatory bodies, the changes associated with CLERP reforms, the foreshadowed requirement to adopt international accounting standards and the requirements of the privacy, environment and other legal developments, are formidable.

What the Chief Executive and I are both saying is that the company will continue vigorously to respond to these many challenges in pursuit of its vision of becoming 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 and effectiveness of the contributions made by the people associated with the company. I have appreciated the energetic, creative and successful way in which Wayne Morris, his executive team, and my fellow directors, have met the challenges. Most of all I have observed with pleasure the contributions made by all of the staff of the IMB, through team-work, through their general commitment and, of course, through their achievements, all of which contribute to our objective of making the company both successful and a happy place in which to work.

Ken McKinnon

Prof KR McKinnon AO
Chairman

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THIS YEAR WE LAUNCHED AN EXPANDED BUSINESS BANKING PRODUCT RANGE

Graham Sturgess, proprietor of the Woonona newsagency, has had a long association with IMB conducting both his business and personal banking through IMB. Graham (right) pictured with John Ivkovic IMB Senior Manager Business Banking, has recently taken advantage of our new business banking range.

CHIEF EXECUTIVE'S REVIEW OF OPERATIONS

Group operating profit after tax at $12.4 million was a record for IMB.

OVERVIEW

As noted in the Chairman's letter in the year just completed a significant number of strategic initiatives have been implemented. These include the launch of an expanded business banking product range, the launch of our own securitisation trust and the acquisition of a majority equity interest in a funds management company. 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 $12.4 million was a record for IMB, a further improvement of $1.8 million or 17.4 percent 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, the same level as the previous year. The return on average equity, at 9.6 percent, is a significant improvement to the 8.9 percent level of the previous year. The 17.4 percent increase in net profit for the year under review is a very satisfying outcome in the light of competitive forces faced by the IMB and the issues experienced and resolved throughout the year.

NET EARNING ASSETS INCOME

Net earning assets income for the year was $50.6 million, up $4.6 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. 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 $12.2 million, or approximately 65.6 percent 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. After deducting the revenue from land development, non interest income improved by $2.7 million or 16.7 percent. It should be noted that less than 25 percent of our members pay any transaction fees each month, a similar percentage to the previous year. Ongoing and new initiatives relating to key alliances and joint ventures will see significant ongoing improvement in this area in the coming years.

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$3 BILLION MILESTONE IN ASSETS UNDER MANAGEMENT ACHIEVED.

IMB has achieved loan approval levels of $1.1 billion, the second year in a row loan approvals have exceeded $1 billion. With the launch of our own securitisation trust IMB sets the platform for a significant increase in lending in the year ahead.

CHIEF EXECUTIVE'S REVIEW OF OPERATIONS CONT'D

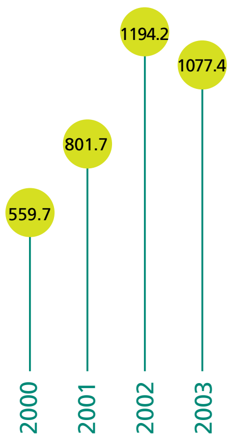
IMB's level of mortgage arrears continues to be well below the national averages.

BAD AND DOUBTFUL DEBTS EXPENSE

Bad and doubtful debts expense was $1.1 million, an increase of $0.2 million on the previous 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 further 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 the national averages in all categories.

NON INTEREST EXPENSE

Non interest expense increased to $61.3 million, from $50.4 million in 2002, an increase of $10.9 million or 21.6 percent. After deducting the expenses attributable to the land development joint venture, non interest expense increased to $54.6 million, from $48.6 million in 2002, an increase of $6.0 million or 12.3 percent. Most of the increase is attributable to initiatives viewed as investments in the future of IMB. This 12.3 percent increase in expenses compares favourably to the 22.8 percent increase in assets under management.



TOTAL LOANS APPROVED $M

Personnel costs have increased by $3.0 million or 13.9 percent during the year, occupancy costs have increased by $0.3 million or 5.8 percent and land development expenses have increased by $4.9 million or 270.5 percent. Payment system charges have increased by $0.3 million or 6.3 percent, marketing expenses have increased by $0.2 million or 6.8 percent, data processing expenses have increased by $0.2 million or 9.9 percent and other expenses have increased by $2.2 million or 18.0 percent.

The ratio of non interest expense to operating income for the group decreased from 77.9 percent in 2002 to 75.3 percent in 2003. Non interest expense, as a proportion of average total assets for the group, remained constant at 2.4 percent.

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.

BALANCE SHEET

IMB has achieved excellent loan approval levels of $1.1 billion for the year. This level is a slight reduction compared to the $1.2 billion approved last year. With the launch of our own securitisation trust IMB is well set for a significant increase in lending in the year ahead.

On balance sheet loans outstanding remained constant at $1.8 billion. Total loans under management, including securitised loans increased by $0.3 billion or 13.2 percent compared to last year. This led to a new milestone for IMB, namely assets under management of $3 billion, being achieved during the year.

Equally important is the increase in deposits to $2.3 billion, up $0.3 billion, or 13.0 percent over the previous year. This strong 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 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.

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WE ARE COMMITTED TO PROVIDING FACE TO FACE SERVICES TO OUR MEMBERS

IMB Financial Planner Tony Bosevski (right), discusses financial planning needs with clients Leslie and Kerry Finch. IMB offers a wide array of products and services both in a face to face way and utilising the most up to date e-commerce technology.

IMB will continue to look for acquisition opportunities to profitably grow the business.

IMB products continue to be enhanced.

BUSINESS STRATEGIES

IMB will continue to look for acquisition opportunities to profitably grow the business. We have focussed on strengthening our balance sheet to ensure we can avail ourselves of opportunities as and when they arise. Our philosophy of being able to offer banking and financial services is reflected in our growth strategy throughout the year. Future acquisitions will assist us to further grow in the core areas of lending and deposit taking, financial planning and funds management arena. Similarly IMB will continue to source alliance partners to widen the products and services available.

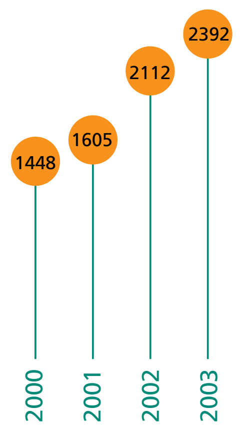
IMB opened a new sales centre in Parramatta in June 2003. This centre continues our focus in the Sydney marketplace. It also reconfirms IMB's commitment to sales centres, providing face to face service to our members. These sales centres then complement the other distribution channels available. The 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.

We have also invested significantly in technology in the current year. Much of this investment will continue into the new year. Projects currently underway include the complete replacement of the front end of our loans processing system, the replacement of our entire ATM fleet and the commencement of a significant upgrade of our call centre technology.

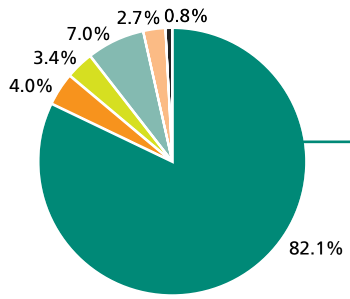
This latter project will not only include a major investment in technology but will also encompass a large increase in the number of employees in the call centre supporting our strategy of further diversification of distribution channels.

Ongoing reviews of products and services have resulted in the launch of a number of new or improved deposit and lending products, along with a number of improved insurance products. This is highlighted by a launch of a new business banking product offering a personal business banking relationship to new and existing small to medium sized enterprises. By continually reviewing our product offerings and those 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.

IMB products continue to be enhanced. Nevertheless we are proud of our achievements in the year having won gold awards for our Wisdom Saver Account and our 5 year fixed car loan in the Personal Investor Awards for Excellence in Financial Services. IMB also won a silver and a bronze award for other products from these awards. In addition IMB was awarded the Best Car Loan ($17,500) and the Best Equity Line of Credit Loan as a finalist in the Money Magazine – The Best of the Best Awards. Whilst being proud of awards, we are more proud of the fact that our products continue to be ranked so favourably by objective analysts.

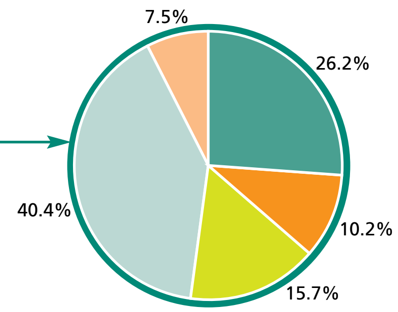


LOANS UNDER MANAGEMENT $M



LOANS BY STATE

- New South Wales
- Australian Capital Territory
- Queensland
- Victoria
- Western Australia
- Other Australia



LOANS IN NEW SOUTH WALES

- Illawarra
- South Coast
- Southern Highlands
- Sydney
- Other

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A FURTHER $500,000 WAS ALLOCATED TO THE IMB COMMUNITY FOUNDATION

Geoff Willetts, a student at Warilla High School, participated in the Plan-It Youth program, a project supported by the IMB Community Foundation. As part of the program Geoff was mentored by a young woman, Kristy, who organised for Geoff to do work experience at a local Catamaran builder called "Sea Wind" Catamarans. Geoff so impressed his employer with his willingness to learn that they called him back for a second work experience period and he is now employed by them as an apprentice shipwright.

CHIEF EXECUTIVE'S REVIEW OF OPERATIONS CONT'D

IMB continues to support the community it serves, supporting a total of 68 projects throughout south eastern NSW and taking its grant to the IMB Community Foundation to $2 million in four years .

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 which it serves. This takes to $2 million granted to the Foundation in four years supporting a total of 68 projects throughout south eastern NSW and the ACT.

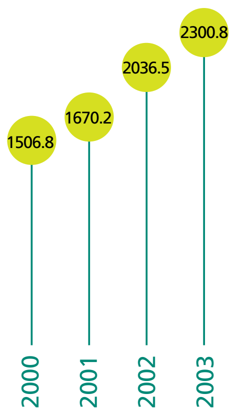
Again IMB has provided another three year university academic scholarship to a worthy recipient this year. A total of four recipients are currently enjoying IMB support for their pursuit of academic excellence.

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 again 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.

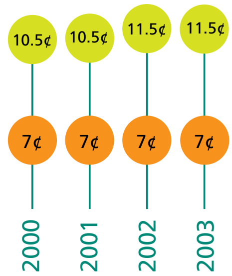
IMB also has significant mutually beneficial sponsorship relationships in place with Essendon in the Australian Football League, Cronulla Sharks in the National Rugby League and the Wollongong based IMB Ice Thirteen V8 Brute Ford Racing Team. Each of these sponsorships is strategic and successfully improves IMB's presence and profile both from a geographic but also demographic perspective.

CENTENARY ESTATES JOINT VENTURE

IMB is now in its sixteenth year of involvement with a residential land development joint venture at Albion Park. In recent years the joint venture has recorded marginal performance in its contribution to the group performance. This year has shown significant improvement, following the decision to sell our interest in a large land bank owned by the joint venture. This has also significantly reduced our loan exposure to the joint venture. IMB continues its involvement in the joint venture and looks forward to future positive contribution from the remaining land stock.



MEMBER DEPOSITS $M



DIVIDEND PER SHARE

Interim
Final

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IMB STAFF CONTINUE TO MEET THE MANY DIFFERENT CHALLENGES PUT BEFORE THEM

In a continuing environment of change and ever-increasing demands in banking and finance, service levels continue to be not only maintained but improved.

CHIEF EXECUTIVE'S REVIEW OF OPERATIONS CONT'D

We will continue to focus strongly on the key drivers to maximise performance and strengthen IMB to the benefit of all its stakeholders.

RESEARCH AND DEVELOPMENT

IMB concluded its involvement in 2002 with the four research and development syndicates from past years. As reported in the Half-Year Financial Report a negotiated settlement totalling $1.4 million after tax was reached with the Australian Taxation Office for two R&D investment transactions dating from 1994.

A further transaction dating back to 1993 has been in negotiations with the ATO for the last four years. The ATO has now issued Notices of Amended Assessments. We intend to defend the Company's position regarding these assessments. The ATO has now agreed to continue negotiations with a view to potential settlement. A provision of $2.45 million has been made for this settlement, $650,000 of which has been brought to account this year. We believe that all potential outstanding R&D related obligations to the ATO will be resolved in the coming year. These are commented on further in the annual accounts.

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.

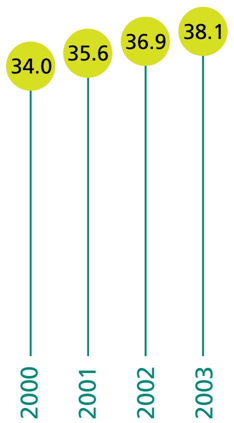
Management and staff have agreed on the implementation of enterprise agreements for the administration staff and the non NSW sales centre staff. In early July 2003, the call centre staff also voted in favour of an enterprise agreement which is currently being presented to the Industrial Commission for ratification. Management looks to the NSW sales centre staff to favourably support an enterprise agreement for them in the coming year, thus completing agreements for all areas of operations.

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 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



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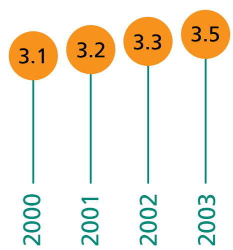

NET ASSETS PER SHARE $

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The executives from left to right: Mark Anderson, Wayne Morris (chief executive), Robert Ryan, and Bob Turnbull.

DIRECTORS' AND EXECUTIVES' PARTICULARS

DIRECTORS

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 and the nomination and corporate governance 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 also chairman of Callidus Group Investments Pty Ltd and all entities wholly owned by IMB 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 Premsure Local Government Joint Insurance Authority. As well as being a director of IMB Ltd, Mr Bolt is also a director of all entities wholly owned by IMB Ltd.

GEORGE ANTHONY EDGAR

Mr Edgar, whose expertise is business management, was appointed non executive director in 2000. He is a member of the remuneration committee and the nomination and corporate governance committee. Mr Edgar is the former president of BHP Flat Products and former chief executive officer of BHP Integrated Steel. He is also deputy chancellor, University of Wollongong, 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 Callidus Group Investments Pty Ltd and all entities wholly owned by IMB Ltd.

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 chairman of the audit and risk management committee and a member of the IMB community foundation committee. 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 27 year member of the Lions Service Organisation. As well as being a director of IMB Ltd, Mr Fredericks is also a director of all entities wholly owned by IMB Ltd, with the exception of IMB Land Pty Ltd.

LYNETTE THERESE GEARING

B.Comm Dip Valuations Cert Bus.Studies (Real Estate) FASFA

Ms Gearing was appointed to the board as a casual director on May 28, 2003. She is a member of the IMB audit and risk management committee and the nomination and corporate governance committee. Ms Gearing was the Chief Executive Officer for the trustee corporations of the NSW public sectors superannuation schemes (State Super and First State Super) from 1997 until December 2002. Ms Gearing has over 30 years business experience in superannuation, funds management, corporate finance and management consulting. She also held a number of directorships in the corporate and not for profit sectors. As well as being a director of IMB Ltd, Ms Gearing is also a director of all entities wholly owned by IMB 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 committee, the nomination and corporate governance committee and the IMB community foundation 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 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 all entities wholly owned by IMB 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, Ms Twyford is also a director of all entities wholly owned by IMB Ltd.

EXECUTIVES

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 a director of IMB DB Fund Pty Ltd, IMB SAS Fund Pty Ltd, King Financial Services Pty Ltd and Callidus Group Investments Pty Ltd. He is also chairman of IMB Financial Planning Ltd and deputy chairman and a councillor of the Australian Association of Permanent Building Societies.

ROBERT JAMES RYAN

BEc MCommLaw FCIS FCIM ACA FTIA AICD

Mr Ryan is the chief financial officer/company secretary and joined the Company in 1999. He is responsible for the overall management of the Company's finance, treasury, compliance, strategic project and corporate services, and is director of IMB Financial Planning Ltd. Prior to joining IMB, Mr Ryan held the positions of Managing Director, Chief Financial Officer and Company Secretary at Australian Resources Limited.

ROBERT STEWART TURNBULL

Mr Turnbull is head of retail distribution and joined the Company in 2000. As head of retail distribution he is responsible for the overall management of the Company's branch and retail operations, IMB Direct, marketing and product development. Prior to joining IMB, Mr Turnbull was a director of RAMS Home Loans and held senior management positions with Advance Bank Ltd.

MARK LEONARD ANDERSON

B.Comm (Land Economy) AAPI AICD AICUM AMIAA LICM

Mr Anderson is general manager operations and joined the Company in 1999. He has 30 years experience in credit and risk management, insurance, commercial and consumer lending in the financial services industry. As general manager operations, Mr Anderson is responsible for IMB share trading, cards, insurances and transaction processing; lending and loans administration; information systems and technology; property and support services. Mr Anderson also serves on the executive committee of the Australian division of Visa International and is a director of Australian Settlements Limited.

CORPORATE GOVERNANCE STATEMENT

This statement outlines the main corporate governance practices in place throughout the financial year. These practices are dealt with under the following headings: Board of Directors and its Committees, Internal Control Framework and The Role of Members.

BOARD OF DIRECTORS AND ITS COMMITTEES

The board is responsible for the overall corporate governance of the Company and its controlled entities ("the consolidated entity") including the strategic direction, establishing goals for management and monitoring the achievement of these goals. To give further effect, it has established a number of board committees to assist in the execution of its responsibilities including the remuneration committee, the nomination and corporate governance committee, the audit and risk management committee, the centenary estate joint venture committee and the IMB community foundation committee.

The full board currently holds thirteen scheduled meetings each year, plus strategy meetings and extraordinary meetings at such other times as may be necessary to address any specific matters that may arise.

The agenda for meetings is prepared in conjunction with the chairman, the chief executive and the company secretary. Standing items include the chief executive report, financial reports and submissions are circulated in advance. Executives are regularly involved in board discussions and directors have other opportunities including visits to operations, for contact with a wider group of employees.

BOARD COMPOSITION

The composition of the board is prescribed by the Company's constitution, and details of the directors of the Company in office at the date of this statement appear on pages 15 and 16 of this financial report.

The board comprises seven non executive directors. The size and composition of the board is determined by the full board, subject to the limits imposed by the constitution.

- Only the board may nominate an employee for election as a director.
- The chairman of the board must be an independent non executive director.
- Directors are elected at the annual general meeting.
- Subject to the constitution, the board may appoint any person as a director to fill a casual vacancy. The term of office of a director so appointed will end at the start of the next annual general meeting at which meeting the retiring director is eligible for election.

A director must retire from office at the start of the third annual general meeting after the director was last elected and if eligible, may be re-elected.

CONFLICT OF INTEREST

In accordance with the Corporations Act 2001 and the Company's constitution directors must keep the board advised, on an ongoing basis, of any interest that could potentially conflict with those of the Company. Where the board believes that a significant conflict exists the director concerned does not receive the relevant board papers and is not present at the meeting whilst the item is considered. The board has developed procedures to assist directors to disclose potential conflicts of interest. Details of director related entity transactions with the company and consolidated entity are set out in Note 34.

INDEPENDENT PROFESSIONAL ADVICE

Each director has the right to seek independent professional advice for Company related matters at the consolidated entity's expense provided that prior approval is received from the chairman and a copy of the advice received is made available to all other members of the board.

POLICY REGARDING DIRECTORS' INTERESTS

In February 1993 the board adopted the following policy in respect of dealings in securities of the Company by directors, officers and their associates.

- Purchase or sale of Company shares is permitted within two months after announcements subject to prior advice to the chairman who will notify the board.
- Purchase or sale of Company shares is permitted at other times with the prior consent of the board who will examine the transaction (and any information known by the director or officer) prior to giving approval, to ensure that the transaction is not related to inside information, nor could be seen to be related to such information.
- Generally transactions in Company shares within a period of two months leading up to an announcement will not be approved.
- The above guidelines extend to sale and purchase of Company shares by directors and officers personally, by directors' and officers' spouses and dependent children, and by any company in which a director or officer holds a majority of the shares. It will also extend to any company in which a director or officer is an officer (director, secretary, executive officer or employee), unless appropriate arrangements are in place within that company to ensure that the director or officer takes no part in the company's decision to buy or sell the Company shares, and further to ensure that the director or officer could not have passed inside information to those making the decision. Usually, this can be done by the director or officer not being present at any meeting in which the purchase or sale of Company shares is discussed or approved.
- It is the responsibility of the director or officer to ensure the order to purchase or sell expires no more than two months after the relevant announcement is made.

- The above guidelines also apply to transactions in debentures, stocks, bonds, notes, options and other securities of the Company, but will not apply to any election made to acquire shares or other securities under the terms of any plan for the reinvestment of dividends or the issue of bonus shares in lieu of dividends or the issue of shares under the employee share scheme.
- "Selected officer" or "officer", means a member of the executive group and other person or persons in the employ of the Company nominated by the chief executive.
- This policy applies only to transactions of a material nature. For these purposes, transactions by any one person (or associates thereof) of less than 5,000 shares in aggregate in any period of six months shall be deemed to be not material.

REMUNERATION COMMITTEE

The role of the remuneration committee is to review and make recommendations to the board on remuneration packages and policies applicable to the chief executive and senior executives. For senior executives this follows receipt of appropriate recommendations from the chief executive. The remuneration committee obtains independent advice on the appropriateness of remuneration packages.

The members of the remuneration committee during the year were:

Prof KR McKinnon AO (Chairman)
Mr GA Edgar
Mr H Hanson AM

The chief executive, Mr PW Morris, is invited to remuneration committee meetings as required to discuss management performance and remuneration packages. The remuneration committee meets as required.

Base emoluments for all non executive directors, approved by members at the 2002 annual general meeting, is not to exceed $343,500. This excludes superannuation payments required under legislation and retirement benefits in accordance with the Company's constitution.

Further details of directors' and executives' remuneration, superannuation and retirement payments are set out in Notes 32 and 33 to the financial report.

NOMINATION AND CORPORATE GOVERNANCE COMMITTEE

The nomination and corporate governance committee oversees the appointment and induction process for directors. It reviews the composition of the board and makes recommendations on the appropriate skill mix, personal qualities, expertise and diversity. When a vacancy exists or there is a need for particular skills, the committee in consultation with the board determines the selection criteria based on the skills deemed necessary. Potential candidates are identified by the committee. The board then appoints the most suitable candidate who must stand for election at the next general meeting of members. The committee is also responsible for the selection, appointment and succession planning process of the Company's chief executive.

In addition the committee is responsible for advising the board on corporate governance.

The nomination and corporate governance committee was formed on 23 April 2003 and comprises the following members, all of whom were non executive directors:

Prof KR McKinnon AO (Chairman)
Mr GA Edgar
Mr H Hanson AM
Ms LT Gearing (Appointed 23 June 2003)

The nomination and corporate governance committee meets as required.

AUDIT AND RISK MANAGEMENT COMMITTEE

The primary purpose of the committee is to assist the board of IMB in fulfilling its supervisory responsibilities by:

- serving as an independent and objective party to monitor the IMB's financial reporting process, risk management and internal control systems;
- reviewing and appraising the audit efforts of the IMB's external auditors and the internal audit department;
- providing an open avenue of communication among the external auditor, financial and senior management, the internal auditing department, and the board of IMB; and
- considering whether non-audit services provided by the external auditor are consistent with maintaining the external auditor's independence.

The audit committee also conducts an annual review of its processes and current performance against its Charter to ensure that it has carried out its functions in an effective manner.

Consistent with this function, the committee encourages continuous improvement of, and fosters adherence to, the IMB's policies, procedures and practices at all levels.

The members of the audit and risk management committee during the year were:

Mr LR Fredericks (Appointed Chairman 25 September 2002)
Mr PF Bolt
Ms LT Gearing (Appointed 23 June 2003)
Mr BE Wauchope (Chairman) (ceased to be a director 25 September 2002)
Prof KR McKinnon AO (ex officio member)

The internal and external auditors, the chief executive and the chief financial officer, are invited to audit and risk management committee meetings at the discretion of the committee.

The external auditors met with the audit and risk management committee four times during the year.

INTERNAL CONTROL FRAMEWORK

The board acknowledges that it is responsible for the overall internal control framework, but recognises that no cost effective internal control system will preclude all errors and irregularities. To assist in discharging this responsibility, the board has instigated an internal control framework that can be described under five headings.

- Financial reporting – there is a comprehensive budgeting system with an annual budget approved by the board. Monthly actual results are reported against budget. The consolidated entity reports to members half-yearly.
- Approval levels – delegated authority is given to nominated officers to perform the daily operations of the Company. Maximum loan approval limits are delegated subject to the qualifications and experience of the nominated officer. Cheque signatory authority for the various Company bank accounts are also delegated to nominated officers subject to experience and task related need. The delegated authority for each of these is reviewed on a quarterly basis. Authority to incur expenditure and also capital commitments is delegated to nominated senior officers. The board reviews these levels on a regular basis and changes are only made following a recommendation from the chief executive.
- Operating unit controls – financial controls and procedures including information systems controls are detailed in procedures manuals.
- Functional speciality reporting – the consolidated entity has identified a number of key areas which are subject to regular reporting to the board such as risk management levels pertaining to liquidity risk, market risk, credit risk, data risk and operations risk. The board reviews each of these areas monthly and the risk policies underlying the reports at least annually. In addition to the review of risk management levels and the financial reporting described above other key matters reviewed monthly are the level of arrears on the loan portfolio as well as specific loan performance where deemed applicable.
- Investment appraisal – the consolidated entity has clearly defined guidelines for capital expenditure. These include annual budgets, detailed appraisal and review procedures, levels of authority and due diligence requirements where businesses are being acquired.

Comprehensive practices are established such that occupational health and safety standards and management systems are monitored and reviewed to achieve high standards of performance and compliance with regulations.

INTERNAL AUDIT

The internal auditors assist the board in ensuring compliance with these internal controls. The audit and risk management committee is responsible for approving the program of internal audit visits to be conducted each financial year and for the scope of the work to be performed at each location.

THE ROLE OF MEMBERS

The board of directors aims to ensure that the members are informed of all major developments affecting the consolidated entity's state of affairs. Information is communicated to shareholders and members as follows:

- Public release of performance results, plus declared dividend as soon as available.
- The concise report is distributed to all shareholders (unless a shareholder has specifically requested not to receive the document) and is available on request for other members. The board ensures that the concise report includes relevant information about the operations of the consolidated entity during the year, changes in the state of affairs of the consolidated entity and details of future developments, in addition to the other disclosures required by the Corporations Act 2001. The board ensures that the full annual financial report is available to all shareholders and members should they request it.
- The half-yearly report is distributed to all shareholders (unless a shareholder has specifically requested not to receive the document) and is available on request for other members. This document contains summarised financial information and a review of the operations of the consolidated entity during the period. Half-year financial statements are prepared in accordance with Accounting Standards in Australia and relevant legislation and contain an independent review report from the external auditors.
- Proposed changes to the constitution of the consolidated entity are submitted to a vote of members.

The board encourages full participation of members at the annual general meeting to ensure a high level of accountability and identification with the consolidated entity's strategies and goals. Important issues are presented to the members as separate resolutions.

The members are responsible for voting on the election of directors as prescribed by the constitution.

DIRECTORS' REPORT

The directors have pleasure in presenting their report, together with the financial report of IMB Ltd, ("the Company") and of the consolidated entity, being the Company and its controlled entities, for the year ended 30 June 2003 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 $12,374,000 (2002 $10,544,000). Income tax of the consolidated entity for the financial year was $7,999,000 (2002 $3,716,000).

DIVIDENDS

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

- a final dividend of $0.115 per share amounting to $4,247,000 franked to 100% at a tax rate of 30%, in respect of the year ended 30 June 2002, paid on 30 August 2002;
- an interim dividend of $0.07 per share amounting to $2,636,000 franked to 100% at a tax rate of 30%, in respect of the year ended 30 June 2003, paid on 6 March 2003;
- a final dividend of $0.115 per share amounting to $4,383,000 franked to 100% at a tax rate of 30%, declared on 1 August 2003, in respect of the year ended 30 June 2003, payable on 30 August 2003.

Total dividends paid or declared in respect of the year ended 30 June 2003 were $0.185 per share (2002 $0.185) amounting to $7,019,000 (2002 $6,801,000).

DIRECTORS

The directors of the Company 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
Lynette Therese Gearing (appointed 28 May 2003)
Harold Hanson AM
Vivien Jennifer Twyford
Bryce Edward Wauchope (ceased directorship 25 September 2002)

The particulars of the qualifications, experience and special responsibilities of each director are set out on pages 15 and 16 of this report.

At the annual general meeting of the Company on 26 September 2003, three directors, Mr LR Fredericks, Ms LT Gearing and Mr H Hanson will retire in accordance with the constitution of the Company and, being eligible, offer themselves for re-election.

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 2003.

REVIEW OF OPERATIONS

Consolidated profit after tax from ordinary activities attributable to members was $12,374,000 (2002 $10,544,000), an increase of $1,830,000 or 17.4% over 2002.

Net loan approvals were down $116,807,000 to $1,077,439,000 (2002 $1,194,246,000). This was due to a lower level of commercial lending, resulting in a decrease in commercial loan approvals of $187,672,000 compared to 2002 levels, while residential and other lending approvals increased by $70,865,000 from 2002 levels.

Net interest income increased to $53,564,000 representing an improvement of $6,616,000 which resulted from the growth in average earning assets. This was mainly through average on-balance sheet loans and investments, which increased by 18.8% or $376,689,000 to $2,377,267,000, offset by an increase in average interest bearing liabilities of 19.8% or $377,869,000 to $2,285,607,000 and a 0.17% decrease in earning asset margin to 2.08%.

Bad and doubtful debts expense increased by $211,000 to $1,109,000 (2002 $898,000). The bad and doubtful debts expense for 2003 includes an increase in the additional general provision of $400,000 against the existing commercial loan portfolio, in line with commercial provisioning policy. The bad debts expense for 2003 is 0.06% of total average loans in comparison to 0.05% in 2002.

Non interest income improved by $12,208,000 or 65.6% to $30,818,000. This increase was primarily due to the sale of a large portion of land from our residential land development joint venture at Albion Park and an increase in securitisation income due to securitised loans increasing by 103.6% to $559,961,000.

DIRECTORS' REPORT CONT'D

FOR THE YEAR ENDED 30 JUNE 2003

The increase in non interest expense to $61,308,000 resulted primarily from holding costs associated with the large portion of land sold from our residential land development joint venture, increases in personnel costs associated with the IMB's continued growth, and referral fees associated with broker originated loans.

During the year, IMB had a negotiated settlement totalling $1,360,000 after tax with the Australian Taxation Office for two Research and Development investment syndicates dating from 1994.

EVENTS SUBSEQUENT TO REPORTING DATE

Other than the matter disclosed in note 27 in relation to the Australian Taxation Office Audit of the Research and Development Syndicates, 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 2003 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 13 of the financial report.

STATE OF AFFAIRS

Details of any significant changes in the state of affairs of the consolidated entity are disclosed in the Chairman's letter and Chief Executive's Review of Operations on pages 3 to 13 of the financial report.

DIRECTORS' INTERESTS

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

Director	Holding at 1 August 2003
Prof KR McKinnon	17,935
Mr PF Bolt	8,599
Mr GA Edgar	23,800
Mr LR Fredericks	4,251
– associates	26,234
Ms LT Gearing	2,000
Mr H Hanson	9,913
Ms VJ Twyford	2,335

DIRECTORS' AND SENIOR EXECUTIVES' EMOLUMENTS

Directors' and senior executives' emoluments are set out in notes 32 and 33 to the financial statements.

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 REGULATION

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 2003 and the number of meetings attended by each director.

		MEETINGS OF COMMITTEES				
	Directors' Meetings	Audit and Risk Management	Centenary Estate JV	Remuneration	Nomination and Corporate Governance*	IMB Community Foundation
Number of meetings held	14	5	3	1	–	3
NUMBER OF MEETINGS ATTENDED						
Prof KR McKinnon	14	5	–	1	–	–
Mr PF Bolt	14	5	3	–	–	–
Mr GA Edgar	13	–	–	1	–	–
Mr LR Fredericks	14	5	–	–	–	3
Ms LT Gearing	1	–	–	–	–	–
Mr H Hanson	12	–	–	1	–	3
Ms VJ Twyford	13	–	–	–	–	3
MR BE Wauchope	3	1	–	–	–	–

Ms LT Gearing was appointed to the board on 28 May 2003 and attended the June 2003 directors' meeting. Mr BE Wauchope ceased to be a director on 25 September 2002 and attended all the meetings he was eligible to attend.

*The nomination and corporate governance committee was formed on 23 April 2003.

ROUNDING OFF

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 the 1st day of August 2003

Signed in accordance with a resolution of the directors:

Ken McKinnon

KR McKinnon AO, Chairman

H Hanson AM, Director

FINANCIAL STATEMENTS

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STATEMENTS OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2003

	Note	CONSOLIDATED 2003 $000	CONSOLIDATED 2002 $000	COMPANY 2003 $000	COMPANY 2002 $000
Interest revenue	3	**144,032**	119,346	**142,726**	119,622
Interest expense	3	**(90,468)**	(72,398)	**(90,649)**	(72,540)
Net interest income		**53,564**	46,948	**52,077**	47,082
Bad and doubtful debts expense	3	**(1,109)**	(898)	**(1,109)**	(898)
Net interest income after bad and doubtful debts		**52,455**	46,050	**50,968**	46,184
Income from equity investments	3	**(1,834)**	–	**(1,834)**	–
Net earning asset income		**50,621**	46,050	**49,134**	46,184
Revenue from land development	3	**11,703**	2,233	**-**	–
Other revenue from ordinary activities	3	**19,115**	16,377	**23,703**	16,361
Net ordinary income before non interest expenses		**81,439**	64,660	**72,837**	62,545
Personnel expense	3	**(24,568)**	(21,570)	**(23,885)**	(21,570)
Occupancy expense	3	**(5,426)**	(5,129)	**(5,426)**	(5,129)
Land development expense	3	**(6,724)**	(1,815)	**-**	–
Payment system charges	3	**(4,483)**	(4,219)	**(4,483)**	(4,219)
Marketing expense	3	**(3,861)**	(3,614)	**(3,861)**	(3,614)
Data processing charges	3	**(1,782)**	(1,621)	**(1,782)**	(1,621)
Other expenses from ordinary activities	3	**(14,340)**	(12,148)	**(14,080)**	(12,113)
Share of losses of associates accounted for using the equity method	3	**(124)**	(284)	**-**	–
PROFIT FROM ORDINARY ACTIVITIES BEFORE INCOME TAX EXPENSE	3	**20,131**	14,260	**19,320**	14,279
Income tax expense relating to ordinary activities	4	**(7,999)**	(3,716)	**(6,358)**	(3,723)
NET PROFIT		**12,132**	10,544	**12,962**	10,556
Net loss attributable to outside equity interests	29	**242**	–	**-**	–
NET PROFIT ATTRIBUTABLE TO MEMBERS OF THE PARENT ENTITY		**12,374**	10,544	**12,962**	10,556
		$	$		
Basic and diluted earnings per share	5	**0.33**	0.29		

The statements of financial performance are to be read in conjunction with the notes to the financial statements set out on pages 28 to 61.

STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2003

		CONSOLIDATED		COMPANY	
	Note	2003 $000	2002 $000	2003 $000	2002 $000
ASSETS					
Cash assets	31	**17,849**	18,630	**17,759**	17,556
Due from other financial institutions		**428**	3,920	**428**	3,920
Trading securities	9	**112,413**	48,146	**112,413**	48,146
Receivables	8	**14,110**	1,902	**3,221**	1,403
Investment securities	9	**459,783**	248,554	**459,763**	248,534
Loans	10	**1,831,901**	1,837,244	**1,838,655**	1,843,519
Equity accounted investments	30	**1,004**	1,091	**-**	-
Other financial assets	11	**837**	977	**13,946**	13,690
Inventories	13	**570**	5,386	**-**	-
Property, plant and equipment	14	**21,706**	18,457	**21,675**	18,472
Intangible assets	15	**892**	1,247	**390**	690
Deferred tax assets	4	**2,068**	2,405	**2,457**	1,892
Other assets	16	**5,812**	3,880	**5,791**	3,850
TOTAL ASSETS		**2,469,373**	2,191,839	**2,476,498**	2,201,672
LIABILITIES					
Due to other financial institutions		**319**	3,086	**319**	3,086
Payables	18	**15,395**	10,665	**20,695**	15,645
Deposits	17	**2,300,781**	2,036,491	**2,305,465**	2,044,069
Loan Capital	19	**10,000**	10,000	**10,000**	10,000
Current tax liabilities	4	**1,796**	-	**-**	-
Deferred tax liabilities	4	**4,177**	3,699	**4,097**	2,787
Provisions	20	**3,990**	3,814	**3,990**	3,814
TOTAL LIABILITIES		**2,336,458**	2,067,755	**2,344,566**	2,079,401
NET ASSETS		**132,915**	124,084	**131,932**	122,271
EQUITY					
Contributed equity	21	**41,209**	37,627	**41,209**	37,627
Reserves	22	**30,880**	30,880	**30,880**	30,880
Retained profits	6	**60,617**	55,126	**59,843**	53,764
TOTAL PARENT ENTITY INTEREST		**132,706**	123,633	**131,932**	122,271
Outside equity interests	29	**209**	451	**-**	-
TOTAL EQUITY	23	**132,915**	124,084	**131,932**	122,271

The statements of financial position are to be read in conjunction with the notes to the financial statements set out on pages 28 to 61.

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2003

	Note	CONSOLIDATED 2003 $000	CONSOLIDATED 2002 $000	COMPANY 2003 $000	COMPANY 2002 $000
CASH FLOWS FROM OPERATING ACTIVITIES					
Interest received		**143,170**	118,797	**141,865**	119,073
Income from equity investments		**(1,834)**	–	**(1,834)**	–
Dividends received		**6**	38	**4,609**	38
Other cash receipts in the course of operations		**20,390**	18,614	**19,062**	16,001
Interest paid					
– deposits		**(87,702)**	(71,285)	**(87,883)**	(71,427)
– borrowings		**(2)**	(10)	**(2)**	(10)
Income taxes paid	4	**(5,473)**	(4,538)	**(5,469)**	(4,401)
Other cash payments in the course of operations		**(50,582)**	(45,244)	**(47,573)**	(43,938)
Net cash provided by operating activities	31	**17,973**	16,372	**22,775**	15,336
CASH FLOWS FROM INVESTING ACTIVITIES					
Net increase in loans		**(271,554)**	(508,744)	**(281,484)**	(507,341)
Net increase in investments		**(283,564)**	(86,474)	**(274,592)**	(86,556)
Payments for controlled entities (net of cash acquired)		**-**	(9,464)	**-**	(10,540)
Expenditure on property, plant and equipment		**(7,056)**	(4,299)	**(7,021)**	(4,316)
Proceeds from sale of property, plant and equipment		**234**	861	**234**	861
Net cash used in investing activities		**(561,940)**	(608,120)	**(562,863)**	(607,892)
CASH FLOWS FROM FINANCING ACTIVITIES					
Net increase in deposits		**261,526**	365,148	**258,631**	365,142
Proceeds from sale of securitised loans		**284,961**	225,000	**284,961**	225,000
Net increase in loan capital		**-**	10,000	**-**	10,000
Dividends paid		**(3,301)**	(2,828)	**(3,301)**	(2,828)
Transfer of business		**-**	16	**-**	–
Net cash provided by financing activities		**543,186**	597,336	**540,291**	597,314
Net increase/(decrease) in cash held		**(781)**	5,588	**203**	4,758
Cash at the beginning of the financial year		**18,630**	13,042	**17,556**	12,798
CASH AT THE END OF THE FINANCIAL YEAR	31	**17,849**	18,630	**17,759**	17,556

The statements of cash flows are to be read in conjunction with the notes to the financial statements set out on pages 28 to 61.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2003

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The financial report is a general purpose financial report which has been prepared in accordance with Accounting Standards, Urgent Issues Group Consensus Views, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

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

(b) Reclassification of financial information

The classification of the general and specific provisions in Note 12 have been revised in accordance with the prescribed provisioning guidance note issued by APRA in November 2002.

The balance of the specific provision as at June 30, 2002 has been restated from $230,000 to $720,000 and the balance of general provision restated from $890,000 to $400,000. There has been no change in the total provision for doubtful debts or bad debts expense.

(c) Principles of Consolidation

The consolidated financial report includes the financial statements of the Company, being the parent entity, and all its controlled entities ("the consolidated entity"). Balances and effects of inter-entity transactions are eliminated on consolidation.

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

Where an entity either began or ceased to be controlled during the year, the results are included only from the date control commenced, or up to the date control ceased.

(d) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. The principal sources of revenue are interest income, commission income and fee income.

Interest income on loans is calculated daily based on the closing balance for each day and charged at the end of each month. Other interest income is recognised in the statements of financial performance when earned. Commission income is recognised on an accruals basis net of the amount of goods and services tax ("GST"). Fee income is recognised net of GST as it accrues.

Dividends and distributions from controlled entities are brought to account in the statements of financial performance when they are declared. Dividends and distributions from other parties are brought to account in the statements of financial performance when they are received.

(e) Due from/to other Financial Institutions

Balances due from/to other financial institutions includes loans and settlement account balances due from/to other authorised deposit taking institutions. They are brought to account at the gross balance outstanding.

(f) Bad Debts Written Off and Provision for Impairment

All known bad debts are written off in the year in which they are identified as bad. Provision for impaired assets is made in respect of loans, revolving credit facility outstandings and overdrawn accounts where there is reasonable doubt that not all the principal and interest can be collected.

A specific provision is made in accordance with the minimum requirements of the prudential standards, with an additional provision being made in excess of the minimum prudential requirements as set out in the table below.

Additional specific provisions are made for any particular loan that is identified as being doubtful of recovery.

A general provision is maintained to cover any unidentified losses within the commercial loan portfolio. The level of the general provision is made having regard to asset growth, economic conditions, the level of risk weighted assets and other general risk factors. It is the Company's intention to increase the additional general provision over the five years commencing 2002, to achieve a level equivalent to 0.5% of the commercial loan portfolio.

	IMB Specific Provision	Prudential Standards
PERSONAL LOANS		
9 to 12 months	100%	80%
6 to 9 months	100%	60%
3 to 6 months	100%	40%
2 to 3 months	30%	0%
1 to 2 months	5%	0%
0 to 1 month	2%	0%
REVOLVING CREDIT FACILITIES		
9 to 12 months	100%	80%
6 to 9 months	100%	60%
3 to 6 months	100%	40%
OVERDRAWN ACCOUNTS		
2 to 3 months	60%	40%
1 to 2 months	60%	40%

(g) Goodwill

Goodwill represents the excess of the purchase consideration plus incidental costs over the fair value of the identifiable net assets acquired. Goodwill is amortised on a straight-line basis over three to ten years.

(h) Loans

Loans are recognised at recoverable amount, after assessing required provisions for doubtful debts.

(i) Investments

Securities held for trading purposes are recorded at market value. Unrealised gains and losses on revaluation are taken to the statements of financial performance.

Investment securities and other investments not held for trading purposes are recorded at cost adjusted for premium or discount amortisation. Interest income is accrued and premiums and discounts are deferred and amortised from the date of purchase to maturity. Changes in market values of such securities are not taken into account unless there is considered to be a permanent diminution in value.

(j) Deposits and Interest Expense

Deposits are recorded at the principal amount. Interest expense on deposits is calculated daily based on the closing balance for each day and is brought to account on an accruals basis.

(k) Income Tax

The consolidated entity adopts the income statement liability method of tax effect accounting.

Income tax expense is calculated on operating profit adjusted for permanent differences between taxable and accounting income. The tax effect of timing differences, which arise from items being brought to account in different periods for income tax and accounting purposes, is carried forward in the statement of financial position as a future income tax benefit or a provision for deferred income tax.

Future income tax benefits are not brought to account unless realisation of the asset is assured beyond reasonable doubt, or if relating to tax losses when realisation is virtually certain.

(l) Recoverable Amount

The carrying amounts of all non-current assets are reviewed to determine whether they are in excess of their recoverable amounts at balance date. If the carrying amount of a non-current asset materially exceeds the recoverable amount, the asset is written down to the lower amount. In assessing recoverable amounts, the relevant cash flows have been discounted to their present value.

(m) Property, Plant and Equipment

Property is recorded at cost. The Company's policy is to obtain an independent valuation of freehold land and buildings every three years. Plant and equipment is recorded at cost.

Costs incurred on property, plant and equipment that do not meet the criteria of capitalisation are expensed as incurred.

Depreciation/amortisation is provided on a straight-line basis on all property, plant and equipment, other than freehold land. The useful life of each category of property, plant and equipment is:

FREEHOLD BUILDINGS	40 years
LEASEHOLD IMPROVEMENTS	Up to 7 years
PLANT AND EQUIPMENT	4 to 15 years

Assets are depreciated/amortised from the date of acquisition or from the time an asset is completed and held ready for use. The gain or loss on disposal of property, plant and equipment is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal.

(n) Operating Leases

Payments made under operating leases are charged against profit in equal instalments over the accounting periods covered by the lease term.

(o) Joint Venture Operations

The consolidated entity's interests in unincorporated joint ventures is brought to account by including its interest in the following amounts in the appropriate categories in the statements of financial position and statements of financial performance:

- the individual assets employed in the joint venture;
- liabilities incurred by the consolidated entity in relation to the joint venture and the liabilities for which it is jointly and/or severally liable; and
- the income and expenses in relation to the joint venture.

The consolidated entity's interests in incorporated joint ventures is brought to account using the equity accounting principles. Investments in incorporated joint venture entities are carried at the lower of the equity accounted amount and recoverable amount. The consolidated entity's share of the incorporated joint venture entity's net profit or loss is recognised in the consolidated statement of financial performance from the date joint control commenced until the date joint control ceases. Other movements in reserves are recognised directly in consolidated reserves.

(p) Investment in Land Development Project

Valuation

Development properties are carried at the lower of cost and net realisable value. Cost includes expenses incidental to the cost of acquisition, development and holding costs including borrowing costs, rates and taxes. Independent valuations for development properties are obtained on an annual basis.

Recognition of income

Income from sales is generally recognised on exchange of contracts. However, where contracts include conditions precedent to the performance of the contract, the sales are recognised upon the satisfaction of those conditions. The amount of costs matched against sales is based on an average recovery factor calculated on estimated total costs to estimated total sales for each stage of the project.

(q) Dividends Payable

Dividends payable are recognised when declared.

(r) Deferred Expenses

Expenditure is deferred where it is considered that it is probable that future economic benefits embodied in the expenditure will eventuate and can be reliably measured. Deferred expenditure is amortised over the period in which the related benefits are expected to be derived and is reviewed at each reporting date to determine the amount, if any, that is no longer recoverable. Any such amount is written off in the Statements of Financial Performance.

Loan referral fees

Payments are made to third parties for the referral of loan business to the Company. These amounts are deferred as assets and amortised on a straight-line basis over three years.

Costs of acquisitions and mergers

Costs may be incurred by the Company as a direct result of the acquisition of other businesses. These costs relate to the investigation, negotiation and amalgamation phases of the purchase of other businesses. These amounts are deferred as assets and amortised on a straight-line basis over the period of time during which benefits are expected to be realised.

Securitisation set up costs

Set up costs for the securitisation program are capitalised and amortised over five years.

(s) Employee Benefits

Salaries, redundancy costs and annual leave

Liabilities for employee benefits for wages, salaries, and annual leave expected to be settled within 12 months of the year end represent present obligations resulting from employees' services provided to reporting date, calculated at undiscounted amounts based on remuneration wage and salary rates that the consolidated entity expects to pay as at reporting date including related on-costs.

Long service leave

The liability for employee benefits for long service leave represents the present value of the estimated future cash outflows to be made by the consolidated entity resulting from employees' services provided up to reporting date.

Liabilities for employee benefits which are not expected to be settled within twelve months are discounted using the rates attaching to national government securities at balance date, which most closely match the terms of maturity of the related liabilities.

In determining the liability for employee benefits, consideration has been given to future increases in salary rates and the consolidated entity's experience with staff departures. Related on-costs have also been included in the liability.

Superannuation plan

The Company contributes to employee superannuation funds. These contributions are charged against profit in the period in which they are incurred. Further information is set out in Note 24.

(t) Directors' Retirement Benefits

A provision for directors' retirement benefits is made in accordance with the Company's constitution.

(u) Loan Capital

Subordinated Floating Rate Notes were issued for a ten year period maturing 2012 with an option to redeem at par after five years, subject to Australian Prudential Regulation Authority (APRA) approval. Interest is paid quarterly in arrears based on the 90 day Bank Bill Rate plus a margin.

In line with the APRA's capital adequacy measurement rules the Floating Rate Notes are included in lower tier 2 capital.

(v) Derivative Financial Instruments

Derivative financial instruments are used to manage interest rate exposure. The consolidated entity uses interest rate swaps to hedge interest rate risks. Income or expenses on these instruments are recorded on an accruals basis as an adjustment to interest income on loans over the periods covered by the contracts. Further information is set out in Note 38.

(w) Fiduciary Activities

A controlled entity, IMB Securitisation Pty Limited, acts as Manager for a securitisation trust. Fees derived by the controlled entity in respect of its activities are included in the Statements of Financial Performance.

(x) Securitisation

The Company, through its securitisation program, packages and sells residential mortgage loans, transferring all risks and rewards of ownership to a special purpose vehicle. Details of the value of securitised loans are included by way of note only as they represent assets under management only and are not assets of the company. In consideration for the sale the Company receives an amount equivalent to the unpaid balances of the loans. Refer to Note 10 for the value of securitised loans.

Under the securitisation program the Company is appointed as servicer and custodian of the securitised loans. The duties of the Company in this capacity include the origination, servicing, administration, security packet custodian and collection duties relating to the mortgage portfolio in accordance with the Company's normal practices.

The Company receives a monthly fee for performing these duties in relation to the purchased loans. This fee is earned over the period in which the relevant income is earned. In addition the Company is entitled to residual income from the program, comprising interest received on securitised loans less interest due to the purchaser and other expenses of the securitisation program. The residual income is recognised when received. Interest rate swap and redraw facilities are provided at arm's length to the program by the Company in accordance with APRA's prudential guidelines.

(y) Payables

Liabilities are recognised for amounts to be paid for goods or services received, whether or not billed to the Company or consolidated entity. Trade accounts payable are normally settled within 30 days.

(z) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST). Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(aa) Earnings per share

Basic earnings per ordinary shares

Basic earnings per ordinary share is determined by dividing net profit after tax attributed to members of the consolidated entity, excluding any costs of servicing equity other than ordinary shares, by the weighted number of ordinary shares of the company, adjusted for any bonus issue.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in determination of basic earnings per ordinary share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to the dilutive potential ordinary shares.

NOTES TO THE FINANCIAL STATEMENTS CONT'D

FOR THE YEAR ENDED 30 JUNE 2003

2 CHANGE IN ACCOUNTING POLICIES

Employee Benefits

The consolidated entity had adopted the revised AASB1028 "Employee Benefits" for the first time from 1 July 2002. The liability for wages and salaries, annual leave and sick leave is now calculated using the remuneration rates the company expects to pay as at each reporting date, not wage and salary rates current at each reporting date.

The financial effect of this change is considered to be immaterial.

3 PROFIT FROM ORDINARY ACTIVITIES BEFORE INCOME TAX EXPENSE

		CONSOLIDATED		COMPANY	
	Note	2003 $000	2002 $000	2003 $000	2002 $000
INTEREST REVENUE					
Loans					
- controlled entities		**-**	-	**510**	485
- other entities		**122,604**	107,561	**121,142**	106,367
Trading securities		**7,219**	4,253	**6,865**	4,253
Investment securities		**14,209**	7,532	**14,209**	8,517
		144,032	119,346	**142,726**	119,622
INTEREST EXPENSE					
Deposits					
- controlled entities		**-**	-	**155**	142
- subordinated debt		**729**	-	**729**	-
- other		**89,737**	72,388	**89,763**	72,388
Borrowings		**2**	10	**2**	10
		90,468	72,398	**90,649**	72,540
NET INTEREST INCOME		**53,564**	46,948	**52,077**	47,082
BAD AND DOUBTFUL DEBTS EXPENSE					
- bad debts written off	12	**1,109**	749	**1,109**	749
- increase/(decrease) in provision		**-**	149	**-**	149
		1,109	898	**1,109**	898
NET INTEREST INCOME AFTER BAD AND DOUBTFUL DEBTS		**52,455**	46,050	**50,968**	46,184
INCOME FROM EQUITY INVESTMENTS		**(1,834)**	-	**(1,834)**	-
NET EARNING ASSET INCOME		**50,621**	46,050	**49,134**	46,184
REVENUE FROM LAND DEVELOPMENT	3(a)	**11,703**	2,233	**-**	-

NOTES TO THE FINANCIAL STATEMENTS CONT'D

FOR THE YEAR ENDED 30 JUNE 2003

3 PROFIT FROM ORDINARY ACTIVITIES BEFORE INCOME TAX EXPENSE CONT'D

		CONSOLIDATED		COMPANY	
	Note	2003 $000	2002 $000	2003 $000	2002 $000
OTHER REVENUE FROM ORDINARY ACTIVITIES					
Dividends		**6**	38	**4,609**	38
Profit from sale of property, plant and equipment		**25**	195	**25**	195
Fees					
– loans		**2,922**	3,302	**2,922**	3,302
– other		**8,836**	7,080	**8,836**	7,080
Payment system income		**1,980**	1,894	**1,980**	1,894
Property income		**146**	156	**146**	156
Bad debts recovered		**214**	278	**214**	278
Commissions					
– insurance		**544**	638	**544**	638
– other		**521**	285	**521**	281
Securitisation		**3,131**	1,713	**3,131**	1,713
Other		**790**	798	**775**	786
		19,115	16,377	**23,703**	16,361
NET ORDINARY INCOME BEFORE NON INTEREST EXPENSES		**81,439**	64,660	**72,837**	62,545

All the above income is from operating activities. There were no sources of income from outside operating activities.

	Note	2003 $000	2002 $000	2003 $000	2002 $000
PERSONNEL EXPENSE					
Salaries		**21,133**	18,487	**20,450**	18,487
Payroll tax		**1,155**	1,053	**1,155**	1,053
Fringe benefits tax		**354**	238	**354**	238
Superannuation		**1,750**	1,343	**1,750**	1,343
Increase in provisions for employee benefits		**176**	449	**176**	449
		24,568	21,570	**23,885**	21,570
OCCUPANCY EXPENSE					
Depreciation and amortisation					
– buildings		**147**	153	**147**	153
– leasehold improvements		**421**	397	**421**	397
Repairs and maintenance		**248**	297	**248**	297
Rental on operating leases		**3,309**	3,202	**3,309**	3,202
Other		**1,301**	1,080	**1,301**	1,080
		5,426	5,129	**5,426**	5,129
LAND DEVELOPMENT EXPENSE	3(a)	**6,724**	1,815	**-**	-
PAYMENT SYSTEM CHARGES		**4,483**	4,219	**4,483**	4,219
MARKETING EXPENSE		**3,861**	3,614	**3,861**	3,614

3 PROFIT FROM ORDINARY ACTIVITIES BEFORE INCOME TAX EXPENSE CONT'D

	Note	CONSOLIDATED 2003 $000	CONSOLIDATED 2002 $000	COMPANY 2003 $000	COMPANY 2002 $000
DATA PROCESSING EXPENSE		**1,782**	1,621	**1,782**	1,621
OTHER EXPENSES FROM ORDINARY ACTIVITIES					
Depreciation and amortisation					
– goodwill		**336**	187	**280**	167
– deferred expenses		**2,247**	1,129	**2,247**	1,137
– furniture, fixtures, fittings and other equipment		**1,323**	1,297	**1,323**	1,297
– computer equipment		**745**	593	**745**	593
– investment in controlled entities		**-**	–	**-**	592
– deferred research and development expenditure		**-**	592	**-**	–
Loss from sale of property, plant and equipment		**110**	56	**110**	56
Auditors' remuneration (KPMG)					
– audit of the financial statements		**145**	170	**134**	164
– other services					
– other audit services		**101**	65	**101**	65
– taxation services		**344**	198	**344**	198
– legal services		**-**	229	**-**	229
– other services		**107**	1	**107**	1
Consultancy		**944**	919	**944**	919
Cash Deliveries		**618**	779	**618**	779
Legal Costs		**475**	328	**475**	–
Supervision levies		**216**	212	**216**	212
Postages		**534**	496	**534**	496
Printing and Stationery		**1,115**	1,106	**1,115**	1,106
Telecommunications		**916**	922	**916**	922
Contributions to IMB Community Foundation		**500**	500	**500**	500
Goods and services tax not recovered		**1,841**	1,575	**1,841**	1,575
Other		**1,723**	794	**1,530**	1,105
		14,340	12,148	**14,080**	12,113
SHARE OF LOSSES OF ASSOCIATES ACCOUNTED FOR USING THE EQUITY METHOD	30	**124**	284	**-**	–
TOTAL NON INTEREST EXPENSE		**61,308**	50,400	**53,517**	48,266
PROFIT FROM ORDINARY ACTIVITIES BEFORE INCOME TAX EXPENSE		**20,131**	14,260	**19,320**	14,279
NOTE 3(A) INDIVIDUALLY SIGNIFICANT REVENUES AND EXPENSES INCLUDED IN PROFIT FROM ORDINARY ACTIVITIES BEFORE INCOME TAX EXPENSE					
Revenue from sale of land		**11,703**	2,233	**-**	–
Cost of property sold		**(6,724)**	(1,815)	**-**	–
PROFIT BEFORE TAX FROM INDIVIDUALLY SIGNIFICANT ITEMS		**4,979**	418	**-**	–

NOTES TO THE FINANCIAL STATEMENTS CONT'D

FOR THE YEAR ENDED 30 JUNE 2003

4 INCOME TAX

	CONSOLIDATED		COMPANY	
	2003 $000	2002 $000	2003 $000	2002 $000
The income tax expense shown in the financial statements varies from the prima facie tax payable on the pre tax accounting profit as follows:				
Profit from ordinary activities	**20,131**	14,260	**19,320**	14,279
Prima facie income tax expense at 30% (2002 30%) on the profit from ordinary activities	**6,039**	4,277	**5,796**	4,284
Increase in income tax expense due to:				
- depreciation of buildings	**44**	46	**44**	46
- amortisation/write-off of investment in controlled entities	**17**	-	**92**	186
- amortisation/write-off of deferred costs	**92**	186	**-**	-
- other	**706**	23	**706**	23
- imputation gross up on dividends received	**117**	-	**417**	-
Decrease in income tax expense due to:				
- dividends received	**-**	(11)	**-**	(11)
- franking credits on dividends received	**-**	-	**(999)**	-
- franking credits received on investment security income	**(369)**	-	**(369)**	-
- rebate on unfranked intercompany dividend	**-**	-	**(682)**	-
- tax deductions from research and development investments	**-**	(811)	**-**	(811)
- income tax under/(over) provided for in prior year	**(7)**	6	**(7)**	6
INCOME TAX EXPENSE ON THE PROFIT FROM ORDINARY ACTIVITIES BEFORE INDIVIDUALLY SIGNIFICANT INCOME TAX ITEMS	**6,639**	3,716	**4,998**	3,723
INDIVIDUALLY SIGNIFICANT INCOME TAX ITEMS:				
Additional income tax paid for Research and Development syndicates settlement	**1,360**	-	**1,360**	-
INCOME TAX EXPENSE ATTRIBUTABLE TO PROFIT FROM ORDINARY ACTIVITIES	**7,999**	3,716	**6,358**	3,723
Income tax expense attributable to profit from ordinary activities is made up of:				
- provision attributable to current year	**5,908**	3,952	**3,472**	3,823
- deferred income tax	**429**	239	**1,310**	207
- future income tax benefit	**309**	(637)	**223**	(465)
- tax refund due	**-**	109	**-**	105
- research and development syndicates' tax settlement	**1,360**	-	**1,360**	-
- under/(over) provision in prior year	**(7)**	53	**(7)**	53
	7,999	3,716	**6,358**	3,723

4 INCOME TAX CONT'D

	CONSOLIDATED		COMPANY	
	2003 $000	2002 $000	2003 $000	2002 $000
TAX LIABILITIES				
Provision for current income tax				
Balance at beginning of the year	-	424	-	420
Income tax paid				
– current year	(3,970)	(4,538)	(3,966)	(4,401)
– prior year	(1,503)		(1,503)	
Current year's income tax provision on profit from ordinary activities	5,908	3,952	3,472	3,823
Research and development syndicates' tax settlement	1,360	–	1,360	–
Tax refund due	-	109	-	105
Under/(over) provision in prior year	1	53	1	53
Transferred to future income tax benefit	-	–	636	–
BALANCE AT END OF THE YEAR	1,796	–	-	–
Provision for deferred income tax				
Provision for deferred income tax comprises the estimated expense at the applicable rate of 30% on the following item:				
Expenditure currently deductible for tax but deferred and amortised for accounting purposes	4,177	3,699	4,097	2,787
TOTAL TAX LIABILITIES	5,973	3,699	4,097	2,787
DEFERRED TAX ASSETS				
Future income tax benefit				
Future income tax benefit comprises the estimated future benefit at the applicable rate of 30% on the following items:				
Provisions and accrued employee entitlements not currently deductible	2,016	2,108	1,769	1,595
Difference in depreciation and amortisation of property, plant and equipment for accounting and income tax purposes	52	297	52	297
Transferred from tax liabilities	-	–	636	–
TOTAL DEFERRED TAX ASSETS	2,068	2,405	2,457	1,892
Future income tax benefit not taken to account				
The potential future income tax benefit in a controlled entity, which is a company, arising from tax losses has not been recognised as an asset because recovery of tax losses is not virtually certain:				
Tax losses carried forward	145	838	-	–

The potential future tax benefit will only be obtained if:

(i) the relevant company derives future assessable income of a nature and an amount sufficient to enable the benefit to be realised, or the benefit can be utilised by another company in the consolidated entity in accordance with Division 170 of the Income Tax Assessment Act 1997;

(ii) the relevant company and/or the consolidated entity continues to comply with the conditions for deductibility imposed by the law; and

(iii) no changes in tax legislation adversely affect the relevant company and/or the consolidated entity in realising the benefit.

FOR THE YEAR ENDED 30 JUNE 2003

5 EARNINGS PER SHARE

	CONSOLIDATED	
	2003 $	2002 $
BASIC AND DILUTED EARNINGS PER SHARE	**0.33**	0.29

The calculation of earnings per share was based on the weighted average number of permanent shares being 37,677,000 (2002 36,491,000). The consolidated entity does not have any potential ordinary shares on issue that may be considered dilutive therefore dilutive earnings per share is the same as basic earnings per share. Earnings per share is based on a profit of $12,374,000.

Nil (2002 Nil) shares have been issued since 30 June 2003 to the date of signing of this report.

6 RETAINED PROFITS

		CONSOLIDATED		COMPANY	
	Note	2003 $000	2002 $000	2003 $000	2002 $000
Retained profits at the beginning of the year		**55,126**	47,120	**53,764**	45,762
Net profit attributable to members of the parent entity		**12,374**	10,544	**12,962**	10,556
Net transfers to and from retained profits		**-**	16	**-**	-
Dividends	7	**(6,883)**	(2,554)	**(6,883)**	(2,554)
RETAINED PROFITS AT THE END OF THE YEAR		**60,617**	55,126	**59,843**	53,764

7 DIVIDENDS

	Cents per share	Total amount $000	% Franked	Date of payment
Dividends recognised in current year by the Company are:				
2003				
2003 interim dividend	**7.0**	**2,636**	**100%**	**06-Mar-03**
2002 final dividend	**11.5**	**4,247**	**100%**	**30-Aug-02**
		6,883		
2002				
2002 interim dividend	7.0	2,554	100%	27-Feb-02
		2,554		

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

SUBSEQUENT EVENTS

On 1 August 2003 the Board declared a final dividend of 11.5 cents per share amounting to $4,383,000 franked to 100% at a tax rate of 30%, in respect of the year ended 30 June 2003. The dividend is payable on 30 August 2003. The financial effect of the final dividend has not been brought to account in the financial statements for the year ended 30 June 2003 and will be recognised in subsequent financial reports.

7 DIVIDENDS CONT'D

	COMPANY	
	2003 $000	2002 $000
DIVIDEND FRANKING ACCOUNT		
30% franking credits available to shareholders of IMB Ltd for dividends in subsequent financial years	**21,739**	19,113

The above available amounts are based on the balance of the dividend franking account at year end adjusted for:

(a) franking credits that will arise from the payment of the current tax liability

(b) franking debits that will arise from the payment of dividends recognised as a liability at the year end

(c) franking credits that will arise from the receipt of dividends recognised as receivables at the year end

(d) franking credits that the entity may be prevented from distributing in subsequent years.

The ability to use the franking credits is dependent upon there being sufficient available profits to declare dividends.

Change in the measurement of dividend franking account

From 1 July 2002 the new Business Tax System (Imputation) Act 2002 requires measurement of franking credits based on the amount of income tax paid, rather than on after-tax profits. As a result the "franking credits available" previously reported in the 2002 financial report has been converted from $44,596,000 to $19,113,000 as at 30 June 2002. This change in the basis of measurement does not change the value of franking credits to shareholders who may be entitled to franking credit benefits.

8 RECEIVABLES

	CONSOLIDATED		COMPANY	
	2003 $000	2002 $000	2003 $000	2002 $000
SUNDRY DEBTORS	**14,110**	1,902	**3,221**	1,403

Receivables are carried at nominal amounts due and are under normal business terms and conditions.

9 INVESTMENTS

	CONSOLIDATED		COMPANY	
	2003 $000	2002 $000	2003 $000	2002 $000
Trading securities – at market value				
– bills of exchange accepted or endorsed by a bank	**5,982**	10,895	**5,982**	10,895
– certificates of deposit issued by banks	**30,435**	36,823	**30,435**	36,823
– deposits with banks	**31**	428	**31**	428
– managed funds	**75,965**	–	**75,965**	–
	112,413	48,146	**112,413**	48,146
Investment securities – at cost plus accrued income				
– government and semi-government securities	**378,465**	199,690	**378,465**	199,690
– bills of exchange accepted or endorsed by a bank	**9,995**	9,948	**9,995**	9,948
– deposits with banks	**53,791**	30,189	**53,771**	30,169
– deposits with other financial institutions	**17,532**	8,727	**17,532**	8,727
	459,783	248,554	**459,763**	248,534
TOTAL INVESTMENTS	**572,196**	296,700	**572,176**	296,680
MATURITY SCHEDULE OF INVESTMENTS				
Securities maturing				
– up to three months	**558,702**	288,114	**558,682**	288,094
– from three to twelve months	**13,494**	8,586	**13,494**	8,586
– from one to five years	**–**	–	**–**	–
– over five years	**–**	–	**–**	–
TOTAL INVESTMENTS	**572,196**	296,700	**572,176**	296,680
MARKET VALUE				
Investment and trading securities – at market value				
– bills of exchange accepted or endorsed by a bank	**15,977**	20,840	**15,977**	20,840
– certificates of deposit issued by banks	**30,435**	36,823	**30,435**	36,823
– government and semi-government securities	**378,459**	199,680	**378,459**	199,680
– deposits with banks	**53,822**	30,567	**53,802**	30,567
– deposits with other financial institutions	**17,532**	8,727	**17,532**	8,727
– managed funds	**75,965**	–	**75,965**	–
	572,190	296,637	**572,170**	296,637

10 LOANS

	Note	CONSOLIDATED 2003 $000	CONSOLIDATED 2002 $000	COMPANY 2003 $000	COMPANY 2002 $000
Loans to					
- controlled entities		**-**	-	**6,754**	6,275
- other persons		**1,833,021**	1,838,364	**1,833,021**	1,838,364
Provision for impairment	12	**(1,120)**	(1,120)	**(1,120)**	(1,120)
LOANS NET OF PROVISIONS FOR IMPAIRMENT AND INCOME YET TO MATURE		**1,831,901**	1,837,244	**1,838,655**	1,843,519
LOANS BY SECURITY					
Secured by mortgage		**1,780,584**	1,786,620	**1,787,338**	1,792,895
Unsecured		**52,437**	51,744	**52,437**	51,744
Provision for impairment	12	**(1,120)**	(1,120)	**(1,120)**	(1,120)
		1,831,901	1,837,244	**1,838,655**	1,843,519
LOANS BY PURPOSE					
Residential loans	(a)	**1,450,999**	1,453,106	**1,450,999**	1,453,106
Personal loans		**54,275**	61,198	**54,275**	61,198
Commercial loans		**318,399**	314,537	**325,153**	320,812
Revolving credit		**9,348**	9,523	**9,348**	9,523
Provision for impairment	12	**(1,120)**	(1,120)	**(1,120)**	(1,120)
		1,831,901	1,837,244	**1,838,655**	1,843,519
LOANS BY MATURITY					
Loans maturing					
- revolving credit		**9,348**	9,523	**9,348**	9,523
- up to three months		**12,391**	10,840	**12,391**	10,888
- from three to twelve months		**39,179**	34,340	**39,179**	34,485
- from one to five years		**143,361**	177,796	**150,115**	183,878
- over five years		**1,628,742**	1,605,865	**1,628,742**	1,605,865
Provision for impairment	12	**(1,120)**	(1,120)	**(1,120)**	(1,120)
		1,831,901	1,837,244	**1,838,655**	1,843,519
CONCENTRATION OF LOANS					
New South Wales					
- Illawarra		**393,715**	377,455	**400,469**	383,730
- South Coast		**153,835**	152,047	**153,835**	152,047
- Southern Highlands		**237,056**	234,467	**237,056**	234,467
- Sydney		**607,814**	621,867	**607,814**	621,867
- Other		**112,893**	128,213	**112,893**	128,213
Total New South Wales		**1,505,313**	1,514,049	**1,512,067**	1,520,324
Australian Capital Territory		**73,212**	91,922	**73,212**	91,922
Queensland		**61,873**	75,261	**61,873**	75,261
Victoria		**128,380**	112,418	**128,380**	112,418
Western Australia		**49,086**	32,815	**49,086**	32,815
Other Australia		**15,157**	11,899	**15,157**	11,899
Provision for impairment	12	**(1,120)**	(1,120)	**(1,120)**	(1,120)
		1,831,901	1,837,244	**1,838,655**	1,843,519

(a) Excludes $559,961,000 (2002 $275,000,000) of securitised residential loans. Total loans under management are $2,391,862,000 (2002 $2,112,244,000).

11 OTHER FINANCIAL ASSETS

	Note	CONSOLIDATED 2003 $000	CONSOLIDATED 2002 $000	COMPANY 2003 $000	COMPANY 2002 $000
Shares in entities and other investments					
Investments accounted for using the equity method	30	**1,004**	1,091	**-**	-
Other equity investments – at cost		**837**	977	**2,675**	2,419
Investments in controlled entities – at cost		**-**	-	**11,271**	11,271
TOTAL EQUITY INVESTMENTS		**1,841**	2,068	**13,946**	13,690

12 PROVISION FOR IMPAIRMENT

	CONSOLIDATED 2003 $000	CONSOLIDATED 2002 $000	COMPANY 2003 $000	COMPANY 2002 $000
SPECIFIC PROVISION				
Opening balance	**720**	971	**720**	971
Movement in specific provision	**(400)**	(251)	**(400)**	(251)
Closing balance	**320**	720	**320**	720
GENERAL PROVISION				
Opening balance	**400**	-	**400**	-
Movement in general provision	**400**	400	**400**	400
Closing balance	**800**	400	**800**	400
TOTAL PROVISION FOR IMPAIRMENT	**1,120**	1,120	**1,120**	1,120
STATUTORY PROVISION	**129**	376	**129**	376
BAD DEBT EXPENSE				
Movement in specific provision	**(400)**	(251)	**(400)**	(251)
Movement in general provision	**400**	400	**400**	400
Bad debts written off directly	**1,109**	749	**1,109**	749
	1,109	898	**1,109**	898
NON-ACCRUAL LOANS				
Without provisions	**271**	650	**271**	650
With provisions	**-**	424	**-**	424
Specific provision	**-**	(230)	**-**	(230)
	271	844	**271**	844
Interest revenue on non-accrual loans	**38**	99	**38**	99
Interest foregone on non-accrual loans	**-**	-	**-**	-
RESTRUCTURED LOANS	**-**	-	**-**	-
REAL ESTATE ACQUIRED VIA SECURITY				
Balance	**610**	965	**610**	965
Specific provision	**-**	(158)	**-**	(158)
	610	807	**610**	807
Revenue on real estate acquired	**29**	62	**29**	62
PAST DUE LOANS	**1,131**	1,138	**1,131**	1,138

12 PROVISION FOR IMPAIRMENT CONT'D

The specific provision includes a provision required to meet the Company's provisioning policy and an additional provision for loans specifically identified as doubtful of recovery. The specific provision includes a provision required under the Prudential Standards as at 30 June 2003.

Non-accrual loans are loans where the recovery of all interest and principal is considered to be reasonably doubtful, hence provisions are recognised.

Restructured loans arise when the member is granted a concession due to continuing difficulties in meeting the original terms and the revised terms are not comparable to new facilities. Loans with revised terms are included in non-accrual loans when provisions are required.

Property assets acquired through the enforcement of security are assets acquired in full or partial settlement of a loan or similar facility through the enforcement of security arrangements.

Past due loans are loans where payments of principal and/or interest are at least 90 days in arrears. Full recovery of both principal and interest is expected. If a provision is required, the loan is included in non-accrual loans.

13 INVENTORIES

	CONSOLIDATED		COMPANY	
	2003 $000	2002 $000	2003 $000	2002 $000
Freehold land held for development and sale				
– acquisition costs	**300**	842	**-**	-
– development costs capitalised	**113**	2,868	**-**	-
– rates, taxes and interest capitalised	**157**	1,676	**-**	-
TOTAL INVENTORIES	**570**	5,386	**-**	-

In June 2003, Mr K Jackson JP, Dip Bus (Val) FAPI Registered No. 2240, provided an independent market valuation on an englobo basis of the undeveloped land component of the above inventories. The consolidated entity's interest in this land, which is carried at a cost of $570,000 (2002 $5,386,000), was valued at $3,675,000 (2002 $12,235,000).

The income tax payable if the land was sold at balance date at valuation would be $932,000.

14 PROPERTY, PLANT AND EQUIPMENT

Freehold land				
– at cost	**3,165**	3,165	**3,165**	3,165
Freehold buildings				
– at cost	**5,892**	5,892	**5,892**	5,892
– accumulated depreciation	**(589)**	(442)	**(589)**	(442)
	5,303	5,450	**5,303**	5,450
Total land and buildings	**8,468**	8,615	**8,468**	8,615
Plant and equipment				
– at cost	**27,204**	26,762	**27,170**	26,762
– accumulated depreciation	**(17,439)**	(17,354)	**(17,436)**	(17,354)
Total plant and equipment	**9,765**	9,408	**9,734**	9,408
Work in progress – at cost	**3,473**	434	**3,473**	449
TOTAL PROPERTY, PLANT AND EQUIPMENT	**21,706**	18,457	**21,675**	18,472

14 PROPERTY, PLANT AND EQUIPMENT CONT'D

VALUATIONS

Independent valuations were last carried out on 30 June 2002 by Mr H Zweep AICMV FREI on the open market value of the properties based on their existing use. The independent valuation valued freehold land and buildings at $10,510,000. The Company's policy is to obtain an independent valuation of freehold land and buildings every three years.

As freehold land and buildings are valued at cost, the valuation has not been brought to account.

Capital gains tax has not been recognised in determining the revaluation to fair value. Nil (2002 Nil) capital gains tax would be payable if the assets were sold at reporting date at fair value.

	CONSOLIDATED		COMPANY	
	2003 $000	2002 $000	2003 $000	2002 $000
Reconciliations				
Reconciliations of the carrying amount for each class of property, plant and equipment are set out below:				
FREEHOLD LAND				
Carrying amount at the beginning of the year	**3,165**	3,330	**3,165**	3,330
Disposals	**-**	(165)	**-**	(165)
CARRYING AMOUNT AT THE END OF THE YEAR	**3,165**	3,165	**3,165**	3,165
BUILDINGS				
Carrying amount at the beginning of the year	**5,450**	5,821	**5,450**	5,821
Disposals	**-**	(218)	**-**	(218)
Depreciation	**(147)**	(153)	**(147)**	(153)
CARRYING AMOUNT AT THE END OF THE YEAR	**5,303**	5,450	**5,303**	5,450
PLANT AND EQUIPMENT				
Carrying amount at the beginning of the year	**9,408**	8,042	**9,408**	8,025
Additions	**1,914**	2,473	**1,880**	2,490
Transfers from work in progress	**1,254**	1,494	**1,254**	1,494
Disposals	**(319)**	(314)	**(319)**	(314)
Depreciation	**(2,492)**	(2,287)	**(2,489)**	(2,287)
CARRYING AMOUNT AT THE END OF THE YEAR	**9,765**	9,408	**9,734**	9,408
WORK IN PROGRESS				
Carrying amount at the beginning of the year	**434**	190	**434**	190
Additions	**4,293**	1,738	**4,293**	1,738
Transfers to plant and equipment	**(1,254)**	(1,494)	**(1,254)**	(1,494)
CARRYING AMOUNT AT THE END OF THE YEAR	**3,473**	434	**3,473**	434

15 INTANGIBLE ASSETS

	CONSOLIDATED		COMPANY	
	2003 $000	2002 $000	2003 $000	2002 $000
Goodwill – at cost	**1,439**	1,438	**857**	857
Accumulated amortisation	**(547)**	(191)	**(467)**	(167)
TOTAL INTANGIBLE ASSETS	**892**	1,247	**390**	690

16 OTHER ASSETS

Capitalised research and development expenditure – at cost	**6,859**	6,859	**-**	–
Accumulated amortisation	**(6,859)**	(6,859)	**-**	–
	-	–	**-**	–
Deferred expenditure				
Loan referral fees – at cost	**7,246**	4,329	**7,246**	4,329
Accumulated amortisation	**(2,947)**	(982)	**(2,947)**	(982)
	4,299	3,347	**4,299**	3,347
Loan establishment fees – at cost	**194**	194	**194**	194
Accumulated amortisation	**(194)**	(147)	**(194)**	(147)
	-	47	**-**	47
Securitisation set-up expenses – at cost	**1,508**	618	**1,508**	618
Accumulated amortisation	**(487)**	(233)	**(487)**	(233)
	1,021	385	**1,021**	385
Other – at cost	**501**	101	**480**	71
Accumulated amortisation	**(9)**	–	**(9)**	–
	492	101	**471**	71
TOTAL OTHER ASSETS	**5,812**	3,880	**5,791**	3,850

17 DEPOSITS

	CONSOLIDATED		COMPANY	
	2003 $000	2002 $000	2003 $000	2002 $000
Members' deposits	**2,285,182**	2,023,656	**2,289,866**	2,031,234
Accrued interest	**15,599**	12,835	**15,599**	12,835
TOTAL DEPOSITS	**2,300,781**	2,036,491	**2,305,465**	2,044,069
DEPOSITS BY MATURITY				
Deposits maturing				
– on call	**759,318**	706,421	**764,002**	713,999
– up to three months, excluding those on call	**1,209,062**	917,567	**1,209,062**	917,567
– from three to six months	**179,807**	215,981	**179,807**	215,981
– from six to twelve months	**123,851**	173,245	**123,851**	173,245
– from one to five years	**28,743**	23,277	**28,743**	23,277
TOTAL DEPOSITS	**2,300,781**	2,036,491	**2,305,465**	2,044,069
CONCENTRATION OF DEPOSITS				
New South Wales				
– Illawarra	**837,697**	747,489	**842,381**	755,067
– South Coast	**434,878**	355,477	**434,878**	355,477
– Southern Highlands	**284,045**	250,994	**284,045**	250,994
– Sydney	**283,351**	253,387	**283,351**	253,387
– Other	**216,334**	196,939	**216,334**	196,939
Total New South Wales	**2,056,305**	1,804,286	**2,060,989**	1,811,864
Australian Capital Territory	**123,238**	109,620	**123,238**	109,620
Queensland	**17,830**	16,746	**17,830**	16,746
Victoria	**89,319**	91,726	**89,319**	91,726
Other Australia	**14,089**	14,113	**14,089**	14,113
TOTAL DEPOSITS	**2,300,781**	2,036,491	**2,305,465**	2,044,069

18 PAYABLES

Sundry creditors and accruals				
– controlled entities	**-**	-	**9,509**	9,509
– other persons	**15,395**	10,665	**11,186**	6,136
TOTAL PAYABLES	**15,395**	10,665	**20,695**	15,645

19 LOAN CAPITAL

		CONSOLIDATED		COMPANY	
	Note	2003 $000	2002 $000	2003 $000	2002 $000
SUBORDINATED DEBT	1(u)	**10,000**	10,000	**10,000**	10,000

20 PROVISIONS

Employee benefits	24	**3,990**	3,814	**3,990**	3,814
TOTAL PROVISIONS		**3,990**	3,814	**3,990**	3,814

21 CONTRIBUTED EQUITY

Share capital				
38,110,072 (2002 36,932,864) ordinary shares, fully paid	**41,209**	37,627	**41,209**	37,627

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. Subject to the constitution, a member of the Company is entitled to vote and has one vote only, irrespective of the number of shares or the number or amounts of deposits held. Under the Company's constitution, depositors have an equity interest in the net assets of the consolidated entity upon its winding up. Therefore, in the event of a surplus on winding up, the amount attributable to shareholders would be reduced by an amount equal to the equity interest of depositors at that time.

MOVEMENTS IN ORDINARY SHARE CAPITAL

Balance at the beginning of the financial year	**37,627**	34,007	**37,627**	34,007
Issue on 18 July 2001 of 60,949 shares to Australian Unity Ltd as part payment for the purchase of Australian Unity Building Society Limited	**-**	150	**-**	150
Issue on 30 August 2001 of 841,013 shares under the dividend re-investment plan	**-**	2,111	**-**	2,111
Issue on 27 February 2002 of 449,974 shares under the dividend re-investment plan	**-**	1,359	**-**	1,359
Issue on 30 August 2002 of 719,305 shares under the dividend re-investment plan	**2,208**	-	**2,208**	-
Issue on 6 March 2003 of 457,903 shares under the dividend re-investment plan	**1,374**	-	**1,374**	-
BALANCE AT THE END OF THE FINANCIAL YEAR	**41,209**	37,627	**41,209**	37,627

22 RESERVES

	CONSOLIDATED		COMPANY	
	2003 $000	2002 $000	2003 $000	2002 $000
Asset revaluation	**5,625**	5,625	**5,625**	5,625
General	**25,255**	25,255	**25,255**	25,255
TOTAL RESERVES	**30,880**	30,880	**30,880**	30,880

Asset revaluation reserve

The asset revaluation reserve includes the net revaluation increments and decrements arising from the revaluation of non-current assets measured at fair value in accordance with AASB1041. The full amount of the reserve of $5,625,000 is not available for future asset write-downs as a result of using the deemed cost election for land and buildings when adopting AASB1041.

General reserve

The general reserve includes retained profits from prior years.

23 TOTAL EQUITY RECONCILIATION

Total equity at beginning of the year	**124,084**	112,007	**122,271**	110,649
Total changes in parent entity interest in equity recognised in statement of financial performance	**12,374**	10,543	**12,962**	10,556
Transactions with owners as owners:				
-Shares purchased through dividend re-investment plan	**3,582**	3,620	**3,582**	3,620
-Dividends	**(6,883)**	(2,554)	**(6,883)**	(2,554)
Total changes in outside equity interest	**(242)**	468	**-**	-
TOTAL EQUITY AT END OF THE YEAR	**132,915**	124,084	**131,932**	122,271

24 EMPLOYEE BENEFITS

	CONSOLIDATED		COMPANY	
	2003 $000	2002 $000	2003 $000	2002 $000
Aggregate employee benefits, including on-costs	**3,990**	3,814	**3,990**	3,814
The present values of employee benefits not expected to be settled within twelve months of balance date have been calculated using the following weighted averages:				
	%	%	%	%
Assumed rate of increase in salary rates	**5.00**	5.00	**5.00**	5.00
Discount rate	**4.73**	5.81	**4.73**	5.81

Directors' Retirement Benefits

Under the Company's constitution, benefits are payable on retirement to directors. The amount paid is equal to the amount permitted to be payable by the Corporations Act 2001 without further approval by members. The Company's liability for directors' retirement benefits has been included in employee entitlements.

Superannuation Funds

The Company contributes on behalf of its employees to the following superannuation funds:

- The IMB Staff Defined Benefit Superannuation Fund
- The IMB Staff Accumulation Superannuation Fund

The IMB Staff Defined Benefit Superannuation Fund

The Company pays contributions in respect of each fund member based on a fixed percentage of the member's salary. The fund provides defined benefits based on years of service and the final average salary. An actuarial assessment of the fund at 1 July 2002 was carried out by S.A. Sweeney, FIAA on 6 February 2003. The assessment concluded that the assets of the fund are sufficient to meet all the benefits payable in the event of the fund's termination, or the voluntary or compulsory termination of employment of each fund member. The next actuarial assessment will be carried out on 1 July 2005.

	Fund assets at net market value $000	Accrued benefits $000	Excess $000	Vested benefits $000
The IMB Staff Defined Benefit Fund at 30 June 2003	5,187	3,249	1,938	3,200
The IMB Staff Defined Benefit Fund at 30 June 2002	4,581	2,638	1,943	2,506

Fund assets at market value have been calculated at 30 June 2003, being the date of the most recent unaudited financial statements of the fund. Accrued benefits have been obtained from the most recent unaudited financial statements of the fund being 30 June 2003, but are based on an actuarial review carried out on 1 July 2002. Accrued benefits are benefits which the fund is presently obliged to pay at some future date, as a result of membership of the fund. Vested benefits have been calculated at 30 June 2003, being the date of the most recent unaudited financial statements of the fund. Vested benefits are benefits which are not conditional upon the continued membership of the fund or any factor other than resignation from the fund. Employer contributions to the fund totalled $278,000 (2002 $232,000).

THE IMB STAFF ACCUMULATION SUPERANNUATION FUND

The Company paid contributions in respect of each fund member at the rate of 9% (2002 8%) of each fund member's gross salary. Employees may contribute to the fund on a voluntary basis. In addition, the Company contributes further amounts to members' accounts commensurate with length of service and grade. As the fund is an accumulation fund, benefits provided to fund members are based on the amounts credited to each member's account in the fund. No actuarial assessment is required for this fund. Vested benefits are benefits which are not conditional upon the continued membership of the fund or any factor other than resignation from the fund. All contributions received into the fund are vested. Employer contributions to the fund on behalf of the Company totalled $1,473,000 (2002 $1,111,000).

25 COMMITMENTS

	CONSOLIDATED		COMPANY	
	2003 $000	2002 $000	2003 $000	2002 $000
Loans approved but not advanced, payable				
– not later than one year	**306,045**	285,894	**306,045**	285,894
Capital expenditure commitments not taken up in the financial statements, payable				
– not later than one year	**1,108**	2,097	**1,108**	2,097
Operating lease liabilities, payable				
– not later than one year	**2,880**	2,774	**2,880**	2,774
– later than one year but not later than five years	**4,715**	3,440	**4,715**	3,440
– later than five years	**47**	54	**47**	54
	7,642	6,268	**7,642**	6,268

The Company leases property under operating leases expiring up to seven years. Leases generally provide the Company with a right of renewal at which time all terms are renegotiated. Lease payments comprise a base amount plus an incremental contingent rental. Contingent rentals are based on either movements in the Consumer Price Index or operating criteria.

26 UNUSED CREDIT FACILITIES

Bank overdraft	**2,500**	2,500	**2,500**	2,500

The overdraft facility when drawn is secured by a charge over mortgage loans made by the Company to members. This facility is subject to annual review. The facility is subject to an annual interest rate of 8.5% (2002 8.5%).

NOTES TO THE FINANCIAL STATEMENTS CONT'D

FOR THE YEAR ENDED 30 JUNE 2003

27 CONTINGENT LIABILITIES

Guarantees given by IMB Ltd

Real Estate Development

Guarantee in favour of Shellharbour City Council $555,000 (2002 $545,000) 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 (2002 $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 (2002 $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 Company is currently in negotiations with the ATO following the audit of one of its syndicates.

The ATO has issued a position paper on the syndicate. In responding to the ATO position paper the Company received advice from Senior legal counsel confirming the Company's claims for tax deductions were in accordance with income tax legislation. A detailed response to the position paper strongly refuting the ATO's views was settled by Senior legal counsel and submitted to the ATO.

During July 2003, the ATO issued Notices of Amended Assessments for approximately $9.1 million in relation to this syndicate (which includes penalties and interest of $5.8 million), resulting in an after tax figure of $7.8 million.

The directors intend to defend the Company's position and despite the issue of the Notices of Amended Assessment the ATO have agreed to continue negotiations with a view to potential settlement .

A provision of $2.45 million has been made in anticipation of such settlement. This amount has been determined using the "economic neutrality" principle accepted by the ATO in settling two of the Company's other research and development syndicates in early 2003.

While the final outcome of the negotiation is uncertain, the directors are of the view that no further adjustment to the provision for income tax was required as at 30 June 2003.

28 CONTROLLED ENTITIES

Entity	Principal Activity	2003 %	2002 %
Australian Unity Building Society Limited	Dormant	**100.0**	100.0
Callidus Group Investments Pty Limited	Funds management	**50.1**	50.1
IMB Funeral Fund Management Pty Ltd	Trustee	**100.0**	100.0
IMB Land Pty Ltd	Land development	**100.0**	100.0
IMB Community Foundation Pty Ltd	Dormant	**100.0**	100.0
IMB Securitisation Services Pty Limited	Securitisation trust manager	**100.0**	–
Lopphaver Pty Ltd	Investment	**100.0**	100.0
– Lafoten Pty Ltd*	Dormant	**100.0**	100.0
– Vesteralen Pty Ltd*	Dormant	**100.0**	100.0

* Controlled entities of Lopphaver Pty Ltd which holds 100% of the equity in each of the controlled entities.

Australian Unity Building Society Limited and IMB Securitisation Services Pty Limited were incorporated in Victoria, Australia. All other entities were incorporated in New South Wales, Australia.

Acquisition/disposal of controlled entities

The following controlled entities were acquired or disposed of during the financial year:

Acquisitions of entities

IMB Securitisation Services Pty Limited was incorporated on 22 April 2003 and the operating results of the entity from that date have been included in consolidated operating profit. The entity provides securitisation trust management services.

During the 2002 financial year the Company purchased 100% of the voting shares of Australian Unity Building Society Limited.

NOTES TO THE FINANCIAL STATEMENTS CONT'D

FOR THE YEAR ENDED 30 JUNE 2003

28 CONTROLLED ENTITIES CONT'D

Details of the acquisition are as follows:

	CONSOLIDATED		COMPANY	
	2003 $000	2002 $000	2003 $000	2002 $000
Consideration:				
Cash	-	9,530	-	9,530
Shares	-	150	-	150
	-	9,680	-	9,680
Fair value of net assets of entity acquired:				
Loans	-	20,967	-	20,967
Investments	-	53,439	-	53,439
Other assets	-	686	-	686
Deposits	-	(64,758)	-	(64,758)
Accounts payable	-	(900)	-	(900)
Provisions	-	(635)	-	(635)
	-	8,799	-	8,799
Goodwill on acquisition	-	881	-	881
Consideration	-	9,680	-	9,680

Australian Unity Building Society Limited was acquired on 1 July 2001 and the operating results of the entity from that date have been included in consolidated operating profit.

During the 2002 financial year the consolidated entity purchased 50.1% of the voting shares of Callidus Group Investments Pty Limited. Details of the acquisition are as follows:

Consideration				
Cash	-	-	-	1,010
Cash acquired	-	(66)	-	-
(Inflow)/outflow of cash	-	(66)	-	1,010
Fair value of net assets of entity acquired:				
Other Assets	-	15	-	-
Accounts payable	-	(187)	-	-
	-	(172)	-	-
Outside equity interest at acquisition	-	(451)	-	-
	-	(623)	-	-
Goodwill on acquisition	-	557	-	-
Consideration (cash)	-	(66)	-	-

Callidus Group Investments Pty Limited was acquired on 24 June 2002 and the operating results from that date have been included in consolidated operating profit.

Disposal of entities

On 22 June 2002, the consolidated entity disposed of all of the ordinary shares of Sonoridad Pty Ltd to The Institution of Respiratory Medicine Ltd. There was no profit on disposal of the company. No interest is now held in the company.

NOTES TO THE FINANCIAL STATEMENTS CONT'D

FOR THE YEAR ENDED 30 JUNE 2003

29 OUTSIDE EQUITY INTERESTS

	CONSOLIDATED 2003 $000	2002 $000
Outside equity interests in controlled entities comprise:		
Interest in retained losses at the start of the financial year	**(86)**	-
Interest in retained losses at the date of acquisition	**-**	(86)
Interest in the net loss for the year after income tax	**(242)**	-
Interest in retained losses at the end of the financial year	**(328)**	(86)
Interest in share capital	**537**	537
TOTAL OUTSIDE EQUITY INTERESTS	**209**	451

Outside equity interests arise when a company is controlled by the parent entity, but the parent entity does not own 100% of the share capital of this company. In this situation, separate disclosure of the outside interest in the equity of the controlled entity is required under accounting standard AASB1024. It is also a requirement under this standard to show the interest outside parties have in the profit or loss of the controlled entity for the year.

30 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 2003 %	2002 %	Nature of activities	Contribution to net profit attributable to members 2003 $000	2002 $000
IMB Land Pty Ltd	**50.0**	50.0	Land development	**3,494**	301
Sonoridad Pty Ltd	**-**	-	Research and development	**-**	221

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.

ASSETS	2003 $000	2002 $000
Cash	**146**	201
Receivables	**10,847**	499
Inventories	**652**	5,386
TOTAL ASSETS	**11,645**	6,086

Refer to Note 27 for details of contingent liabilities.

30 INTERESTS IN JOINT VENTURE OPERATIONS CONT'D

Investments accounted for using the equity method

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

Controlled entity participating in joint venture	Percentage interest 2003 %	Percentage interest 2002 %	Nature of activities	Contribution to net profit attributable to members 2003 $000	Contribution to net profit attributable to members 2002 $000
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				**(124)**	(284)
Share of income tax benefit relating to loss from ordinary activities				**37**	85
Share of net loss accounted for using the equity method				**(87)**	(199)
MOVEMENT IN CARRYING AMOUNT OF INVESTMENT IN INCORPORATED JOINT VENTURE					
Carrying amount at beginning of year				**1,091**	185
Investment in joint venture acquired during the year				**-**	1,105
Share of net loss				**(87)**	(199)
CARRYING AMOUNT AT END OF YEAR				**1,004**	1,091

31 NOTES TO THE STATEMENTS OF CASH FLOWS

	CONSOLIDATED 2003 $000	CONSOLIDATED 2002 $000	COMPANY 2003 $000	COMPANY 2002 $000
RECONCILIATION OF CASH				
Cash at the end of the financial year as shown in the statements of cash flows is reconciled to the related item in the statements of financial position:				
Cash at bank and on hand	**17,849**	18,630	**17,759**	17,556
CASH ASSETS	**17,849**	18,630	**17,759**	17,556
RECONCILIATION OF PROFIT FROM ORDINARY ACTIVITIES AFTER INCOME TAX TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Profit from ordinary activities after income tax	**12,132**	10,544	**12,962**	10,556
Depreciation of property, plant and equipment	**2,636**	2,441	**2,636**	2,441
Amortisation of deferred research and development expenditure	**-**	592	**-**	-
Amortisation of investment in controlled entities	**-**	-	**-**	592
Amortisation of goodwill	**336**	187	**280**	167
Amortisation of deferred expenditure	**2,247**	1,129	**2,247**	1,137
Loss/(Profit) on sale of property, plant and equipment	**85**	(164)	**85**	(164)
Bad debts written off	**1,109**	898	**1,109**	898
NET CASH PROVIDED BY OPERATING ACTIVITIES BEFORE CHANGE IN ASSETS AND LIABILITIES	**18,545**	15,627	**19,319**	15,627

31 NOTES TO THE STATEMENTS OF CASH FLOWS CONT'D

	CONSOLIDATED 2003 $000	CONSOLIDATED 2002 $000	COMPANY 2003 $000	COMPANY 2002 $000
Change in assets and liabilities adjusted for effects of purchase and disposal of controlled entities during the financial year:				
(Increase) in accrued interest on investments	**(860)**	(549)	**(860)**	(549)
Decrease in inventories	**4,816**	1,011	**-**	-
(Increase)/decrease in sundry debtors	**(12,208)**	42	**(1,818)**	(322)
(Increase)/decrease in future income tax benefit	**337**	(535)	**(565)**	(465)
Increase in accrued interest on members' deposits	**2,764**	1,103	**2,764**	1,103
(Increase) in deferred expenses	**(3,326)**	(4,306)	**(3,326)**	(4,372)
Increase in sundry creditors	**5,455**	3,635	**5,775**	3,931
Increase in provision for employee entitlements	**176**	380	**176**	447
Decrease/(Increase) in provision for income tax	**1,796**	(424)	**-**	(420)
Increase in deferred tax payable	**478**	239	**1,310**	207
Increase in provision for impairment	**-**	149	**-**	149
Net cash provided by operating activities	**17,973**	16,372	**22,775**	15,336

CASH FLOWS PRESENTED ON A NET BASIS

Cash flows arising from loan advances and repayments, member deposits and withdrawals and from sales and purchases of investment securities have been presented on a net basis in the statements of cash flows.

NON CASH FINANCING AND INVESTING ACTIVITIES

	CONSOLIDATED 2003 $000	CONSOLIDATED 2002 $000	COMPANY 2003 $000	COMPANY 2002 $000
Issue of share capital under the dividend re-investment plan	**3,582**	3,470	**3,582**	3,470

32 DIRECTORS' REMUNERATION

DIRECTORS' INCOME

Details of the nature and amount of each element of emolument, paid or payable, of each director of the Company are:

	CONSOLIDATED AND COMPANY				
	Base Emolument $	Super Contributions $	Retirement Benefits $	2003 Total $	2002 Total $
DIRECTOR					
Mr KR McKinnon	84,000	7,560	41,775	**133,335**	124,591
Mr PF Bolt	43,250	3,893	8,966	**56,109**	55,931
Mr GA Edgar	43,250	3,893	46,416	**93,559**	84,821
Mr LR Fredericks	43,250	3,893	9,818	**56,961**	59,141
Ms LT Gearing (appointed 28 May 2003)	3,671	330	4,435	**8,436**	-
Mr H Hanson	43,250	3,893	9,818	**56,961**	59,141
Ms VJ Twyford	43,250	3,893	9,818	**56,961**	59,141
Mr BE Wauchope (ceased 25 September 2002)#	33,125	2,919	143,051	**179,095**	70,636
	337,046	30,274	274,097	**641,417**	513,402

The retirement benefit for Mr Wauchope is the actual amount paid on the cessation of directorship and includes amounts provided for in prior years.

NOTES TO THE FINANCIAL STATEMENTS CONT'D

FOR THE YEAR ENDED 30 JUNE 2003

32 DIRECTORS' REMUNERATION CONT'D

	CONSOLIDATED		COMPANY	
	2003 $000	2002 $000	2003 $000	2002 $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	**641**	513	**641**	513
Base emoluments	**337**	317	**337**	317
Superannuation contributions	**30**	26	**30**	26
Retirement benefits accrued	**131**	170	**131**	170
Retirement benefits paid	**143**	–	**143**	–
	641	513	**641**	513

33 EXECUTIVES' REMUNERATION

	CONSOLIDATED		COMPANY	
	2003	2002	2003	2002
The number of executive officers of the Company and of controlled entities, whose remuneration (including superannuation and redundancy payments) from the Company or related parties, and from entities in the consolidated entity, falls within the following bands:				
$170,000 – $179,999	**1**	1	**-**	1
$180,000 – $189,999	**-**	1	**-**	1
$190,000 – $199,999	**1**	1	**1**	1
$210,000 – $219,999	**1**	–	**1**	–
$220,000 – $229,999	**1**	–	**1**	–
$270,000 – $279,999	**-**	1	**-**	1
$340,000 – $349,999	**1**	–	**1**	–
	$000	$000	**$000**	$000
Total income received or due and receivable, (including superannuation and redundancy payments) from the Company, entities in the consolidated entity or related parties by executive officers of the Company and of controlled entities whose income is $100,000 or more	**1,152**	820	**982**	820

Executive officers are those officers involved in the strategic direction, general management or control of business at a company or operating division level.

34 RELATED PARTY TRANSACTIONS

Directors

The names of each person holding the position of director of the Company during the financial year are Professor KR McKinnon, Mr PF Bolt, Mr GA Edgar, Mr LR Fredericks, Ms LT Gearing (appointed 28 May 2003), Mr H Hanson, Ms VJ Twyford, and Mr BE Wauchope (ceased 25 September 2002).

Details of directors' remuneration and retirement payments and benefits are set out in Note 32.

Apart from the details disclosed in this note, no director has entered into a material contract with the Company or the consolidated entity since the end of the previous financial year and there were no material contracts involving directors' interests at year end.

The Company participates in a real estate development joint venture through IMB Land Pty Ltd, a controlled entity. The other participant in the joint venture is Miltonbrook Land Pty Ltd. This company is significantly influenced by a relative of Mr LR Fredericks. The Company has advanced secured loans to the joint venture during the course of the development. The interest rate is at a fixed commercial margin above the applicable bank bill rate set on the first working day of the month for the ensuing month. The aggregate amount of these loans are $13,508,000 at 30 June 2003 (2002 $12,551,000). During the year there were repayments of $1,021,000 (2002 $4,775,000), interest of $1,020,000 (2002 $971,000) and advances of $958,000 (2002 $1,001,000). On 30 June 2003 IMB Land Pty Ltd entered into a contract for the sale of a portion of land from the joint venture to Miltonbrook Land Pty Ltd. At 30 June 2003 an amount of $10,600,000 was outstanding in relation to the proceeds from the sale. These proceeds were received on settlement on 23 July 2003.

Ms VJ Twyford is a director and shareholder in Vivien Twyford Communication Pty Limited, which has provided consultancy services to the Company throughout the year in relation to the IMB Community Foundation. The total cost of these services was $50,000 (2002 $46,900). These services were provided under the terms of a contract that was awarded after a competitive tender process.

Loans to directors of the Company are provided in the ordinary course of business and are subject to the terms normally imposed by the Company on members in accordance with the Company's constitution. The aggregate amount of the loans outstanding relating to Mr LR Fredericks and Ms VJ Twyford are $228,000 (2002 $248,000). The aggregate amount of repayments on these loans was $36,000 (2002 $41,000). The aggregate amount of advances on these loans was nil (2002 $17,000). The aggregate amount of interest on these loans was $16,000 (2002 $17,000).

The relevant interests of directors and director related entities in the share capital of the Company in aggregate at 30 June 2003 was 106,579 shares (2002 99,950). During the year, directors and director related entities acquired an aggregate of 8,029 shares (2002 5,053). The aggregate amount of dividends paid to directors, or director related entities, was $17,124 (2002 $15,335).

The Company has also received deposits from the directors and their related entities. These amounts were received on the same terms and conditions as are applicable to members generally and are trivial or domestic in nature.

Wholly Owned Group

In the prior reporting period the Company participated in research and development projects through a controlled entity, Lopphaver Pty Ltd. During the year, the Company amortised its investment in controlled entity, Lopphaver Pty Ltd by nil (2002 $592,000).

The aggregate amount of the investment in Lopphaver Pty Ltd at 30 June is:

	2003 $000	2002 $000
Total investment	**9,430**	9,430
Accumulated amortisation	**(9,430)**	(9,430)
	-	-

IMB Land Pty Ltd, a controlled entity has deposits with the Company amounting to $201,000 (2002 $3,536,000). These amounts are received on normal commercial terms and conditions.

Other Related Parties

IMB Financial Planning Limited has related party transactions with the Company. Deposits with the Company by IMB Financial Planning Limited amount to $396,000 (2002 $522,000). These amounts are received on normal commercial terms and conditions.

The Company provided accounting services to IMB Financial Planning Limited during the year. In return for these services, IMB Financial Planning Limited has paid the Company fees amounting to $2,400 (2002 $28,000). The Company also provides premises for IMB Financial Planning Limited. The Company has received $63,000 (2002 $66,000) in rent from IMB Financial Planning Limited. These tenancies are subject to operating leases under normal commercial terms and conditions. The Company also provided computer maintenance services at a cost of $15,000 (2002 $9,000) to IMB Financial Planning Limited during the year.

35 SEGMENT REPORTING

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

36 SERVICE CONTRACTS AND ECONOMIC DEPENDENCIES

On 1 March 2002, the Company entered into a service agreement with Oakvale Capital Limited. Under the service agreement, Oakvale Capital Limited provides asset and liability risk management services.

The Company has an economic dependency on Cashcard Australia Limited for the switching of ATM, EFTPOS and other forms of electronic payments.

FOR THE YEAR ENDED 30 JUNE 2003

37 AVERAGE STATEMENT OF FINANCIAL POSITION AND RELATED INTEREST

	CONSOLIDATED					
		2003			2002	
	Average Balance $000	Interest $000	Average Rate %	Average Balance $000	Interest $000	Average Rate %
INTEREST EARNING ASSETS						
Loans	**1,915,575**	**122,604**	**6.40**	1,731,585	107,561	6.21
Trading securities	**123,757**	**7,219**	**5.83**	93,405	4,253	4.55
Investment securities	**302,277**	**14,209**	**4.70**	175,588	7,532	4.29
TOTAL INTEREST EARNING ASSETS	**2,341,609**	**144,032**	**6.15**	2,000,578	119,346	5.97
Bad and doubtful debts expense		**(1,109)**			(898)	
OTHER INCOME EARNING ASSETS						
Income from equity investments	**35,658**	**(1,834)**	**(5.14)**	–	–	–
TOTAL NON INTEREST EARNING ASSETS	**35,658**	**(1,834)**	**(5.14)**	–	–	–
NON INTEREST EARNING ASSETS						
Inventories	**3,197**	**-**	**-**	5,273	–	–
Property, plant and equipment	**19,985**	**-**	**-**	18,013	–	–
Other assets	**31,018**	**-**	**-**	26,173	–	–
TOTAL NON INTEREST EARNING ASSETS	**54,200**	**-**	**-**	49,459	–	–
TOTAL ASSETS	**2,431,467**	**141,089**		2,050,037	118,448	
INTEREST BEARING LIABILITIES						
Deposits	**2,275,607**	**89,739**	**3.94**	1,907,628	72,390	3.79
Subordinated Debt	**10,000**	**729**	**7.29**	110	8	7.27
TOTAL INTEREST BEARING LIABILITIES	**2,285,607**	**90,468**	**3.96**	1,907,738	72,398	3.79
NON INTEREST BEARING LIABILITIES						
Other liabilities	**18,946**	**-**	**-**	18,765	–	–
TOTAL LIABILITIES	**2,304,553**	**90,468**		1,926,503	72,398	
NET ASSETS	**126,914**			123,534		
NET EARNING ASSET INCOME		**50,621**			46,050	
Interest spread			**2.19**			2.18
Interest margin			**2.29**			2.35
Earning Asset margin			**2.08**			2.25

Interest spread represents the difference between the average interest rate earned and the average interest rate paid on funds.

Interest margin represents net interest income as a percentage of average interest earning assets.

Earning Asset margin represents net earning asset income as a percentage of average total assets.

37 AVERAGE STATEMENT OF FINANCIAL POSITION AND RELATED INTEREST CONT'D

	2003 OVER 2002 INCREASE/(DECREASE) DUE TO CHANGE IN			2002 OVER 2001 INCREASE/(DECREASE) DUE TO CHANGE IN		
VOLUME AND RATE ANALYSIS	Average Balance $000	Average Rate $000	Total $000	Average Balance $000	Average Rate $000	Total $000
INTEREST EARNING ASSETS						
Loans	**11,429**	**3,614**	**15,043**	22,656	(22,604)	52
Trading securities	**1,382**	**1,584**	**2,966**	(3,708)	(1,339)	(5,047)
Investment securities	**5,434**	**1,243**	**6,677**	4,962	(4,217)	745
Change in interest income	**18,245**	**6,441**	**24,686**	23,910	(28,160)	(4,250)
OTHER INCOME BEARING ASSETS	**-**	**(1,834)**	**(1,834)**	-	-	-
INTEREST BEARING LIABILITIES						
Deposits	**13,964**	**3,385**	**17,349**	15,570	(20,704)	(5,134)
Subordinated Debt	**719**	**2**	**721**	8	-	8
Change in interest expense	**14,683**	**3,387**	**18,070**	15,578	(20,704)	(5,126)
Change in net interest income	**3,562**	**1,220**	**4,782**	8,332	(7,456)	876

38 RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

Financial institutions face an array of risks, the most important being credit risk, market risk and liquidity risk. The Company's directors recognise that the success or otherwise of the Company depends on its management of these risks. The directors have established a framework of risk management policies and controls, which are implemented and monitored by senior management and specialist committees. The Company's internal audit section is responsible for the continual monitoring of adherence to risk management policies.

Credit Risk

The Company offers fixed and variable rate mortgage loans, commercial loans, personal loans and revolving credit facilities to members, primarily householders including some small business and corporate clients. Credit risk arises from the possibility that the borrower will not adhere to the repayment terms of the loan contract.

The Company's maximum exposures to credit risk at balance date in relation to each class of financial asset is the carrying amount of those assets as indicated in the statement of financial position. The maximum credit exposure does not take into account the value of any collateral or other security held, in the event other entities/parties fail to perform their obligations under the financial instruments in question.

The Company seeks to minimise this risk by adopting high standards for lending quality, which are incorporated into the loan approval process. Monitoring and management of credit risk is the responsibility of a specialist credit management department.

In relation to unrecognised financial assets, credit risk arises from the potential failure of counterparties to meet their obligations under the contract or arrangement. The consolidated entity's maximum credit risk exposure in relation to interest rate swap contracts, which is limited to the net fair value of the swap agreement at balance date, is nil (2002 $329,000).

Counterparty risk for investments in financial instruments and derivatives is limited to Australian licensed banks which have a Standard and Poors short term credit rating of A2 or above. The Company also invests in other Authorised Deposit Taking Institutions subject to specific counterparty risk criteria being met.

Liquidity Risk

Liquidity risk arises from the mismatch in the maturity of the Company's assets and its liabilities. The Company has in place liquidity risk management policies and procedures designed to ensure it has sufficient funds to meet all its obligations.

Liquidity standards set by the directors ensure that in addition to meeting the minimum requirements set by the Australian Prudential Regulation Authority, further liquid funds are available as required. It is a continuing objective of the Company to maintain a stable funding base through diversification of funding sources and obtaining longer term funding. The Company's liquidity position is monitored on a daily basis.

38 RISK MANAGEMENT AND FINANCIAL INSTRUMENTS CONT'D

Market Risk

The operations of the Company are subject to risk of interest rate fluctuations to the extent that there is a difference between the amount of the Company's interest earning assets and the amount of interest bearing liabilities that mature or re-price in specific periods. This risk is known as market risk. The market risk is the primary responsibility of the risk management committee. This committee is comprised of senior management who, with the support of sophisticated analysis tools, monitor and implement strategies to manage this risk within limits set by the directors.

During the current financial year this strategy has included the use of interest rate swaps, which are a form of derivative financial instrument. Under interest rate swaps, the Company agrees with other parties to exchange, at specified intervals, the difference between fixed rate and variable rate interest amounts calculated by reference to an agreed notional principal amount.

The following table indicates the swaps used and their weighted interest rate at 30 June:

	2003	2002
PAY-FIXED SWAPS		
Notional amount ($000)	**425,000**	510,000
Average pay rate (%)	**5.77**	5.96
Average receive rate (%)	**4.74**	4.82
PAY-VARIABLE SWAPS		
Notional amount ($000)	**-**	-
Average pay rate (%)	**-**	-
Average receive rate (%)	**-**	-

The effect of these swaps on maturity dates and interest spread received by the Company at 30 June 2003 is illustrated in the following table:

	Net assets/ (liabilities) pre hedges $000	Swaps $000	Net assets/ (liabilities) post hedges $000
At call	742,822	-	742,822
Maturing 0-2 years	(638,925)	110,000	(528,925)
Maturing 2-3 years	141,284	(50,000)	91,284
Maturing 3-5 years	202,196	(60,000)	142,196
TOTAL	447,377	-	447,377
INTEREST SPREAD	2.25%	-0.18%	2.07%

The Company does not enter into transactions involving derivative financial instruments other than for hedging market risk.

The aggregate fair values of financial assets and liabilities of the consolidated entity, both recognised and unrecognised at balance date are as follows:

	CONSOLIDATED			
	Total carrying amount as per statement of financial position		Aggregate net fair value	
	2003 $000	2002 $000	2003 $000	2002 $000
FINANCIAL ASSETS				
Cash	**17,849**	18,630	**17,849**	18,630
Due from other financial institutions	**428**	3,920	**428**	3,920
Receivables	**14,110**	1,902	**14,110**	1,902
Investments accounted for using the equity method	**1,004**	1,091	**1,004**	1,091
Units in managed funds	**75,965**	-	**75,965**	-
Other financial assets	**837**	977	**837**	977
Government and semi-government securities	**378,465**	199,690	**378,465**	199,680
Bills of exchange	**15,977**	20,843	**15,977**	20,841
Certificates of deposits	**30,435**	36,823	**30,435**	36,823
Deposits with banks	**53,822**	30,617	**53,822**	30,617
Deposits with other financial institutions	**17,532**	8,727	**17,532**	8,727
Loans to other persons	**1,831,901**	1,837,244	**1,862,365**	1,860,755
TOTAL FINANCIAL ASSETS	**2,438,325**	2,160,464	**2,468,789**	2,183,963

38 RISK MANAGEMENT AND FINANCIAL INSTRUMENTS CONT'D

	CONSOLIDATED			
	Total carrying amount as per statement of financial position		Aggregate net fair value	
	2003 $000	2002 $000	2003 $000	2002 $000
FINANCIAL LIABILITIES				
Deposits	**2,300,781**	2,036,491	**2,300,976**	2,035,409
Due to other financial institutions	**319**	3,086	**319**	3,086
Sundry creditors	**15,395**	10,665	**15,395**	15,645
Loan capital	**10,000**	10,000	**10,008**	10,008
Employee benefits	**3,990**	3,814	**3,990**	3,814
TOTAL FINANCIAL LIABILITIES	**2,330,485**	2,064,056	**2,330,688**	2,067,962
NET FINANCIAL ASSETS	**107,840**	96,408	**138,101**	116,001
Interest rate swaps	**-**	-	**(7,455)**	(2,408)
NET FINANCIAL ASSETS NET OF SWAPS	**107,840**	96,408	**130,646**	113,593

The following methods and assumptions are used to determine the net fair value of financial assets and liabilities:

Recognised financial instruments

Cash and receivables:
The carrying amount approximates fair value.

Investments:
Trading securities are carried at net market/net fair value. For financial instruments traded in organised financial markets, fair value is the current quoted market bid price for an asset or offer price for a liability.

Loans:
The fair values of loans receivable excluding doubtful debts, are estimated using discounted cash flow analysis, based on nominal annual interest rates (paid monthly) derived from domestic swap interest rates. Loan repayments have not been taken into consideration when determining the future cash flows. The nominal interest rates used have been applied to all interest payments received for loans repricing in a given period. The methodology used to determine the net fair value of the known future cash flows is in accordance with generally accepted discounted cash flow analysis.

Subordinated debt:
The fair value of subordinated debt is estimated using discounted cash flow analysis, based on nominal annual interest rates (paid quarterly) derived from domestic swap interest rates.

Deposits:
The carrying amount of short term deposits approximates fair value because of their short term to maturity or they are receivable on demand. The fair values of long term deposits are estimated using discounted cash flow analysis, based on nominal annual interest rates (paid monthly) derived from domestic swap interest rates.

Dividends payable, sundry creditors and employee entitlements:
The carrying amount approximates fair value.

Unrecognised financial instruments.

Interest rate swap arrangements:
The fair values of interest rate swap contracts is determined as the present value of the future interest cash flows, using nominal annual interest rates (paid monthly) derived from domestic swap interest rates.

NOTES TO THE FINANCIAL STATEMENTS CONT'D

FOR THE YEAR ENDED 30 JUNE 2003

38 RISK MANAGEMENT AND FINANCIAL INSTRUMENTS CONT'D

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

		FLOATING INTEREST RATE		FIXED INTEREST RATE MATURING IN:			
				1 year or less		Over 1 to 5 years	
Financial instruments	Note	2003 $000	2002 $000	2003 $000	2002 $000	2003 $000	2002 $000
FINANCIAL ASSETS							
Cash	31	-	-	-	-	-	-
Due from other financial institutions		**428**	3,920	-	-	-	-
Receivables	8	-	-	-	-	-	-
Investments accounted for using the equity method	11	-	-	-	-	-	-
Other financial assets	11	-	-	-	-	-	-
Government and semi-government securities	9	-	-	**378,465**	199,690	-	-
Bills of exchange	9	-	-	**15,977**	20,843	-	-
Certificates of deposits	9	-	-	**30,435**	36,823	-	-
Deposits with banks	9	**53,772**	30,567	**50**	50	-	-
Deposits with other financial institutions	9	-	-	**17,532**	8,727	-	-
Managed Funds	9	-	-	**75,965**	-	-	-
Loans to other persons	10	**1,209,567**	1,077,996	**175,978**	163,088	**446,356**	596,160
TOTAL FINANCIAL ASSETS		**1,263,767**	1,112,483	**694,402**	429,221	**446,356**	596,160
FINANCIAL LIABILITIES							
Deposits	17	**759,318**	706,421	**1,512,720**	1,306,793	**28,743**	23,277
Due to other financial institutions		**319**	3,086	-	-	-	-
Sundry creditors	18	-	-	-	-	-	-
Loan capital	19	-	-	**10,000**	10,000	-	-
Dividends payable	7	-	-	-	-	-	-
Employee benefits	24	-	-	-	-	-	-
TOTAL FINANCIAL LIABILITIES		**759,637**	709,507	**1,522,720**	1,316,793	**28,743**	23,277
UNRECOGNISED FINANCIAL INSTRUMENTS							
Interest rate swaps		**425,000**	510,000	**(145,000)**	(140,000)	**(280,000)**	(370,000)
Loans approved not advanced	25	**241,586**	184,176	**9,348**	49,571	**55,111**	52,147

FIXED INTEREST RATE MATURING IN: More than 5 years		NON INTEREST BEARING		TOTAL CARRYING AMOUNT AS PER STATEMENT OF FINANCIAL POSITION		WEIGHTED AVERAGE EFFECTIVE INTEREST RATE	
2003 $000	2002 $000	2003 $000	2002 $000	2003 $000	2002 $000	2003 $000	2002 $000
-	-	17,849	18,630	17,849	18,630		
-	-	-	-	428	3,920	4.55	4.55
-	-	14,110	1,902	14,110	1,902		
-	-	1,004	1,091	1,004	1,091		
-	-	837	977	837	977		
-	-	-	-	378,465	199,690	4.73	4.66
-	-	-	-	15,977	20,843	4.80	4.89
-	-	-	-	30,435	36,823	4.82	4.97
-	-	-	-	53,822	30,617	4.71	4.69
-	-	-	-	17,532	8,727	5.16	4.95
-	-	-	-	75,965	-	1.11	-
-	-	-	-	1,831,901	1,837,244	6.63	6.61
-	-	33,800	22,600	2,438,325	2,160,464		
-	-	-	-	2,300,781	2,036,491	3.91	3.86
-	-	-	-	319	3,086		
-	-	15,395	10,665	15,395	10,665		
-	-	-	-	10,000	10,000	7.10	7.50
-	-	-	-	-	-		
-	-	3,990	3,814	3,990	3,814		
-	-	19,385	14,479	2,330,485	2,064,056	-	-
-	-	-	-				
-	-	-	-			6.12	6.31

DIRECTORS' DECLARATION

FOR THE YEAR ENDED 30 JUNE 2003

In the opinion of the directors of IMB Ltd ("the Company"):

(a) the financial statements and notes, set out on pages 25 to 61 are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the financial position of the Company and the consolidated entity as at 30 June 2003 and of their performance, as represented by the results of their operations and their cash flows, for the year ended on that date; and

(ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Dated at Wollongong this 1st day of August 2003.

Signed in accordance with a resolution of the directors:

Ken McKinnon

KR McKinnon AO, Chairman

H Hanson AM, Director

INDEPENDENT AUDIT REPORT

TO THE MEMBERS OF IMB LTD
FOR THE YEAR ENDED 30 JUNE 2003

SCOPE

THE FINANCIAL REPORT AND DIRECTORS' RESPONSIBILITY

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, and the directors' declaration for both IMB Limited (the "Company") and the Consolidated Entity, for the year ended 30 June 2003. The Consolidated Entity comprises both the company and the entities it controlled during that year.

The directors of the Company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

AUDIT APPROACH

We conducted an independent audit in order to express an opinion to the members of the Company. Our audit was conducted in accordance with Australian Auditing Standards in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Corporations Act 2001, Australian Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the Company's and the Consolidated Entity's financial position, and of their performance as represented by the results of their operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

INDEPENDENCE

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

AUDIT OPINION

In our opinion, the financial report of IMB Ltd is in accordance with:

(a) the Corporations Act 2001, including:

   (i) giving a true and fair view of the Company's and Consolidated Entity's financial position as at 30 June 2003 and of their performance for the financial year ended on that date; and

   (ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and

(b) other mandatory professional reporting requirements in Australia.

KPMG

Chris Hollis
Partner

Signed in Wollongong, this 1st day of August 2003.

SHAREHOLDERS' INFORMATION

As at 1 August 2003

TOP TWENTY SHAREHOLDERS	Number of Shares	% of Total
NAME OF SHAREHOLDER		
JP Morgan Nominees Australia Limited	1,905,405	5.00
RBC Global Services Australia Nominees Pty Ltd	1,163,197	3.05
MF Hands	321,370	0.84
FH Rast	305,150	0.80
Dean Whitestone Pty Ltd	300,000	0.79
Rubicon Nominees Pty Ltd	271,111	0.71
K O'Connor	254,364	0.67
UBS Nominees Pty Ltd	244,812	0.64
J Xanthoudakis	232,370	0.61
RJ Davis	225,063	0.59
G & H Custodians Pty Ltd	218,988	0.57
SJ Bridger	208,245	0.55
WC & JA Bradley	197,256	0.52
AJ Bridger	188,106	0.49
WL Hughes	176,728	0.46
DL Craker	165,830	0.44
RM Hanbury	165,022	0.43
I & J Polak Pty Ltd	164,424	0.43
GD Carey	157,080	0.41
AM Dipietro	153,454	0.40
TOTAL	7,017,975	18.40

	Shareholders	Number of Shares	% of Total
EMPLOYEE SHARE ACQUISITION SCHEME	116	245,165	0.64

Distribution of Shareholdings	Shareholders	Number of Shares	% of Total
1 - 100	99	4,432	0.01
101 - 1,000	1,701	828,451	2.17
1,001 - 5,000	2,005	4,862,831	12.76
5,001 - 10,000	661	4,447,114	11.67
10,001 - 20,000	401	5,462,948	14.33
20,001 - 50,000	287	8,509,153	22.33
50,001 - 100,000	66	4,558,620	11.96
100,001 and over	42	9,436,523	24.77
TOTAL	5,262	38,110,072	100.00

FIVE YEAR HISTORY AND COMPARISON

STATISTICAL HIGHLIGHTS	2003 $000	2002 $000	2001 $000	2000 $000	1999 $000
STATEMENT OF FINANCIAL PERFORMANCE					
FOR THE YEAR ENDED 30 JUNE					
Interest income	**144,032**	119,346	123,596	107,767	98,347
Interest expense	**90,468**	72,398	77,524	64,292	58,770
Interest margin	**53,564**	46,948	46,072	43,475	39,577
Income from equity investments	**(1,834)**	–	–	–	–
Non interest income	**30,818**	18,610	13,946	14,686	13,702
Bad and doubtful debts expense	**1,109**	898	939	1,350	1,382
Non interest expense	**61,308**	50,400	44,599	43,360	39,769
Profit from ordinary activities before income tax	**20,131**	14,260	14,480	13,451	12,128
Income tax expense	**7,999**	3,716	4,529	4,112	3,432
Net loss attributable to outside equity interests	**242**	–	–	–	–
Profit from ordinary activities	**12,374**	10,544	9,951	9,339	8,696
STATEMENT OF FINANCIAL POSITION					
AS AT 30 JUNE					
ASSETS					
Loans	**1,831,901**	1,837,244	1,554,548	1,398,121	1,413,266
Liquids	**590,473**	319,250	215,256	239,044	167,882
Other	**46,999**	35,345	30,203	28,588	31,119
	2,469,373	2,191,839	1,800,007	1,665,753	1,612,267
LIABILITIES					
Deposits	**2,300,781**	2,036,491	1,670,240	1,506,834	1,458,362
Other	**35,677**	31,264	17,760	54,088	56,782
	2,336,458	2,067,755	1,688,000	1,560,922	1,515,144
SHAREHOLDERS' EQUITY	**132,915**	124,084	112,007	104,831	97,123
TOTAL ASSETS UNDER MANAGEMENT	**3,029,334**	2,466,839	1,850,007	1,715,753	1,612,267

FIVE YEAR HISTORY AND COMPARISON CONT'D

Statistical Highlights		2003	2002	2001	2000	1999
SHARE INFORMATION						
Shares on issue	000's	**38,110**	36,933	35,581	34,041	14,689
Earnings per share***	cents	**33.0**	28.9	28.4	28.1	27.0
Net tangible assets per share *	$	**3.46**	3.33	3.15	3.08	6.61
Dividend per share:						
Interim**	cents	**7.0**	7.0	7.0	7.0	13.0
Final**	cents	**11.5**	11.5	10.5	10.5	22.0
Dividend cover	times	**1.78**	1.56	1.62	1.58	0.77
Closing share price **	$	**2.85**	3.04	2.46	2.39	5.12
Highest share price **	$	**3.20**	3.20	2.46	6.50	6.00
Lowest share price **	$	**2.75**	2.40	2.10	2.00	3.70
Average share price **	$	**3.03**	2.84	2.29	3.31	4.95
Shares traded	000's	**1,901**	1,855	1,623	1,383	671
Turnover	%	**5.0**	5.1	4.6	4.2	4.6

* Under the Company's constitution, depositors have an equity interest in the net assets of the consolidated entity upon its winding up. Therefore, in the event of winding up, the amount attributable to shareholders would be reduced by an amount equal to the equity interest of depositors at that time.

** On 30 August 1999, the Company made a bonus share issue, ex-dividend of one fully paid share for every ten held. On 26 October 1999, the share capital of the Company was split with each share being divided into two shares.

*** Prior year comparatives for 1999 have been adjusted to reflect the share split on 26 October 1999.

KEY RATIOS		2003	2002	2001	2000	1999
Capital adequacy	%	**10.51**	11.36	10.55	11.26	10.68
Total asset growth	%	**12.66**	21.77	8.06	3.32	3.66
Net asset growth	%	**7.12**	10.78	6.84	7.94	7.40
Net assets/total assets	%	**5.38**	5.66	6.22	6.29	6.02
Liquid assets/total liabilities	%	**25.27**	15.44	12.75	15.31	11.08
After tax return on average net assets	%	**9.63**	8.93	9.18	9.25	9.27
After tax return on average total assets	%	**0.51**	0.51	0.57	0.57	0.55
Net interest income/average total assets	%	**2.2**	2.3	2.6	2.7	2.5
Non interest income/average total assets	%	**1.3**	0.9	0.8	0.9	0.9
Non interest expenses/average total assets	%	**2.4**	2.4	2.6	2.6	2.5
Non interest expenses/operating income	%	**75.3**	77.9	75.5	76.3	76.6
Bad debts expense/average loans	%	**0.06**	0.05	0.07	0.10	0.10
Return on interest earning assets	%	**6.2**	6.0	7.3	6.8	6.4
Cost of funds	%	**4.0**	3.8	4.9	4.3	4.1
Interest margin	%	**2.29**	2.35	2.73	2.73	2.57

FIVE YEAR HISTORY AND COMPARISON CONT'D

Statistical Highlights (continued)		2003	2002	2001	2000	1999
OTHER STATISTICS						
Total loans approved	$m	**1,077.4**	1,194.2	801.7	559.7	491.6
	No	**10,582**	11,512	10,411	10,165	9,059
Home loans approved	$m	**966.8**	903.7	769.4	519.1	448.1
	No	**6,295**	6,646	6,171	4,772	3,875
Average home loan approved	$000	**153.6**	136.0	124.7	108.8	115.6
Members' deposits	$m	**2,300.8**	2,036.5	1,670.2	1,506.8	1,458.4
Deposit accounts	000	**320.3**	320.4	289.2	281.1	282.9
Average balance per deposit account	$	**7,183**	6,356	5,775	5,360	5,155
Interest paid to depositors	$m	**89.7**	72.4	77.5	62.3	57.7
Number of sales centres	No	**34**	34	35	31	30
Average deposits per sales centre	$m	**67.7**	59.9	47.7	48.6	48.6
Assets per sales centre	$m	**72.6**	64.5	51.4	53.7	53.7
Staff (full time equivalent)	No	**396**	377	370	357	344
Assets per staff member	$m	**6.2**	5.8	4.9	4.7	4.7
Staff per million dollars assets	No	**0.16**	0.17	0.21	0.21	0.21

SHAREHOLDERS' DIARY AND OTHER INFORMATION

- Announcement of full year results and final dividend August 2003
- Annual general meeting 26 September 2003 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 Rd, Wollongong on 26 September 2003 at 10:00am.

COMPANY SECRETARY

Robert James Ryan

BEc MCommLaw FCIS FCIM ACA FTIA AICD

REGISTERED OFFICE

253-259 Crown Street
Wollongong
New South Wales 2500

SHARE REGISTRY

IMB Ltd is not listed on the Australian Stock Exchange.
Shares are traded through an exempt market operated by the company.

The share register is available for inspection at:
Level 6 Executive Services
253-259 Crown St
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

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