celebrate 125 years

of serving our members

Welcome to the interactive version of the IMB Annual Report 2005.

To navigate through this report simply click on the items on the contents page and you will be taken directly to that section of the report. You can move forward and back by using the Acrobat buttons and at any tme return to the contents page by clicking on the contents button at the base of each page.

celebrate
building society of the year

Front Cover: As part of IMB's 125th celebrations IMB was gold sponsor of the New Year's Eve "fEVEr in the Gong Event" where an estimated 15,000 people enjoyed family entertainment, amusement rides, stalls and fireworks on the City Beach foreshore.

IMB has been awarded Building Society of the Year. It is one of the major awards in the Money Magazine Consumer Finance Awards. IMB was also a finalist in the Personal Lender of the Year Category.

celebrate

five star rating from CANNEX

Five Stars to:

- IMB Budget Blue Home Loan
- IMB 2,3 and 5 Year Fixed Rate Home Loans
- IMB Budget Investment Home Loan
- IMB 2,3 and 5 Year Fixed Rate Investment Home Loans

CONTENTS

celebrate 125 years

Kelli Halling opens an IMB Zoo account for Max and Tess at IMB's Corrimal Branch.

Notice of AGM

The annual general meeting of members of IMB Ltd will be held at the Hoskins Room, Novotel Northbeach, 2-14 Cliff Rd, Wollongong on 27 September 2005

Contents

celebrate 125 years of serving our members

This year IMB celebrated 125 years of dedicated community banking and looking after the interests of our members. IMB is committed to remaining as a mutual building society and we intend to continue to deliver service and value to our members as a modern, mutual building society for many years to come.

Our Profile

Founded in 1880, IMB is the oldest permanent mutual building society in New South Wales still in operation.

With more than $3.7 billion in assets under management and 190,000 members IMB has grown to be one of Australia's largest building societies.

Regulated by the Australian Prudential Regulatory Authority, IMB offers full-service banking facilities including business banking, home and personal lending, savings and transaction accounts and term deposits as well as a wide range of insurance products. IMB has 34 branches throughout the Illawarra, Sydney, South East NSW and the ACT as well as representation throughout Victoria, Brisbane and Adelaide via an alliance with Australian Unity Ltd.

Our Mission

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

Our Vision

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

Our Values

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

Integrity – Maintaining and promoting social, ethical and organisation standards in conducting internal and external business activities.

Community – Enhancing each others sense of belonging within the organisation and the IMB community as a whole.

Co-operation – Working co-operatively with others to accomplish IMB's goals.

Excellence – Demonstrating excellence and consistently showing initiative through actions and decisions.

Respect – Showing respect for the individual in all interactions and activities.

celebrate history

IMB marks 125 years of dedicated community banking.

Wollongong's Historic Harbour Lighthouse, a symbol of safety

1893	1914	1920	1932
£7,071	£47,602	£52,344	£207,180

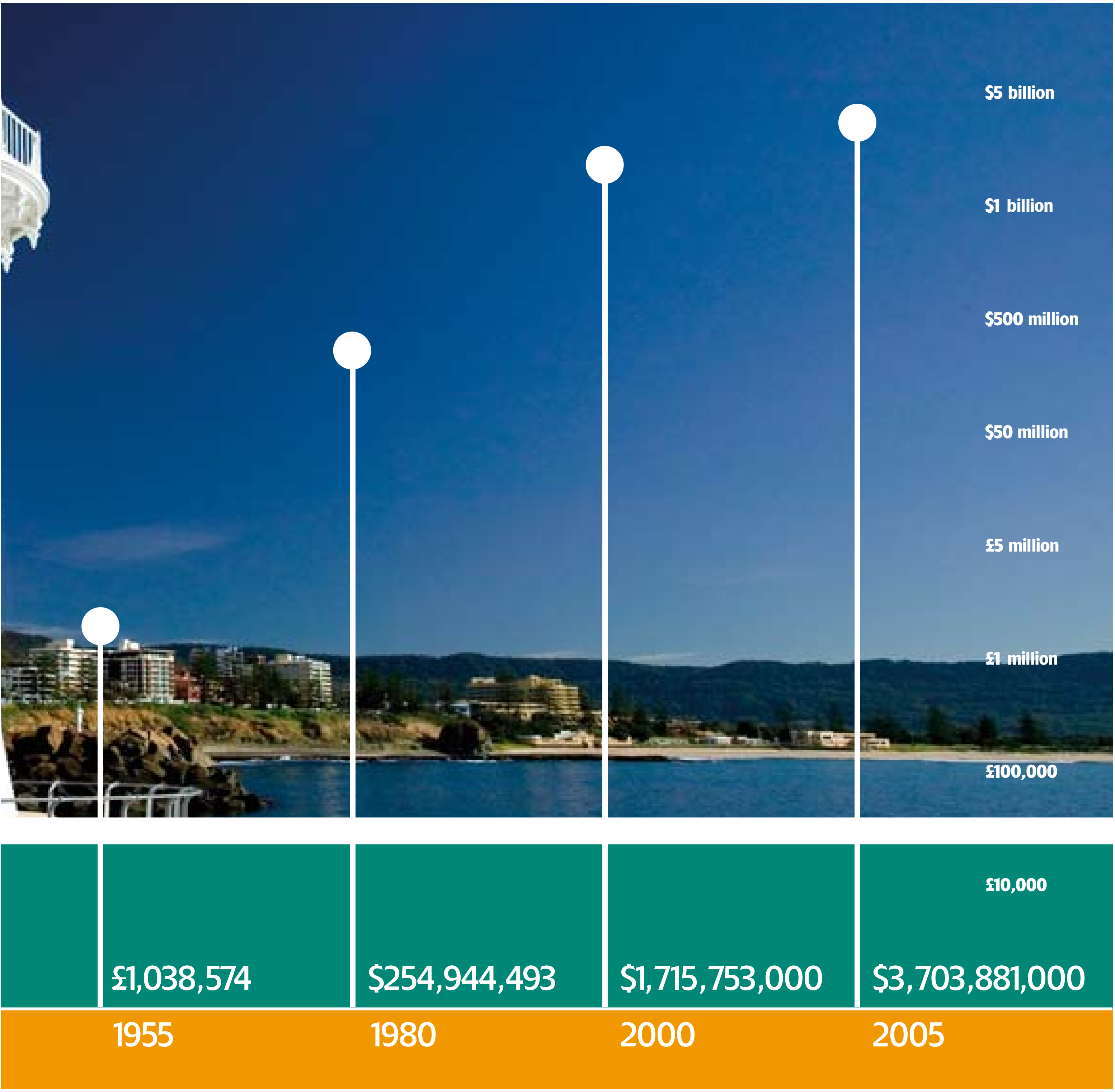
Growth in assets under management

1893 – IMB's business had steadily improved from its establishment in 1880. Confidence in the IMB's stability saw it through this difficult year, when half the banks in Australia closed their doors, either permanently or temporarily.

1914 – Consistent growth of the IMB was interrupted by the First World War which inevitably slowed business.

1920 – The IMB flourished during the prosperous 1920's when lending records were consistently broken. In 1930 the IMB opened a new building in Crown St, Wollongong situated next to the Wesley church.

1932 – During the Great Depression the IMB again kept its doors open to members. Compassionate suspension of payments on loans was granted to borrowing members to allow them to retain their homes, and account activity was restricted. This sensible and cautious reaction ensured all members' money was safe.



The end of the Second World War brought a voracious demand for housing, which lead to huge growth in assets. By 1958 assets had doubled to more than £2 million.

IMB went on to ride the boom of the 1960s. In the early 1970s it established many new branches, the first of which was Warrawong in 1971. A new head office was opened in 1972, and lending peaked in 1972/73. Growth was such that by the end of the 1970's a new head office was required, this was completed and opened in the IMB's centenary year, 1980. By 1980 IMB's branch network had grown to 32 branches.

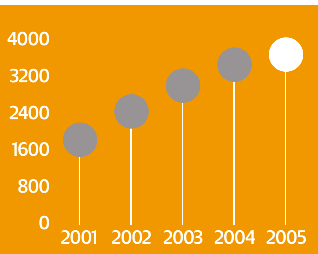
Having continued to meet the needs of its customers during the recession years of the early 1990s, the IMB successfully dealt with extraordinary swings in interest rates and demand without straining liquidity or resources. The introduction of a new computer system put into place a vital foundation for future growth.

International rating agency Standard and Poor' assigned a corporate credit rating to IMB making it the first building society or credit union in Australia to have been given a public investment grade rating. The rating reflects the confidence the market has in IMB's growth strategies and the way it conducts its business, making IMB a very real alternative to the regional banks.

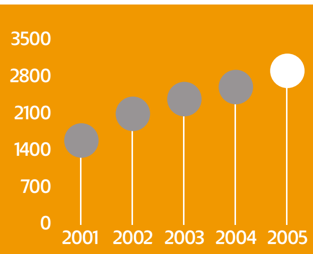
CONTENTS

celebrate this year

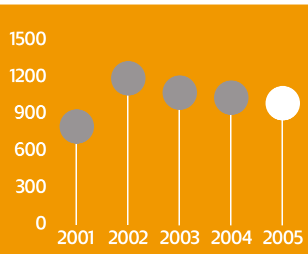
The Wollongong Symphony Orchestra's performance of Imagination - a tribute to the wonderful creativity of children's author, Hans Christian Andersen, was performed to celebrate IMB's 125th anniversary.



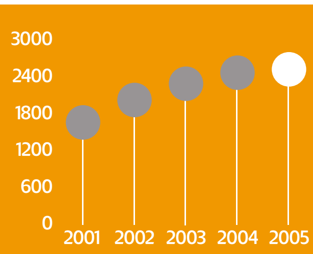
Total assets under management $M



Loans under management $M



Total loans approved $M



Members' deposits $M

6.3% increase in total assets under management

11.7% increase in loans under management

4.4% decrease in total loans approved

2.1% increase in members' deposits

Financial

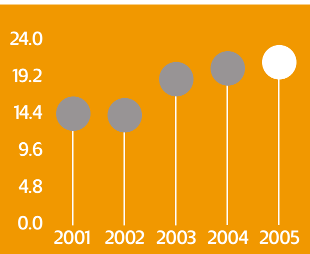
- Core operating profit before tax, excluding individually significant items, increased by $0.8 million, or 4.2% compared to last year.
- Group operating profit after tax was $15.1 million, down $1.5 million or 8.8%.
- Total assets under management increased by $219 million or 6.3% to $3.7 billion.
- Return on average equity of 10.1%, down from 11.9%.
- Core non interest expense to operating income ratio, excluding individually significant items, increased from 74.6% to 74.8%.
- Lending approvals of $991.1 million.
- The level of mortgage arrears continues to be well below the national averages in all categories, according to a recent survey by PMI mortgage insurance.
- Deposits grew by 2.1% to over $2.5 billion.
- A further $500,000 was allocated to the IMB Community Foundation. This brings to $3.0 million the amount of funds granted through the Foundation to the community.

Products and Services

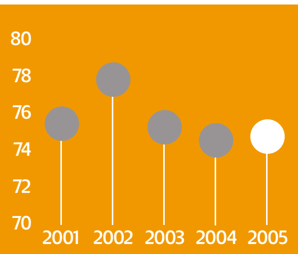
- Several IMB loan products were awarded the maximum five-star rating from leading independent reviewer CANNEX.
- Opened a new full service branch on City Walk in Canberra City.
- Launched new fee-free youth accounts for under 18s – IMB Zoo a passbook account for children under 12 and the and IMB Balance + account a cash card account for 13 to 17 year olds.
- Introduced the IMB Budget Blue Home Loan which has a discounted rate and no ongoing account keeping fees.
- New state-of-the-art $1.9 million call centre was officially opened to handle the more than 2,000 calls a day.
- Accepted to the lender panel of Australia's leading mortgage broker, Mortgage Choice.
- Implemented online connectivity to major mortgage broker aggregators.

Corporate

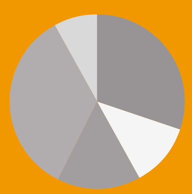
- Awarded "Building Society of the Year" in the Money Magazine Consumer Finance Awards.
- Launched a further $495 million Residential Mortgage Backed Securities offer in the Australian bond market to both domestic and overseas investors.



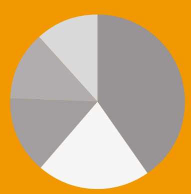
Core profit* before tax $M
*excludes individually significant items



Efficiency ratio* %
*excludes individually significant items



Loans by location %



Deposits by location %

4.2%

increase in core* operating profit before tax

0.2%

increase in core* efficiency ratio

Loans by location:
- Illawarra 30.2%
- South Coast 11.8%
- Southern Highlands 15.4%
- Sydney 34.6%
- Other 8.0%

Deposits by location:
- Illawarra 40.3%
- South Coast 21.0%
- Southern Highlands 14.3%
- Sydney 12.7%
- Other 11.7%

CONTENTS

celebrate our members & their communities

IMB TV advertisement

Member Value

IMB is committed to providing tangible "member value". Annual Member Value, a calculation made by independent analyst CANNEX Financial Services of the dollar benefits to IMB's members from low or no fees, higher deposit rates and lower lending rates compared to the major banks, grew by 32% to $15.7M this year. This is equivalent to $84 per member.

This additional member value highlights an important difference between IMB and a number of its competitors.

IMB Community Foundation

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

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

This year the IMB Community Foundation granted another $500,000 for community projects bringing the total amount of funds granted through the foundation to $3M.

Details of projects funded by the IMB Community Foundation in 2005 are listed on page 77.

IMB member Ms Sharon Dietz. By moving her loan to the IMB and rolling a personal loan and other debts to one new mortgage, Ms Dietz was able to cut her total monthly repayments by an astonishing $1000.

'IMB's for me'

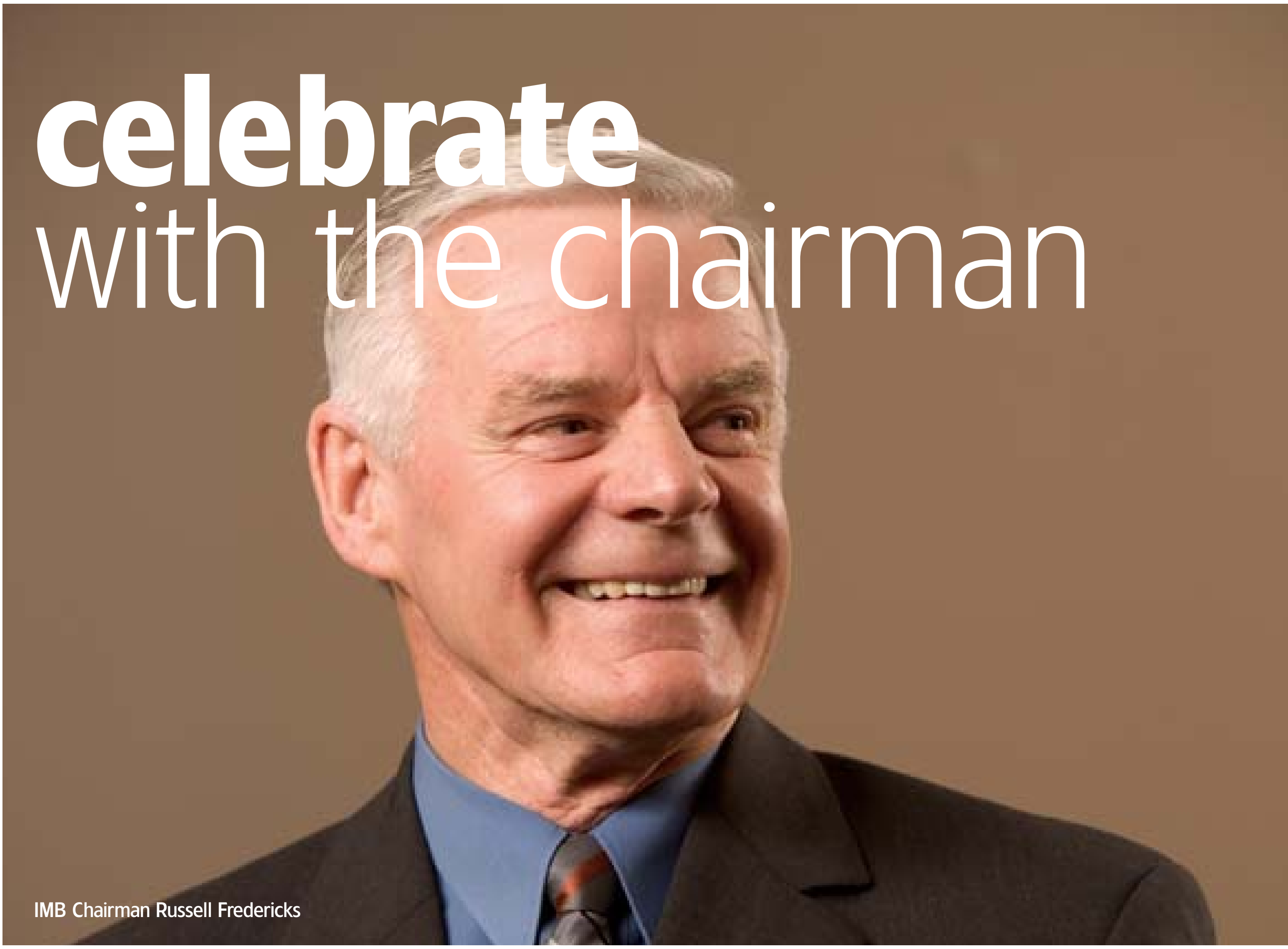
As a mutual member based building society, IMB will continue to focus on ensuring all members are rewarded from their relationship with IMB.

That's why IMB's for me

Other Community Support

- The Tsunami Appeal saw five of Illawarra's financial institutions join together to collect funds for CARE Australia. A total of $230,000 was raised by IMB and its members with the money being put towards a project involving the rebuilding of all homes on the Simelulue Island and the provision of food, water and shelter to over 18,000 people.
- IMB was recognised by the Red Cross for 10 years involvement in the Telecross Program which checks on the welfare of elderly people who are medically at risk and who live alone.
- Support of the Dare 2 Dream Program which is designed to educate secondary school students about the dangers of risk-taking behaviour.
- To mark its 125th anniversary IMB presented 30 marquees to the community to be used by the region's sporting clubs, schools, charities and other community groups.
- IMB, as principal sponsor, enabled the Wollongong Conservatorium of Music to launch the new Wollongong Symphony Orchestra.
- IMB also supported a variety of other community and sporting organisations including the Salvation Army Red Shield Appeal, the Wollongong IMB Hawks Basketball team, the Wollongong Lions AFL team and Wollongong based motor racers Damien White and James Harrigan.

celebrate with the chairman



IMB Chairman Russell Fredericks

IMB Ltd's solid results for 2005, our 125th year, were achieved in an environment of increased competition, a declining housing market and negative pressures on interest margins.

Group operating profit after tax was $15.1 million, a reduction of $1.5 million compared to 2004's $16.6 million. Significant other items affecting these figures are detailed elsewhere in the Notes to the Accounts. Taking these items into account core profit before tax for 2005 improved by $0.8 million compared to 2004.

Total loans approved reached $991.1 million, just $45.3 million or 4.4 percent short of last year's total. Taking into account the nationwide decline in housing industry activity – both in volume and value – these results are considered sound.

In addressing the final dividend, the Board took into consideration the heavy demands on capital expenditure in the coming year. Consequently the Board has fixed the fully franked final dividend at 11.5 cents per share, bringing the dividend payable for the year's trading to 18.5 cents per share (2004 18.5 cents plus a 2 cents special dividend directly resulting from the sale of shares in Cashcard Australia Ltd). Based on the closing share price at June 30, 2005 the payment represents a direct yield of 6.0 percent, or 8.5 percent after adjusting for the franking credit.

From the slightly reduced profit after tax, the Board firstly set aside funds to properly satisfy the company's capital and growth requirements and to ensure that "member value" in the company is properly recognised, strengthened and rewarded. The interests of all 190,000-plus members are taken into account, including due reward to those members who also hold ordinary shares for their investment in the company and ensuring that overall, a firm platform for future growth and highest quality service delivery is maintained and enhanced.

The Board has, for the 6th year in succession, transferred $500,000 to the IMB Community Foundation. The Foundation is a highly visible and very effective medium for passing benefits on to our members by financially supporting a range of diverse projects throughout the communities in which they live and/or work. The Foundation's activities complement IMB's high standard of corporate citizenship.

At a strategic planning meeting earlier this year, directors and executive officers reinforced their "IMB Commitment" to continue as a mutual building society, a commitment that has not waned in IMB's 125 years of operations. It is our primary strategic objective to continue to utilise members' deposit funds, to their maximum advantage, by delivering residential and commercial lending and other banking-related financial products and services from a foundation of outstanding personal service.

Thus it is with considerable satisfaction that I report recognition of IMB as "Building Society of the Year" for 2005, a status officially recognised by the well-respected "Money Magazine". In addition, we received CANNEX "Gold Star" awards for a number of our lending products.

Your directors, executive and many staff members have, for some time, been giving maximum time and energy to four major initiatives being introduced into the Australian corporate world, all with particular relevance to Authorised Deposit-taking Institutions.

Implementation of the Australian equivalents to International Financial Reporting Standards has been a time-consuming and costly project. We have worked hard at all levels to ensure that full compliance is in place and timelines have been met. Extensive explanatory notes can be found within the annual accounts, and the 2006 financial year will be our initial year for reporting under the requirements of the standards.

Secondly, IMB has adopted enterprise wide risk management and, via an intensive programme of education, training, and workshops facilitated by external expertise, all directors, management and staff have been well prepared for the current implementation of this new integrated approach to assessing and controlling business risks. The major change is from the traditional 'detection' function of system controls to a more positive 'prevention' function, which ensures early identification of and thus more effective management of the risks that may effect IMB's achievement of its strategic and operational objectives.

Internal work on the draft prudential standards released under the new Basel Capital Accord (Basel II) is continuing and we expect to have established a standardised model relative to this more risk-sensitive approach to capital adequacy regulation by January 2007.

Our corporate governance practices are very much driven by IMB values. Considerable work has been done on much of the administrative side of corporate governance over the past two years in particular. A Corporate Governance Manual has previously been drafted by directors and management and is now undergoing a full review, taking into account APRA's recently released drafts of prudential standards of governance and guidelines for "Fit and Proper Persons".

Directors appreciate the increasing intensity placed on their respective duties and responsibilities, but continue to believe the closer scrutiny of the corporate world generally, coupled with the strengthening of our own governance practices will continue to work to the advantage and benefit of IMB and its members.

Our strategic planning processes are constantly monitored and continually reviewed. A major component of our growth strategy, expansion in the Sydney metropolitan area, is advancing on schedule. Within the next 2 years, we expect to have at least 8 new IMB branches opened across the southern and western regions of Sydney. Our next new branch is scheduled to open at Liverpool in October. Last December we opened our third ACT branch in the Canberra City Centre and at least one additional branch is on the "drawing board" for ACT.

A securitisation programme forms a material part of our capital management plan and the quality of our loan book has ensured continuing favourable rates are achieved in this regard. As reported last year, the Dividend Reinvestment Plan has been halted and an issue of Preference Shares is pending. The latter is currently timed for implementation towards the end of this calendar year. IMB's investment grade rating, reviewed annually by Standard and Poors, has contributed to the improved pricing we are attracting on our securitisation tranches, as well as strengthening the pricing potential of the Preference Share issue.

New internal processing software, with resultant efficiencies, has given IMB a competitive advantage in loans processing and approval times, as well as a more effective linkage with the expanding third party originator market.

We are aware that as a company dedicated to the principles of mutuality, generating surpluses only comes from continuing our 125-year practice of supporting, assisting and caring for our members. We need to do this in a way that not only ensures we remain their preferred provider of financial services, but also in a way that attracts others who have not yet experienced the IMB advantages. We have always been committed to face-to-face relationships with members through branch networks, while at the same time promoting and increasing the electronic delivery of products and services.

Independent analyst CANNEX Financial Services has assessed annual member benefits accruing from lower or no fees and from other financial services at an average of $84 per member, or $15.5 million in total. Only 23 percent of members are charged transaction fees and no member is charged account-keeping fees for their deposit account.

My predecessor, Professor Ken McKinnon, retired from the Board on December 1, 2004. Professor McKinnon, during his 11 years as a director including 4 years as Chairman, proved a most influential and innovative participant and leader and IMB is the stronger for his all-round input. We are very pleased to report that Mr Lynton Nicholas has been appointed to fill the casual vacancy. Mr Nicholas, a Wollongong citizen, brings to the Board a high level of expertise and knowledge in corporate financial matters following an extensive career with BHP Ltd and its related organisations.

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

I and my directors believe IMB is well-positioned to move forward in pursuit of its strategic objectives and vision, for the benefit of all members and stakeholders.

LR Fredericks
Chairman

CONTENTS

ceo's review of operations

In a period of nationwide decline in housing industry activity IMB maintained its loan growth whilst increasing core profit.

Damien White's Team IMB was winner of the 2004 V8 Brute Championship.

Overview

As noted in the Chairman's letter the 2005 result (being our 125th year) is not just another solid set of financial numbers, it is also a reflection of the successful ongoing strategic development of IMB, culminating in a number of innovative and unique announcements throughout the year. In a period of a nationwide decline in housing industry activity IMB maintained its loan growth at a similar level to the previous year, whilst increasing core profit despite continuing strains on margin due to increased competition.

The issue last year by the international rating agency, Standard and Poors, of an investment grade rating, highlights the development of IMB over the past few years and stands IMB above its peer group, being the first Building Society or Credit Union in Australia to achieve such a rating.

Two years ago IMB launched its own securitisation trust. This year the assets under management in the trust continue to grow. This trust has successfully issued overseas and the quality of the underlying assets, reflecting IMB's credit quality has ensured it is well accepted in the market. In addition, IMB last year launched a commercial loans securitisation trust, again a very innovative transaction in the Australian financial marketplace.

These initiatives, combined with others to be implemented in the coming year, give IMB a strength of balance sheet not previously experienced. As a company committed to mutuality, a strong balance sheet, with access to future capital sources is unique when compared to other mutual financial institutions. The capital adequacy ratio of 10.57 percent over the past year when compared to the statutory level of 8.0 percent reflects the improved performance of IMB and the focus on balance sheet management strategies.

IMB's gift to the community

To mark IMB's 125th anniversary 30 marquees were presented to the community to be used by the region's sporting clubs, schools, charities and other community groups.

IMB has worked to strengthen its distribution channels and alliance opportunities throughout Australia. An ongoing commitment to face to face member service is evident in the fact that a new branch in Canberra City was opened during the year and a new branch will be opened at Liverpool in October. This is part of IMB's growth strategy in the Sydney marketplace with up to 8 new branches to be opened in Sydney over the next 2 years. IMB is proud of the service standards that complement our products, their features and prices. This is equally true for loans sourced via our direct channels of branches, call centre and mobile lenders as well as the intermediary market (responsible for over 50 percent of loans written in 2005) with significant capital invested in on-line connectivity to the major aggregator groups as well as an on-line solution to the smaller broker groups.

As a mutual company we also continue to focus on ensuring all stakeholders are rewarded from their relationship with IMB. During the year IMB again engaged CANNEX Financial Services Research Group to undertake a review of the value to members of belonging to IMB. This independent research house reviewed the value of IMB products and services compared to the value proposition of the major banking groups. Its findings highlighted that $15.5 million per annum is generated in member value. In addition community support initiatives such as the IMB Community Foundation reflect the desire of IMB to ensure all stakeholders receive value from their relationship with IMB.

It should be noted that only 23 percent of our members pay any transaction fees each month, a reduction of 2 percent compared to the previous year. This reflects IMB's commitment to providing tangible "member value" and it highlights an important difference from a number of our competitors.

One of the best...

IMB's level of mortgage arrears continues to be well below the national averages in all categories making it one of the best residential loan books in Australia.

Profit

Group operating profit after tax at $15.1 million was a decline of $1.5 million or 8.8 percent over the previous year. As commented on in the Chairman's letter, this result is an improvement in core performance compared to 2004. When comparing like with like the group operating profit before tax attributable to the core business increased by $0.8 million or 4.2 percent compared to the previous year.

At the end of the year, the Board declared a fully franked regular final dividend of 11.5 cents per share. This brings the total dividends for the year to 18.5 cents per share, the same as last years level excluding the 2004 special dividend. The return on average equity, at 10.1 percent, is a reduction on the 11.9 percent level of the previous year in line with the non core revenues brought to account in 2004 and the improved core performance in 2005 discussed elsewhere throughout this report.

Net earning assets income

Net earning assets income for the year was $53.9 million, up $1.2 million on the previous year. This is an extremely pleasing result, especially when viewed in the context of the securitisation program extended throughout the year, the results of which are reflected in non interest income discussed below. 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 increased by $1.2 million, or approximately 4.2 percent on the previous year. After deducting individually significant revenues, core non interest income increased by $2.9 million or 12.2 percent. Increased revenue from securitisation contributed $3.6 million of this increase.


Trainees Natasha Whippy, Nicole Effield, and Kimberley Robertson

IMB's focus on the future

As part of IMB's Traineeship program 16 local young people from the Illawarra region commenced their new traineeship program during the year. The IMB Traineeship Program continues IMB's focus on the future.

New initiatives relating to key alliances and joint ventures will see significant and ongoing improvement in non interest income in the coming years.

Bad and doubtful debts expense

Bad and doubtful debts expense was $0.9 million, the same as the previous year. This is an excellent result, in light of the continuing growth in loan balances and the contracting property market experienced in the second half of the year. Part of this expense was the raising of a further general provision of $0.1 million against the existing commercial and residential mortgage loan book. Overall, IMB's level of mortgage arrears continues to be well below the national averages in all categories. The residential book is one of the best in the country, a view substantiated by the current quarterly review by the mortgage insurance company, PMI Mortgage Insurance Ltd.

Non interest expense

Non interest expense increased to $61.1 million, from $57.8 million in 2004, an increase of $3.3 million or 5.7 percent. After deducting the expenses attributable to the land development joint venture, non interest expense increased to $60.4 million, from $57.7 million in 2004, an increase of $2.7 million or 4.7 percent. Most of the increase is attributable to initiatives viewed as strategic investments in the future of IMB. This 5.7 percent increase in expenses compares favourably to the 11.7 percent increase in assets under management.

The ratio of non interest expense to operating income for the group increased from 71.6 percent in 2004 to 73.5 percent in 2005. After adjusting for individually significant revenues and expenses, the core ratio of non interest expense to operating income for the group increased from 74.6 percent in 2004 to 74.8 percent in 2005. Non interest expense, as a proportion of average total assets for the group, also increased from 2.2 percent last year to 2.3 percent.

CONTENTS

ceo's review of operations
continued

Community Donation

The Wollongong Science Centre was allocated a grant from the IMB Community Foundation for the Startrails Outreach program. A part-time co-ordinator and student presenter was employed to provide science outreach programs to schools and communities in south-east NSW.

Balance sheet

IMB has achieved solid loan approval levels for the year in an extremely difficult housing market, just falling short of exceeding the $1 billion milestone for the fourth year in a row. IMB now has the strength both on and off balance sheet to cope with a planned significant expansion in the year ahead.

On balance sheet loans outstanding increased to $2.0 billion. Total loans under management, including securitised loans increased by $0.3 billion or 11.7 percent compared to last year. This contributed to assets under management of above $3.7 billion being achieved during the year.

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 continue to be sought. Similarly IMB will continue to source alliance partners to widen the products and services available.

We have also invested significantly in technology in the current year. Much of this investment will continue into the new year. A complete replacement of the front end of our loans processing system has been implemented, with the resultant improvement in efficiency and member service enabling IMB to provide a guaranteed loan approval service standard that is the envy of our competitors. This has now enabled IMB to have direct on line loan processing capability with its major intermediary partners.

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. 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.

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

A mutual interest in the community

The Chairman has referred to the allocation of $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 $3.0 million the amount granted to the Foundation in six years and is supporting a total of 104 projects throughout south eastern NSW and the ACT.

This is in addition to the wide ranging sponsorship support for a number of community and sporting bodies. Each of these sponsorships is strategic and successfully improves IMB's presence and profile both from a geographic but also demographic perspective. A number of these support programs are expanded elsewhere in this report.

Management and staff

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

Management and staff have now agreed on the implementation of either enterprise agreements or Australian Workplace Agreements throughout all of IMB.

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

Outlook

The improved performance and efficiencies achieved over the last few years, in a sometimes difficult 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.

PW Morris
Chief Executive

CONTENTS

directors

Board of Directors from left to right: Vivien Twyford, Michael Cole, Russell Fredericks (Chairman), Lynette Gearing, George Edgar, Harold Hanson, Lynton Nicholas.

Lindsay Russell Fredericks

FPNA FAICD FAIM

Mr Fredericks, whose area of expertise is business management and management accounting, has been a non executive director since 1990 and was elected chairman on 1 December 2004. He is Chairman of the nominations and governance committee and the remuneration and CEO evaluation committee. He attends "ex officio" the audit and risk management and IMB Community Foundation committees. Mr Fredericks is a business consultant specialising in management and accounting services and financial projects for small business. Other former positions include: general manager of Shoalhaven Dairy Co Ltd, director of the Co-operative Federation of NSW, chairman of NSW Dairy and Food Industry Training Committee and general manager of Miltonbrook Pty Ltd. Mr Fredericks is a 29 year member of the Lions Service Organisation. As well as being Chairman of IMB Ltd, Mr Fredericks is also Chairman of all entities wholly owned by IMB Ltd, with the exception of IMB Land Pty Ltd.

Michael John Cole

BEc (Syd) MEc (Syd) ASIA

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

George Anthony Edgar

Bsc (Tech.Met.)

Mr Edgar, whose expertise is business management, has been a non executive director since 2000. He is a member of the remuneration and CEO evaluation committee and the nomination and 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, director of Shin Investments Pty Ltd and past chairman of Mainteck Services Australia. As well as being a director of IMB Ltd, Mr Edgar is also a director of all entities wholly owned by IMB Ltd.

Lynette Therese Gearing

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

Ms Gearing has been a non executive director since 2003. She is a member of the IMB audit and risk management committee, the nomination and governance committee and the land development committee. Ms Gearing has business experience in superannuation, funds management, corporate finance and management consulting. Ms Gearing is currently a director of Guild Insurance and Financial Services Limited and Hancock Natural Resource Group Australia Pty Limited. As well as being a director of IMB Ltd, Ms Gearing is also a director of all entities wholly owned by IMB Ltd, and is Chairperson of IMB Land Pty Ltd.

directors cont'd

Harold Hanson AM

Dip.Law (Sydney)

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

Lynton Patrick Nicholas

FCPA FCIS

Mr Nicholas, whose expertise is business management, was appointed to fill a casual vacancy as a non executive director in 2004. He is a member of the audit and risk management committee and the IMB Community Foundation committee. Mr Nicholas is a former General Manager Supply of BHP Steel, and a former Chief Financial Officer of a number of BHP Steel divisions. He is a business consultant to a number of major Australian companies. Mr Nicholas is also Chairman of the Flagstaff Group Limited, President of the Port Kembla Golf Club Limited and Chairman of the Catholic Diocese of Wollongong Council for the Aged. As well as being a director of IMB Ltd, Mr Nicholas is also a director of all entities wholly owned by IMB Ltd.

Vivien Jennifer Twyford

BA Grad Dip Com (Mgmt) FAICD

Ms Twyford, whose area of expertise is business consulting, has been a non executive director since 1990. She is chairperson of the IMB Community Foundation committee and a member of the remuneration and CEO evaluation committee. Ms Twyford is managing director of Twyford Consulting and has been a consultant in the area of business improvement, people and strategy for 23 years, now specialising in community consultation. In 2002, the University of Wollongong awarded her a fellowship. She was president of the International Association of Public Participation (IAP2) in 2004. Ms Twyford is an accredited mediator with the Australian Commercial Disputes Centre. She is a member of the Illawarra Advisory Board of the Salvation Army. As well as being a director of IMB Ltd, Ms Twyford is also a director of all entities wholly owned by IMB Ltd.

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 a director of all entities wholly owned by IMB Ltd. He retired from the board on 1 December 2004.

executives

Executives from left to right: Robert Ryan, Wayne Morris (Chief Executive), Mark Anderson

Peter Wayne Morris

ACIS ACIM MNIA AIMM AIFS AMP (Harv)

Mr Morris is the Chief Executive Officer. 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 King Financial Services Pty Ltd and the Illawarra Regional Information Service Ltd. He is also Chairman of IMB Financial Planning Ltd and Chairman of the Australian Association of Permanent Building Societies.

Robert James Ryan

BEc MCommLaw FCIS FCIM ACA FTIA

Mr Ryan is the Deputy CEO, 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 projects 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.

Mark Leonard Anderson

B.Com (Land Economy) AICUM AMIAA LICM

Mr Anderson is General Manager Operations and joined the Company in 1999. He has 31 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, e-business, insurances and transaction processing, lending and loans administration, information systems and technology, and 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.

CONTENTS

corporate governance

This statement outlines the main corporate governance practices in place throughout the financial year.

Board of Directors

Board of Directors and its Committees

Role of the Board

The board is responsible for the overall corporate governance of the Company and its controlled entities ("the consolidated entity") including formulating its strategic direction, approving and monitoring capital expenditure, setting remuneration, appointing, removing and creating succession policies for directors and senior executives, establishing and monitoring the achievement of management's goals and ensuring the integrity of internal control and management information systems. It is also responsible for approving and monitoring financial and other reporting.

The board has delegated responsibility for operation and administration of the Company to the Chief Executive Officer and executive management. Responsibilities are delineated by formal authority delegations.

Board Processes

To assist in the execution of its responsibilities, the board has established a number of board committees including a remuneration and CEO evaluation committee, a nominations and governance committee, an audit and risk management committee, a land development committee and an IMB Community Foundation committee. These committees have written mandates and operating procedures, which are reviewed on a regular basis. The board has also established a framework for the management of the consolidated entity including a system of internal control, a business risk management process and the establishment of appropriate ethical standards.

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

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

Director education

The consolidated entity has a formal process to educate new directors about the nature of the business, current issues, the corporate strategy and the expectations of the consolidated entity concerning performance of directors. Directors also have the opportunity to visit consolidated entity facilities and meet with management to gain a better understanding of business operations. Directors are given access to continuing education opportunities to update and enhance their skills and knowledge.

Independent Professional Advice and access to Company Information

Each director has the right of access to all relevant Company information and to the Company's executives and, subject to prior consultation with the chairman, may seek independent professional advice from a suitably qualified advisor at the consolidated entity's expense. The director must consult with an advisor suitably qualified in the relevant field, and obtain the chairman's approval of the fee payable for the advice before proceeding with the consultation. A copy of the advice received is made available to all other members of the board.

Composition of the Board

The names of the directors of the Company in office at the date of this report are set out in the Directors' report on page 24 of this report.

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 16 to 18 of this financial report.

The board comprises seven independent 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.

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.

An independent non executive director is a director who is not a member of management and who:

- has not within the last three years been employed in an executive capacity by the Company or another group member, or been a director after ceasing to hold any such employment;
- within the last three years has been a principal or employee of a material professional adviser or a material consultant to the Company or another group member;
- is not a material supplier or customer of the Company or another group member, or an officer of or otherwise associated, directly or indirectly, with a material supplier or customer; and
- has no material contractual relationship with the Company or another group member other than as a director of the Company.

Nominations and Governance Committee

The nominations and governance committee oversees the appointment and induction process for directors and committee members, and the selection, appointment and succession planning process of the Company's chief executive officer. The committee makes recommendations to the board on the appropriate skill mix, personal qualities, expertise and diversity of each position. 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. The committee identifies potential candidates. The board then appoints the most suitable candidate. Board candidates must stand for election at the next general meeting of members. In addition the committee is responsible for advising the board on corporate governance, and developing, regularly reviewing and updating the corporate governance manual.

The nominations and governance committee comprises the following members, all of whom were non executive directors:

Mr LR Fredericks (Chairman)

Prof KR McKinnon AO (retired 1 December 2004)

Mr GA Edgar

Mr H Hanson AM

Ms LT Gearing

The nominations and governance committee meets as required.

Remuneration and CEO Evaluation Committee

The remuneration and CEO evaluation committee reviews and make recommendations to the board on remuneration packages and policies applicable to the chief executive and senior executives and the board. 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 and CEO evaluation committee during the year were:

Mr LR Fredericks (Chairman)

Prof KR McKinnon AO (retired 1 December 2004)

Mr MJ Cole

Mr GA Edgar

Ms VJ Twyford

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 directors, approved by members at the 2004 annual general meeting, is not to exceed $450,000. This includes superannuation payments required under legislation.

Further details of directors' and executives' remuneration, superannuation and retirement payments are set out in Notes 30 and 31 to the financial report.

Audit and Risk Management Committee

Audit and Risk Management Committee

The primary purpose of the committee is to assist the board of IMB in fulfiling 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 internal audit;
- providing an open avenue of communication among the external auditor, financial and senior management, the internal audit 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 and risk management 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 MJ Cole (Chairman)

Ms LT Gearing

Mr H Hanson AM (appointed 22 February 2005)

Mr LP Nicholas (appointed 1 December 2004)

Mr LR Fredericks (ex officio member)

Prof KR McKinnon AO (ex officio member retired 1 December 2004)

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 chief executive officer and the chief financial officer declared in writing to the board that the financial records of the Company for the financial year have been properly maintained, the Company's financial reports for the year ended 30 June 2005 comply with accounting standards and present a true and fair view of the Company's financial condition and operational results. This statement is required annually.

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

Oversight of Risk Management System

The board oversees the establishment, implementation and annual review of the Company's Risk Management System. Management has established and implemented the Risk Management System for assessing, monitoring and managing operational, financial reporting and compliance risks for the consolidated entity.

corporate governance cont'd

Risk management and compliance and control

The board 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 and revised forecasts for the year are prepared regularly. The consolidated entity reports to members half-yearly.
- Convergence with Australian equivalents to International Financial Reporting Standards (AIFRS) is a key current financial reporting project, and the board has established a formal project, monitored by a steering committee, to ensure a smooth transition to AIFRS reporting, beginning with the half-year ended 31 December 2005.

  Details of the progress of the implementation project and the expected impact of transition to AIFRS on the financial report for the year ended 30 June 2005 are included in Note 36.

  The consolidated entity is expected to be in a position to fully comply with the reporting requirements of AIFRS for the 30 June 2006 financial year.
- 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.

Assessment of effectiveness of risk management

Internal Audit

The internal auditors assist the board in ensuring compliance with internal controls and risk management programs by regularly reviewing the effectiveness of the above mentioned compliance and control systems. The audit and risk 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.

Ethical Standards

All directors, managers and employees are expected to act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the consolidated entity. Every employee has a nominated supervisor to whom they refer any issues arising from their employment.

Conflict of Interest

Directors must keep the board advised, on an ongoing basis, of any interest that could potentially conflict with those of the Company. The board has developed procedures to assist directors to disclose potential conflicts of interest.

Where the board believes that a significant conflict exists for a director on a board matter, the director concerned does not receive the relevant board papers and is not present at the meeting whilst the item is considered. Details of director related entity transactions with the Company and consolidated entity are set out in Note 30.

Code of Conduct

The directors are expected to abide by the Australian Institute of Company Directors Code of Conduct.

Dealings in Company securities by directors and employees and their associates

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 six weeks 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 six weeks 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.

Communication with 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.
- A full copy of the Annual Report is made available to all shareholders and members via the Company's website and upon request.
- The concise report is distributed to all shareholders (unless a shareholder has specifically requested not to receive this document and they hold less than 5,000 shares) and any member who has elected to receive this document. This document is also available to any other member upon request. 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 half-yearly report is distributed to all shareholders (unless a shareholder has specifically requested not to receive this document and they hold less than 5,000 shares) and any member who has elected to receive this document. This document is also available to any other member upon request. 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.
- All of the above information, including that of the previous three years, is made available on the Company's website (www.imb.com.au).
- 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 single resolutions.

The members are requested to vote on the appointment and aggregate remuneration of directors as prescribed by the constitution. Copies of the constitution are available to any member who requests it.

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 2005 and the auditor's report thereon.

Directors

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

Lindsay Russell Fredericks, Chairman

Michael John Cole

George Anthony Edgar

Lynette Therese Gearing

Harold Hanson AM

Lynton Patrick Nicholas, (appointed 1 December 2004)

Vivien Jennifer Twyford

Kenneth Richard McKinnon AO, (retired 1 December 2004)

All of the directors are independent directors.

The particulars of the qualifications, experience and special responsibilities of each director are set out on pages 16 to 18 of this report.

At the annual general meeting of the Company on 27 September 2005, one director, Mr LP Nicholas, will retire in accordance with the constitution of the Company and, being eligible, offers himself for re-election.

Company Secretary

The particulars of the qualifications and experience of the Company Secretary are set out on page 19 of this report.

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 2005.

Operating and Financial Review

Consolidated profit after tax from ordinary activities attributable to members was $15,098,000 (2004: $16,559,000), a decrease of $1,461,000 or 8.8% over 2004.

Net loan approvals were down $45,314,000 to $991,100,000 (2004: $1,036,414,000). This was due to a lower level of residential lending approvals which were down $109,014,000 from 2004 levels, offset by a net increase in other lending of $63,700,000.

Net interest income increased to $54,808,000 representing an improvement of $253,000 which resulted from the growth in average earning assets. This was mainly through average loans and investments increasing by 4.9% or $123,823,000 to $2,652,412,000, offset by an increase in average interest bearing liabilities of 4.0% or $96,609,000 to $2,537,698,000 and a 3 basis points decrease in earning asset margin to 1.99%.

Bad and doubtful debts expense decreased by $23,000 to $902,000 (2004: $925,000). The bad and doubtful debts expense for 2005 includes an increase in the additional general provision of $108,000 against the existing loan portfolio, in line with the Company's provisioning policy. The bad debts expense for 2005 is 0.05% of total average loans.

Non interest income increased by $1,167,000 or 4.2% to $29,188,000. This increase was primarily due to an increase in securitisation income and the sale of a portion of land from the residential land development joint venture at Albion Park.

The increase in non interest expense of $3,307,000 to $61,070,000 resulted primarily from an increase in expenses relating to consultancy, personnel, loan origination, and IT expenses.

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 $4,500,000 franked to 100% at a tax rate of 30%, declared on 30 July 2004, in respect of the year ended 30 June 2004, payable on 30 August 2004;
- a special dividend of $0.02 per share amounting to $783,000 franked to 100% at a tax rate of 30%, declared on 30 July 2004, in respect of the year ended 30 June 2004, payable on 30 August 2004;
- an interim dividend of $0.07 per share amounting to $2,793,000 franked to 100% at a tax rate of 30%, in respect of the year ended 30 June 2005, paid on 27 February 2005; and
- a final dividend of $0.115 per share amounting to $4,590,000 franked to 100% at a tax rate of 30%, declared on 2 August 2005, in respect of the year ended 30 June 2005, payable on 30 August 2005.

Total dividends paid or declared in respect of the year ended 30 June 2005 were $0.185 per share (2004: ordinary dividend of $0.185, plus a special dividend of $0.02) amounting to $7,383,000 (2004: $7,995,000).

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 8 to 15 of the financial report.

Directors' Interests

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

Director	Holding at 2 August 2005
Mr LR Fredericks	4,693
– associates	4,554
Mr MJ Cole	2,131
Mr GA Edgar	48,976
Ms LT Gearing	2,000
Mr H Hanson	16,273
Mr LP Nicholas	2,000
– associates	43,890
Ms VJ Twyford	5,704

Events Subsequent to Reporting Date

For reporting periods starting on or after 1 July 2005, the consolidated entity must comply with Australian equivalents to International Financial Reporting Standards ("AIFRS") as issued by the Australian Accounting Standards Board ("AASB"). The process and the impact of the transition to AIFRS is discussed in Note 36.

Other than the matters discussed above, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the 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 8 to 15 of the financial report.

Directors' and Senior Executives' Remuneration

Directors' and senior executives' remuneration are set out in Notes 30 and 31 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 interest in a joint venture land development is subject to environmental regulations. The board believes that the joint venture has adequate systems in place for the management of its environmental requirements and is not aware of any breach of those environmental requirements as they apply to the joint venture land development.

directors' report cont'd

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 2005 and the number of meetings attended by each director.

	Directors' Meetings	Audit & Risk Management	Land Development	Remuneration & CEO Evaluation	Nominations & Governance	IMB Community Foundation
Number of meetings held	12	4	1	3	1	3
Number of meetings attended						
Mr LR Fredericks	12	4	–	3	1	2
Mr MJ Cole	12	4	–	3	–	–
Mr GA Edgar (f)	12	1	–	3	1	–
Ms LT Gearing (a)	12	4	1	–	1	–
Mr H Hanson (b,c)	11	1	1	–	1	3
Prof KR McKinnon (retired 1/12/04) (d)	5	2	–	–	–	–
Mr LP Nicholas (appointed 1/12/04) (e)	7	2	–	–	–	3
Ms VJ Twyford (f)	11	1	–	3	–	3

(a) LT Gearing was appointed to the Land Development Committee on 24 May 2005.

(b) H Hanson was appointed to the Audit and Risk Management Committee on 22 February 2005. He was eligible to attend 1 meeting.

(c) H Hanson was appointed to the Land Development Committee on 21 December 2004.

(d) KR McKinnon retired on 1 December 2004. He was eligible to attend 5 board meetings, and 2 meetings of the Audit and Risk Management Committee in an ex officio capacity.

(e) LP Nicholas was appointed to the Audit and Risk Management Committee on 21 December 2004. He was eligible to attend 7 board and 2 Audit and Risk Management Committee meetings.

(f) GA Edgar and VJ Twyford attended the Audit and Risk Management Committee meeting held on 29 July 2004, to consider the 2004 annual accounts.

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

The lead auditor's independence declaration is set out on page 27 and forms part of the directors' report for the financial year ended 30 June 2005.

Rounding of amounts

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

Dated at Wollongong this 2nd day of August 2005.

Signed in accordance with a resolution of the directors:

LR Fredericks, Chairman

MJ Cole, Director

auditor's independence declaration

To: the Directors of IMB Ltd

As lead auditor for the audit of IMB Ltd for the year ended 30 June 2005, I declare that, to the best of my knowledge and belief, there have been:

(i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of IMB Ltd and the entities it controlled during the period.

KPMG

KPMG

CP Hollis
Partner

Dated at Wollongong this 2nd day of August 2005

financial statements

Contents

statements of financial performance

For the Year Ended 30 June 2005

		Consolidated		Company	
	Note	2005 $000	2004 $000	2005 $000	2004 $000
Interest revenue	3	**168,909**	156,371	**168,809**	156,370
Interest expense	3	**(114,101)**	(101,816)	**(114,234)**	(101,968)
Net interest income		**54,808**	54,555	**54,575**	54,402
Bad and doubtful debts expense	3	**(902)**	(925)	**(902)**	(925)
Net interest income after bad and doubtful debts		**53,906**	53,630	**53,673**	53,477
Income from equity investments	3	**-**	(947)	**-**	(947)
Net earning asset income		**53,906**	52,683	**53,673**	52,530
Revenue from land development	3	**1,850**	50	**-**	-
Other revenue from ordinary activities	3	**27,338**	27,971	**27,855**	27,731
Net income from ordinary activities		**83,094**	80,704	**81,528**	80,261
Cost of property sold	3	**(674)**	(22)	**-**	-
Other expenses from ordinary activities	3	**(60,372)**	(57,707)	**(60,318)**	(57,665)
Share of losses of associates and joint ventures accounted for using the equity method	28	**(24)**	(34)	**-**	-
Profit from ordinary activities before related income tax expense	3	**22,024**	22,941	**21,210**	22,596
Income tax expense relating to ordinary activities	4	**(6,926)**	(6,382)	**(6,442)**	(6,269)
Net profit attributable to members of the parent entity	6	**15,098**	16,559	**14,768**	16,327
		$	$		
Basic earnings per share	5	**0.38**	0.43		

The statements of financial performance are to be read in conjunction with the notes to the financial statements set out on pages 32 to 70.

statements of financial position

As at 30 June 2005

	Note	Consolidated 2005 $000	Consolidated 2004 $000	Company 2005 $000	Company 2004 $000
ASSETS					
Cash assets	29	**10,872**	11,466	**10,869**	11,460
Due from other financial institutions		**1,517**	3,342	**1,517**	3,342
Trading securities	9	**131,741**	49,912	**131,741**	49,912
Receivables	8	**6,801**	3,372	**6,770**	2,930
Investment securities	9	**579,498**	759,104	**579,498**	759,104
Loans	10	**1,954,077**	1,794,810	**1,954,077**	1,795,434
Equity accounted investments	28	**1,112**	1,136	**-**	-
Other financial assets	11	**10,074**	565	**13,042**	13,934
Inventories	13	**258**	642	**-**	-
Property, plant and equipment	14	**21,871**	22,389	**21,871**	22,389
Deferred tax assets	4	**1,795**	1,896	**1,776**	1,847
Other assets	15	**9,193**	7,782	**9,193**	7,782
Total Assets		**2,728,809**	2,656,416	**2,730,354**	2,668,134
LIABILITIES					
Due to other financial institutions		**510**	465	**510**	465
Payables	16	**19,249**	7,671	**15,909**	13,366
Current tax liabilities	4	**2,271**	3,696	**2,271**	3,696
Deposits	17	**2,534,727**	2,483,154	**2,540,948**	2,490,183
Loan capital	18	**10,000**	10,000	**10,000**	10,000
Deferred tax liabilities	4	**2,606**	1,526	**2,606**	1,526
Provisions	19	**4,527**	4,517	**4,527**	4,517
Total Liabilities		**2,573,890**	2,511,029	**2,576,771**	2,523,753
Net Assets		**154,919**	145,387	**153,583**	144,381
EQUITY					
Contributed equity	20	**46,936**	44,426	**46,936**	44,426
Reserves	21	**30,880**	30,880	**30,880**	30,880
Retained profits	6	**77,103**	70,081	**75,767**	69,075
Total Equity	22	**154,919**	145,387	**153,583**	144,381

The statements of financial position are to be read in conjunction with the notes to the financial statements set out on pages 32 to 70.

statements of cash flows

For the Year Ended 30 June 2005

	Note	Consolidated 2005 $000	Consolidated 2004 $000	Company 2005 $000	Company 2004 $000
CASH FLOWS FROM OPERATING ACTIVITIES					
Interest received		**169,244**	153,333	**169,145**	153,333
Loss on equity investments		**-**	(947)	**-**	(947)
Dividends received		**10**	24	**810**	24
Other cash receipts in the course of operations		**27,029**	30,428	**24,486**	19,331
Interest paid					
- deposits		**(113,851)**	(98,955)	**(113,983)**	(99,110)
- borrowings		**(5)**	(2)	**(5)**	(2)
Income taxes paid		**(7,178)**	(5,670)	**(7,178)**	(3,461)
Other cash payments in the course of operations		**(45,399)**	(60,102)	**(52,722)**	(60,466)
Net cash provided by operating activities	29	**29,850**	18,109	**20,553**	8,702
CASH FLOWS FROM INVESTING ACTIVITIES					
Net increase in loans		**(584,596)**	(232,573)	**(583,972)**	(226,442)
Net decrease/(increase) in investments		**87,958**	(234,488)	**97,443**	(233,441)
Proceeds from disposal of shares		**501**	4,391	**501**	4,391
Expenditure on property, plant and equipment		**(4,976)**	(6,317)	**(4,976)**	(6,350)
Proceeds from sale of property, plant and equipment		**488**	120	**488**	120
Net cash used in investing activities		**(500,625)**	(468,867)	**(490,516)**	(461,722)
CASH FLOWS FROM FINANCING ACTIVITIES					
Net increase in deposits		**51,323**	179,514	**50,514**	181,860
Net proceeds from securitised loans		**424,426**	268,739	**424,426**	268,739
Dividends paid		**(5,568)**	(3,878)	**(5,568)**	(3,878)
Net cash provided by financing activities		**470,181**	444,375	**469,372**	446,721
Net decrease in cash held		**(594)**	(6,383)	**(591)**	(6,299)
Cash at the beginning of the financial year		**11,466**	17,849	**11,460**	17,759
Cash at the end of the financial year	29	**10,872**	11,466	**10,869**	11,460

The statements of cash flows are to be read in conjunction with the notes to the financial statements set out in pages 32 to 70.

notes to the financial statements

For the Year Ended 30 June 2005

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 are consistent with those of the previous year.

(b) 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 Company 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.

(c) Revenue Recognition – Note 2

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.

(d) 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.

(e) Bad Debts Written Off and Provision for Impairment – Note 12

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 in loan categories as detailed 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 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. The Company's policy is to maintain an appropriate additional general provision. The current level is equivalent to 0.4% of the commercial loan portfolio and 0.035% of the residential 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%

notes to the financial statements continued
For the Year Ended 30 June 2005

(f) Goodwill

Goodwill represents the excess of the purchase consideration plus incidental costs over the fair value of the identifiable net assets acquired. For associates and joint venture entities, the consolidated financial statements include the carrying amount of goodwill in the equity accounted investment carrying amounts.

(g) Investments – Note 9

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.

(h) Loans – Note 10

Loans are recognised at recoverable amount, after assessing required provisions for impairment as described in Note 1(e).

(i) Deposits and Interest Expense – Notes 3 & 17

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.

(j) Taxation – Note 4

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.

Capital gains tax, if applicable, is provided for in establishing period income tax expense when an asset is sold.

Tax Consolidation

The Company is the head entity in the tax-consolidated group comprising all the Australian wholly-owned subsidiaries set out in Note 27. The head entity recognises all of the current and deferred tax assets and liabilities of the tax-consolidated group (after elimination of intra-group transactions).

The tax-consolidated group has entered into a tax funding agreement that requires wholly–owned subsidiaries to make contributions to the head entity for:

- deferred tax balances recognised by the head entity on implementation date; and
- current tax assets and liabilities and deferred tax balances arising from external transactions occurring after implementation of tax consolidation.

Under the tax funding agreement, the contributions are calculated on a “stand alone basis” so that the contributions are equivalent to the tax balances generated by external transactions entered into by wholly-owned subsidiaries. The contributions are payable as set out in the agreement and reflect the timing of the head entity’s obligations to make payments for tax liabilities to the relevant tax authorities. The assets and liabilities arising under the tax funding agreement are recognised as intercompany assets and liabilities with a consequential adjustment to income tax expense/revenue.

(k) Recoverable Amount of Non-current Assets

The carrying amounts of non-current assets valued on the cost basis are reviewed to determine whether they are in excess of their recoverable amounts at reporting date. If the carrying amount of a non-current asset exceeds its recoverable amount, the asset is written down to the lower amount. The write-down is expensed in the reporting period in which it occurs. In assessing recoverable amounts of non-current assets, the relevant cash flows have been discounted to their present value.

(l) Property, Plant and Equipment – Note 14

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	3 to 15 years

CONTENTS

notes to the financial statements continued

For the Year Ended 30 June 2005

(l) Property, Plant and Equipment – Note 14 Continued

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.

(m) Operating Leases

Payments made under operating leases are expensed on a straight line basis over the term of the lease.

(n) Joint Venture Operations – Note 28

The consolidated entity's interests in unincorporated joint ventures are 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 statements 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.

(o) 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.

(p) Dividends Payable – Note 7

Dividends payable are recognised when declared.

(q) Deferred Expenses – Note 15

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.

Securitisation set up costs

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

(r) Employee Benefits – Note 23

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, such as workers' compensation insurance and payroll tax.

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.

The provision is calculated using expected future increases in wage and salary rates including related on-costs and expected settlement dates based on turnover history and is discounted using the rates attaching to national government bonds at reporting date which most closely match the terms of maturity of the related liabilities. The unwinding of the discount is treated as long service leave expense.

Superannuation plan

The Company contributes to employee superannuation plans. These contributions are charged against profit in the period in which they are incurred. Further information is set out in Note 23.

(s) Directors' Retirement Benefits – Note 23

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

notes to the financial statements continued

For the Year Ended 30 June 2005

(t) Loan Capital – Note 18

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

(u) Derivative Financial Instruments – Note 35

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.

(v) 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.

(w) Securitisation

The Company, through its securitisation program, packages and sells residential and commercial 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.

(x) Payables – Note 16

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

(y) 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.

(z) Earnings per share – Note 5

Earnings per ordinary share is determined by dividing net profit after tax attributed to members of the parent entity, by the weighted average number of ordinary shares of the Company, adjusted for any bonus issue.

(aa) Use and revision of accounting estimates

The preparation of the financial report requires the making of estimations and assumptions that affect the recognised amounts of assets, liabilities, revenues and expenses and the disclosure of contingent liabilities. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

CONTENTS

notes to the financial statements continued
For the Year Ended 30 June 2005

	Note	Consolidated 2005 $000	Consolidated 2004 $000	Company 2005 $000	Company 2004 $000
2 Revenue from Ordinary Activities					
From operating activities:					
Interest revenue		**168,909**	156,371	**168,809**	156,370
Fee and commission income		**14,979**	15,521	**14,979**	15,521
Proceeds from equity investments and sale of securities		**-**	(947)	**-**	(947)
Revenue from land development		**1,850**	50	**-**	-
Securitisation income		**10,806**	7,238	**10,806**	7,238
Other income		**1,052**	1,157	**1,569**	917
From outside operating activities:					
Sale of Cashcard shares		**501**	4,055	**501**	4,055
Total revenue from ordinary activities		**198,097**	183,445	**196,664**	183,154

3 Profit from Ordinary Activities before Income Tax Expense

	Note	Consolidated 2005 $000	Consolidated 2004 $000	Company 2005 $000	Company 2004 $000
Interest Revenue					
Loans					
– related entities		**-**	–	**25**	62
– other entities		**117,548**	118,242	**117,423**	118,179
Trading securities		**7,134**	3,272	**7,134**	3,272
Investment securities		**44,227**	34,857	**44,227**	34,857
		168,909	156,371	**168,809**	156,370
Interest expense					
Deposits					
– controlled entities		**-**	–	**133**	152
– subordinated debt		**768**	758	**768**	758
– other		**113,328**	101,056	**113,328**	101,056
Borrowings		**5**	2	**5**	2
		114,101	101,816	**114,234**	101,968
Net interest income		**54,808**	54,555	**54,575**	54,402
Bad and doubtful debts expense					
– bad debts written off	12	**621**	688	**621**	688
– increase in provision		**281**	237	**281**	237
		902	925	**902**	925
Net interest income after bad and doubtful debts		**53,906**	53,630	**53,673**	53,477
Income from equity investments		**-**	(947)	**-**	(947)
Net Earning Asset Income		**53,906**	52,683	**53,673**	52,530
Revenue from land development	3(a)	**1,850**	50	**-**	–

notes to the financial statements continued

For the Year Ended 30 June 2005

	Note	Consolidated 2005 $000	Consolidated 2004 $000	Company 2005 $000	Company 2004 $000

3 Profit from Ordinary Activities before Income Tax Expense (continued)

	Note	Consolidated 2005 $000	Consolidated 2004 $000	Company 2005 $000	Company 2004 $000
Other revenue from ordinary activities					
Dividends		**10**	24	**810**	24
Profit from sale of property, plant and equipment		**44**	11	**44**	11
Fees		**11,923**	12,462	**11,923**	12,462
Payment system income		**1,934**	1,942	**1,934**	1,942
Property income		**113**	84	**113**	84
Bad debts recovered		**244**	229	**244**	229
Commissions		**1,122**	1,117	**1,122**	1,117
Securitisation		**10,806**	7,238	**10,806**	7,238
Sale of Cashcard shares	3(a)	**501**	4,055	**501**	4,055
Other		**641**	809	**358**	569
		27,338	27,971	**27,855**	27,731
Net income from ordinary activities		**83,094**	80,704	**81,528**	80,261
Personnel expense					
Salaries		**22,293**	22,114	**22,293**	22,114
Payroll tax		**1,355**	1,262	**1,355**	1,262
Fringe benefits tax		**480**	420	**480**	420
Superannuation		**2,105**	1,900	**2,105**	1,900
		26,233	25,696	**26,233**	25,696
Occupancy expense					
Depreciation and amortisation					
– buildings		**147**	148	**147**	148
– leasehold improvements		**404**	372	**404**	372
Repairs and maintenance		**287**	238	**287**	238
Rental on operating leases		**3,429**	3,082	**3,429**	3,082
Other		**1,584**	1,451	**1,584**	1,451
		5,851	5,291	**5,851**	5,291
Payment system charges		**4,624**	4,607	**4,624**	4,607
Marketing expense		**4,079**	3,923	**4,079**	3,923
Data processing charges		**1,837**	1,579	**1,837**	1,579

notes to the financial statements continued

For the Year Ended 30 June 2005

	Note	Consolidated 2005 $000	Consolidated 2004 $000	Company 2005 $000	Company 2004 $000

3 Profit from Ordinary Activities before Income Tax Expense (continued)

	Note	Consolidated 2005 $000	Consolidated 2004 $000	Company 2005 $000	Company 2004 $000
Other expenses from ordinary activities					
Depreciation and amortisation					
– goodwill		**-**	892	**-**	390
– deferred expenses		**4,052**	3,523	**4,052**	3,523
– furniture, fixtures, fittings and other equipment		**1,414**	1,431	**1,414**	1,431
– computer equipment		**1,950**	1,423	**1,950**	1,423
Loss from sale of property, plant and equipment		**47**	65	**47**	65
Loss on sale of company		**-**	575	**-**	930
Auditors' remuneration (KPMG)					
– audit and review of financial reports		**212**	165	**203**	154
– other services					
– other assurance services		**60**	88	**60**	88
– taxation services		**130**	153	**130**	153
– advisory services		**74**	136	**83**	147
Consultancy		**1,302**	770	**1,302**	770
Cash deliveries		**601**	581	**601**	581
Legal costs		**283**	388	**283**	388
Supervision levies		**297**	274	**297**	274
Postages		**716**	550	**716**	550
Printing and stationery		**901**	1,023	**901**	1,023
Telecommunications		**732**	684	**732**	684
Contributions to IMB Community Foundation		**500**	500	**500**	500
Goods and services tax not recovered		**2,025**	1,893	**2,025**	1,893
Other		**2,452**	1,497	**2,398**	1,602
		17,748	16,611	**17,694**	16,569
Total other expenses from ordinary activities		**60,372**	57,707	**60,318**	57,665
Land development expense	3(a)	**674**	22	**-**	-
Share of losses of associates accounted for using the equity method	28	**24**	34	**-**	-
Total non interest expense		**61,070**	57,763	**60,318**	57,665
Profit from ordinary activities before related income tax expense		**22,024**	22,941	**21,210**	22,596
Note 3(a) Individually significant revenues and expenses included in profit from ordinary activities before income tax expense					
Capital gain on sale of Cashcard shares		**501**	4,055	**501**	4,055
Capital loss on sale of controlled entity		**-**	(575)	**-**	(930)
Dividends from subsidiary		**-**	-	**800**	-
Revenue from sale of land		**1,850**	-	**-**	-
Cost of property sold		**(674)**	-	**-**	-
Profit before tax from individually significant items		**1,677**	3,480	**1,301**	3,125

notes to the financial statements continued
For the Year Ended 30 June 2005

	2005 $000	2004 $000	2005 $000	2004 $000
4 Taxation				
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	**22,024**	22,941	**21,210**	22,596
Prima facie income tax expense at 30% (2004: 30%) on the profit from ordinary activities	**6,607**	6,882	**6,363**	6,779
Increase in income tax expense due to:				
-depreciation of buildings	**44**	44	**44**	44
-amortisation/write-off of investment in controlled entities	**-**	117	**-**	117
-non deductible entertainment	**47**	-	**47**	-
-other	**248**	26	**248**	16
-imputation gross up on dividends received	**1**	15	**1**	15
-income tax under provided for in prior year	**168**	260	**168**	260
-income tax expense related to current and deferred tax transactions of the wholly owned subsidiaries in the tax consolidated group	**-**	-	**464**	114
Decrease in income tax expense due to:				
-recovery of tax expense under a tax funding agreement	**-**	-	**(464)**	(114)
-other	**(29)**	(10)	**(28)**	(10)
-franking credits on dividends received	**(4)**	(51)	**(4)**	(51)
-unfranked dividend from wholly owned subsidiary in tax consolidated group	**-**	-	**(241)**	-
-non-assessable profit on disposal of shares	**(156)**	-	**(156)**	-
Income tax expense on the profit from ordinary activities before individually significant income tax items	**6,926**	7,283	**6,442**	7,170
Individually significant income tax items:				
Capital loss related to reset cost base of subsidiary assets under tax consolidation	**-**	(901)	**-**	(901)
Income tax expense attributable to profit from ordinary activities	**6,926**	6,382	**6,442**	6,269
Income tax expense attributable to profit from ordinary activities is made up of:				
-provision attributable to current year	**5,587**	8,097	**5,587**	6,610
-deferred income tax	**1,080**	(1,930)	**1,080**	(442)
-future income tax benefit	**91**	(45)	**71**	(45)
-tax payable related to wholly owned subsidiaries	**-**	-	**(464)**	(114)
-under provision in prior year	**168**	260	**168**	260
	6,926	6,382	**6,442**	6,269

notes to the financial statements continued

For the Year Ended 30 June 2005

	Consolidated		Company	
	2005 $000	2004 $000	2005 $000	2004 $000
4 Taxation (continued)				
TAX LIABILITIES				
Provision for current income tax				
Balance at the beginning of the year	**3,696**	1,796	**3,696**	–
Income tax paid:				
– current year	**(3,905)**	(3,777)	**(3,905)**	(3,363)
– prior year	**(3,273)**	(1,893)	**(3,273)**	(98)
Current year's income tax provision on profit from ordinary activities	**6,176**	8,097	**5,619**	6,496
Research and development syndicates' tax settlement	**-**	(314)	**-**	(314)
Income tax expense related to wholly-owned subsidiary transactions in a tax consolidated group	**-**	–	**557**	1,188
Over provision in prior year	**(423)**	(213)	**(423)**	(213)
Balance at the end of the year	**2,271**	3,696	**2,271**	3,696
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	**2,606**	1,526	**2,606**	1,526
Total tax liabilities	**4,877**	5,222	**4,877**	5,222
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	**2,204**	2,012	**2,185**	1,963
Difference in depreciation and amortisation of property, plant and equipment for accounting and income tax purposes	**(409)**	(116)	**(409)**	(116)
Total deferred tax assets	**1,795**	1,896	**1,776**	1,847

notes to the financial statements continued

For the Year Ended 30 June 2005

	Consolidated 2005 $	Consolidated 2004 $
5 Earnings Per Share		
Basic earnings per share	**0.38**	0.43

IMB Ltd is a mutual entity comprising Members by guarantee and shareholder Members. All Members have an equitable interest in the assets and earnings of the entity. Therefore, in the event of winding up, the amount attributable to shareholder Members would be reduced by an amount equal to the equity interest of depositors at that time.

The calculation of earnings per share was based on the weighted average number of ordinary shares being 39,781,000 (2004: 38,767,000). Earnings per share is based on a net profit of $15,098,000 (2004: $16,559,000).

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.

No shares have been issued since 30 June 2005 and before the signing of this report.

	Note	Consolidated 2005 $000	Consolidated 2004 $000	Company 2005 $000	Company 2004 $000
6 Retained Profits					
Retained profits at the beginning of the year		**70,081**	60,617	**69,075**	59,843
Net profit attributable to members of the parent entity	22	**15,098**	16,559	**14,768**	16,327
Dividends recognised during the year	7	**(8,076)**	(7,095)	**(8,076)**	(7,095)
Retained profits at the end of the year		**77,103**	70,081	**75,767**	69,075

7 Dividends	Cents per share	Total amount $000	% Franked	Date of payment
Dividends recognised in current year by the Company are:				
2005				
2005 interim dividend	**7.0**	**2,793**	**100%**	**27-Feb-05**
2004 special dividend	**2.0**	**783**	**100%**	**30-Aug-04**
2004 final dividend	**11.5**	**4,500**	**100%**	**30-Aug-04**
		8,076		
2004				
2004 interim dividend	7.0	2,712	100%	28-Feb-04
2003 final dividend	11.5	4,383	100%	30-Aug-03
		7,095		

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

notes to the financial statements continued
For the Year Ended 30 June 2005

7 Dividends (continued)

Subsequent Events

On 2 August 2005 the Board declared a final dividend of 11.5 cents per share amounting to $4,590,000, franked at 100% at a tax rate of 30%, in respect of the year ended 30 June 2005. The dividend is payable on 30 August 2005. The financial effect of these dividends has not been brought to account in the financial statements for the year ended 30 June 2005 and will be recognised in subsequent financial reports.

	Consolidated	
	2005 $000	2004 $000
Dividend Franking Account		
30% franking credits available to shareholders of IMB Ltd for dividends in subsequent financial years	**31,006**	28,711

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 year end;

(c) franking credits that will arise from the receipt of dividends recognised as receivables by the tax-consolidated group at year end;

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

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

	Consolidated		Company	
	2005 $000	2004 $000	2005 $000	2004 $000
8 Receivables				
Sundry debtors	**6,801**	3,372	**6,770**	2,930

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

notes to the financial statements continued
For the Year Ended 30 June 2005

	Consolidated 2005 $000	Consolidated 2004 $000	Company 2005 $000	Company 2004 $000
9 Investments				
Trading securities – at market value				
– government and semi-government securities	**28,791**	10,914	**28,791**	10,914
– bills of exchange accepted or endorsed by a bank	**37,913**	7,964	**37,913**	7,964
– certificates of deposit issued by banks	**50,566**	29,852	**50,566**	29,852
– deposits with banks	**3,237**	1,182	**3,237**	1,182
– other bonds *	**11,234**	–	**11,234**	–
	131,741	49,912	**131,741**	49,912
Investment securities – at cost plus accrued income				
– bills of exchange accepted or endorsed by a bank	**-**	59,540	**-**	59,540
– certificates of deposit issued by banks	**84,028**	312,413	**84,028**	312,413
– deposits with banks	**66,191**	44,984	**66,191**	44,984
– deposits with other financial institutions	**166,577**	113,061	**166,577**	113,061
– floating rate notes	**262,702**	229,106	**262,702**	229,106
	579,498	759,104	**579,498**	759,104
Total Investments	**711,239**	809,016	**711,239**	809,016
MATURITY SCHEDULE OF INVESTMENTS				
Securities maturing				
– up to three months	**329,859**	524,430	**329,859**	524,430
– from three to twelve months	**131,989**	85,701	**131,989**	85,701
– from one to five years	**249,391**	198,885	**249,391**	198,885
Total Investments	**711,239**	809,016	**711,239**	809,016
MARKET VALUE				
Investment and trading securities – at market value				
– government and semi-government securities	**28,791**	10,852	**28,791**	10,852
– bills of exchange accepted or endorsed by a bank	**37,913**	67,504	**37,913**	67,504
– certificates of deposit issued by banks	**134,625**	342,297	**134,625**	342,297
– deposits with banks	**69,428**	46,166	**69,428**	46,166
– deposits with other financial institutions	**166,577**	113,062	**166,577**	113,062
– floating rate notes	**262,704**	232,355	**262,704**	232,355
– other bonds *	**11,234**	–	**11,234**	–
	711,269	812,236	**711,269**	812,236

* Other bonds are domestic securities of foreign sovereigns, supranationals, and government agencies. These instruments have been approved by the Australian Prudential Regulation Authority ("APRA") who has assigned them a 0% risk weighting for capital adequacy purposes.

notes to the financial statements continued
For the Year Ended 30 June 2005

	Note	Consolidated 2005 $000	Consolidated 2004 $000	Company 2005 $000	Company 2004 $000
10 Loans					
Loans to					
– controlled entities		**-**	–	**-**	622
– other persons		**1,955,715**	1,796,167	**1,955,715**	1,796,169
Provision for impairment	12	**(1,638)**	(1,357)	**(1,638)**	(1,357)
Loans net of provisions for impairment and income yet to mature		**1,954,077**	1,794,810	**1,954,077**	1,795,434
LOANS BY SECURITY					
Secured by mortgage		**1,898,242**	1,742,101	**1,898,242**	1,742,725
Unsecured		**57,473**	54,066	**57,473**	54,066
Provision for impairment	12	**(1,638)**	(1,357)	**(1,638)**	(1,357)
		1,954,077	1,794,810	**1,954,077**	1,795,434
LOANS BY PURPOSE					
Residential loans	(a)	**1,723,988**	1,625,596	**1,723,988**	1,625,598
Personal loans		**54,323**	53,074	**54,323**	53,074
Commercial loans	(b)	**168,750**	108,716	**168,750**	109,338
Revolving credit		**8,654**	8,781	**8,654**	8,781
Provision for impairment	12	**(1,638)**	(1,357)	**(1,638)**	(1,357)
		1,954,077	1,794,810	**1,954,077**	1,795,434
LOANS BY MATURITY					
Loans maturing					
– revolving credit		**8,654**	8,781	**8,654**	8,781
– up to three months		**12,265**	12,115	**12,265**	12,115
– from three to twelve months		**38,979**	34,777	**38,979**	34,777
– from one to five years		**207,626**	203,185	**207,626**	203,807
– over five years		**1,688,191**	1,537,309	**1,688,191**	1,537,311
Provision for impairment	12	**(1,638)**	(1,357)	**(1,638)**	(1,357)
		1,954,077	1,794,810	**1,954,077**	1,795,434
CONCENTRATION OF LOANS					
New South Wales					
– Illawarra		**454,598**	444,951	**454,598**	445,573
– South Coast		**177,450**	169,349	**177,450**	169,349
– Southern Highlands		**231,926**	240,857	**231,926**	240,857
– Sydney		**520,937**	514,896	**520,937**	514,896
– Other		**120,839**	112,390	**120,839**	112,390
Total New South Wales		**1,505,750**	1,482,443	**1,505,750**	1,483,065
Australian Capital Territory		**95,221**	81,677	**95,221**	81,677
Queensland		**68,717**	54,631	**68,717**	54,631
Victoria		**209,471**	114,164	**209,471**	114,164
Western Australia		**59,989**	50,620	**59,989**	50,620
Other Australia		**16,567**	12,632	**16,567**	12,634
Provision for impairment	12	**(1,638)**	(1,357)	**(1,638)**	(1,357)
		1,954,077	1,794,810	**1,954,077**	1,795,434

(a) Excludes $751,197,000 (2004: $610,737,000) of securitised residential loans.

(b) Excludes $223,875,000 (2004: $217,963,000) of securitised commercial loans.

Total loans under management are $2,930,787,000 (2004: $2,623,510,000).

notes to the financial statements continued

For the Year Ended 30 June 2005

	Consolidated 2005 $000	Consolidated 2004 $000	Company 2005 $000	Company 2004 $000
11 Other Financial Assets				
Shares in entities and other investments				
Equity investments – at cost	**10,074**	565	**11,902**	2,393
Investments in controlled entities – at cost	**-**	–	**752**	10,261
Loans to subsidiaries	**-**	–	**388**	1,280
Total other financial assets	**10,074**	565	**13,042**	13,934

The consolidated equity investments value for 2005 includes $9,509,000 (2004: nil) being IMB's investment in Australian Unity Building Society Limited ("AUBS"), a wholly owned company. AUBS is currently in Members' voluntary liquidation, and is therefore no longer controlled by IMB Ltd. As control does not exist, AUBS is not consolidated and therefore the value of the investment is not eliminated on consolidation. On liquidation this amount will be offset against the Company payable to AUBS. There will be no profit or loss on liquidation. Refer also to Note 16.

12 Provision for Impairment

	Consolidated 2005 $000	Consolidated 2004 $000	Company 2005 $000	Company 2004 $000
Specific provision				
Opening balance	**290**	320	**290**	320
Movement in specific provision	**173**	(30)	**173**	(30)
Closing balance	**463**	290	**463**	290
General provision				
Opening balance	**1,067**	800	**1,067**	800
Movement in general provision	**108**	267	**108**	267
Closing balance	**1,175**	1,067	**1,175**	1,067
Total provision for impairment	**1,638**	1,357	**1,638**	1,357
Statutory provision	**240**	89	**240**	89
Bad debt expense				
Movement in specific provision	**173**	(30)	**173**	(30)
Movement in general provision	**108**	267	**108**	267
Bad debts written off directly	**621**	688	**621**	688
	902	925	**902**	925
Non accrual loans				
With provisions	**458**	206	**458**	206
Interest revenue on non-accrual loans	**27**	27	**27**	27
Interest foregone on non-accrual loans	**2**	–	**2**	–
Restructured loans	**-**	–	**-**	–
Real estate acquired via security	**-**	–	**-**	–
Revenue on real estate acquired	**-**	–	**-**	–
Past due loans	**898**	765	**898**	765

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.

notes to the financial statements continued

For the Year Ended 30 June 2005

	Consolidated 2005 $000	Consolidated 2004 $000	Company 2005 $000	Company 2004 $000
13 Inventories				
Freehold land held for development and sale				
– acquisition costs	116	300	-	–
– development costs capitalised	142	132	-	–
– rates, taxes and interest capitalised	-	210	-	–
Total Inventories	258	642	-	–

In June 2005, 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 $258,000 (2004: $642,000), was valued at $2,365,000 (2004: $4,988,000). The income tax payable if the land was sold at balance date at valuation would be $662,000.

14 Property, Plant and Equipment

	Consolidated 2005 $000	Consolidated 2004 $000	Company 2005 $000	Company 2004 $000
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	(884)	(737)	(884)	(737)
	5,008	5,155	5,008	5,155
Total land and buildings	8,173	8,320	8,173	8,320
Plant and equipment				
– at cost	34,162	31,561	34,162	31,561
– accumulated depreciation	(21,428)	(19,106)	(21,428)	(19,106)
Total plant and equipment	12,734	12,455	12,734	12,455
Work in progress – at cost	964	1,614	964	1,614
Total Property, Plant and Equipment	21,871	22,389	21,871	22,389

Valuations of land and buildings

Independent valuations were carried out as at 30 June 2005 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 $13,095,000. 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 (2004: Nil) capital gains tax would be payable if the assets were sold at reporting date at fair value.

notes to the financial statements continued

For the Year Ended 30 June 2005

	Consolidated		Company	
	2005 $000	2004 $000	2005 $000	2004 $000

14 Property, Plant and Equipment (continued)

Reconciliations

Reconciliations of the carrying amount for each class of property, plant and equipment are set out below:

	Consolidated 2005 $000	Consolidated 2004 $000	Company 2005 $000	Company 2004 $000
Freehold land				
Carrying amount at the beginning and end of the year	**3,165**	3,165	**3,165**	3,165
Buildings				
Carrying amount at the beginning of the year	**5,155**	5,303	**5,155**	5,303
Depreciation	**(147)**	(148)	**(147)**	(148)
Carrying amount at the end of the year	**5,008**	5,155	**5,008**	5,155
Plant and Equipment				
Carrying amount at the beginning of the year	**12,455**	9,765	**12,455**	9,734
Additions	**1,705**	1,576	**1,705**	1,576
Transfers from work in progress	**2,831**	4,731	**2,831**	4,731
Disposals	**(488)**	(394)	**(488)**	(360)
Depreciation	**(3,769)**	(3,223)	**(3,769)**	(3,226)
Carrying amount at the end of the year	**12,734**	12,455	**12,734**	12,455
Work in progress				
Carrying amount at the beginning of the year	**1,614**	3,473	**1,614**	3,473
Additions	**2,181**	2,872	**2,181**	2,872
Transfers to plant and equipment	**(2,831)**	(4,731)	**(2,831)**	(4,731)
Carrying amount at the end of the year	**964**	1,614	**964**	1,614

15 Other Assets

	Consolidated 2005 $000	Consolidated 2004 $000	Company 2005 $000	Company 2004 $000
Deferred expenditure				
Loan referral fees – at cost	**8,819**	8,411	**8,819**	8,411
Accumulated amortisation	**(4,403)**	(4,308)	**(4,403)**	(4,308)
	4,416	4,103	**4,416**	4,103
Securitisation set-up expenses – at cost	**5,888**	3,651	**5,888**	3,651
Accumulated amortisation	**(1,678)**	(565)	**(1,678)**	(565)
	4,210	3,086	**4,210**	3,086
Other – at cost	**695**	721	**695**	721
Accumulated amortisation	**(128)**	(128)	**(128)**	(128)
	567	593	**567**	593
Total Other Assets	**9,193**	7,782	**9,193**	7,782

notes to the financial statements continued

For the Year Ended 30 June 2005

	Note	Consolidated 2005 $000	Consolidated 2004 $000	Company 2005 $000	Company 2004 $000
16 Payables					
Sundry creditors and accruals					
– controlled entities		**-**	–	**-**	9,509
– other persons		**19,249**	7,671	**15,909**	3,857
Total Payables		**19,249**	7,671	**15,909**	13,366

The payables to 'other persons' value for 2005 includes $9,509,000 (2004: nil) being IMB's debt to Australian Unity Building Society Limited ("AUBS"), a wholly owned company. AUBS is currently in Members' voluntary liquidation, and is therefore no longer controlled by IMB Ltd. As control does not exist, AUBS is not consolidated and therefore the value of the debt is no longer to a controlled entity and is not eliminated on consolidation. On liquidation this amount will be offset against the Company's equity investment in AUBS. There will be no profit or loss on liquidation. Refer also to Note 11.

	Note	Consolidated 2005 $000	Consolidated 2004 $000	Company 2005 $000	Company 2004 $000
17 Deposits					
Members' deposits		**2,516,018**	2,464,696	**2,522,239**	2,471,725
Accrued interest		**18,709**	18,458	**18,709**	18,458
Total Deposits		**2,534,727**	2,483,154	**2,540,948**	2,490,183
DEPOSITS BY MATURITY					
Deposits maturing					
– on call		**820,449**	800,971	**826,670**	808,000
– up to three months, excluding those on call		**1,222,805**	1,182,049	**1,222,805**	1,182,049
– from three to six months		**311,688**	313,494	**311,688**	313,494
– from six to twelve months		**169,604**	174,070	**169,604**	174,070
– from one to five years		**10,181**	12,570	**10,181**	12,570
Total Deposits		**2,534,727**	2,483,154	**2,540,948**	2,490,183
CONCENTRATION OF DEPOSITS					
New South Wales					
– Illawarra		**916,931**	899,164	**923,152**	906,193
– South Coast		**477,278**	468,882	**477,278**	468,882
– Southern Highlands		**325,851**	315,676	**325,851**	315,676
– Sydney		**289,752**	302,630	**289,752**	302,630
– Other		**265,168**	254,492	**265,168**	254,492
Total New South Wales		**2,274,980**	2,240,844	**2,281,201**	2,247,873
Australian Capital Territory		**123,422**	108,340	**123,422**	108,340
Queensland		**25,554**	26,897	**25,554**	26,897
Victoria		**89,750**	88,670	**89,750**	88,670
Other Australia		**21,021**	18,403	**21,021**	18,403
Total Deposits		**2,534,727**	2,483,154	**2,540,948**	2,490,183
18 Loan Capital					
Subordinated Debt	1 (t)	**10,000**	10,000	**10,000**	10,000

notes to the financial statements continued

For the Year Ended 30 June 2005

	Note	Consolidated 2005 $000	Consolidated 2004 $000	Company 2005 $000	Company 2004 $000
19 Provisions					
Employee benefits	23	**4,527**	4,517	**4,527**	4,517

20 Contributed Equity

Share capital				
39,911,640 (2004: 39,129,831) ordinary shares, fully paid	**46,936**	44,426	**46,936**	44,426

Under its constitution, the Company may issue new shares at any time. Also under the constitution of the Company, no person may hold an entitlement in ordinary shares of more than five percent (5%) of the nominal value of all shares of that class. A Member of the Company is entitled to one vote only, irrespective of the number of shares or the number or amounts of deposits held. All Members have an equitable interest in the assets and earnings of the Company. Therefore, in the event of winding up, the amount attributable to shareholder Members 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 year	**44,426**	41,209	**44,426**	41,209
Issue on 30 August 2003 of 632,664 shares under the dividend re-investment plan	**-**	2,025	**-**	2,025
Issue on 28 February 2004 of 387,095 shares under the dividend re-investment plan	**-**	1,192	**-**	1,192
Issue on 30 August 2004 of 781,809 shares under the dividend re-investment plan	**2,510**	-	**2,510**	-
Balance at the end of the year	**46,936**	44,426	**46,936**	44,426

The dividend re-investment plan was suspended after the dividend paid on 30 August 2004.

21 Reserves

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 AASB 1041. 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 AASB 1041.

General reserve

The general reserve includes retained profits from prior years.

22 Total Equity Reconciliation

	Note				
Total equity at the beginning of the year		**145,387**	132,915	**144,381**	131,932
Total changes in parent entity interest in equity recognised in statement of financial performance	6	**15,098**	16,559	**14,768**	16,327
Transactions with owners as owners:					
Shares purchased through dividend re-investment plan		**2,510**	3,217	**2,510**	3,217
Dividends	7	**(8,076)**	(7,095)	**(8,076)**	(7,095)
Total changes in outside equity interest		**-**	(209)	**-**	-
Total equity at the end of the year		**154,919**	145,387	**153,583**	144,381

CONTENTS

notes to the financial statements continued

For the Year Ended 30 June 2005

	Consolidated		Company	
	2005 $000	2004 $000	2005 $000	2004 $000

23 Employee Benefits

	2005	2004	2005	2004
Aggregate liability for employee benefits, including on-costs	**4,527**	4,517	**4,527**	4,517
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	**5.11**	5.69	**5.11**	5.69

Directors' Retirement Benefits

In accordance with the resolutions passed at the 2004 Annual General Meeting:

- IMB Ltd's constitution was amended to remove the entitlement to retirement benefits for any Director appointed after 28 September 2004;
- The persons who held office as Directors of IMB Ltd at 28 September 2004 will upon retirement or death in office, be paid retirement benefits. The amount to be paid is equal to the amount of retirement benefits permitted to be payable under the Corporations Act without further approval by members, accrued by those directors up until 28 September 2004. Those Directors ceased to accrue any further retirement benefits after that date.

Superannuation Plans

During the year the Company contributed on behalf of its employees to the following superannuation plans:

- The Aon Master Trust – IMB Staff Accumulation Superannuation Plan
- The Aon Master Trust – IMB Defined Benefit Superannuation Plan

The IMB Staff Defined Benefit Superannuation Plan

The Company pays contributions in respect of each plan member based on a fixed percentage of the member's salary. The plan provides defined benefits based on years of service and the final average salary. An actuarial assessment of the plan at 17 March 2004 was carried out by S.A. Sweeney, FIAA on 15 October 2004. The assessment concluded that the assets of the plan were sufficient to meet all the benefits payable in the event of the plan's termination, or the voluntary or compulsory termination of employment of each plan member. The next actuarial assessment will be carried out on 1 July 2006.

	Plan assets at net market value $000	Accrued benefits $000	Excess $000	Vested benefits $000
The Aon Master Trust – IMB Defined Benefit Superannuation Plan at 30 June 2005	**6,728**	**5,063**	**1,665**	**4,360**
The Aon Master Trust – IMB Defined Benefit Superannuation Plan at 30 June 2004	6,027	3,249	2,778	3,792

Plan assets at market value have been calculated at 30 June 2005, being the date of the most recent unaudited financial statements of the plan. Accrued benefits have been obtained from the most recent unaudited financial statements of the plan being 30 June 2005, but are based on an actuarial review carried out on 17 March 2004. Accrued benefits are benefits which the plan is presently obliged to pay at some future date, as a result of membership of the plan. Vested benefits have been calculated at 30 June 2005, being the date of the most recent unaudited financial statements of the plan. Vested benefits are benefits which are not conditional upon the continued membership of the plan or any factor other than resignation from the plan. Employer contributions to the plan totalled $281,000 (2004: $305,000).

The IMB Staff Accumulation Superannuation Plan

The Company paid contributions in respect of each plan member at the rate of 9% (2004: 9%) of each plan member's gross salary. Employees may contribute to the plan on a voluntary basis. In addition, the Company contributes further amounts to members' accounts commensurate with length of service and grade. As the plan is an accumulation plan, benefits provided to plan members are based on the amounts credited to each member's account in the plan. No actuarial assessment is required for this plan. Vested benefits are benefits which are not conditional upon the continued membership of the plan or any factor other than resignation from the plan. All contributions received into the plan are vested. Employer contributions to the plan on behalf of the Company totalled $1,824,000 (2004: $1,595,000).

notes to the financial statements continued
For the Year Ended 30 June 2005

	Consolidated		Company	
	2005 $000	2004 $000	2005 $000	2004 $000
24 Commitments				
Loans approved but not advanced, payable				
– not later than one year	**160,383**	131,042	**160,383**	131,042
Capital expenditure commitments not taken up in the financial statements, payable				
– not later than one year	**782**	501	**782**	501
Operating lease liabilities, payable				
– not later than one year	**2,910**	3,118	**2,910**	3,118
– later than one year but not later than five years	**4,426**	5,628	**4,426**	5,628
– later than five years	**42**	22	**42**	22
	7,378	8,768	**7,378**	8,768

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.

25 Financing Arrangements

	Consolidated 2005 $000	Consolidated 2004 $000	Company 2005 $000	Company 2004 $000
Bank overdraft available	**2,500**	2,500	**2,500**	2,500
Bank overdraft used	**–**	–	**–**	–
Facilities not utilised	**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 9.25% (2004: 9.0%).

notes to the financial statements continued
For the Year Ended 30 June 2005

26 Contingent Liabilities

Contingent liabilities considered remote

Guarantees given by IMB Ltd

Real Estate Development

Indemnity of $50,000 (2004: $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.

Australian Taxation Office – Research and Development Syndicates

Over recent years, the Australian Taxation Office ("ATO") has conducted an extensive program of reviewing research and development syndicates ("R&D"). The IMB group was involved in four R&D syndicates, three of which have been settled in full with the ATO in prior years.

The latest action by the ATO has been the issuance of letters to all participants in R&D syndicates over a certain size, offering settlement terms in relation to certain deductions claimed. In November 2004, the Company received such an offer letter from the ATO in relation to the involvement of Sonoridad Pty Ltd in an R&D syndicate. However, at the date of this report, no taxation audit has taken place, and no position papers or assessment notices have been received in relation to this syndicate.

The terms of the ATO offer relating to Sonoridad are such that the total cost to IMB should not exceed $1,383,000 after tax. The board has sought independent expert advice regarding the valuation of core technology in relation to this syndicate. Based on this advice the board is of the opinion that the original valuations obtained and income tax deductions claimed were appropriate, and the Company will vigorously defend its position with the ATO.

27 Controlled Entities

(a) Particulars of controlled entities

		Ownership Interest	
Entity	**Principal Activity**	**2005 %**	**2004 %**
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**	100.0

All controlled entities were incorporated in Australia.

(b) Entities where control ceased

During the year IMB Ltd commenced the liquidation of a number of entities that are dormant. As IMB Ltd no longer controls these entities they no longer form part of the IMB group, and therefore they have not been consolidated. Details of these companies are as follows:

Entity	**Principal Activity**	**2005 %**	**2004 %**
Australian Unity Building Society Limited	Dormant	**100.0**	100.0
Lopphaver Pty Ltd	Dormant	**100.0**	100.0
– Vesteralen Pty Ltd*	Dormant	**100.0**	100.0

* Controlled entity of Lopphaver Pty Ltd which holds 100% of the equity in this entity.

The only asset currently held by Australian Unity Building Society Limited ("AUBS") is a receivable from IMB and this will be offset against the equity of AUBS upon liquidation. AUBS has no liabilities. Lopphaver Pty Ltd and Vesteralen Pty Ltd have no assets or liabilities. No distribution is expected to be received from any of these companies.

notes to the financial statements continued

For the Year Ended 30 June 2005

28 Interests in Joint Venture Operations

Investments in joint venture entities

Details of the interest in an incorporated joint venture is as follows:

Name	Nature of Activities	Joint Venture Reporting Date	Percentage Interest 2005 %	Percentage Interest 2004 %
IMB Financial Planning Ltd	Financial planning	30 June	**50.0**	50.0

Results of incorporated joint venture

The consolidated entity's share of the joint venture entity's result consists of:

	Consolidated 2005 $000	Consolidated 2004 $000
Revenues from ordinary activities	**925**	842
Expenses from ordinary activities	**(900)**	(830)
Profit from ordinary activities before income tax expense	**25**	12
Income tax expense relating to ordinary activities	**(49)**	(46)
Net loss accounted for using the equity method	**(24)**	(34)

Statement of financial position

The consolidated entity's share of the joint venture entity's assets and liabilities consists of:

	Consolidated 2005 $000	Consolidated 2004 $000	Company 2005 $000	Company 2004 $000
Current assets	**542**	485	**-**	-
Non-current assets	**818**	881	**1,828**	1,828
Total assets	**1,360**	1,366	**1,828**	1,828
Current liabilities	**141**	105	**-**	-
Non-current liabilities	**7**	6	**-**	-
Total Liabilities	**148**	111	**-**	-
Net assets accounted for using the equity method	**1,212**	1,255	**1,828**	1,828
Share of post-acquisition retained profits attributable to joint venture entity				
Share of joint venture entity's retained profits at beginning of the year	**(645)**	(611)		
Share of joint venture entity's net profit	**(24)**	(34)		
Share of joint venture entity's retained profits at end of year	**(669)**	(645)		
Movement in carrying amount of investment in incorporated joint venture				
Carrying amount at the beginning of the year	**1,136**	1,170		
Share of joint venture entity's net loss	**(24)**	(34)		
Carrying amount at the end of the year	**1,112**	1,136		

notes to the financial statements continued

For the Year Ended 30 June 2005

	Consolidated 2005 $000	Consolidated 2004 $000	Company 2005 $000	Company 2004 $000

29 Notes to the Statements of Cash Flows

RECONCILIATION OF CASH

Cash and cash equivalents at the end of the year as shown in the statements of cash flows is reconciled to the related item in the statements of financial position:

	Consolidated 2005 $000	Consolidated 2004 $000	Company 2005 $000	Company 2004 $000
Cash at bank and on hand	**10,872**	11,466	**10,869**	11,460

RECONCILIATION OF PROFIT FROM ORDINARY ACTIVITIES AFTER INCOME TAX TO NET CASH PROVIDED BY OPERATING ACTIVITIES

	Consolidated 2005 $000	Consolidated 2004 $000	Company 2005 $000	Company 2004 $000
Profit from ordinary activities after income tax	**15,098**	16,559	**14,768**	16,327
Add/(less) items classified as investing/financing activities:				
Depreciation of property, plant and equipment	**3,916**	3,375	**3,916**	3,375
Loss on sale of property, plant and equipment	**3**	120	**3**	120
Loss on sale of company	**-**	579	**-**	930
Profit on sale of shares	**(501)**	(4,391)	**(501)**	(4,391)
Bad debts expense	**902**	925	**902**	925
Add non-cash items:				
Amortisation of goodwill	**-**	892	**-**	390
Amortisation of deferred expenditure	**4,052**	3,523	**4,052**	3,523
Net cash provided by operating activities before change in assets and liabilities	**23,470**	21,582	**23,140**	21,199
Change in assets and liabilities adjusted for effects of purchase and disposal of controlled entities during the financial year:				
Decrease/(increase) in accrued interest on investments	**335**	(3,038)	**335**	(3,038)
Decrease/(increase) in inventories	**384**	(74)	**-**	-
(Increase)/decrease in sundry debtors	**(1,604)**	7,708	**(2,015)**	(3,053)
Decrease in future income tax benefit	**101**	172	**71**	-
Increase in accrued interest on members' deposits	**251**	2,859	**251**	2,859
(Increase) in deferred expenses	**(4,375)**	(3,473)	**(4,375)**	(3,493)
Increase/(decrease) in sundry creditors	**11,623**	(7,400)	**3,481**	(7,400)
Increase in provision for employee entitlements	**10**	527	**10**	527
(Decrease)/increase in provision for income tax	**(1,425)**	(29)	**(1,425)**	3,542
Increase/(decrease) in deferred tax payable	**1,080**	(725)	**1,080**	(2,441)
Net cash provided by operating activities	**29,850**	18,109	**20,553**	8,702

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 2005 $000	Consolidated 2004 $000	Company 2005 $000	Company 2004 $000
Issue of share capital under the dividend re-investment plan	**2,510**	3,217	**2,510**	3,217

notes to the financial statements continued

For the Year Ended 30 June 2005

30 Directors' Disclosures

The names of each person holding the position of director of the Company during the financial year are Mr LR Fredericks, Mr MJ Cole, Mr GA Edgar, Ms LT Gearing, Mr H Hanson, Mr LP Nicholas (appointed 1 December 2004), Ms VJ Twyford, and Professor KR McKinnon (retired 1 December 2004).

Directors' Remuneration

Remuneration levels of directors of the Company are competitively set to attract and retain appropriately qualified and experienced directors. The remuneration and CEO evaluation committee obtains independent advice on the appropriateness of remuneration packages given trends in comparative Australian companies.

Base remuneration and superannuation contributions for all directors, last voted upon by members at the 2004 Annual General Meeting, is not to exceed $450,000. A director's primary remuneration was set at $50,000 for the past year. The Chairman's primary remuneration was set at $100,000. In addition each director receives superannuation contributions at the prescribed rate of the Superannuation Guarantee Act.

	Consolidated		Company	
	2005 $000	2004 $000	2005 $000	2004 $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	**723**	692	**723**	692
Base remuneration	**388**	353	**388**	353
Superannuation contributions	**35**	32	**35**	32
Sub-total	**423**	385	**423**	385
Retirement benefits accrued	**29**	179	**29**	179
Retirement benefits paid	**271**	128	**271**	128
Total	**723**	692	**723**	692

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

	Consolidated and Company				
	Salary and fees $	Super Contributions $	Retirement Benefits** $	2005 Total $	2004 Total $
Mr LR Fredericks – Chairman	77,804	7,002	1,438	**86,244**	59,601
Mr MJ Cole	48,638	4,377	11,818	**64,833**	54,923
Mr GA Edgar	48,638	4,377	1,221	**54,236**	78,271
Ms LT Gearing	48,638	4,377	11,818	**64,833**	97,120
Mr H Hanson	48,638	4,377	1,241	**54,256**	60,386
Mr LP Nicholas – appointed 1 December 2004	29,167	2,625	–	**31,792**	–
Ms VJ Twyford	48,638	4,377	1,241	**54,256**	60,386
Prof KR McKinnon – retired 1 December 2004 *	38,292	3,446	271,116	**312,854**	127,368
Mr PF Bolt – retired 26 November 2003	–	–	–	**–**	153,640
Total Remuneration: Specified Directors	388,453	34,958	299,893	**723,304**	691,695

* The retirement benefit of Professor KR McKinnon includes $267,998 that was already provided for as at 30 June 2004. The net increase in the benefit for the year ended 30 June 2005 was $3,118.

** Retirement benefits have ceased to be accrued from 28 September 2004 for all directors, with the retirement benefits accrued up to that date being $668,000. This amount has been fully provided for and the Company has no obligation to increase the provision. The balance of the provision will be fully amortised as the current directors retire from service.

notes to the financial statements continued

For the Year Ended 30 June 2005

30 Directors' Disclosures (continued)

Directors' Loans

All loans to directors are made on an arm's length basis, on the same terms and conditions, and at the same interest rates available to members of the general public. All loans are secured by residential mortgage, and no amounts have been written down or recorded as allowances, as the balances are considered fully collectible.

Details regarding the aggregate of loans made, guaranteed or secured by any entity in the consolidated entity to a family member of LR Fredericks, and VJ Twyford are as follows:

	Opening balance $	Closing balance $	Interest paid and payable $	Number of loans at 30 June
2005	**391,097**	**369,525**	**25,493**	**2**
2004	398,880	391,097	18,034	2

Directors' holdings of shares and deposits

The relevant interests of directors and director related entities in the share capital of the Company in an aggregate at 30 June 2005 was 130,221 shares (2004: 100,926). During the year, directors and director related entities acquired an aggregate of 2,407 shares (2004: 38,871). The aggregate amount of dividends paid to directors, or director related entities, was $22,595 (2004: $16,101). There were no disposals of shares by directors during the year. The aggregate number of shares held at 30 June 2005 was further affected by the retirement of Professor KR McKinnon (19,002 share reduction), and the appointment of Mr LP Nicholas (45,890 share increase).

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.

Directors' transactions with the Company or its controlled entities

A number of directors, or their personally-related entities, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities. A number of those entities transacted with the Company or its subsidiaries in the reporting period. The terms and conditions of those transactions were no more favorable than those available, or which might reasonably be expected to be available, on similar transactions to unrelated entities on an arm's length basis. Details of the transactions are as follows:

Ms VJ Twyford is a director and shareholder in Twyford Communications Pty Limited, which has provided consultancy services to the Company throughout the year in relation to the IMB Community Foundation. These services were provided under the terms of a contract that was awarded after a competitive tender process. Fees paid during the year under this contract were $53,900 (2004: $55,653).

Mr LP Nicholas is the Chairman of The Flagstaff Group Ltd (a not for profit organisation providing employment for 200 people with disabilities), which has received a pledge for a grant of $40,000 (2004: nil) from the IMB Community Foundation for the development of an industrial laundry in Nowra that utilises ozone friendly technology.

notes to the financial statements continued

For the Year Ended 30 June 2005

31 Executives' Remuneration

The number of executive officers of the Company and its controlled entities, whose total remuneration (including superannuation and redundancy payments) from the Company or related parties, and from entities in the consolidated entity falls within the following bands:

	Consolidated		Company	
	2005	2004	2005	2004
$250,000 – $259,999	**0**	1	**0**	1
$290,000 – $299,999	**1**	1	**1**	1
$310,000 – $319,999	**1**	1	**1**	1
$390,000 – $399,999	**1**	0	**1**	0
$440,000 – $449,999	**0**	1	**0**	1
$550,000 – $559,999	**1**	0	**1**	0

	$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 its controlled entities whose income is $100,000 or more	**1,555**	1,313	**1,555**	1,313

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

32 Non-Director Related Third Party Transactions

Wholly Owned Group

Due to the consolidated entity's adoption of tax consolidations, the liability for payments of income tax for all members of the wholly owned group become the liability of the parent entity. However, the tax-consolidated group has entered into a tax funding agreement as described in Note 1. The aggregate amount of loans provided by the Company to subsidiaries under the agreement is:

	2005 $000	2004 $000
IMB Land Pty Ltd	**360**	1,232
IMB Securitisation Services Pty Ltd	**28**	48
	388	1,280

IMB Land Pty Ltd, a controlled entity has deposits with the Company amounting to $2,699,000 (2004: $3,297,000). 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 $498,000 (2004: $484,000). These amounts are received on normal commercial terms and conditions.

During the year the Company provided accounting services to IMB Financial Planning Limited. In return for these services, IMB Financial Planning Limited has paid the Company fees amounting to $14,400 (2004: $14,400). The Company also provides premises for IMB Financial Planning Limited. The Company has received $30,000 (2004: $30,000) 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 (2004: $15,000) to IMB Financial Planning Limited during the year.

As at the reporting date a net receivable of $56,000 (2004: $8,000) was owed from IMB Financial Planning Limited.

33 Segment Reporting

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

notes to the financial statements continued
For the Year Ended 30 June 2005

34 Average Statement of Financial Position and Related Interest

	Consolidated					
		2005			2004	
	Average Balance $000	Interest $000	Average Rate %	Average Balance $000	Interest $000	Average Rate %
INTEREST EARNING ASSETS						
Loans	1,779,286	117,548	6.61	1,832,640	118,242	6.45
Trading securities	128,335	7,134	5.56	54,863	3,272	5.96
Investment securities	744,791	44,227	5.94	641,086	34,857	5.44
Total interest earning assets	2,652,412	168,909	6.37	2,528,589	156,371	6.18
Bad and doubtful debts expense		(902)			(925)	
OTHER INCOME EARNING ASSETS						
Income from equity investments	-	-	-	24,601	(947)	(3.85)
Total other interest earning assets	-	-	-	24,601	(947)	(3.85)
NON INTEREST EARNING ASSETS						
Inventories	243	-	-	625	-	-
Property, plant and equipment	26,504	-	-	24,264	-	-
Other assets	34,375	-	-	27,640	-	-
Total non interest earning assets	61,122	-	-	52,529	-	-
Total assets	2,713,534	168,007	-	2,605,719	154,499	-
INTEREST BEARING LIABILITIES						
Deposits	2,527,698	113,328	4.48	2,431,089	101,058	4.16
Subordinated debt	10,000	768	7.68	10,000	758	7.58
Total interest bearing liabilities	2,537,698	114,096	4.50	2,441,089	101,816	4.17
NON INTEREST BEARING LIABILITIES						
Other liabilities	27,661	-		21,775	-	
Total liabilities	2,565,359	114,096		2,462,864	101,816	
Net assets	148,175			142,855		
Net earning asset income		53,911			52,683	
Interest spread			1.87			2.01
Interest margin			2.07			2.16
Earning asset margin			1.99			2.02

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.

34 Average Statement of Financial Position and Related Interest (continued)

VOLUME AND RATE ANALYSIS

	2005 over 2004 Increase/[decrease] due to change in			2004 over 2003 Increase/[decrease] due to change in		
	Average Balance $000	Average Rate $000	Total $000	Average Balance $000	Average Rate $000	Total $000
Interest Earning Assets						
Loans	(3,442)	2,748	(694)	(5,315)	953	(4,362)
Trading securities	4,382	(520)	3,862	(4,021)	74	(3,947)
Investment securities	5,639	3,731	9,370	15,922	4,726	20,648
Change in interest income	6,579	5,959	12,538	6,586	5,753	12,339
Other income earning assets	947	-	947	569	318	887
Interest bearing liabilities						
Deposits	4,094	8,176	12,270	6,046	5,273	11,319
Subordinated debt	-	10	10	-	29	29
Change in interest expense	4,094	8,186	12,280	6,046	5,302	11,348
Change in net interest income	3,432	(2,227)	1,205	1,109	769	1,878

35 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 reporting 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, nor does it account for loan mortgage insurance policies taken out over certain risk exposures.

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 $345,000 (2004: $454,000).

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.

CONTENTS

notes to the financial statements continued

For the Year Ended 30 June 2005

35 Risk Management and Financial Instruments (continued)

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:

	2005	2004
Pay-fixed swaps		
Notional amount ($000)	**250,000**	345,000
Average pay rate (%)	**5.65**	5.74
Average receive rate (%)	**5.69**	5.54

The effect of these swaps on maturity dates and interest spread received by the Company at 30 June 2005 is illustrated in the following table:

	Net assets/ (liabilities) pre hedges $000	Swaps $000	Net assets/ (liabilities) post hedges $000
At call	601,879	–	601,879
Maturing 0-2 years	(867,101)	75,000	(792,101)
Maturing 2-3 years	299,283	(65,000)	234,283
Maturing 3-5 years	105,806	(10,000)	95,806
Total	139,867	–	139,867
Interest spread	1.91 %	0.00%	1.91 %

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	
	2005 $000	2004 $000	2005 $000	2004 $000
FINANCIAL ASSETS				
Cash	**10,872**	11,466	**10,872**	11,466
Due from other financial institutions	**1,517**	3,342	**1,517**	3,342
Receivables	**6,801**	3,372	**6,801**	3,372
Investments accounted for using the equity method	**1,112**	1,136	**1,112**	1,136
Other financial assets	**10,074**	565	**10,074**	565
Government and semi-government securities	**28,791**	10,914	**28,791**	10,852
Bills of exchange	**37,913**	67,504	**37,913**	67,504
Certificates of deposit	**134,594**	342,265	**134,625**	342,297
Deposits with banks	**69,428**	46,166	**69,428**	46,166
Deposits with other financial institutions	**166,577**	113,061	**166,577**	113,062
Floating rate notes	**262,702**	229,106	**262,704**	232,355
Corporate bonds	**11,234**	–	**11,234**	–
Loans to other persons	**1,954,077**	1,794,810	**1,980,643**	1,815,659
Total financial assets	**2,695,692**	2,623,707	**2,722,291**	2,647,776

notes to the financial statements continued

For the Year Ended 30 June 2005

35 Risk Management and Financial Instruments (continued)

	Consolidated			
	Total carrying amount as per statement of financial position		Aggregate net fair value	
	2005 $000	2004 $000	2005 $000	2004 $000
FINANCIAL LIABILITIES				
Deposits	**2,534,727**	2,483,154	**2,534,663**	2,482,230
Due to other financial institutions	**510**	465	**510**	465
Sundry creditors	**19,249**	7,671	**19,249**	7,671
Loan capital	**10,000**	10,000	**10,008**	10,006
Employee entitlements	**4,527**	4,517	**4,527**	4,517
Total financial liabilities	**2,569,013**	2,505,807	**2,568,957**	2,504,889
Net financial assets	**126,679**	117,900	**153,334**	142,887
Interest rate swaps	**-**	-	**(372)**	148
Net financial assets net of swaps	**126,679**	117,900	**152,962**	143,035

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 quarterly) 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 quarterly) 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 quarterly) derived from domestic swap interest rates.

notes to the financial statements continued

For the Year Ended 30 June 2005

35 Risk Management and Financial Instruments (continued)

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	2005 $000	2004 $000	2005 $000	2004 $000	2005 $000	2004 $000
FINANCIAL ASSETS							
Cash	29	-	-	-	-	-	-
Due from other financial institutions		1,517	3,342	-	-	-	-
Receivables	8	-	-	-	-	-	-
Investments accounted for using the equity method	28	-	-	-	-	-	-
Other financial assets	11	-	-	-	-	-	-
Government and semi-government securities	9	-	-	21,485	10,914	7,306	-
Bills of exchange	9	-	-	37,913	67,504	-	-
Certificates of deposit	9	-	-	134,594	342,265	-	-
Deposits with banks	9	69,377	46,116	51	50	-	-
Deposits with other financial institutions	9	-	-	140,913	113,061	25,664	-
Corporate Bonds	9	-	-	7,188	-	4,046	-
Floating rate notes	9	-	-	50,327	30,220	212,375	198,886
Loans to other persons	10	1,419,642	1,274,831	97,729	109,755	436,306	409,936
Total financial assets		1,490,536	1,324,289	490,200	673,769	685,697	608,822
FINANCIAL LIABILITIES							
Deposits	17	820,449	800,971	1,704,097	1,669,613	10,181	12,570
Due to other financial institutions		510	465	-	-	-	-
Payables	16	-	-	-	-	-	-
Loan capital	18	-	-	10,000	10,000	-	-
Employee benefits	23	-	-	-	-	-	-
Total financial liabilities		820,959	801,436	1,714,097	1,679,613	10,181	12,570
Unrecognised financial instruments							
Interest rate swaps		250,000	345,000	(80,000)	(140,000)	(170,000)	(205,000)
Loans approved not advanced		291,514	237,145	2,721	8,954	35,718	29,038

notes to the financial statements continued

For the Year Ended 30 June 2005

Fixed Interest Rate Maturing In: More than 5 years 2005 $000	Fixed Interest Rate Maturing In: More than 5 years 2004 $000	Non Interest Bearing 2005 $000	Non Interest Bearing 2004 $000	Total Carrying Amount As Per Statement of Financial Position 2005 $000	Total Carrying Amount As Per Statement of Financial Position 2004 $000	Weighted Average Effective Interest Rate 2005 %	Weighted Average Effective Interest Rate 2004 %
-	-	10,872	11,466	10,872	11,466		
-	-	-	-	1,517	3,342	5.50	5.25
-	-	6,801	3,372	6,801	3,372		
-	-	1,112	1,136	1,112	1,136		
-	-	10,074	565	10,074	565		
-	-	-	-	28,791	10,914	5.39	5.75
-	-	-	-	37,913	67,504	5.63	5.47
-	-	-	-	134,594	342,265	5.92	5.59
-	-	-	-	69,428	46,166	5.23	5.17
-	-	-	-	166,577	113,061	6.15	5.83
-	-	-	-	11,234	-	5.52	-
-	-	-	-	262,702	229,106	6.29	5.94
400	288	-	-	1,954,077	1,794,810	7.07	6.88
400	288	28,859	16,539	2,695,692	2,623,707		
-	-	-	-	2,534,727	2,483,154	4.61	4.43
-	-	-	-	510	465		
-	-	19,249	7,671	19,249	7,671		
-	-	-	-	10,000	10,000	6.85	7.88
-	-	4,527	4,517	4,527	4,517		
-	-	23,776	12,188	2,569,013	2,505,807		
-	-	-	-	-	-		
7,844	4,292	-	-	337,797	279,249	7.56	6.66

notes to the financial statements continued

For the Year Ended 30 June 2005

36 Impact of adopting Australian equivalents to International Financial Reporting Standards

The Company and consolidated entity will be required to prepare financial statements using Australian Standards that are equivalent to International Financial Reporting Standards and their related pronouncements ("AIFRS") from 1 July 2005. The first financial statements that the Company and consolidated entity will prepare in accordance with AIFRS will be for the half year ending 31 December 2005 and the financial year ending 30 June 2006.

In accordance with AIFRS, the comparative financial statements for each of these periods will be restated using the new accounting standards from 1 July 2004, with the exception of AASB132: Financial Instruments: Disclosure and Presentation ("AASB 132") and AASB 139: Financial Instruments: Recognition and Measurement ("AASB 139"). As permitted by the transitional provisions of AIFRS, management has elected to defer the application of AASB 132 and AASB 139 for 12 months. Comparative information for financial instruments will be prepared on the basis of the Company and consolidated entity's current accounting policies under Australian Generally Accepted Accounting Principles ("AGAAP"). Adjustments required on transition to AIFRS will be made retrospectively, mostly against opening retained earnings, at the respective dates. The following tables group these changes by the date from which they will be applicable. Restated comparatives will not be reported in financial statements until 31 December 2005, being the first half year reported in accordance with AIFRS.

AIFRS is not expected to change the economics of the business, or the risks being carried.

Key accounting issues

The key potential implications of the transition to AIFRS on the Company's and consolidated entity's accounting policies are detailed below.

Transition Management

A formal AIFRS conversion project has been established, with the project team being responsible for assessing the impact that AIFRS will have on the accounting and reporting of the Company and consolidated entity, and managing the transition to AIFRS. The project team is also responsible for keeping abreast of developments in AIFRS. The project team regularly reports to the Chief Financial Officer, Executive Committee and Board Audit and Risk Management Committee.

The project is divided into three distinct phases: the assessment and planning phase, the design phase and the implementation phase. Management have been working with external AIFRS specialists to assist with the interpretation of the standards and their application to the Company and consolidated entity. The consolidated entity considers the first phase of the project to be complete, and the design phase to be virtually complete. The implementation phase is substantially complete, with finalisation largely dependent on the resolution of interpretive issues.

Changes applicable in comparative period commencing 1 July 2004

The following tables summarise the nature of the more significant changes in accounting policies and adjustments expected to be made to the consolidated entity's statement of financial position as at 1 July 2004 (excluding the effect of tax) and reported in the half year results to 31 December 2005. This includes all material AIFRS changes excluding those arising from AASB 132 and AASB 139. The amount of the adjustments arising on transition to AIFRS have been reliably estimated. As some policy decisions have not been finalised, and interpretations on some issues are still evolving, estimates are indicative only (i.e. their purpose is to convey the direction and approximate scale of impact) and actual adjustments may vary.

notes to the financial statements continued

For the Year Ended 30 June 2005

36 Impact of adopting Australian equivalents to International Financial Reporting Standards (continued)

Description	Expected Impact	Estimated adjustment (excluding the effect of tax)
Securitisation of assets Under AGAAP, securitisation Special Purpose Entities ("SPEs") are not consolidated. Under AIFRS, a different interpretation of the consolidation rules applicable to SPEs require a reassessment of the accounting for existing SPEs. The SPEs will now be consolidated by the consolidated entity, because the consolidated entity is exposed to the majority of the residual income and/or residual risk associated with the SPE.	The underlying mortgage loans and liabilities to noteholders held by the SPEs will be reported on the consolidated entity's balance sheet. The income statement will no longer report securitisation income earned from the SPEs. Instead, the income statement will report interest income earned on mortgage loans and interest expense accrued to noteholders.	This is expected to increase loan receivables and liabilities to noteholders by $829 million on transition, at 1 July 2004, and an additional $146 million at 30 June 2005. For the financial year ended 30 June 2005 the reclassification of securitisation income is expected to increase interest income by $67 million, increase interest expense by $56 million, and decrease securitisation income by $11 million with no impact on net profit of the consolidated entity.
Taxation A "balance sheet" approach will be adopted, replacing the "statement of financial performance" approach currently applied. The new method will recognise deferred tax balances where there is a difference between the carrying value of an asset or liability and its tax base. The UIG is currently deliberating the recognition of tax amounts under the tax consolidation regime in the AIFRS framework. It is currently proposed that wholly owned subsidiaries in the tax consolidated group will be required to recognise their own tax balances directly, and the current tax liability or asset will be assumed by the head entity via an equity contribution or distribution.	It is expected that there will be some increases in the levels of deferred tax assets and liabilities. For example, additional deferred tax balances will be created from carrying investments in associates and joint venture entities using the equity method of accounting and, as a consequence of applying AASB 139 at 1 July 2005, from: ■ unrealised movements in the fair value of available for sale assets; and ■ using cash flow hedge accounting. As the interpretation regarding the tax consolidation regime is yet to be issued the impact of any change has not been quantified.	While there will be some changes to the balances of deferred tax assets or liabilities, profit or loss, retained earnings, and other reserves, the changes will not be material.

CONTENTS

notes to the financial statements continued

For the Year Ended 30 June 2005

36 Impact of adopting Australian equivalents to International Financial Reporting Standards (continued)

Description	Expected Impact	Estimated adjustment (excluding the effect of tax)
Property, Plant & Equipment Property, plant and equipment will be measured at cost under AIFRS. However, as permitted by the election available under AASB 1, at transition date certain items of property, plant and equipment are expected to be recognised at deemed cost, being a revalued amount prior to transition date that approximates fair value as at the date of transition.	Any asset revaluation reserve balance relating to these assets will be transferred to retained earnings at transition date. Under AIFRS the gain or loss on the disposal of property, plant and equipment will be recognised on a net basis as a gain or loss rather than separately recognising the consideration received as revenue.	At date of transition, 1 July 2004, an amount of $5,625,000 is expected to be reclassified from asset revaluation reserve to retained earnings. As carrying amounts, depreciation rates and useful economic lives are not expected to change there is no effect on the income statement for the year ended 30 June 2005.
Make Good Provisions AGAAP does not require the recognition of liabilities arising from obligations under operating leases to remove all leasehold improvements and to bring the leasehold objects to their original condition ("make good" provisions). Under AIFRS the consolidated entity is required to recognise a provision for its make good obligations under lease contracts. The liability is measured on a 'best estimate' of the expenditure required to settle the obligation.	At initial recognition the present value of the provision amount will be added to the cost of the leasehold improvements and depreciated over the expected useful life of leasehold improvements. Subsequent changes in the amount of the provision that result from changes in the estimated timing or the costs required to settle the obligation, or a change in the discount rate shall be added to or deducted from the cost of the related asset. The periodic unwinding of the discount will be recognised in the income statement as a finance cost as it occurs.	At the date of transition, 1 July 2004, an amount of $301,000 is expected to be recognised as a liability of the consolidated entity with a consequential increase in the value of leasehold improvements. The provision is expected to increase by $48,000 during the 30 June 2005 financial year. This increase will be charged to interest expense.

notes to the financial statements continued

For the Year Ended 30 June 2005

36 Impact of adopting Australian equivalents to International Financial Reporting Standards (continued)

Description	Expected Impact	Estimated adjustment (excluding the effect of tax)
Defined Benefit Plan Under AGAAP, defined benefit plans are accounted for on a cash basis, with no defined benefit obligation or plan assets recognised in the balance sheet. Under AIFRS, the consolidated entity's net obligation in respect of defined benefit superannuation plans will be calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit will be discounted to determine its present value, and the fair value of any plan assets will be deducted. The actuarial valuation performed to determine the consolidated entity's obligation in respect of the defined benefit plan under AIFRS applies a discount rate equal to a risk free rate being the government bond rate with a duration closest to the average future service of the members of the plan. This differs to the assumed discount rate applied in the triennial valuation performed to determine the level of employer contributions which uses expected return on assets in accordance with Australian actuarial professional standards.	Under AIFRS all actuarial gains and losses at the date of transition will be recognised in the balance sheet. In respect of actuarial gains or losses that arise subsequent to 1 July 2004, the consolidated entity intends to apply the corridor approach as an election in AASB 1. Under this approach, in calculating the consolidated entity's obligation in respect to the plan, to the extent that any cumulative unrecognised actuarial gains or losses exceed ten per cent of the greater of the defined benefit obligation and the fair value of plan assets, that portion is recognised in the income statement over the expected average remaining working lives of employees participating in the plan.	At the date of transition, 1 July 2004, an amount of $177,000 is expected to be recognised as a liability of the consolidated entity with a consequential decrease in retained earnings. For the financial year ended 30 June 2005 the adjustment in the consolidated entity to recognise the increase in pension liability is expected to be $134,000 with an additional employee cost of $128,000 and actuarial losses of $6,000 expected to be recognised in the income statement.

notes to the financial statements continued

For the Year Ended 30 June 2005

36 Impact of adopting Australian equivalents to International Financial Reporting Standards (continued)

All of the above changes expected to be made to the consolidated entity's income statement as at 1 July 2004 are also expected to be made to the Company's income statement as at 1 July 2004 with the exception of:

- securitised loans – at 1 July 2004 for the Company there is no change to the current AGAAP treatment of securitised loans.

Changes applicable from 1 July 2005

The table below summarises the nature of the more significant changes in accounting policies and adjustments expected to be made to the consolidated entity's balance sheet as at 1 July 2005 (excluding the effect of tax) and reported in the half year results to 31 December 2005, in addition to the table above. This includes all material AIFRS changes arising from AASB 132 and AASB 139. The amounts of the adjustments arising on transition to AIFRS have been reliably estimated. As some policy decisions have not been finalised and interpretation on some issues is still evolving, estimates are indicative only (i.e. their purpose is to convey the direction and approximate scale of impact) and actual adjustments may vary.

Description	Expected Impact	Estimated adjustment (excluding the effect of tax)
Provisions for loan impairment AIFRS requires an incurred loss model for loan provisioning. Provisions are to be recognised only in respect of those losses for which there is "objective evidence" of impairment at each balance date and must be calculated based on the discounted values of expected future cash flows.	Specific provisions will continue to be recognised under AIFRS, and where individual loans are found not to be impaired, they will be placed into pools of assets with similar risk profiles to be collectively assessed for losses that have been incurred but not yet identified.	The methodology to calculate this incurred loss provision is being developed. The application of current models would result in a reduction in the provision at 1 July 2005. However, Australian industry practice is still developing in this area, and the final opening adjustment cannot yet be reliability estimated.
Available for sale financial instruments Certain equity investments and debt investment securities currently carried at historical cost/amortised cost will be reclassified to available for sale financial instruments under AIFRS. This classification means that the instruments have been acquired with the intention to hold them to maturity, but they are available to be sold if required for business needs, or to take advantage of any profit opportunity that may arise.	Interest income on debt investment securities that fall within this classification will be recognised in earnings according to the effective interest method. Following adoption, available for sale financial instruments will be carried at fair value with changes in fair value recognised in an equity reserve, and transferred to earnings when the financial instruments are sold. This may result in volatility in the equity reserve, depending on future movements in fair values.	On adoption at 1 July 2005, the carrying amount of those financial instruments designated as available for sale will increase by approximately $427,000 with an equity reserve being created for an equivalent amount.

notes to the financial statements continued

For the Year Ended 30 June 2005

36 Impact of adopting Australian equivalents to International Financial Reporting Standards (continued)

Description	Expected Impact	Estimated adjustment (excluding the effect of tax)
Derivatives Under AGAAP, non-trading derivatives are measured on an accruals basis. Non-trading derivatives include those for which hedge accounting is applied. Under AIFRS, all derivatives, including those used for balance sheet hedging purposes, are required to be recognised on balance sheet and carried at fair value. Movements in the carrying amounts of derivatives are recognised in earnings, unless the criteria for hedge accounting is met.	All derivatives are designated as hedging a cash flow exposure arising from deposit liabilities. The gain or loss on the derivatives associated with the effective portion of the hedge are initially recognised in equity and subsequently released to the income statement when the hedged items affect the income statement. Any ineffective portion is reported in the income statement as it arises.	On adoption at 1 July 2005, it is expected that the cash flow hedges will be highly effective. Any ineffectiveness is not expected to be material. On adoption at 1 July 2005, the effect on the consolidated entity is to increase the liability for fair value derivatives and the hedging reserve by $365,000.
Interest revenue and expense recognition (effective interest rate method) Loan origination fees and transaction costs Under AGAAP, certain upfront fees and associated transaction costs are recognised immediately on origination of the loans. Under AIFRS, these fees and associated transaction costs must be capitalised and included in the loan's effective interest rate and recognised over the expected life of the loan.	Loan origination fees and transactions costs will no longer be recognised upfront as revenue or expense, but will be amortised over the life of the loan through the yield.	On adoption at 1 July 2005, this is expected to result in a decrease in deferred expenses of $4,416,000 an increase in loan receivables of $3,643,000 and a decrease in retained earnings of $773,000. The deferred expenses and unearned income figures will be shown as an adjustment to the carrying value of loans and receivables. Some reclassifications between fee income and interest income in the income statement will occur.
Securitisation set up costs Under AGAAP various costs incurred in establishing the securitisation facilities have been deferred and are amortised on a straight line basis. Under AIFRS, these costs must be amortised on a yield basis over the life of the relevant liabilities to noteholders.	Securitisation set up costs will no longer be deferred and amortised on a straight line basis, but will be amortised over the life of the liabilities to noteholders through the yield.	On adoption at 1 July 2005, this is expected to result in a reduction in liabilities of $3,458,000 a reduction in deferred expenses of $4,210,000 and a reduction in retained profits of $752,000. Some reclassifications between securitisation expenses and interest expense in the income statement will occur.

notes to the financial statements continued

For the Year Ended 30 June 2005

36 Impact of adopting Australian equivalents to International Financial Reporting Standards (continued)

All of the above changes expected to be made in the consolidated balance sheet as at 1 July 2005, are also expected to be made to the Company's balance sheet as at 1 July 2005.

Additionally, at 1 July 2005, the Company will be required to rerecognise the securitised loans on balance sheet, and recognise an imputed loan to the securitisation SPEs. This will result in an increase in loan receivables of $975 million with a corresponding increase in liabilities

Regulatory capital

Many of the above changes will have an impact on the Company's and consolidated entity's assets and equity items which are included in the calculation of regulatory capital. The Australian Prudential Regulation Authority ("APRA") has advised that it will not make any AIFRS-related changes to the existing prudential framework until it has completed relevant consultations.

In late February, APRA issued its first AIFRS consultation paper dealing with fair value measurement, loan impairment, hedging and certain other issues. These proposals are intended to apply from 1 January 2006. Some of APRA's proposals either require further clarification or require consideration of additional aspects before becoming final. An initial review indicates most recommendations will not have a significant impact on the consolidated entity's regulatory capital.

Reconciliation of net profit after tax under AGAAP to that expected under AIFRS

The table below sets out the expected adjustments to net profit after tax attributable to members for the year ended 30 June 2005:

	Consolidated 30 June 2005 $000	Company 30 June 2005 $000
Net profit attributable to Members of the parent entity under AGAAP	**15,098**	14,768
– unwinding of discount on make good obligations – interest expense	**(34)**	(34)
– defined benefit plan		
– additional employee cost	**(94)**	(94)
– actuarial losses under corridor approach	**(4)**	(4)
Net profit attributable to Members of the parent entity under AIFRS	**14,966**	14,636

Reconciliation of equity as presented under AGAAP to that expected under AIFRS

The impact of the transition to AIFRS on equity is summarised below:

	Consolidated 30 June 2005 $000	Consolidated 1 July 2004 $000	Company 30 June 2005 $000	Company 1 July 2004 $000
Retained earnings under AGAAP	**77,103**	70,081	**75,767**	69,075
– transfer from asset revaluation reserve	**5,625**	5,625	**5,625**	5,625
– defined benefit plan accumulated actuarial losses	**(218)**	(124)	**(218)**	(124)
Retained earnings under AIFRS	**82,510**	75,582	**81,174**	74,576
Reserves under AGAAP	**30,880**	30,880	**30,880**	30,880
– transfer from asset revaluation reserve	**(5,625)**	(5,625)	**(5,625)**	(5,625)
Reserves under AIFRS	**25,255**	25,255	**25,255**	25,255

37 Events Subsequent to Reporting Date

Dividends

For dividends declared after 30 June 2005 see Note 7.

Australian equivalents to International Financial Reporting Standards

For reporting periods commencing on or after 1 January 2005 the consolidated entity must comply with Australian equivalents to International Financial Reporting Standards ("AIFRS") as issued by the Australian Accounting Standards Board. The implementation plan and potential impact of adopting AIFRS are detailed in Note 36 to the financial statements. The first accounts will be produced under AIFRS for the half year ended 31 December 2005.

directors' declaration

For the Year Ended 30 June 2005

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

(a) the financial statements and notes, set out on pages 29 to 70 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 2005 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.

(c) The directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the chief executive officer and chief financial officer for the year ended 30 June 2005.

Dated at Wollongong this 2nd day of August 2005.

Signed in accordance with a resolution of the directors:

LR Fredericks
Chairman

MJ Cole
Director

CONTENTS

independent audit report

To the Members of IMB Ltd

Scope

The financial report and directors' responsibility

The financial report comprises the statements of financial position, statements of financial performance, statements of cash flows, accompanying Notes 1 to 37 to the financial statements, and the directors' declaration for both IMB Ltd (the "Company") and the consolidated entity, for the year ended 30 June 2005. 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 2005 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

KPMG

CP Hollis
Partner

Dated at Wollongong this
2nd day of August 2005

shareholder information

As at 2 August 2005

Top Twenty Shareholders	Number of Shares	% of Total
Name of Shareholder		
B B Nominees Pty Ltd	1,182,118	2.96
RBC Global Services Australia Nominees Pty Ltd	1,150,137	2.88
Dean Whitestone Pty Ltd	450,000	1.13
RJ Davis	370,226	0.93
FH Rast	346,898	0.87
MF Hands	334,895	0.84
Austock Nominees Pty Ltd	321,058	0.80
K O'Connor	270,004	0.68
J Xanthoudakis	262,983	0.66
UBS Private Clients Aust Nominees	261,483	0.66
G & H Custodians Pty Ltd	226,858	0.57
AJ Bridger	212,173	0.53
Rubicon Nominees Pty Ltd	211,457	0.53
WC & JA Bradley	205,551	0.52
BA Rogerson	189,145	0.47
SJ Bridger	187,324	0.47
WL Hughes	176,728	0.44
RM Hanbury	173,952	0.44
AM Dipietro	169,419	0.42
DL Craker	165,830	0.42
Total	6,868,232	17.22

	Shareholders	Number of Shares	% of Total
Employee Share Acquisition Scheme	50	146,885	0.37

Distribution of Shareholdings	Shareholders	Number of Shares	% of Total
1 - 100	112	5,359	0.01
101 - 1,000	1,539	759,282	1.90
1,001 - 5,000	1,974	4,807,718	12.05
5,001 - 10,000	685	4,720,451	11.83
10,001 - 20,000	419	5,803,212	14.54
20,001 - 50,000	299	9,244,625	23.16
50,001 - 100,000	71	4,768,257	11.95
100,001 and over	45	9,802,736	24.56
Total	5,144	39,911,640	100.00

statistical highlights

As at 30 June 2005

		2005 $000	2004 $000	2003 $000	2002 $000	2001 $000
STATEMENT OF FINANCIAL PERFORMANCE						
FOR THE YEAR ENDED 30 JUNE						
Interest income		**168,909**	156,371	144,032	119,346	123,596
Interest expense		**114,101**	101,816	90,468	72,398	77,524
Interest margin		**54,808**	54,555	53,564	46,948	46,072
Income from equity investments		**-**	(947)	(1,834)	–	–
Non interest income		**29,188**	28,021	30,818	18,610	13,946
Bad and doubtful debts expense		**902**	925	1,109	898	939
Non interest expense		**61,070**	57,763	61,308	50,400	44,599
Profit from ordinary activities before income tax		**22,024**	22,941	20,131	14,260	14,480
Income tax expense		**6,926**	6,382	7,999	3,716	4,529
Net loss attributable to outside equity interests		**-**	–	242	–	–
Profit from ordinary activities after tax		**15,098**	16,559	12,374	10,544	9,951
STATEMENT OF FINANCIAL POSITION						
AS AT 30 JUNE						
Assets						
Loans		**1,954,077**	1,794,810	1,831,901	1,837,244	1,554,548
Liquids		**711,239**	823,824	590,473	319,250	215,256
Other		**63,493**	37,782	46,999	35,345	30,203
		2,728,809	2,656,416	2,469,373	2,191,839	1,800,007
Liabilities						
Deposits		**2,534,727**	2,483,154	2,300,781	2,036,491	1,670,240
Other		**39,163**	27,875	35,677	31,264	17,760
		2,573,890	2,511,029	2,336,458	2,067,755	1,688,000
Shareholders' equity		**154,919**	145,387	132,915	124,084	112,007
Value of securitised loans		**975,072**	828,700	559,961	275,000	50,000
Total assets under management		**3,703,881**	3,485,116	3,029,334	2,466,839	1,850,007
		2005	**2004**	**2003**	**2002**	**2001**
SHARE INFORMATION						
Shares on issue	000's	**39,912**	39,130	38,110	36,933	35,581
Earnings per share	cents	**38.0**	43.0	33.0	28.9	28.4
Net tangible assets per share *	$	**3.88**	3.72	3.46	3.33	3.15
Dividend per share:						
Interim	cents	**7.0**	7.0	7.0	7.0	7.0
Final	cents	**11.5**	11.5	11.5	11.5	10.5
Special	cents	**-**	2.0	–	–	–
Dividend cover	times	**2.05**	2.10	1.78	1.56	1.62
Closing share price	$	**3.10**	3.16	2.85	3.04	2.46
Highest share price	$	**3.60**	3.33	3.20	3.20	2.46
Lowest share price	$	**2.95**	2.85	2.75	2.40	2.10
Average share price	$	**3.16**	3.12	3.03	2.84	2.29
Shares traded	000's	**1,979**	1,995	1,901	1,855	1,623
Turnover	%	**5.0**	5.1	5.0	5.1	4.6

* IMB Ltd is a mutual entity comprising Members by guarantee and shareholder Members. All Members have an equitable interest in the assets and earnings of the entity. Therefore, in the event of winding up, the amount attributable to shareholder Members would be reduced by an amount equal to the equity interest of depositors at that time.

statistical highlights continued

As at 30 June 2005

		2005	2004	2003	2002	2001
KEY RATIOS						
Capital adequacy	%	**10.57**	11.41	10.51	11.36	10.55
Total asset growth	%	**2.73**	7.57	12.66	21.77	8.06
Net asset growth	%	**6.56**	9.38	7.12	10.78	6.84
Net assets/total assets	%	**5.68**	5.47	5.38	5.66	6.22
Liquid assets/total liabilities	%	**27.63**	32.81	25.27	15.44	12.75
After tax return on average net assets	%	**10.05**	11.90	9.63	8.93	9.18
After tax return on average total assets	%	**0.56**	0.64	0.51	0.51	0.57
Net interest income/average total assets	%	**2.0**	2.1	2.2	2.3	2.6
Non interest income/average total assets	%	**1.1**	1.1	1.3	0.9	0.8
Non interest expenses/average total assets	%	**2.3**	2.2	2.4	2.4	2.6
Non interest expenses/operating income	%	**73.5**	71.6	75.3	77.9	75.5
Bad debts expense/average loans	%	**0.05**	0.05	0.06	0.05	0.07
Return on interest earning assets	%	**6.4**	6.2	6.2	6.0	7.3
Cost of funds	%	**4.5**	4.2	4.0	3.8	4.9
Interest margin	%	**2.06**	2.16	2.29	2.35	2.73
OTHER STATISTICS						
Total loans approved	$m	**991.1**	1,036.4	1,077.4	1,194.2	801.7
	No.	**9,480**	10,015	10,582	11,512	10,411
Home loans approved	$m	**791.3**	900.3	966.8	903.7	769.4
	No.	**5,152**	5,799	6,295	6,646	6,171
Average home loan approved	$000	**153.6**	155.3	153.6	136.0	124.7
Members' deposits	$m	**2,534.7**	2,483.2	2,300.8	2,036.5	1,670.2
Deposit accounts	000	**326.6**	323.3	320.3	320.4	289.2
Average balance per deposit account	$	**7,761**	7,681	7,183	6,356	5,775
Interest paid to depositors	$m	**114.1**	101.8	89.7	72.4	77.5
Number of sales centres	No.	**34**	33	34	34	35
Average deposits per sales centre	$m	**74.6**	75.2	67.7	59.9	47.7
Assets per sales centre	$m	**80.3**	80.5	72.6	64.5	51.4
Staff (full time equivalent)	No.	**395**	415	396	377	370
Assets per staff member	$m	**6.9**	6.4	6.2	5.8	4.9
Staff per million dollars assets	No.	**0.14**	0.16	0.16	0.17	0.21

locations

IMB Branches

New South Wales

Albion Park	147 Tongarra Road Albion Park 2527
Batemans Bay	21 Orient Street Batemans Bay 2536
Bega	193-195 Carp Street Bega 2550
Bowral	Shops 9 & 10, Oxley Mall Wingecarribee Street Bowral 2576
Camden	Shop 26, 180-186 Argyle Street Camden 2570
Corrimal	Shops 2-4, Corrimal Court Princes Highway Corrimal 2518
Dapto	2-4 Bong Bong Road Dapto 2530
Eden	199 Imlay Street Eden 2551
Fairy Meadow	84B Princes Highway Fairy Meadow 2519
Figtree	Shop 32 & 33, Westfield Shopping Town Princes Highway Figtree 2525
Goulburn	Shop 27, Argyle Mall Goulburn 2580
Kiama	86 Terralong Street Kiama 2533
Macarthur Square	Shop L10, L11 Level 2 Macarthur Square Shopping Centre Ambarvale 2560
Merimbula	Cnr Merimbula Drive & Market Street Merimbula 2548
Miranda	Shop G, 105 Westfield's Shoppingtown Miranda 2228
Moruya	55 Vulcan Street Moruya 2537
Narooma	127 Wagonga Street Narooma 2546
Nowra	86 Kinghorn Street Nowra 2541
Parramatta	207 Church Street Parramatta 2150
Picton	Shop 1 A 148 Argyle Street Picton 2571
Queanbeyan	Shop 7 Riverside Plaza Queanbeyan 2620
Shellharbour	Shop 46, Shellharbour Stockland Shopping Centre Stockland Shellharbour 2529
Thirroul	Shop 5, Thirroul Plaza Lawrence Hargrave Drive Thirroul 2515
Ulladulla	89 Princes Highway Ulladulla 2539
Unanderra	102 Princes Highway Unanderra 2526
Vincentia	Shop 17, Burton Street Mall Vincentia 2540
Warilla	6 George Street Warilla 2528
Warrawong	Shop 114 Westfield Shopping Centre Warrawong 2502
Wollongong	205 Crown Street Wollongong 2500
Woonona	367-369 Princes Highway Woonona 2517
Wynyard	312 George Street Sydney 2000

IMB Branches

ACT

Belconnen	Level 3, Westfield Shopping Town Belconnen 2617
Canberra City	Shop CG 04, City Walk, Canberra City 2600
Woden	Shop 1, Plaza Level Woden Churches Centre Woden 2606

Agencies*

Victoria

Box Hill	973 Whitehorse Road Box Hill 3128
Camberwell	499 Riversdale Road Camberwell 3124
Chadstone	Shop B93 Lower Mall Chadstone Shopping Centre Chadstone 3418
Eastland	Shop G103 171-175 Maroondah Hwy Ringwood 3134
Elizabeth St	119 Elizabeth Street Melbourne 3000
Frankston	100 Young Street Frankston 3199
Geelong	78 Moorabool Street Geelong 3220
Glen Waverley	55 Railway Pde North Glen Waverley 3150
South Melbourne	Ground Floor 114 Albert Road South Melbourne 3205
Southland	Shop 2078 Level 2 Southland Shopping Centre Cheltenham 3192
Bairnsdale	167 Main Street Bairnsdale 3875
Ballarat	1 Sturt Street Ballarat 3350
Horsham	57A Urquhart Street Horsham 3400
Leongatha	31 McCartin Street Leongatha 3953
Sale	201 York Street Sale 3850
Shepparton	213 Wyndham Street Shepparton 3630
Swan Hill	Shop 2/21 Rutherford Road Swan Hill 3585
Wangaratta	49 Murphy Street Wangaratta 3677
Warragul	39 Victoria Street Warragul 3820
Warrnambool	162 Liebig Street Warrnambool 3280
Wodonga	Shop 7/1 Stanley Street Wodonga 3690

Adelaide	82-88 King William Street Adelaide 5000
Brisbane	Ground Floor 307 Queen Street (Cnr Queen & Creek Sts) Brisbane 4000

Financial Planning

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

* Australian Unity Outlets

corporate directory

Shareholders' Diary and other information

Announcement of full year results and final dividend August 2004

Annual general meeting 27 September 2005 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 27 September 2005 at 10:00am.

Company Secretary

Robert James Ryan BEc MCommLaw FCIS FCIM ACA FTIA

Registered Office

253-259 Crown Street
Wollongong NSW 2500

Share Registry

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

The share register is available for inspection at:
Level 6 Executive Services
253-259 Crown Street
Wollongong NSW 2500

Advisors

Solicitors

Watson Mangioni
Level 13
50 Carrington St
Sydney NSW 2000

Auditors

KPMG
Level 3
63 Market St
Wollongong NSW 2500

projects funded by the IMB Community Foundation in 2005

The following projects are being supported in 2005 through the IMB Community Foundation:

- Burragate Rural Fire Service
  Community Table Construction Project
- The Flagstaff Group
  Shoalhaven Ozone Laundry
- Heart Support - Australia
  Self Help Information Kit
- Highlands Community Centres Inc
  No Interest Loans Scheme (NILS®)
- Illawarra Skills Shortage Taskforce
  Career Surfing in the Illawarra
- Kangaroo Valley Pioneer Museum Park Trust
  "History Alive" Project
- Kiama Show Society
  Kiama Wine Show 2005
- Lady Denman Heritage Complex Huskisson
  Sound, Vision and Heritage: the Lady Denman Experience
- Lifeline South Coast
  "The Good Mood Guide" on Email
- Migration Heritage Project
  Animating Heritage – Pilot Project
- NAPCAN ACT
  The Child-Friendly Communities Project
- Pambula Wetlands and Heritage Project
  Walking/Cycling Track Completion
- Rondanihan Inc
  Rondalla Music in CD
- Sapphire Coast Producers Association
  Printing of the Rural Land Buyers Guide
- Science Centre and Planetarium
  "Science Explorations" Project
- Society of St Vincent de Paul
  Claymore Stories
- The Australasian Institute of Mining and Metallurgy
  Database of Historical Coal Mining Records
- The Crossing Land Education Centre
  Fire Safety and Main Hall Readiness Project
- Mt Kembla Pathway Group
  Mt Kembla Mine Memorial Footpath
- Volunteering Wingecarribee
  Southern Highlands Volunteer Treasurers Network
- Wingecarribee Health Association for Men
  "Saved by the Mill" – Timber Recycling
- Wollongong Music Round Table Inc
  Wollongong Music Week 2005

Designed and produced by

www.imb.com.au

celebrating 125 years

IMB

BANKING & FINANCIAL SERVICES

IMB Ltd ABN 92 087 651 974

CONTENTS