

FORM: Preliminary final report

Name of issuer

Pioneer Permanent Building Society Limited

ACN or ARBN

087 652 042

Half yearly
(tick)

Preliminary
final (tick)

X

Half year/financial year ended
(‘Current period’)

30 June 2004

For announcement to the market

Extracts from this statement for announcement to the market (see note 1).

Extracts from this statement for announcement to the market (see note 1).				\$A,000
Sales (or equivalent) operating revenue (item 1.1)	up	7%	to	35,819
Operating profit (loss) before abnormal items and tax (item 1.4	up	-266%	to	1,936
Abnormal items before tax (item 1.5)	N/A	gain (loss) of	to	Nil
Operating profit (loss) after tax but before outside equity interests (item 1.8)	up	-263%	to	1,351
Extraordinary items after tax attributable to members (item 1.13)	N/A	gain (loss) of	to	Nil
Operating profit (loss) and extraordinary items after tax attributable to members (item 1.16)	up	-263%	to	1,351
Exploration and evaluation expenditure incurred (item 5.2)	N/A	%	to	Nil
Exploration and evaluation expenditure written off (item 5.3)	N/A	%	to	Nil
Dividends (distributions)		Amount Franked Amount		
Final Dividend (<i>preliminary final report only</i>)		5.50¢ 5.50¢		
Interim Dividend (<i>Half yearly report only</i>)				
Previous corresponding period		Nil¢ Nil¢		
Record date for determining entitlements to the dividend, (in the case of a trust distribution) (see item 15.2)			16 September 2004	
Short details of any bonus or cash issue or other items(s) of importance not previously released to the market:				

Consolidated profit and loss account

(The figures are not equity accounted)

	Current period \$A'000	Previous corresponding period \$A'000
1.1 Interest revenue	29,844	28,091
1.2 Other revenue	5,975	5,405
1.3 Total revenue	35,819	33,496
1.4 Operating profit (loss) before abnormal items and tax	1,936	(1,168)
1.5 Abnormal items before tax (detail in item 2.1)	Nil	Nil
1.6 Operating profit (loss) before tax (items 1.4 + 1.5)	1,936	(1,168)
1.7 Less tax	585	(337)
1.8 Operating profit (loss) after tax but before outside equity interests	1,351	(831)
1.9 Less outside equity interests		
1.10 Operating profit (loss) after tax attributable to members	1,351	(831)
1.11 Extraordinary items after tax (detail in item 2.3)	Nil	Nil
1.12 Less outside equity interests	Nil	Nil
1.13 Extraordinary items after tax attributable to members	Nil	Nil
1.14 Total operating profit (loss) and extraordinary items after tax (items 1.8 1.11)	1,351	(831)
1.15 Operating profit (loss) and extraordinary items after tax attributable to outside equity interests (items 1.9 .112)	Nil	Nil
1.16 Operating profit (loss and extraordinary items after tax attributable to members (items 1.10 +1.13)	1,351	(831)

Consolidated profit and loss account continued

1.17 Dividends provided for or paid	252	916
1.18 Aggregate or amounts transferred to reserves		
1.19 Retained profits (accumulated losses) at tend of financial period	2,183	1,084

Abnormal and extraordinary items

		Consolidated – current period		
		Before tax \$A'000	Related tax \$A'000	After tax \$A'000
2.1	Abnormal items			
2.2	Total abnormal items	Nil	Nil	Nil
2.3	Extraordinary items			
2.4	Total extraordinary items	Nil	Nil	Nil

Comparison of half year profits*(Preliminary final statement only)*

		Current year - \$A'000	Previous year - \$A'000
3.1	Consolidated operating profit (loss) after tax attributable to members reported for the 1st half year (item 1.10 in the half yearly statement)	486	206
3.2	Consolidated operating profit (loss) after tax attributable to members for the 2nd half year	865	(1037)

Consolidated balance sheet

(See note 5)

Assets		At end of current period \$A'000	As shown in last annual report \$A'000	As in last half yearly statement \$A'000
4.1	Cash and Liquid Assets	10,001	18,042	18,119
4.2	Due from other financial institutions	71,500	27,200	44,000
4.3	Accrued receivables	1,964	1,880	2,752
4.4	Investment securities	92,926	64,543	106,688
4.5	Loans and advances	280,253	318,400	293,611
4.6	Other Investments	564	753	734
4.7	Property, plant and equipment	4,421	4,916	4,631
4.8	Deferred tax assets	1,096	1,024	1,158
4.9	Intangible assets	67	76	71
4.10	Other assets	488	548	585
4.11	Total assets	463,280	437,382	472,349
Liabilities				
4.12	Deposits & Short term borrowings	420,188	397,082	431,662
4.13	Payables & other liabilities	5,877	4,467	4,205
4.14	Interest bearing liabilities	17,416	17,416	17,416
4.15	Tax liabilities	196	78	257
4.16	Provisions	451	464	446
4.17	Total liabilities	444,128	419,507	453,986
4.18	Net assets	19,152	17,875	18,361
Equity				
4.19	Capital	15,535	15,356	15,356
4.20	Reserves	1,434	1,434	1,434
4.21	Retained profits (accumulated losses)	2,183	1,085	1,571
4.22	Equity attributable to members of the parent entity			
4.23	Outside equity interests in controlled entities			
4.24	Total equity	19,152	17,875	18,361
4.25	Preference capital and related premium included as part of 4.31			

Exploration and evaluation expenditure capitalised

To be completed only by issuers with mining interests if amounts are material. Include all expenditure incurred regardless of whether written off directly against profit

	Current period \$A'000	Previous corresponding period \$A'000
5.1 Opening balance		
5.2 Expenditure incurred during current period		
5.3 Expenditure written off during current period		
5.4 Acquisitions, disposals, revaluation increments, etc.		
5.5 Expenditure transferred to Development Properties		
5.6 Closing balance as shown in the consolidated balance sheet (item 4.9)	N/A	N/A

Development**properties**

(To be completed only by issuers with mining interests if amounts are material)

	Current period \$A'000	Previous corresponding period \$A'000
6.1 Opening balance		
6.2 Expenditure incurred during current period		
6.3 Expenditure transferred from exploration and evaluation		
6.4 Expenditure written off during current period		
6.5 Acquisitions, disposals, revaluation increments, etc.		
6.6 Expenditure transferred to mine properties		
6.7 Closing balance as shown in the consolidated balance sheet (item 4.10)	N/A	N/A

Consolidated statement of cash flows

(See note 6)

		Current period \$A'000	Previous corresponding period \$A'000
	Cash flows related to operating activities		
7.1	Receipts from customers	2,418	3,026
7.2	Payments to suppliers and employees	(12,100)	(11,089)
7.3	Dividends received	4	3
7.4	Interest and other items of similar nature received	28,904	27,920
7.5	Interest and other costs of finance paid	(17,494)	(16,660)
7.6	Income taxes paid	226	(970)
7.7	Other (provide details if material)	509	244
7.8	Net operating cash flows	2,467	2,474
	Cash flows related to investing activities		
7.9	Payments for purchases of property, plant and equipment	(629)	(1,499)
7.10	Proceeds from sale of property, plant and equipment	81	103
7.11	Payment for purchases of equity investments		
7.12	Proceeds from sale of equity investments		
7.13	Loans to other entities/customers	(147,289)	(119,420)
7.14	Loans repaid by other entities/customers	113,310	81,401
7.15	Other (provide details if material)	(14)	5
7.16	Net investing cash flows	(34,541)	(39,410)
	Cash flows related to financing activities		
7.17	Proceeds from issues of securities (shares, options, etc.)	178	4,687
7.18	Proceeds from borrowings/client deposits	24,107	34,513
7.19	Repayment of borrowings		
7.20	Dividends paid	(252)	(916)
7.21	Other (provide details if material)		
7.22	Net financing cash flows	24,033	38,284
	Net increase (decrease) in cash held	(8,041)	1,348
7.23	Cash at beginning of period (see <i>Reconciliations of cash</i>)	18,042	16,694
7.24	Exchange rate adjustments to item 7.23		
7.25	Cash at end of period (see <i>Reconciliation of cash</i>)	10,001	18,042

Non-cash financing and investing activities

Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows are as follows. If an amount is quantified, show comparative amount.

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Reconciliation of cash

Reconciliation of cash at the end of the period (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

		Current period \$A'000	Previous corresponding period \$A'000
8.1	Cash on hand and at bank	9,001	11,742
8.2	Deposits at call	1,000	6,300
8.3	Bank overdraft		
8.4	Other (provide details)		
8.5	Total cash at end of period (item 7.25)	10,001	18,042

Ratios

		Current period	Previous corresponding period
	Profit before abnormals and tax/sales		
9.1	Consolidated operating profit (loss) before abnormal items and tax (items 1.4) as a percentage of sales revenue (items 1.1)	5.4%	(3.5%)
	Profit after tax/equity interests		
9.2	Consolidated operating profit (loss) after tax attributable to members (item 1.10) as a percentage of equity (similarly attributable) at the end of the period (item 4.34)	7.1%	(4.6%)

Earnings per security (EPS)

10.1	Calculation of basic, and fully diluted, EPS in accordance with AASB 1027: Earnings per Share		
	(a) Basic EPS	13.39 cents	(8.51 cents)
	(b) Diluted EPS (if materially different from (a))		

NTA backing

(see note 7)

		Current period	Previous corresponding period
11.1	Net tangible asset backing per ordinary security	1.89	1.76

Details of specific receipts/outlays, revenues/expenses

		Current period A\$'000	Previous corresponding period \$A'000
12.1	Interest revenue included in determining items 1.4	29,844	28,091
12.2	Interest revenue included in item 12.1 but not yet received (if material)	1,414	410
12.3	Interest expense included in item 1.4 (include all forms of interest, lease finance charges, etc.)	18,266	16,932
12.4	Interest costs excluded from item 12.3 and capitalised in asset values (if material)	0	0
12.5	Outlays (excepts those arising from the acquisition of an existing business) capitalised in intangibles (if material)	0	0
12.6	Depreciation (excluding amortisation of intangibles)	884	913
12.7	Amortisation of intangibles	24	15

Control gained over entities having material effect*(See note 8)*

13.1	Name of <i>issuer</i> (or <i>group</i>)	
13.2	Consolidated operating profit (loss) and extraordinary items after tax of the <i>issuer</i> (or <i>group</i>) since the date in the current period on which control was acquired	\$
13.3	Date from which such profit has been calculated	
13.4	Operating profit (loss) and extraordinary items after tax of the <i>issuer</i> (or <i>group</i>) for the whole of the previous corresponding period	\$

Loss of control of entities having material effect*(See note 8)*

14.1	Name of entity (or <i>group</i>)	
14.2	Consolidated operating profit (loss) and extraordinary items after tax of the entity (or <i>group</i>) for the current period to the date of loss of control	\$
14.3	Date from which the profit (loss) in item 14.2 has been calculated	
14.4	Consolidated operating profit (loss) and extraordinary items after tax of the entity (or <i>group</i>) while controlled during the whole of the previous corresponding period	\$
14.5	Contribution to consolidated operating profit (loss) and extraordinary items from sale of interest leading to loss of control	\$

Dividends

15.1	Date the dividend is payable	28 September 2004
15.2	Record date to determine entitlements to the dividend (ie. on the basis of registrable transfers received up to 5.00 pm)	16 September 2004
15.3	Amount per security	5.5 cents

		<i>Franking rate applicable</i>	39%	36%	30%
	<i>(Preliminary final statement only)</i>				
15.4	Final dividend: Current year	5.5¢	N/A	N/A	5.5¢
15.5	Previous year	Nil	N/A	N/A	N/A
	<i>(Half yearly and preliminary final statements)</i>				
15.6	Interim dividend: Current year	2.5¢	N/A	N/A	2.5¢
15.7	Previous year	2.0¢	N/A	N/A	2.0¢

Total annual dividend (distribution) per security

(Preliminary final statement only)

		Current year	Previous year
15.8	Ordinary securities	8.0 ¢	2.0 ¢
15.9	Preference securities	N/A	N/A

Total dividend (distribution)

		Current period \$A'000	Previous corresponding period - \$A'000
15.10	Ordinary securities	\$811	\$191
15.11	Preference securities	\$	\$
15.12	Total	\$811	\$191

The *dividend or distribution plans* shown below are in operation.

Shares issued under the Dividend reinvestment scheme are at a discount of 5% to the prevailing market price.

The last date(s) for receipt of election notices to the dividend or distribution plans	16 September 2004
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Any other disclosures in relation to dividends (distributions)

Nil

Equity accounted associated entities and other material interests

Equity accounting information attributable to the economic entity's share of investments in associated entities must be disclosed in a separate notice. See AASB 1016: Disclosure of Information about Investments in Associated Companies.

Investments in associated entities		Current period A\$'000	Previous corresponding period A\$'000
16.1	Statutory carrying value of investments in associated entities (SCV)		
16.2	Share of associated entities' retained profits and reserves not included in SCV:		
	Retained profits		
	Reserves		
16.3	Equity carrying value of investments	N/A	N/A

Material interests in entities which are not controlled entities

The economic entity has an interest (that is material to it) in the following entities.

		Percentage of ownership interest (ordinary securities, units etc) held at end of period		Contributing to operating profits (loss) and extraordinary items after tax	
17.1	Equity accounted associated entities	Current period	Previous corresponding period	Current period	Previous corresponding period
				<i>Equity accounted</i>	
17.2	Other material interests			<i>Not equity accounted (ie part of item 1.14)</i>	

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Issued and listed securities

Description includes rate of interest and any redemption or conversion rights together with prices and rates.

Category of securities		Number issued	Number listed	Par value (cents)	Paid-up value (cents)
18.1	Preference securities (description)				
18.2	Issued during current period				
18.3	Ordinary securities	10,151,404	10,151,404	N/A	Fully Paid
18.4	Issued during current period	62,841	62,841	N/A	Fully Paid
18.5	Convertible debt securities (description and conversion factor)				
18.6	issued during current period				
18.7	Options (description and conversion factor)			Exercise price	Expiry date
18.8	Issued during current period				
18.9	Exercised during current period				
18.10	Expired during current period				
18.11	Debentures (totals only)				
18.12	Unsecured Notes (totals only)	\$17,416,439	\$17,416,439		

Comments on Results

A review of the operations of the economic entity during the financial year and results of those operations follows:

- The Society's operations are mainly conducted in Queensland and only comprise of activities normally associated with the Building Society industry. The operations comprise of the acceptance of deposits and the provision of loans.
- The consolidated pre-tax profit of the economic entity for the year was \$1,935,705, compared with a pre-tax loss for the previous year of \$1,167,570. This improvement resulted from an increase in income of \$988,615 and a reduction in expenses of \$2,114,659.
- Loan approvals for the year totalled \$96.2 million, which was slightly below last year's figure. Loan approvals increased over the year from \$42.3 million in the first half to \$53.9 million in the second half.
- Loan balances reduced by \$38 million over the year as a consequence of actions taken to restructure the lending portfolio. However despite this the Society's interest margin increased as a result of an improvement in the margin on deposit funds.
- The General Provision for Doubtful Debts was increased by a further \$505,000 and stood at \$2.8 million at 30 June 2004.
- Total assets increased by \$26 million over the year.
- Earnings per share increased to 13.39 cents per share (previous -8.51 cents per share). There are no instruments on issue having a dilutionary effect on earnings per share.
- Dividends for the year increased to 8.0 cents (previous 2.0 cents)

Basis of accounts preparation

If this statement is a half yearly statement, it is a general purpose financial report prepared in accordance with the listing rules and AASB 1029: Half-Year Accounts and Consolidated Accounts. It should be read in conjunction with the last annual report and any announcements to the market made by the issuer during the period. [Delete if in applicable.]

Material factors affecting the revenues and expenses of the issuer for the current period

A profit of \$478,306 was recognised on the sale of shares held in Cashcard Australia Limited.

An expense of \$505,000 was incurred in increasing the general provision for doubtful debts. An increase of this magnitude is not anticipated in the foreseeable future.

A description of each event since the end of the current period which has had a material effect and is not related to matters already reported, with financial effect quantified (if possible)

Nil

Franking credits available and prospects for paying fully or partly franked dividends for at least the next year

\$2,935,585 – The Society expects dividends paid during the next year to be fully franked

Changes in accounting policies since the last annual report are disclosed as follows.

(Disclose changes in the half yearly statement in accordance with paragraph 15(c) of AASB 1029: Half-Year Accounts and Consolidated Accounts. Disclose changes in the preliminary final statement in accordance with AASB 101: Accounting Policies-Disclosure.)

Nil

Annual meeting

(Preliminary final statement only)

The annual meeting will be held as follows:

Place

To be advised

Date

Time

Approximate date the annual report will be available

21 October 2004

Compliance statement

1. This statement has been prepared under accounting policies which comply with accounting standards as defined in the *Corporations Act* or other standards acceptable to the Exchange (see note 13).

Identify other standards used

2. This statement, and the financial statements under the *Corporations Act* (if separate), use the same accounting policies.

3. This statement does give a true and fair view of the matters disclosed (see note 2).

4. This statement is based on financial statements to which one of the following applies:

- ☒ The financial statements have been audited. ☐ The financial statements have been subject to review by a registered auditor (or overseas equivalent).
- ☐ The financial statements are in the process of being audited or subject to review. ☐ The financial statements have *not* yet been audited or reviewed.

5. If the accounts have been or are being audited or subject to review and the audit report is not attached, details of any qualifications are attached/will follow immediately they are available* (delete one). *(Half yearly statement only - the audit report must be attached to this statement if the statement is to satisfy the requirements of the Corporations Act.)*

6. The *issuer* has a formally constituted audit committee.

Sign here:
(Company secretary)

Date: 16 September 2004

Print name: Larry Voltz

Notes

1. **For announcement to the market** The percentage changes referred to in this section are the percentage changes calculated by comparing the current period's figures with those for the previous corresponding period. Do not show percentage changes if the change is from profit to loss or loss to profit, but still show the amount of the change up or down.
2. **True and fair view** If this statement does not give a true and fair view of a matter (for example, because compliance with an Accounting Standard is required) the *issuer* must attach a note providing additional information and explanations to give a true and fair view.
3. **Consolidated profit and loss account**
 - Item 1.1 The definition of "operating revenue" and an explanation of "sales revenue" (or its equivalent) and "other revenue" are set out in *AASB 1004: Disclosure of Operating Revenue*.
 - Item 1.2 "other revenue" includes abnormal items, but excludes extraordinary revenue items.
 - Item 1.4 "operating profit (loss) before abnormal items and tax" is calculated before dealing with outside equity interests and extraordinary items, but after deducting interest on borrowings, depreciation and amortisation.
 - Item 1.7 This item refers to the total tax attributable to the amount shown in item 1.6. Tax includes income tax and capital gains tax (if any) but excludes taxes treated as operating expenses (eg. fringe benefits tax).
4. **Income tax** If the amount provided for income tax in this statement differs (or would differ but for compensatory items) by more than 15% from the amount of income tax *prima facie* payable on the profit before tax, the entity must explain in a note the major items responsible for the difference and their amounts.
5. **Consolidated balance sheet**

Format The format of the consolidate balance sheet should be followed as closely as possible. However, additional items may be added if greater clarity of exposition will be achieved, provided the disclosure still meets the requirements of *AASB 1029*. Banking institutions may substitute a clear liquidity ranking for the Current/Non-Current classification.

Basis of revaluation If there has been a material revaluation of non-current assets (including investments) since the last annual report, the *issuer* must describe the basis of revaluation adopted. The description must meet the requirements of paragraphs 19-21 of *AASB 1010: Accounting for the Revaluation of Non-Current Assets*. If the *issuer* has adopted a procedure of regular revaluation, the basis for which has been disclosed and has not changed, no additional disclosure is required. Trusts should also note paragraph 10 of *AASB 1029* and paragraph 11 of *AASB 1030*.
6. **Statement of cash flows** For definitions of "cash" and other terms used in this statement see *AASB 1026: Statement of Cash Flows*. *Issuers* should follow the form as closely as possible, but variations are permitted if the *directors* (in the case of a trust, the management company) believe that this presentation is inappropriate. However, the presentation adopted must meet the requirements of *AASB 1026*. Mining exploration *issuers* may use the form of

cashflow statement in Appendix 5B.

7. **Net tangible asset backing** Net tangible assets are determined by deducting from total tangible assets all claims on those assets ranking ahead of the ordinary securities (i.e. all liabilities, preference shares, outside equity interests, etc). Mining *issuers* are *not* required to state a net tangible asset backing per ordinary *security*.
8. **Gain and loss of control over entities** The gain or loss must be disclosed if it has a material effect on the consolidated financial statements. Details must include the contribution for each gain or loss that increased or decreased the *issuer's* consolidated operating profit (loss) and extraordinary items after tax by more than 5% compared to the previous corresponding period.
9. **Equity accounting** If an *issuer* adopts equity accounting, no comparative equity accounting figures are required in the first period following its adoption.
10. **Rounding of figures** This statement anticipates that the information required is given to the nearest \$1,000. However, an *issuer* may report exact figures, if the \$A'000 headings are amended. If an *issuer* qualifies under an ASIC Class Order dated 17 August 1994, it may report to the nearest million dollars, or to the nearest \$100,000, if the \$A'000 headings are amended.
11. **Comparative figures** Comparative figures are normally the unadjusted figures from the previous corresponding period. However, if the previously reported figures are adjusted to achieve greater comparability, a note explaining the adjustment must be included with this statement. If no adjustment is made despite a lack of comparability, a note explaining the position should be attached.
12. **Additional information** An *issuer* may disclose additional information about any matter, and must do so if the information is material to an understanding of the financial statements. The information may be an expansion of the material contained in this statement, or contained in a note attached to the statement. The requirement under the list rules for an *issuer* to complete this statement does not prevent the *issuer* issuing reports more frequently. Additional material lodged with the ASIC under the *Corporations Act* must also be given to the Exchange. For example, a *directors'* report and statement, if lodged with the ASIC, must be given to the Exchange.
13. **Accounting Standards** the Exchange will accept, for example, the use of International Accounting Standards for *foreign issuers*. If the standards used do not address a topic, the Australian standard on that topic (if one) must be complied with.
14. **Borrowing corporations** As at 1/7/96, this statement may be able to be used by an *issuer* required to comply with the *Corporations Act* as part of its half yearly financial statements if prepared in accordance with Australian Accounting Standards. However, borrowing corporations must comply with Schedule 5 of the Corporations Regulations. See regulation 3.6.02(4).