
CHAIRMAN'S ADDRESS TO THE 2004 AGM

Ladies and Gentlemen

Welcome on behalf of the Board to Pioneer's 2004 Annual General Meeting, which is the 37th Annual General Meeting of the Society. All are acquainted with the Board members and Mr Bob Jackson and Mr Larry Voltz who guided Pioneer through the year under review. I would like to introduce to you Mr Allan Richardson, our current General Manager who was appointed during July 2004 to take Pioneer forward in the years ahead. Allan has extensive experience in banking and finance with Building Societies, Banks and Credit Unions, and in financial management.

As all have received a copy of the reports and letters during the year, I do not intend to comment again extensively on those matters. Management and Directors are pleased with the turnaround obtained in most areas as reported in these financial statements.

I am pleased to report this strong and positive trend has continued in the current year thanks to our strong balance sheet, provisions and reserves, in conjunction with the dedicated effort from Management and staff.

Now Looking Ahead

The growth in funds has continued and looking at the unaudited results to date I can report on this positive trend shown in the following figures:

- Net profit before tax for the four months is maintaining budget forecasts and is now above \$800,000
- Growth in deposit funds since year end has been \$20 million
- Loans originated since the year end is \$43 million
- Capital adequacy at present has risen to 16.32%

The challenges that continue to stand before us for the balance of this year are:

- **Lending**

In the housing loans area all institutions are being affected by the number of loan payouts due to abnormal property sales. It is pleasing to report that since year end our loan portfolio has increased steadily by \$7.6 million. Management is working hard to continue this increase by new products and personalised service.

- **Reduction of Cost to Income Ratio**

Management is examining all areas of cost and is moving forward with an enhanced computer upgrade that should provide savings without sacrificing service.

- **Dividend Yields and Share Value**

With our securities now listed on The Stock Exchange of Newcastle Limited (NSX), together with the Board's dividend policy of prudentially building up the reserves of Pioneer at the same time as giving Shareholders a return on their investment, we would expect future dividends and share value to increase with the strengthening results that should continue.

There are solid reasons for this confidence. As we noted in the Annual Report, Pioneer has strong business fundamentals; the regional Queensland economy is healthy; and we have a strong Management team delivering our strategy.

In closing I would once again acknowledge the strong support and help of Directors, current Senior Management, Staff, Agents, Shareholders, Customers and Associates during the past year and look forward to continuing relationships into the future.

CLIFFORD FLOR
CHAIRMAN