

**IMB Half-Year
Financial Report
31 December 2004**



CONTENTS

Statistical Highlights	1	Statement of Financial Performance	6	Independent Review Report to the Members of IMB Ltd	16
Chairman's Review	2	Statement of Financial Position	7	Shareholders' Diary and Other Information	17
Directors' Report	4	Statement of Cash Flows	8		
Lead Auditor's Independence Declaration	5	Notes to the Financial Report	9		
Directors' Particulars	5	Directors' Declaration	15		

Statistical Highlights

IMB's half-yearly pre-tax profit totalled \$11.7 million, an increase of 30.3% on the same period last year.

Net profit, at \$7.8 million is also a record for the first half of a year, an increase of 22.6% up on the same period last year.

These results are a reflection of IMB's ongoing performance, marked by the milestone of \$3.8 billion assets under management, a 15% increase compared to December 2003.

at 31 December		Consolidated		
		2004	2003	2002
Net assets/total assets	%	5.5	5.2	5.2
Risk weighted capital adequacy	%	10.6	10.6	10.3
Liquid assets/total liabilities	%	37.1	29.5	20.5
Non interest expenses/operating income	%	72.8	76.2	78.7
Shares on issue	000	39,912	38,743	37,652
Net tangible assets per share*	\$	3.77	3.53	3.34

for the half year ended 31 December		2004	2003	2002
Total loans approved	\$m	483	563	412
- of which residential	\$m	384	500	355
Annualised after tax return on				
- average total assets	%	0.6	0.5	0.3
- average net assets	%	10.9	9.4	13.1
Earnings per share	cents	19.7	16.5	9.9
Interim dividend per share**	cents	7.0	7.0	7.0
Dividend cover	times	2.9	2.4	1.4
Highest share price	\$	3.35	3.33	3.20
Lowest share price	\$	2.95	2.85	2.99
Average share price	\$	3.15	3.10	3.09
Last sale price	\$	3.19	3.08	3.05
Shares traded	000	883.7	1,098.9	1,045.0
Turnover	%	2.3	2.9	2.8

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

** Interim dividend relating to the profit for the period was declared after the end of the reporting period but before the signing of this report.

Chairman's Review

Performance

I am pleased to report to Members on a successful half-year, with the group's net profit after tax reaching \$7.8 million, being a 22.6% improvement on the previous corresponding period. Pre-tax profit was \$11.7 million.

The solid result was achieved in a very competitive market, a market that was buoyant during the first quarter before turning down in the latter months of the period. Downward pressures continued on interest margins.

We continue to focus strategic initiatives on product and services quality and diversity, on growth through geographic expansion and through increasing business levels with existing Members. We are confident the capital investment required to support these initiatives will favourably enhance profits in the mid to longer term.

Dividend

Following consideration given to the differential between past years' respective interim and final dividends, the Board has declared a fully franked interim dividend of seven cents per share, payable after close of business on 27 February, 2005 to shareholders as of that date. This dividend has been held at the same level as the previous year.

Income

Net interest income for the half-year was \$27.3 million, 11% above the previous corresponding period.

Non interest income was \$15.9 million, 33.9% above the previous corresponding period. Excluding revenue from land development the non interest income from ordinary activities was 18.3% over the previous corresponding period, a reflection of the continuing diversity in this area.

Expenses

Bad and doubtful debt expense was \$0.3 million, 36.3% below the previous corresponding period. IMB's mortgage loan arrears continue to be considerably less than both state and national averages for the industry.

Non interest expense was \$31.2 million, 9.0% above the previous corresponding period.

Lending

Loan approvals totalled \$483 million, \$80 million below the previous corresponding period.

On balance sheet loans decreased by \$77.8 million (4.3%) to \$1.7 billion, but including off balance sheet securitised loans, there was an aggregate \$140.8 million (5.4%) increase.

This level of lending supported by significant growth in deposits (\$65.7 million) assisted IMB in exceeding \$2.7 billion in total on balance sheet assets during the six months.

Total assets under management including securitised loans exceeded \$3.7 billion at the end of the period.

Developments

The major focus during the coming period is on increasing market share in a crowded competitive lending market. This will include further geographical expansion, ongoing results from the capital injection in the call centre, and benefits being realised in the mortgage lending operations from the advanced technology implemented over the last twelve months.

IMB Community Foundation

As announced at last year's Annual General Meeting, the IMB Community Foundation is again supporting a number of worthy projects throughout the communities in which IMB serves its Members.

Board

Prof Ken McKinnon, a director since 1993, deputy chairman from 1996 to 2000, and chairman from December 2000, retired on 1 December 2004. During Prof McKinnon's time on the board, IMB has grown from an asset base of \$961 million to the current assets under management exceeding \$3.7 billion. On behalf of all Members, I and my director colleagues thank Prof McKinnon for his valuable contribution to IMB over an extended period of time and wish him a long and healthy retirement.

Mr Lynton Nicholas accepted an invitation to join the board on 1 December, 2004. We welcome Mr Nicholas to the board and look forward to his future contribution to IMB.

Governance and Compliance

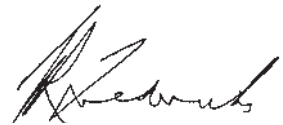
Questionable practices exercised by some corporates in recent times have ensured a growth in regulatory and reporting requirements. We continue to strengthen our compliance, governance and responsibility principles and procedures to ensure best ethical practices are employed in all respects and that Members' and stakeholders' interests are secure.

Outlook

Undoubtedly the continuation of the low interest rate environment at levels unprecedented over the last 30 years, combined with a very cluttered and competitive marketplace, is having an adverse impact on interest margins and forcing us to work much harder to meet our profit and service objectives.

We are positive about the period ahead notwithstanding mixed economic signals and diverse opinions from expert commentators. It is expected that our lending approvals will improve over the next six months.

Your Board is nevertheless confident that the combination of flexible business channels, an even greater emphasis on personal service and new initiatives, together with the much valued and appreciated energy and commitment of our excellent staff will enable IMB to grow profits and improve service benefits to Members.



LR Fredericks
Chairman

Directors' Report

The directors have pleasure in presenting their report together with the consolidated financial report for the half-year ended 31 December 2004 and the independent review report thereon.

Directors

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

Name	Period of directorship
Lindsay Russell Fredericks, Chairman	Director since 1990, appointed Chairman 1 December 2004
Michael John Cole	Director since 2003
George Anthony Edgar	Director since 2000
Lynette Therese Gearing	Director since 2003
Harold Hanson AM	Director since 1990
Kenneth Richard McKinnon AO	Director since 1993, retired 1 December 2004
Lynton Patrick Nicholas	Appointed 1 December 2004
Vivien Jennifer Twyford	Director since 1990

Review of operations

Members and shareholders are referred to the Chairman's Review.

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

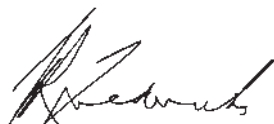
The lead auditor's independence declaration is set out on page 5 and forms part of the directors' report for the half-year ended 31 December 2004.

Rounding off

The Company is of a kind referred to in ASIC Class Order 98/100 dated July 10, 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 first day of February 2005.

Signed in accordance with a resolution of the directors:



LR Fredericks
Chairman



MJ Cole
Director

Lead Auditor's Independence Declaration

under Section 307C of the Corporations Act 2001 to the Directors of IMB Ltd

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2004 there have been:

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



KPMG

A handwritten signature in black ink, appearing to read 'CP Hollis', written in a cursive style.

CP Hollis
Partner

Wollongong, 1 February 2005

Directors' Particulars

Michael John Cole

BEc (Syd) MEc (Syd) ASIA

Mr Cole has been a director since 2003. He is Chairman of the Audit and Risk Management Committee, and a member of the Remuneration and CEO Evaluation Committee.

George Anthony Edgar

Mr Edgar has been a director since 2000. He is a member of the Remuneration and CEO Evaluation Committee, and the Nomination and Governance Committee.

Lindsay Russell Fredericks

FPNA FAICD FAIM

Mr Fredericks has been a director since 1990, and was elected Chairman on 1 December 2004. He is Chairman of the Nomination and Governance, and Remuneration and CEO Evaluation Committees, and ex-officio member of the Audit and Risk Management Committee and IMB Community Foundation Committee.

Lynette Therese Gearing

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

Ms Gearing has been a director since 2003. She is a member of the Audit and Risk Management Committee, and the Nomination and Governance Committee.

Harold Hanson AM

Dip.Law (Sydney)

Mr Hanson has been a director since 1990. He is a member of the Centenary Estates Joint Venture Committee, the Nomination and Governance Committee, and the IMB Community Foundation Committee.

Lynton Patrick Nicholas

FCPA FCIS

Mr Nicholas was appointed to fill a casual vacancy as a non executive director on 1 December 2004. He is a member of the Audit and Risk Management Committee and the IMB Community Foundation Committee.

Vivien Jennifer Twyford

BA Grad Dip Com (Mgmt)

Ms Twyford has been a director since 1990 and is Chairperson of the IMB Community Foundation Committee, and a member of the Remuneration and CEO Evaluation Committee.

Statement of Financial Performance

For the Half-Year Ended 31 December 2004

	Consolidated	
	DEC 2004 \$000	DEC 2003 \$000
Interest revenue	83,665	74,804
Interest expense	(56,355)	(47,642)
Net interest income	27,310	27,162
Bad and doubtful debts expense	(295)	(463)
Net interest income after bad and doubtful debts	27,015	26,699
Income from equity investments	-	(949)
Net earning asset income	27,015	25,750
Revenue from land development	1,850	-
Other revenue from ordinary activities	14,043	11,873
Net ordinary income before non interest expenses	42,908	37,623
Personnel expense	(13,072)	(12,468)
Occupancy expense	(4,611)	(2,691)
Cost of land development sales	(422)	(9)
Payment system charges	(2,358)	(2,364)
Marketing expense	(2,254)	(2,073)
Data processing charges	(802)	(678)
Other expenses from ordinary activities	(7,663)	(8,328)
Share of losses of associates and joint ventures accounted for using the equity method	(57)	(57)
Profit from ordinary activities before income tax expense	11,669	8,955
Income tax expense relating to ordinary activities	(3,860)	(2,588)
Net profit	7,809	6,367
	¢	¢
Basic and diluted earnings per share	19.7	16.5

The calculation of earnings per share was based on the weighted average number of permanent share being 39,652,453 (31 December 2003 38,533,000). The consolidated entity does not have any potential ordinary shares that may be considered dilutive therefore diluted earnings per share is the same as basic earnings per share. Earnings per share is based on a half-year profit of \$7,809,000. No shares have been issued since 31 December 2004 to the date of signing this report.

The statement of financial performance is to be read in conjunction with the notes to the half-year financial statements set out on pages 9 to 14.

Statement of Financial Position

As at 31 December 2004

	NOTE	Consolidated	
		DEC 2004 \$000	JUN 2004 \$000
ASSETS			
Cash assets		12,148	11,466
Due from other financial institutions		531	3,342
Trading securities		128,003	49,912
Receivables		9,290	3,372
Investment securities		807,626	759,104
Loans		1,716,999	1,794,810
Equity accounted investments		1,079	1,136
Other financial assets		565	565
Inventories		228	642
Property, plant and equipment		26,977	22,389
Deferred tax assets		1,742	1,896
Other assets		5,039	7,782
Total Assets		2,710,227	2,656,416
LIABILITIES			
Due to other financial institutions		446	465
Payables		13,354	7,671
Deposits		2,526,582	2,483,154
Interest bearing liabilities		10,000	10,000
Current tax liabilities		2,084	3,696
Deferred tax liabilities		2,598	1,526
Provisions		4,740	4,517
Total Liabilities		2,559,804	2,511,029
Net Assets		150,423	145,387
EQUITY			
Contributed equity	6	46,936	44,426
Reserves		30,880	30,880
Retained profits	3	72,607	70,081
Total Equity	7	150,423	145,387

The statement of financial position is to be read in conjunction with the notes to the half-year financial statements set out on pages 9 to 14.

Statement of Cash Flows

For the Half-Year Ended 31 December 2004

	NOTE	Consolidated	
		DEC 2004 \$000	DEC 2003 \$000
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest received		83,982	71,332
Loss on equity investments		-	(230)
Dividends received		-	22
Other cash receipts in the course of operations		12,784	21,683
Interest paid on deposits		(56,784)	(49,518)
Other cash payments in the course of operations		(23,289)	(30,637)
Income taxes paid		(4,245)	(7,013)
Net cash flows from operating activities		12,448	5,639
CASH FLOWS FROM INVESTING ACTIVITIES			
Net increase in loans		(296,622)	(220,769)
Net increase in investments		(127,164)	(149,567)
Disposal of controlled entity	5	-	80
Expenditure on property, plant and equipment		(3,489)	(3,939)
Proceeds from sale of property, plant and equipment		-	135
Net cash flows from investing activities		(427,275)	(374,060)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net increase in deposits		43,856	162,428
Proceeds from sale of securitised loans		374,426	201,798
Dividends paid		(2,773)	(2,358)
Net cash flows from financing activities		415,509	361,868
Net increase/(decrease) in cash held		682	(6,553)
Cash at the beginning of the financial period		11,466	17,849
Cash at the end of the financial period	8	12,148	11,296

The statement of cash flows is to be read in conjunction with the notes to the half-year financial statements set out on pages 9 to 14.

Notes to the Financial Report

For the Half-Year Ended 31 December 2004

1 Basis of preparation of half-year financial report

The half-year consolidated financial report is a general purpose financial report which has been prepared in accordance with the requirements of the Corporations Act 2001, Accounting Standard 1029 "Interim Financial Reporting", the recognition and measurement requirements of applicable AASB standards, other authoritative pronouncements of the Australian Accounting Standards Board and Urgent Issues Group Consensus Views. This half-year financial report is to be read in conjunction with the 30 June 2004 annual financial report and any public announcements by IMB Ltd and its controlled entities during the half-year.

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

These accounting policies have been consistently applied by each entity in the consolidated entity and are consistent with those applied in the 30 June 2004 annual financial report.

The half-year report does not include full note disclosures of the type normally included in an annual financial report.

NOTE	Consolidated	
	DEC 2004 \$000	DEC 2003 \$000

2 Income tax expense

Individually significant income tax items:

Additional income tax payable on Research and Development syndicates	-	262
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3 Retained profits

Retained profits at the beginning of the half-year	70,081	60,617
Net profit	7,809	6,367
Dividends recognised during the half-year	4 (5,283)	(4,383)
Retained profits at the end of the half-year	72,607	62,601

Notes to the Financial Report Cont'd

For the Half-Year Ended 31 December 2004

NOTE	Consolidated	
	DEC 2004 \$000	DEC 2003 \$000
4 Dividends		
Fully franked final dividend declared on 1 August 2003		
- \$0.115 per share franked to 100% at a tax rate of 30% paid on 30 August 2003 on 38,110,072 shares	-	4,383
Fully franked final dividend declared on 31 July 2004		
- \$0.115 per share franked to 100% at a tax rate of 30% paid on 30 August 2004 on 39,129,831 shares	4,500	-
Fully franked special dividend declared on 31 July 2004		
- \$0.02 per share franked to 100% at a tax rate of 30% paid on 30 August 2004 on 39,129,831 shares	783	-
	7	5,283
		4,383

Subsequent events:

On 1 February 2005, the Board declared an interim dividend of 7 cents per share amounting to \$2,794,000 franked to 100% at a tax rate of 30%, in respect to the period ended 31 December 2004. The dividend is payable on 27 February 2005. The financial effect of this interim dividend has not been brought to account in the consolidated entity financial statements for the half-year ended 31 December 2004 and will be recognised in subsequent financial statements.

5 Acquisition/disposal of controlled entities

For the half-year ended 31 December 2004

The consolidated entity did not gain or lose control over any entities during the half-year.

For the half-year ended 31 December 2003

On 25 November 2003, the consolidated entity sold all of its ordinary shares of Callidus Group Investments Pty Limited to Pariven Investments Pty Ltd for \$80,000. The consolidated entity had a 50.1% interest in this company. Callidus Group Investments Pty Limited contribution to consolidated net profit for the December 2003 half-year was a loss of \$632,000.

	NOTE	Consolidated	
		DEC 2004 \$000	JUN 2004 \$000

6 Contributed equity

Issued and paid up capital

39,911,640 (December 2003 38,742,736) ordinary shares, fully paid		46,936	44,426
Movements in ordinary share capital			
Balance at the beginning of the half-year		44,426	43,234
Issue on 28 February 2004 of 387,095 shares under the dividend reinvestment plan at a price of \$3.08 per share*		-	1,192
Issue on 30 August 2004 of 781,809 shares under the dividend reinvestment plan at a price of \$3.21 per share*	7	2,510	-
		46,936	44,426

* Under the dividend reinvestment plan, the value of each share allotted and issued for each particular dividend is equal to the weighted average market price of all shares sold through the Company's share market during the last five business days on which shares were sold immediately prior to the last business day before the Books Closing Date for that dividend reduced by an amount of 3% or such other percentage as may be determined by the Board from time to time. The dividend reinvestment plan was suspended from 31 January 2005.

	NOTE	Consolidated	
		DEC 2004 \$000	DEC 2003 \$000

7 Total equity reconciliation

Total equity at the beginning of the period		145,387	132,915
Total changes in parent entity interest in equity recognised in the statement of financial performance		7,809	6,367
Transactions with owners as owners:			
- Shares purchased through the dividend re-investment plan		2,510	2,025
- Dividends	4	(5,283)	(4,383)
Total changes in outside equity interest		-	(209)
Total equity at the end of the half-year		150,423	136,715

Notes to the Financial Report Cont'd

For the Half-Year Ended 31 December 2004

	Consolidated	
	DEC 2004 \$000	DEC 2003 \$000

8 Notes to the statement of cash flows

Reconciliation of cash

Cash as at the end of the financial period as shown in the statement of cash flows is reconciled to the related items in the balance sheet as follows:

Cash assets	14,586	13,051
Secured Bank Overdraft	(2,438)	(1,755)
	12,148	11,296

9 Contingent assets and contingent liabilities

Except as described below, there were no material changes in contingent assets or contingent liabilities since 30 June 2004.

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 had 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 activities 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.

10 Events subsequent to balance date

For reporting periods beginning 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.

This half-year financial report has been prepared in accordance with Australian accounting standards and other financial reporting requirements (Australian GAAP) applicable for reporting periods ending on 31 December 2004.

The consolidated entity has not quantified the effects of the differences discussed below. Accordingly, there can be no assurances that the consolidated financial performance and financial position as disclosed in this financial report would not be significantly different if determined in accordance with AIFRS.

Implementation project

The board has established a formal project, monitored by a steering committee, to achieve transition to AIFRS reporting, for the financial year commencing 1 July 2005. The implementation project consists of three phases; assessment and planning, design, and implementation.

Assessment and planning phase

The assessment and planning phase generated a high level overview of the impacts of conversion to AIFRS reporting on existing accounting and reporting policies and procedures, systems and processes, business structures and staff.

This phase includes:

- high level identification of the key differences in accounting policies and disclosures that are expected to arise from adopting AIFRS;
- assessment of new information requirements affecting management information systems, as well as the impact on the business and its key processes;
- evaluation of the implications for staff, for example training requirements; and
- preparation of a conversion plan for expected changes to accounting policies, reporting structures, systems, accounting and business processes and staff training.

The assessment and planning phase is complete in most respects as at 31 December 2004.

Design phase

The design phase aims to formulate the changes required to existing accounting policies and procedures and systems and processes in order to transition to AIFRS. The design phase has commenced with various project teams working on areas such as treasury operations, application of impairment requirements, and transitional elections.

The design phase will incorporate:

- formulating revised accounting policies and procedures for compliance with AIFRS requirements;
- identifying potential impacts as at the transition date and for subsequent reporting periods prior to adoption of AIFRS;
- developing revised AIFRS disclosures;
- designing accounting and business processes to support AIFRS reporting obligations;
- identifying and planning required changes to financial reporting and business source systems; and
- developing training programs for staff.

The consolidated entity has commenced its design phase, with work progressing in each of the areas above. The design phase is expected to be completed by 30 June 2005.

Notes to the Financial Report Cont'd

For the Half-Year Ended 31 December 2004

10 Events subsequent to balance date cont'd

Implementation phase

The implementation phase will include implementation of identified changes to accounting and business procedures, processes and systems and operational training for staff. It will enable the consolidated entity to generate the required disclosures of AASB 1 as it progresses through its transition to AIFRS.

Except for certain training that has not been given to operational staff, the consolidated entity has already commenced the implementation phase and expects this phase to be substantially complete by 30 June 2005.

The key potential implications of the conversion to AIFRS on the consolidated entity are as follows:

Financial Instruments

Existing trading and investment securities will require classification within new categories of financial assets under AIFRS – trading assets, held to maturity investments and available for sale assets. The classification of financial assets will potentially alter their existing carrying value and recognition of any subsequent changes in fair value.

AIFRS will require all derivatives to be recognised at their fair value on the balance sheet unless hedge accounting is achieved. The application of hedge accounting will be subject to the satisfaction of strict criteria. It is IMB Ltd's current intention that upon finalisation of the AIFRS hedge accounting requirements, appropriate policies and procedures will be implemented in order to allow the use of hedge accounting.

The guidelines for derecognition of transferred assets will be predominantly based on a risks and rewards approach with continuing involvement in assets being considered in certain circumstances. This will most likely see a large portion of securitised assets being retained in the group financial statements.

In addition, the interpretation of what special purpose entities need to be consolidated is different under AIFRS and therefore most securitisation arrangements would be required to be consolidated.

Income tax

The conversion to AIFRS will require the adoption of the balance sheet approach in accounting for income tax, which will potentially result in the recognition of more deferred tax assets and liabilities, and with tax effects required to follow the underlying transaction, may result in their recognition within equity as well as income tax expense.

Loan provisioning

AIFRS requires financial assets to be assessed for impairment and if such an indication exists, a calculation performed to determine any impairment loss. This may result in changes to IMB Ltd's calculation processes and measurement of provisions for impaired loans, for example as a result of the use of discounting techniques and recognition of loan impairment provisions only for "incurred" loan losses.

Post employment benefits (ie superannuation)

The conversion to AIFRS will require entity sponsored defined benefit plan deficits or surpluses to be recognised in the statement of financial position upon transition, with subsequent changes recognised within the ongoing performance of the consolidated entity.

Property, Plant and Equipment

Revaluation increments and decrements relating to revalued property, plant and equipment will be recognised on an individual asset basis, not a class of assets basis.

Goodwill

Goodwill with an indefinite useful life will be tested for impairment annually and will not be amortised.

Impairment will be determined on a discounted basis, with strict tests for determining whether goodwill and cash-generating operations have been impaired.

Changes in Accounting Policies

Changes in accounting policies will be recognised by restating comparatives rather than making current year adjustments with note disclosure of prior year effects.

Directors' Declaration

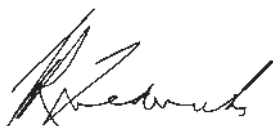
For the Half-Year Ended 31 December 2004

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

1. the financial statements and notes set out on pages 6 to 14, are in accordance with the Corporations Act 2001, including:
 - (a) giving a true and fair view of the financial position of the consolidated entity as at 31 December 2004 and of its performance, as represented by the results of its operations and cash flows for the half-year ended on that date; and
 - (b) complying with Australian Accounting Standard AASB1029 "Interim Financial Reporting" and the Corporations Regulations 2001; and
2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Dated at Wollongong this first day of February 2005.

Signed in accordance with a resolution of the directors:



LR Fredericks
Chairman



MJ Cole
Director

Independent Review Report to the Members of IMB Ltd

Scope

The financial report and directors' responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes 1 to 10 to the financial statements, and the directors' declaration for the IMB Ltd consolidated entity ("the consolidated entity"), for the half-year ended 31 December 2004. The consolidated entity comprises IMB Ltd ("the Company") and the entities it controlled during that half-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.

Review approach

We conducted an independent review in order for the Company to lodge the financial report with the Australian Securities and Investments Commission. Our review was conducted in accordance with Australian Auditing Standards applicable to review engagements.

We performed procedures in order to state whether on the basis of the procedures described anything has come to our attention that would indicate the financial report does not represent fairly, in accordance with the Corporations Act 2001, Australian Accounting Standard AASB 1029 "Interim Financial Reporting" and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the consolidated entity's financial position, and of its performance as represented by the results of its operations and cash flows.

We formed our statement on the basis of the review procedures performed, which were limited primarily to:

- enquiries of company personnel; and
- analytical procedures applied to the financial data.

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

The procedures do not provide all the evidence that would be required in an audit, thus the level of assurance is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

A review cannot guarantee that all material misstatements have been detected.

Independence

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

Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe the half-year financial report of IMB Ltd is not in accordance with:

- (a) the Corporations Act 2001, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2004 and of its performance for the half-year ended on that date; and
 - (ii) complying with Australian Accounting Standard AASB 1029 "Interim Financial Reporting" and the Corporations Regulations 2001; and
- (b) other mandatory financial reporting requirements in Australia.



KPMG

A handwritten signature in black ink, appearing to read 'CP Hollis', written in a cursive style.

CP Hollis
Partner

Wollongong, 1 February 2005

Shareholders' Diary and Other Information

Registered Office

253-259 Crown St
Wollongong NSW 2500

Shareholders' diary

- Payment of interim dividend 27 February 2005.
- Announcement of full year results August 2005.

Share registry

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

The share register is available for inspection at:

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

Advisers

Solicitors

Watson Mangioni
Level 13
50 Carrington St
Sydney NSW 2000

Auditors

KPMG
Level 3
63 Market St
Wollongong NSW 2500

IMB Ltd, incorporated and domiciled in Australia, is a public unlisted company limited by shares.

celebrating
125 years

IMB

BANKING &
FINANCIAL SERVICES

www.imb.com.au

