

2004

ANNUAL REPORT



PIONEER

Personalised Regional Banking



Pioneer Permanent Building
Society Limited

ABN 36 087 652 042

Australian Financial Services
Licence No. 245488

Registered Office
174 Victoria Street
P.O. Box 1084
Mackay Qld 4740

Telephone: (07) 4951 2344

Facsimile: (07) 4957 8841

Email: admin@ppbsl.com.au

www.pioneeronline.com.au

Share & Note Registry Office
ASX Perpetual Registrars Limited
c/- Pioneer Permanent Building
Society Limited

GPO Box 35

Brisbane Qld 4001

Telephone: (07) 3228 4219

Facsimile: (07) 3221 3149

Email: registrars@asxperpetual.com.au

Bankers

Westpac Banking Corporation

Solicitors

Macrossan & Amiet

Williams, Graham & Carman

Auditors

S.H. Tait & Co.

Chartered Accountants

BOARD OF DIRECTORS

C. Flor

ACA, ACIS, CPA, FAICD

A.P.F. Ghusn

Solicitor of Supreme Court of
Queensland, FAICD

R.C. Deguara

B.Ec. (Accg.), FAICD

V.B. Comino

B. Pharm., FAICD

M.T. Bohlscheid

A. Ed.

G.G. Cerutti

B. Ec. (Accg.), CPA, FAICD

EXECUTIVE TEAM

General Manager

A.A. Richardson

B.Com, MBA, ACIS

Company Secretary/

Assistant General Manager

L.J. Voltz

B.A. (Accg.), CPA, AIFS

Financial Controller

M.B. McLennan

B.Bus, CPA

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Pioneer Permanent Building Society Limited provides a broad range of banking and lending products and services to meet the needs of individuals, households and small businesses.

We have a long and solid history. Since establishing in Mackay in 1968, we now have 56 Outlets around Queensland.

Our Vision is to be:

“Your First Choice in Personalised Regional Banking”

Our Mission is to:

- Substantially grow the business through the proactive delivery of competitive and innovative financial products and the development of long term partnerships with clients
- Focus on regional markets and communities
- Optimise customer and shareholder value
- Achieve excellence in personalised customer service
- Acquire and maintain best practice sales and service support capability
- Develop the best team, and
- Commit to the Pioneer spirit by striving for success and sharing that success with customers, shareholders, staff and the community

Financial Highlights

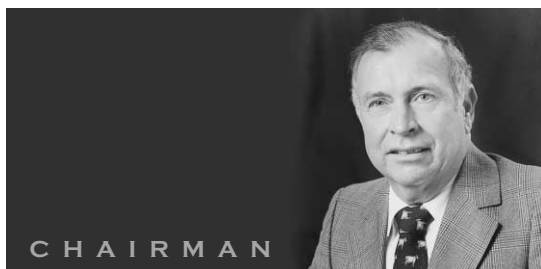
- Strong rebound in profitability to \$1.9 million before tax
- Increase in total income by 6.0% to \$17.5 million
- Reduction in expenses by 11.9% to \$15.6 million
- Continued growth in deposits, an increase of \$23 million for the year
- Stronger balance sheet with shareholders funds increasing to \$19.2 million at 30 June 2004
- Full year dividend of 8 cents per share fully franked

Operational Highlights

- Experienced management team delivering on strategy
- Improved systems in place to take the Society forward
- Improvement in the quality of the loan book
- Listing of the Society's shares and notes on the Newcastle Stock Exchange
- Capital Adequacy at 30 June 2004 of 16.2%, well in excess of regulatory requirements

Summary of Performance

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Net profit before tax (\$m)	1.018	1.183	1.302	1.401	1.626	2.000	2.315	2.715	(1.168)	1.936
Net profit after tax (\$m)	0.673	0.741	0.819	0.877	1.030	1.228	1.471	1.890	(0.831)	1.351
Total Assets (\$m)	133.776	149.553	151.995	161.116	206.669	267.087	358.800	401.200	437.382	463.280
Total Liabilities (\$m)	125.627	141.301	143.337	151.828	196.632	256.300	344.822	383.692	419.507	444.128
Total Deposits (\$m)	123.106	138.489	140.588	147.763	191.711	241.091	329.372	363.693	397.081	420.186
Total Loan Balances (\$m)	99.307	105.027	117.993	133.589	176.511	222.940	275.760	318.548	318.400	280.253
Shareholders Funds (\$m)	8.148	8.252	8.658	9.288	10.037	10.787	13.945	17.540	17.875	19.152
Loan Approvals (\$m)	32.693	35.856	40.266	47.591	77.118	86.351	109.479	120.914	97.613	96.198



CLIFFORD FLOR

THE FUTURE HAS NOT LOOKED AS OPTIMISTIC FOR MANY YEARS

I am pleased to report Pioneer Permanent Building Society has recorded a very solid profit before tax of \$1.9 million for 2003/04.

In looking back over the past year's operation of Pioneer, it is pleasing to report so many positives that have emerged during the year to contribute to this result. It is fair to say the future has not looked as optimistic for many years, given the current strength of our network, management, staff, capital, liquidity, provisions and reserves.

This position has been achieved through your Board's active and strong stand on the matters that needed attention and the strong management leadership displayed in the first half of the reporting period by General Manager, Bob Jackson, and in the second half by Acting General Manager, Larry Voltz.

As reported in last year's Annual Report, the Society has improved internal policies, procedures and staff training to allow it to keep pace with the business' continuing growth. This has been a successful process and we have emerged a sounder business as a result. Evidence of this success is the improvement in our balance sheet, which has seen shareholders' funds increased to \$19.2 million at 30 June 2004.

To strengthen the reserves of Pioneer while enhancing the value of our shares, the Directors distributed 60% of after-tax profits to Shareholders, which amounted to a dividend of 8 cents per share fully franked. The remaining 40% has been transferred to reserves to fund future growth.

As well, we took the opportunity to increase the general provision for doubtful debts to \$1.8 million at 30 June 2004, which brings our provision as a percentage of assets in line with the major banks. It had been planned to provide for this amount over a period of years, so to achieve this during the current year augurs well for the future earnings of Pioneer.

This year saw Pioneer Shares, Income Notes and Term Subordinated Capital Notes being listed on The Stock Exchange of Newcastle Limited (NSX) and the Board is pleased with the extra activity being created by that decision.

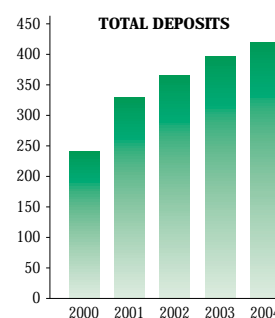
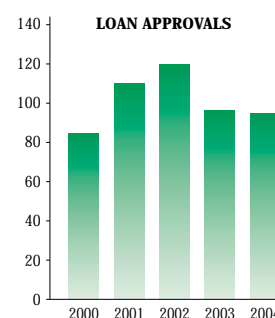
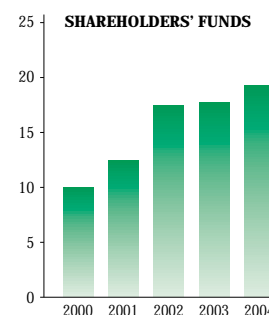
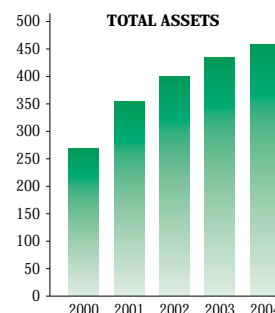
During the year the Board moved to strengthen Pioneer's long term future by commissioning a report into a major computer system upgrade. The Board and Management felt that this was a worthwhile investment to support the Society's future growth and we have placed an order for new computerised systems that will allow for extra and more streamlined services, cost reductions and new products, without hindering in any way the personalised service that is so important to our customers.

Since the financial year's end, the Board has appointed Mr Allan Richardson to the position of General Manager. The management team, which also includes Mr Larry Voltz as Assistant General Manager / Company Secretary and other Senior Managers, plans to build on the strengths set in place during this year. Allan brings with him many years of commercial experience, product knowledge and financial sector connections that will give impetus to additional products and services to be added progressively by Pioneer in future years.

The Directors continue to examine new proposals placed before them to determine whether they will enhance value for Shareholders, staff and the communities in which we operate.

Everyone who is associated with Pioneer's future is focused on building on the progress made this year and we are very enthusiastic to continue serving regional Queenslanders by providing the best personalised regional banking possible. A growing business from satisfied customers will ensure Shareholder value and return in the coming years.

CLIFFORD FLOR - Chairman



ALLAN
RICHARDSON

PIONEER IS A STRONG BUSINESS WITH EXCITING PROSPECTS

I am delighted to be making my first Report to Shareholders as General Manager of Pioneer Permanent Building Society since being appointed to this position in July 2004.

Pioneer is a strong business with exciting prospects. I am committed to realising the Society's vision of being the 'first choice in personalised regional banking' to regional Queensland communities.

The capacity to fully and efficiently service our significant geographic area with a full range of customer-focused banking services is a major thrust of our Strategic Plan, and represents a challenge that I am looking forward to.

OPERATIONAL SUMMARY

The past year was one of consolidation that confirmed the underlying strength of the Society.

As reported by our Chairman, a focus on improving structures and systems has delivered a strong financial result for 2003/04, and provided a good platform for future growth.

Total assets grew by 5.9% to \$463 million and deposits grew 5.8% to \$420 million, due to steady growth from our expanding network.

A strong improvement in residential lending by 15.7% to \$79 million was offset by a reduction in non-residential lending, resulting in an overall reduction in lending approvals of \$1.4 million to \$96.1 million. Importantly, loans increased over the year, with the value of second-half loans 27% higher than the first-half.

Total income increased by 6.0% to \$17.5 million with expenses falling by 11.9% to \$15.6 million. This represents a positive turnaround of \$3.1 million over the previous year when the Society took positive action to write-off non-performing loans and increase doubtful debt provisions.

Capital adequacy increased strongly to 16.2% up from 12.5% in 2002/03, and liquidity continued at well above regulatory requirements. These results provide a sound base for the Society to grow its loan portfolio in the year ahead.

ORGANISATIONAL STRUCTURE

The task ahead for Pioneer is to decrease operational costs and increase both on and off balance sheet revenues. Delivering this is the responsibility of senior management.

The organisational structure is being changed to provide clear focus and responsibility for achieving the 2004/05 Strategic Plan's designated outcomes. The broad responsibilities are as follows:

General Manager

- New products
- Insurance Services
- Marketing
- Retail Services
- Lending

Assistant General Manager

- Finance
- Information Technology
- Human Resources
- Risk Management
- Capital Management
- Administration

I will take a direct role in developing the expansion of our retail and commercial lending and implementing new services to underline our claim to be able to provide the full range of banking services. With marketing we will refresh our communication with clients and increase our visibility across all geographic areas where we are represented.

Larry Voltz, Assistant General Manager, will be reviewing all areas of operational costs, training requirements, the forthcoming upgrade of our computer system, a staff incentive program and over-seeing our risk management systems.

In addition, we are in the process of hiring a Senior Manager Commercial Lending to take direct control of the lending function.

A full review of all Branches, Outlets and Introducers will be continued to ensure we are appropriately and cost efficiently delivering service.

STAFF

As a service business, a key ingredient for success is our people. This year we will review ways to ensure our employees are appropriately rewarded, receive training as required and can see where career opportunities with the Society will develop. It will be important to ensure the efforts of the staff directly servicing our clients are complemented by those who work behind the scenes. Our people provide a quality personalised service and their welfare and support is a key element of our forward planning.

I would also like to pay particular acknowledgement to Larry Voltz and Bob Jackson, for the real progress they and the staff have accomplished in the past twelve months, in strengthening core management and processing systems to ensure the Society's prudential controls meet or exceed regulatory requirements.

OUTLOOK

We are confident of continued positive performance. Pioneer's business benefits from a solid regional economic environment, improved business fundamentals and a strong management team delivering our strategy.

We look forward to strong growth in the year ahead based upon the new focus on prudent commercial lending, to be undertaken with the appointment of the Senior Manager Lending. We will also be strongly focused on residential and consumer lending ensuring we are well placed with competitively priced offerings, strongly marketed through our Branches and our partners in growth – our Outlets and Introducers.

New products and services will be available in the 2005 calendar year and these together with our strong focus on lending and attention to the bottom line augurs well for continuing growth in shareholder value.



ALLAN RICHARDSON - General Manager

SERVICE DIRECTORY

Products and Services

Lending

Home Loans
Investment Loans
Personal Loans
Business Loans
Commercial Loans
Rural Loans

Savings and Investments

Savings Accounts
Investment Accounts
Cheque Accounts
Cashcard Accounts
Term Deposits

Insurance

Personal
Home and Contents
Motor Vehicle
Life
Business
Rural

Business and Rural

Savings Accounts
Investment Accounts
Farm Management Deposits
Cheque Accounts
Insurance
Leasing
Superannuation
Loans
Overdrafts
Payroll Facilities
EFTPOS Facilities
BPay Biller Facilities

Other

Telephone Banking Facilities
Pioneer AMEX Credit Cards
Internet Banking Facilities
BPay Payments

LOCATIONS

Airlie Beach	Shute Harbour Rd	(07) 4946 6255
Alpha	Shakespeare St	(07) 4985 1370
Aramac	Gordon St	(07) 4651 3359
Augathella	Main Street	(07) 4654 5007
Ayr	146 Queen St	(07) 4783 7762
Barcaldine	5 Beech St	(07) 4651 1566
Beerwah	70 Simpson St	(07) 5494 6463
Blackall	Shamrock St	(07) 4657 4404
Bowen	22 Herbert St	(07) 4786 3733
Cairns	Grafton St	(07) 4031 9077
	Smithfield Shopping Centre	(07) 4038 2866
	Raintrees Shopping Centre	(07) 4032 4799
	Mt Sheridan Plaza	(07) 4036 3539
	Gordonvale Pharmacy	(07) 4056 5055
Calen	Main St	(07) 4947 4101
Caloundra	46 Bulcock St	(07) 5438 5000
Capella	69 Peak Downs St	(07) 4984 9600
Charleville	16 Wills St	(07) 4654 3683
Clermont	39 Capella St	(07) 4983 3011
Collinsville	15 Stanley St	(07) 4785 5392
Emerald	91 Clermont St	(07) 4987 6622
Gargett	Chris Johnson St	(07) 4958 5175
Gladstone	Night Owl Shopping Centre	(07) 4972 0327
Goomeri	27 Moore St	(07) 4168 4005
Hervey Bay	6-8 Torquay Rd	(07) 4124 0570
Ingham	37 Lannercost St	(07) 4776 0370
Jericho	Darwin St	(07) 4651 4197
Landsborough	1 Maleny St	(07) 5494 1046
Longreach	118 Eagle St	(07) 4658 3894
Mackay	174 Victoria St	(07) 4951 2344
	Caneland Central	(07) 4951 1227
	Mt Pleasant Shopping Centre	(07) 4942 1844
	122 Nebo Rd	(07) 4967 3184
	55 Gordon St	(07) 4953 2666
	72a Sydney St	(07) 4951 3787
Maleny	39 Maple St	(07) 5499 9100
Middlemount	Middlemount Mall	(07) 4985 7247
Miles	56 Murilla St	(07) 4627 2711
Mirani	19 Alexandra St	(07) 4959 1543
Monto	13 Newton St	(07) 4166 3711
Moranbah	Town Square	(07) 4941 7545
Mossman	Woolworths Complex	(07) 4098 3698
Nebo	Reynolds St	(07) 4950 5177
Proserpine	57 Main St	(07) 4945 2555
Rockhampton	Glenmore Shopping Village	(07) 4926 2333
	85 East St	(07) 4922 1847
Sarina	48 Board St	(07) 4943 1200
Springsure	9 Eclipse St	(07) 4984 1235
St Lawrence	Macartney St	(07) 4956 9190
Tambo	Arthur St	(07) 4654 6477
Taroom	39 Yaldwyn St	(07) 4627 3966
Townsville	Castletown Shopping Centre	(07) 4772 5889
Walkerston	14 Dutton St	(07) 4959 2239
Wondai	20 Mackenzie St	(07) 4169 0243
Yandina	Stevens St	(07) 5446 7345
Yeppoon	54 James St	(07) 4939 8882



(Left - Right) BACK Richard Deguara, Maxwell Bohlscheid, Glen Cerutti, Anthony Ghush. FRONT Vasiliki Comino, Clifford Flor.

BOARD OF DIRECTORS

Your Directors present this report on the company and its controlled entities for the financial year ended 30 June 2004.

DIRECTORS

The names of each person who has been a Director during the year and to the date of this report are:

Mr Clifford Flor
 Mr Anthony Phillip Francis Ghush
 Mr Richard Charles Deguara
 Ms Vasiliki Bessie Comino
 Mr Maxwell Thomas Bohlscheid
 Mr Glen George Cerutti

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

OPERATING RESULT

The profit of the economic entity for the financial year after providing for income tax amounted to \$1,351,000.

REVIEW OF OPERATIONS

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

- The consolidated pre-tax profit of the economic entity for the year was \$1,935,704, 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 strengthen 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 \$1.8 million at 30 June 2004.
- Total assets increased by \$26 million over the year.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

In the opinion of the Directors, there were no significant changes in the state of affairs of the economic entity during the year under review, which are not otherwise disclosed in this report or in the financial statements.

PRINCIPAL ACTIVITIES

The principal activities of the economic entity comprise the raising of funds from customers by providing a range of financial products and facilities to satisfy their savings and investment requirements. These funds are used to make advances, mainly for residential purposes on the security of first mortgages over freehold or leasehold property. Commercial, rural, business and personal lending products are also provided as well as general insurance.

No significant changes in the nature of these activities occurred during the course of the year.

AFTER BALANCE DATE EVENTS

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect:

- 1 The operations of the economic entity;
- 2 The results of these operations; or
- 3 The state of affairs of the economic entity in subsequent financial years.

FUTURE DEVELOPMENTS

The consolidated entity will continue with its principal activity of raising funds to provide advances to customers for the purchase of property.

ENVIRONMENTAL ISSUES

The economic entity's operations are not subject to any significant environmental regulation under a law of the Commonwealth or of a State or Territory. The economic entity may however become subject to environmental regulation in enforcing securities over land for the recovery of loans. The economic entity has not incurred any liability under any environmental regulation.

DIVIDENDS

The dividends paid or declared since the start of the financial year are as follows:

- Interim ordinary dividend of 2.50 cents per share fully franked paid on 30 June 2004 \$252,212
- Final ordinary dividend of 5.50 cents per share fully franked payable on 28 September 2004 \$558,327

INDEMNIFICATION OF OFFICERS

During the financial year, the economic entity paid an insurance premium in respect of Directors' and Officers' liability for the Directors, Company Secretary and Executives of the economic entity. The insurance policy prohibits the disclosure of the nature of the liability covered by the policy, the name of the insurer, the limit of liability and the amount of the premium.

DIRECTORS' PARTICULARS

The names, qualifications, special responsibilities and experience of the Directors are set out hereunder:

Clifford Flor

ACA, ACIS, CPA, FAICD

- Chairman of the Board
- Chairman of the Budget Committee
- Chairman of Pioneer Permanent Insurance Services Limited
- Chairman of Pioneer Permanent Mortgage Insurance Pty Ltd

Mr Flor was appointed Chairman of the Board of Pioneer in 1985 and has been a Director of the Society since 1970. He is a Director of the Queensland Association of Permanent Building Societies and a Director of several other companies involving extensive commercial property assets or associated with the building industry.

Mr Flor has practised as a Public Accountant since 1970. He was the founding Partner of a Mackay-based accounting firm, retiring as a Partner on 30 June 2004.

Anthony Phillip Francis Ghusn

Solicitor of the Supreme Court Queensland, FAICD

- Deputy Chairman of the Board
- Chairman of the Credit Policy Committee
- Chairman of the Asset Protection Committee
- Director of Pioneer Permanent Insurance Services Limited
- Director of Pioneer Mortgage Insurance Pty Ltd

Mr Ghusn has been a Director of the Society since 1986. He was closely involved in the formation of the Society and was an alternate Director from the Society's formation until his appointment as a Director. He has also had a long association with the Society in a professional capacity. Mr Ghusn is currently an alternate Director of the Queensland Association of Permanent Building Societies.

Mr Ghusn has been a Solicitor of the Supreme Court of Queensland since 1965. From 1 July 1969 to 30 June 2001 he was successively a Partner, the Managing Partner and the Senior Partner of the firm Macrossan & Amiet Solicitors. Since 1 July 2001 he has been retained by Macrossan & Amiet as a Consultant. During his years as a Solicitor, Mr Ghusn has had wide experience in commercial and property related matters throughout Queensland.

Richard Charles Deguara

B. Ec. (Accg.), FAICD

- Chairman of the Audit and Compliance Committee
- Director of Pioneer Permanent Insurance Services Limited

Mr Deguara was appointed to the Board of the Society in March 1990. He is the Managing Director of Carlisle Motors Group, a Mackay-based motor vehicle dealership.

Vasiliki Bessie Comino

B. Pharm., FAICD

- Chairman of the Marketing Committee
- Director of Pioneer Permanent Insurance Services Limited

Ms Comino was appointed to the Board of Directors in March 1990. Ms Comino worked throughout Queensland as a Pharmacist until 1986 and is currently the Managing Partner of a Mackay-based retail trading business.

Maxwell Thomas Bohlscheid

A. Ed.

- Director of Pioneer Permanent Insurance Services Limited

Mr Bohlscheid was appointed to the Board of Directors in January 2001. He is the Managing Director of Max's Mitre 10 Group and has become recognised as an innovator in the hardware and building supply industry.

Mr Bohlscheid holds Directorships with Mitre 10 Australia Ltd and its subsidiary companies.

Glen George Cerutti

B.Ec. (Accg.), CPA, FAICD

- Chairman of the Risk Committee
- Director of Pioneer Permanent Insurance Services Limited

Mr Cerutti was appointed to the Board of Directors in July 2001. He is the Principal of the accountancy firm Coscer Accountants and has demonstrated expertise in understanding the financial needs of the people of North Queensland.

Mr Cerutti has held former Directorships with Northern and First Australian Building Societies and was Honorary Treasurer with the Development Bureau of Hinchinbrook and Cardwell Shire.

MEETINGS OF DIRECTORS

During the financial year, 50 meetings of Directors (including Committees) were held. Attendances by each Director during the year were as follows:

DIRECTOR	BOARD		AUDIT & COMPLIANCE COMMITTEE		RISK COMMITTEE		CREDIT POLICY COMMITTEE		ASSET PROTECTION COMMITTEE		BUDGET COMMITTEE		MARKETING COMMITTEE	
	A	B	A	B	A	B	A	B	A	B	A	B	A	B
Mr C Flor	15	14	4	4	4	3	4	3	12	11	7	6	4	4
Mr APF Ghusn	15	13	4	3	4	3	4	4	12	10	2	2	4	3
Mr RC Deguara	15	15	4	4	4	4	4	4	6	6	2	2	4	4
Ms VB Comino	15	15	4	4	4	4	4	4	12	12	2	2	4	4
Mr MT Bohlscheid	15	13	4	3	4	4	4	4	6	6	2	2	4	4
Mr GG Cerutti	15	15	4	4	4	4	4	4	6	6	7	7	4	4

A = Number of meetings eligible to attend B = Number of meetings attended

BOARD COMMITTEES

The Board has established various Committees to review specific areas of the business. These Committees comprise the full Board with the Internal Auditor, the External Auditor and members of the Management team in attendance at the various Committee meetings at the discretion of the Committee Chairman.

AUDIT AND COMPLIANCE COMMITTEE

The main responsibilities of the Audit and Compliance Committee are to:

- Formulate specific operational policy guidelines in relation to internal audit
- Review the work of the Internal Auditor
- Review the terms of the External Auditor's engagement each year
- Enquire of the External Auditor's independence in accordance with the Statement of Auditing Practice AUP 32 "Audit Independence"

RISK COMMITTEE

The main responsibilities of the Risk Committee are to:

- Establish the Society's view on future interest rate movements
- Set limits in relation to interest rate risk and provide direction to management in managing the Society's interest rate risk exposure

CREDIT POLICY COMMITTEE

The main responsibilities of the Credit Policy Committee were to:

- Review and determine lending and credit policy
- Identify issues impacting on the Society's lending operations and take appropriate action to protect the Society's interest

The responsibilities of this committee were transferred to the board and management on 18 August 2004.

SUBSIDIARIES

The following companies are subsidiaries of Pioneer Permanent Building Society Limited:

Company	Country of Operation	Country of Incorporation	Company
Pioneer Permanent Insurance Services Limited	Australia	Australia	Inactive
Pioneer Mortgage Insurance Pty Ltd	Australia	Australia	Inactive

ASSET PROTECTION COMMITTEE

The main responsibility of the Asset Protection Committee was to:

- Identify potential credit risks in the Society's lending portfolio and take appropriate action to minimise those risks and maximise returns to the Society

The responsibilities of this committee were transferred to the board and management on 18 August 2004.

BUDGET COMMITTEE

The main responsibilities of the Budget Committee were to:

- Review the Society's budgets to ensure they meet the Board's objectives
- Review the Society's areas of operation to ensure that appropriate resources are in place to achieve budget expectations

The responsibilities of this committee were transferred to the board and management on 18 August 2004.

MARKETING COMMITTEE

The main responsibilities of the Marketing Committee were to:

- Approve the Society's advertising budget for the year
- Approve advertising campaigns and review the effectiveness of such

The responsibilities of this committee were transferred to the board and management on 18 August 2004.

DIRECTORS' INTERESTS

At the date of this report the relevant interests in shares and capital instruments of the Society held by Directors or entities associated with Directors are:

	Ordinary Shares	Pioneer Income Notes	Subordinated Capital Notes
Mr C Flor	440,597	-	-
Mr APF Ghusn	529,370	250	-
Mr RC Deguara	227,332	500	-
Ms VB Comino	207,078	800	-
Mr MT Bohlscheid	177,869	-	-
Mr GG Cerutti	33,100	-	-

SERVICE CONTRACTS

The NSX Listing Rules require disclosure of the period unexpired of any service contract of any Director proposed for election at the forthcoming annual general meeting. There are no such service contracts with Directors.

DIRECTORS' AND SENIOR EXECUTIVE OFFICERS' EMOLUMENTS

The emoluments for each of the Board members and Senior Executives are determined by the Board. The Board's policy in determining remuneration packages is to ensure that the remuneration reflects the relevant person's duties and responsibilities and is competitive in attracting and retaining highly qualified people. The remuneration paid is related to performance.

The emoluments of each Director and each of the Senior Executive Officers for the financial year are as follows:

Directors	Basic Emoluments	Non-Monetary Benefits	Superannuation Benefits	Total
C Flor	66,699		18,000	84,699
APF Ghusn	58,280	-	5,245	63,525
RC Deguara	38,853	-	3,497	42,350
VB Comino	38,853	-	3,497	42,350
MT Bohlscheid	39,897*	-	3,497	43,394
GG Cerutti	41,389*	-	3,497	44,886
Senior Executives	Basic Emoluments	Non-Monetary Benefits	Superannuation Benefits	Total
RJ Jackson **	38,064	8,804	4,506	51,374
LJ Voltz	58,200	14,012	84,590	156,802
MB McLennan	69,730	16,195	6,276	92,201

* Includes travel allowance payments

** Employment contract ceased on 19 December 2003

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors.



C Flor
Chairman

Mackay, 21 September 2004

COMPOSITION OF THE BOARD

The Board of Directors consists of 6 Directors, all of which are non-executive Directors. The Board comprises directors with an appropriate range of qualifications and experience. The names of those Directors, including details of their qualifications and experience, are set out in the Directors' Report section of the Annual Report.

The Company's Constitution provides that at each Annual General Meeting, one third of the Directors shall retire from office but will be eligible for re-election.

ROLE OF THE BOARD

The Board is accountable to shareholders for the performance of Pioneer and has overall responsibility for its operations. The key functions and responsibilities of the Board include:

- Approve the strategic direction for the Company
- Approve annual budgets
- Monitor management performance in the implementation and achievement of strategic and business objectives and financial performance
- Ensure business risks are identified and appropriate systems are implemented to manage those risks and monitor compliance
- Appoint and remove the Chief Executive Officer

CODE OF CONDUCT

Directors, management and staff are expected to perform their duties in a professional manner and act with the highest levels of integrity and objectivity, striving at all times to enhance the reputation and performance of Pioneer.

The Board has adopted a Code of Conduct which sets out principles to be followed by Directors, management and staff.

DEALINGS IN COMPANY SECURITIES

The Company has a policy prohibiting Directors and senior management from dealing in the Company's securities whilst in possession of price-sensitive information that is not generally available to the market. Subject to this prohibition, Directors and senior management may trade in securities in the company during the six week periods commencing 24 hours after:

- Announcement of half-year and annual financial results
- The Annual General Meeting

Directors and senior management must obtain approval in accordance with the policy for trading outside the above periods.

Directors and senior management are to advise the Company Secretary in writing of details of all completed transactions in the Society's securities. Details of such transactions are reported to the next board meeting.

BOARD COMMITTEES

The Board has established two committees to assist and support the Board in the conduct of its duties and obligations.

Audit and Compliance Committee

The main responsibilities of the Audit and Compliance Committee are to:

- Formulate specific operational policy guidelines in relation to internal audit
- Review the work of the Internal Auditor
- Review the terms of the External Auditor's engagement each year
- Enquire of the External Auditor's independence in accordance with the Statement of Auditing Practice AUP 32 "Audit Independence"

Risk Committee

The main responsibilities of the Risk Committee are to:

- Establish the Society's view on future interest rate movements
- Set limits in relation to interest rate risk and provide direction to management in managing the Society's interest rate risk exposure.

FINANCIAL STATEMENTS

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STATEMENT OF FINANCIAL PERFORMANCE
for the year ended 30 June 2004

	Notes	CONSOLIDATED		SOCIETY	
		2004 \$	2003 \$	2004 \$	2003 \$
Interest revenue	2	29,844,213	28,091,399	29,844,213	28,091,399
Borrowing costs expense	2	(18,266,111)	(16,932,098)	(18,266,111)	(16,932,098)
Net interest revenue		11,578,102	11,159,301	11,578,102	11,159,301
Other revenue from ordinary activities	3	5,975,169	5,405,355	5,975,169	5,407,213
Bad and doubtful debts expense	4	(774,771)	(3,348,651)	(774,771)	(3,348,651)
Employee benefits expense		(5,098,597)	(4,903,910)	(5,098,597)	(4,903,910)
Occupancy expense		(745,404)	(625,929)	(745,404)	(625,929)
Depreciation and amortisation expense		(884,096)	(912,953)	(884,096)	(912,953)
Fees and commissions		(3,830,303)	(3,959,322)	(3,830,303)	(3,959,322)
Other expenses from ordinary activities		(4,284,396)	(3,981,461)	(4,284,396)	(3,981,461)
Profit / (loss) from ordinary activities before income tax		1,935,704	(1,167,570)	1,935,704	(1,165,712)
Income tax (expense) / benefit	5	(584,704)	336,973	(584,704)	336,973
Net profit/(loss) from ordinary activities after income tax attributable to members of the company		1,351,000	(830,597)	1,351,000	(828,739)
Total changes in equity other than those resulting from transactions with owners as owners		1,351,000	(830,597)	1,351,000	(828,739)
Basic earnings per share (cents per share)	33	13.39	(8.51)	13.39	(8.49)

As there were no other securities on issue during the financial year that could be converted to permanent shares, diluted earnings per share is equal to basic earnings per share.

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
as at 30 June 2004

	Notes	CONSOLIDATED		SOCIETY	
		2004	2003	2004	2003
		\$	\$	\$	\$
ASSETS					
Cash and liquid assets	6	10,001,234	18,042,062	10,001,234	18,042,062
Receivables due from other financial institutions	7	71,500,000	27,200,000	71,500,000	27,200,000
Accrued receivables	8	1,964,367	1,880,090	1,964,367	1,880,090
Investment securities	9	92,926,323	64,542,513	92,926,323	64,542,513
Loans and advances	10	280,253,219	318,399,931	280,253,219	318,399,931
Other investments	13	563,166	752,740	623,753	813,328
Property, plant and equipment	15	4,420,740	4,915,774	4,420,740	4,915,774
Deferred tax assets	16	1,095,624	1,023,999	1,095,624	1,023,999
Intangible assets	17	66,867	75,986	66,867	75,986
Other assets	18	488,385	548,612	488,385	548,612
TOTAL ASSETS		463,279,925	437,381,707	463,340,512	437,442,295
LIABILITIES					
Deposits	19	420,186,462	397,080,737	420,247,049	397,141,325
Payables and other liabilities	20	5,877,384	4,467,263	5,877,384	4,467,263
Interest bearing liabilities	21	17,416,439	17,416,439	17,416,439	17,416,439
Tax liabilities	22	196,376	77,973	196,376	77,973
Provisions	23	450,876	464,134	450,876	464,134
TOTAL LIABILITIES		444,127,537	419,506,546	444,188,124	419,567,134
NET ASSETS		19,152,388	17,875,161	19,152,388	17,875,161
EQUITY					
Contributed equity	24	15,534,846	15,356,407	15,534,846	15,356,407
Reserves	25	1,434,111	1,434,111	1,434,111	1,434,111
Retained profits	26	2,183,431	1,084,643	2,183,431	1,084,643
TOTAL EQUITY		19,152,388	17,875,161	19,152,388	17,875,161

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS
for the year ended 30 June 2004

	Notes	CONSOLIDATED		SOCIETY	
		2004 \$	2003 \$	2004 \$	2003 \$
CASH FLOWS FROM OPERATING ACTIVITIES					
Interest received		28,903,912	27,919,708	28,903,912	27,919,708
Interest paid		(17,494,240)	(16,660,167)	(17,494,240)	(16,660,167)
Fees and commissions received		5,246,924	5,567,910	5,246,924	5,567,910
Fees and commissions paid		(2,829,024)	(2,541,708)	(2,829,024)	(2,541,708)
Dividends received		4,396	2,620	4,396	4,478
Sundry income received		275,317	44,748	275,317	44,748
Payments to suppliers and employees		(12,100,029)	(11,088,575)	(12,100,029)	(11,088,575)
Net GST refunded on cashflows from operating activities		233,903	199,477	233,903	199,477
Income tax (paid)/refunded		226,084	(970,384)	226,084	(975,181)
NET CASH PROVIDED BY OPERATING ACTIVITIES	(a)	2,467,243	2,473,629	2,467,243	2,470,690
CASH FLOWS FROM INVESTING ACTIVITIES					
Net (increase) / decrease in receivables due from other financial institutions		(44,300,000)	(22,700,000)	(44,300,000)	(22,700,000)
Net (increase) / decrease in investment securities		(28,457,014)	(12,008,747)	(28,457,014)	(12,008,747)
Net (increase) / decrease in other securities		668,528	(110,733)	668,528	(110,733)
Loans advanced		(74,532,574)	(84,600,752)	(74,532,574)	(84,600,752)
Loans repaid		112,641,341	81,400,770	112,641,341	81,400,770
Proceeds from disposal of property, plant and equipment		81,381	102,787	81,381	102,787
Payments for property, plant and equipment		(629,047)	(1,498,727)	(629,047)	(1,498,727)
Net GST refunded on cash flows from investing activities		(13,713)	5,151	(13,713)	5,151
NET CASH FLOWS USED IN INVESTING ACTIVITIES		(34,541,098)	(39,410,251)	(34,541,098)	(39,410,251)
CASH FLOWS FROM FINANCING ACTIVITIES					
Net increase in deposits		24,106,801	34,513,118	24,106,801	34,516,057
Proceeds from share issue	(c)	178,438	2,099,613	178,438	2,099,613
Proceeds from issuance of subordinated capital notes		-	2,587,439	-	2,587,439
Dividends paid	(c)	(252,212)	(915,896)	(252,212)	(915,896)
NET CASH PROVIDED BY FINANCING ACTIVITIES		24,033,027	38,284,274	24,033,027	38,287,213
Net increase / (decrease) in cash and liquid assets		(8,040,828)	1,347,652	(8,040,828)	1,347,652
Cash and liquid assets at beginning of financial year		18,042,062	16,694,410	18,042,062	16,694,410
CASH AND LIQUID ASSETS AT END OF FINANCIAL YEAR		10,001,234	18,042,062	10,001,234	18,042,062

The accompanying notes form part of these financial statements.

NOTES TO THE STATEMENT OF CASH FLOWS

for the year ended 30 June 2004

	CONSOLIDATED		SOCIETY	
	2004 \$	2003 \$	2004 \$	2003 \$
(a) Reconciliation of net profit from ordinary activities after income tax to net cash provided by operating activities				
Net profit / (loss) from ordinary activities	1,351,000	(830,597)	1,351,000	.(828,739)
Decrease / (Increase) in interest receivable	(1,016,075)	(189,705)	(1,016,075)	(189,705)
Increase / (Decrease) in interest payable	771,871	271,931	771,871	271,931
Decrease / (Increase) in fees and commissions receivable	(3,066)	123,644	(3,066)	123,644
Increase / (Decrease) in fees and commissions payable	(224,119)	1,371	(224,119)	1,371
Decrease / (Increase) in sundry income receivable	(48,315)	(2,012)	(48,315)	(2,012)
Increase / (Decrease) in accrued expenses	(124,661)	(237,602)	(124,661)	(237,602)
Decrease / (Increase) in other receivables	206,589	613,194	206,589	613,194
Decrease / (Increase) in GST receivable	(7,396)	(10,349)	(7,396)	(10,349)
Increase / (Decrease) in income tax payable	893,189	(970,383)	893,189	(975,180)
Decrease / (Increase) in future income tax benefits	(71,625)	(387,329)	(71,625)	(387,329)
Increase / (Decrease) in provision for deferred income tax	(10,776)	50,359	(10,776)	50,359
Increase / (Decrease) in employee entitlements	(13,258)	26,235	(13,258)	26,235
Increase / (Decrease) in doubtful debts	(698,881)	1,042,423	(698,881)	1,042,423
Decrease / (Increase) in prepayments	60,227	(274,344)	60,227	(274,344)
Realised discounts on investments	(15,257)	(989)	(15,257)	(989)
Realised premiums on investments	91,031	19,003	91,031	19,003
Net gain on sale of investments	(478,954)	(5,070)	(478,954)	(5,070)
Net (gain) / loss on sale of property, plant and equipment	175,679	5,553	175,679	5,553
Goodwill written off	9,118	9,118	9,118	9,118
Bad debts written off	736,826	2,306,228	736,826	2,306,228
Amortisation	163,687	130,512	163,687	130,512
Depreciation	720,409	782,438	720,409	782,438
Net cash flow from operating activities	2,467,243	2,473,629	2,467,243	2,470,690

(b) Cash Flows presented on a net basis

Cash Flows arising from the following activities are presented on a net basis in the Statement of Cash Flows:

- (i) deposits to and withdrawals from deposits accounts
- (ii) deposits with and withdrawals from accounts with other financial institutions
- (iii) sale and purchase of investment securities
- (iv) sale and purchase of other securities

(c) Non-cash transactions

For the purpose of the Statement of Cash Flows, shares issued under the Society's dividend reinvestment scheme have been treated as a cashflow item under the heading "Proceeds from Share Issue", as it involved the conversion of liabilities to equity. Dividends paid comprised a cash component of \$73,774 and a non-cash component of \$178,438 representing dividends converted to equity.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2004

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The financial report covers the economic entity of Pioneer Permanent Building Society Limited and controlled entities, and Pioneer Permanent Building Society Limited as an individual parent entity. Pioneer Permanent Building Society Limited is a financial institution, incorporated and domiciled in Australia.

The financial report has been prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

The following is a summary of the material accounting policies adopted by the economic entity in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

a) Cash and liquid assets

Cash and liquid assets includes cash on hand, cash held in bank accounts, and money market investments readily convertible to cash.

b) Comparative Figures

Where required by Accounting Standards comparative figures have been adjusted to conform with changes in presentation for the current financial year.

c) Derivative Financial Instruments

The Society uses interest rate swaps as part of its risk management strategy. These off-balance sheet transactions are taken out to hedge underlying assets or liabilities. Any arising profit or loss is accounted for on the same basis as the underlying exposure. Further details are provided in Note 38 (e).

d) Employee Benefits

Provision is made for the Society's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be settled within one year have been measured at their nominal amount. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows expected to be made for those entitlements. Sick Leave entitlements are non-vesting, and as they are not material they are treated as an expense when payment is made.

Contributions are made by the economic entity to employee superannuation funds and are charged as expenses when incurred.

e) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

f) Income Tax

Tax-effect accounting procedures are applied whereby the income tax expense shown in the statement of financial performance is based on the profit from ordinary activities before income tax adjusted for any permanent differences.

Timing differences which arise due to the different accounting periods in which items of revenue and expense are included in the determination of accounting profit and taxable income are brought to account either as provision for deferred income tax or as a future income tax benefit at the rate of income tax applicable to the period in which the benefit will be received or the liability will become payable.

Future income tax benefits are not brought to account unless realisation of the asset is assured beyond any reasonable doubt. Future income tax benefits in relation to tax losses are not brought to account unless there is virtual certainty of realisation of the benefit.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation, and the anticipation that the financial institution will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by law.

g) Investments

Investments are carried at lower of cost or recoverable amount. The recoverable amount is assessed from the investments' current market value by discounting the net cash flows to their present value.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS continued for the year ended 30 June 2004

h) Loans and Advances

Loans and advances are recognised at their recoverable amount, after assessing required provisions for doubtful debts. A provision for doubtful debts is recognised when there is reasonable doubt that not all the principal and interest can be collected in accordance with the terms of the loan agreement. Loan interest is calculated on the daily balance outstanding and is charged in arrears to a customer's account on the last day of each month.

i) Provision for Doubtful Debts

A specific provision for doubtful debts is calculated in accordance with the method prescribed under the APRA Prudential Standards and by specific identification against individual loans. A general provision is maintained to recognise bad debts inherent in the loans portfolio which have not yet been identified.

Bad debts are written off in the period in which they are recognised. Bad debts previously provided for are written off against the specific provision. Any subsequent cash recovered in the same financial year is credited to the provision. Cash recovered outside the financial year is taken to the profit and loss as a bad debt recovered.

ii) Impaired Assets

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

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. Loans against which a provision for impairment is required have been included in non-accrual loans.

i) Principle of Consolidation

The consolidated accounts have been prepared by combining the accounts of all the entities that comprise the economic entity, being Pioneer Permanent Building Society Limited (the Society) and its controlled entities. A list of controlled entities appears in Note 14. Consistent accounting policies have been employed in the preparation of the consolidated accounts. All intercompany balances and transactions arising within the economic entity have been eliminated in full.

j) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation.

Property

Freehold land and buildings are measured on the cost basis on initial purchase and are revalued by an independent valuer every three (3) years.

Plant and equipment

The carrying amount of plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from those assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employment and subsequent disposal. The expected net cash flows have not been discounted to their present values in determining recoverable amounts.

Where freehold land and buildings have been revalued, the potential effect of capital gains tax on disposal has not been taken into account in the determination of the revalued carrying amount.

The gain or loss on disposal of all fixed assets, including revalued assets, is determined as the difference between the carrying amount of the asset at the time of disposal and the proceeds of disposal. The gain or loss is included in the operating profit before income tax of the economic entity in the year of disposal.

Depreciation

The depreciable amount of all fixed assets, including buildings, but excluding freehold land, are depreciated on a straight line or reducing balance method over their estimated useful lives commencing from the time the asset is held ready for use. The useful lives of each class of assets are reviewed annually and are as follows:

- Freehold Buildings 40 years
- Leasehold Improvements Over the unexpired term of the lease
- Plant and Equipment 4 to 20 years
- Computer Software 4 to 10 years

k) Revenue

Interest revenue is recognised on a proportional basis taking into account the interest rate applicable to financial assets. All revenue received arises from operating activities.

Fees and commissions are recognised upon the rendering of the service to the customers.

All revenue is stated net of the amount of Goods and Services Tax (GST).

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS continued for the year ended 30 June 2004

l) Goodwill

Goodwill is initially recorded at the amount by which the purchase price for a business exceeds the fair value attributed to its net assets at the date of acquisition. Goodwill is amortised on a straight line basis over a period of 10 years. The balances are reviewed annually and any balance representing future benefits for which the realisation is considered to be no longer probable are written off.

m) Remuneration of Directors and specified executives

The disclosure of Director and executive remuneration within the financial report is required by AASB1046 "Director and Executive Disclosures by Disclosing Entities", for reporting periods ending on or after 30 June 2004. Disclosure is required of all transactions with all Directors of the Society, and individuals who qualify as "specified executives". A specified executive is defined as a person who is directly accountable and responsible for the strategic direction and operational management of the entity.

The disclosure in the financial report includes all Directors of the company and three specified executives who are involved in the strategic direction and operational management of the company. The specified executives include the General Manager, the Company Secretary/ Acting General Manager and the Manager Risk Management who has since been appointed to the position of Financial Controller. All other officers of the entity do not meet the definition of specified executive and therefore disclosure of their remuneration is considered unnecessary.

n) Adoption of Australian Equivalents to International Financial Reporting Standards

Australia is currently preparing for the introduction of International Financial Reporting Standards (IFRS) effective for financial years commencing 1 January 2005. The first financial report to be completed under IFRS will be for the year ended 30 June 2006, with the comparatives also restated to comply with IFRS.

The economic entity's management are assessing the significance of these changes and preparing for their implementation. An IFRS committee has been established to oversee and manage the economic entity's transition to IFRS.

The potential impacts on the financial performance and financial position have not been quantified. The impact on future years will depend on the application of the IFRS to the Society's particular circumstances at that time.

The Directors are of the opinion that the key differences in the economic entity's accounting policies which will arise from the adoption of IFRS are:

- **Investments**
Under the pending AASB 139: Financial Instruments: Recognition and Measurement, financial instruments that are classified as available for sale instruments must be carried at fair value. Unrealised gains or losses may be recognised either in income or directly to equity. Current accounting policy is to measure non-current investments at cost, with an annual review by Directors to ensure that the carrying amounts are not in excess of the recoverable value of the instrument.
- **Income Tax**
Currently, the economic entity adopts the liability method of tax-effect accounting whereby the income tax expense is based on the accounting profit adjusted for any permanent differences. Timing differences are currently brought to account as either a provision for deferred income tax or future income tax benefit. Under the Australian equivalent to IAS 12, the economic entity will be required to adopt a balance sheet approach under which temporary differences are identified for each asset and liability rather than the effects of the timing and permanent differences between taxable income and accounting profit.
- **Derivative Financial Instruments**
The economic entity does not currently recognise derivative financial instruments in the financial statements. Pending AASB139: Financial Instruments: Recognition and Measurement will require a change to the method of accounting for derivative financial instruments and hedging activities so that they are recorded in the financial statements.
- **Impairment of Assets**
The economic entity currently determines the recoverable amount of an asset on the basis of undiscounted net cash flows that will be received from the assets use and subsequent disposal. In terms of pending AASB 136: Impairment of Assets, the recoverable amount of an asset will be determined as the higher of fair value less costs to sell and value in use.
- **Revaluations**
Revaluation increments and decrements relating to property, plant and equipment will be recognized on an individual assets basis, not a class of assets basis.
- **Goodwill and Intangible Assets**
Goodwill and intangible assets with indefinite useful lives will be tested for impairment annually and will not be amortised;

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS continued for the year ended 30 June 2004

2. INTEREST REVENUE AND INTEREST EXPENSE

The following table shows the average balance for each of the major categories of interest-bearing assets and liabilities, the amount of interest revenue or expense and the average interest rate. Daily averages or month-end averages have been used where appropriate. Where interest was not received or paid for the full year, the average interest rate has been calculated based on the balance held for the period applicable.

CONSOLIDATED

	Average Balance \$	Interest \$	Average Interest Rate %
Interest Revenue 2004			
Deposits at call	11,482,376	551,803	4.81
Deposits with other financial institutions	45,964,617	2,491,031	5.42
Investment securities	99,243,865	5,259,914	5.30
Other investments	1,305,531	63,289	4.85
Loans:			
- Residential (owner occupied and investment)	208,314,156	13,856,047	6.65
- Commercial	46,710,566	4,302,171	9.21
- Personal	8,079,730	826,406	10.23
- Overdrafts	31,978,252	2,493,552	7.80
Derivative financial instruments (interest settled on a net basis)		-	-
		29,844,213	6.59
Interest Expense 2004			
Customer Deposits	419,687,542	17,011,732	4.05
Short-term borrowings	22,041	3,152	14.30
Term subordinated debt	9,716,439	705,904	7.17
Perpetual subordinated debt	7,700,000	542,732	7.17
Derivative financial instruments (interest settled on a net basis)		2,591	0.03
		18,266,111	4.18
Net Interest Income 2004		11,578,102	2.41
Interest Revenue 2003			
Deposits at call	10,400,320	505,130	4.86
Deposits with other financial institutions	15,405,205	758,945	4.93
Investment securities	56,692,499	2,786,046	4.91
Other investments	1,407,892	62,137	4.41
Loans:			
- Residential (owner occupied and investment)	216,822,199	14,092,213	6.50
- Commercial	70,785,201	5,997,581	8.47
- Personal	8,487,221	845,860	9.97
- Overdrafts	36,955,058	3,043,487	8.24
		28,091,399	6.74
Interest Expense 2003			
Customer deposits	388,733,006	15,776,998	4.06
Short-term borrowings	39,880	4,600	11.53
Term subordinated debt	9,155,825	623,880	6.81
Perpetual subordinated debt	7,700,000	526,620	6.84
		16,932,098	4.17
Net Interest Income 2003		11,159,301	2.69

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS continued
for the year ended 30 June 2004

	Notes	CONSOLIDATED		SOCIETY	
		2004 \$	2003 \$	2004 \$	2003 \$
3. REVENUE FROM ORDINARY ACTIVITIES					
Interest revenue	2	29,844,213	28,091,399	29,844,213	28,091,399
Other revenue from ordinary activities:					
Dividends					
- Controlled entity		-	-	-	1,858
- Other parties		4,396	2,620	4,396	2,620
		4,396	2,620	4,396	4,478
Fees and commissions					
- Loan fee income		2,450,754	2,969,003	2,450,754	2,969,003
- Other fee income		2,638,896	2,091,692	2,638,896	2,091,692
- Insurance commissions		266,097	218,032	266,097	218,032
- Other commissions		58,612	70,524	58,612	70,524
		5,414,359	5,349,251	5,414,359	5,349,251
Bad debts recovered		8,294	4,318	8,294	4,318
Other revenue					
- Rent		44,409	38,205	44,409	38,205
- Profit on disposal of property, plant and equipment		24,757	5,785	24,757	5,785
- Profit on disposal of investments		478,954	5,176	478,954	5,176
		548,120	49,166	548,120	49,166
Total other revenue from ordinary activities		5,975,169	5,405,355	5,975,169	5,407,213
TOTAL OPERATING REVENUE		35,819,382	33,496,754	35,819,382	33,498,612
Proceeds on sale of property, plant and equipment		65,898	89,782	65,898	89,782

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS continued
for the year ended 30 June 2004

	Notes	CONSOLIDATED		SOCIETY	
		2004 \$	2003 \$	2004 \$	2003 \$
4. PROFIT FROM ORDINARY ACTIVITIES					
Profit from ordinary activities before income tax expense has been determined after:					
Interest expense	2	18,266,111	16,932,098	18,266,111	16,932,098
Bad and doubtful debts		774,771	3,348,651	774,771	3,348,651
No bad or doubtful debts have occurred that are associated with related parties or controlled entities					
Other Expenses:					
Amortisation					
- Leasehold improvements		33,482	22,984	33,482	22,984
- Computer Software		163,687	132,377	163,687	132,377
		197,169	155,361	197,169	155,361
Depreciation					
- Plant and equipment		655,385	725,558	655,385	725,558
- Buildings		31,542	32,034	31,542	32,034
		686,927	757,592	686,927	757,592
Fees & commissions		3,830,303	3,959,322	3,830,303	3,959,322
General and administration					
- Employee expenses		5,098,597	4,903,910	5,098,597	4,903,910
- Other		4,083,960	3,970,017	4,083,960	3,970,017
		9,182,557	8,873,927	9,182,557	8,873,927
Rental – operating leases		745,404	625,929	745,404	625,929
Loss on disposal of property, plant and equipment		200,436	11,338	200,436	11,338
Loss on disposal of investments		-	106	-	106
Total other expenses		14,842,796	14,383,575	14,842,796	14,383,575
TOTAL OPERATING EXPENSES		33,883,678	34,664,324	33,883,678	34,664,324

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS continued
for the year ended 30 June 2004

	Notes	CONSOLIDATED		SOCIETY	
		2004 \$	2003 \$	2004 \$	2003 \$
5. INCOME TAX					
The prima facie tax on operating profit is reconciled to the income tax provided as follows:					
Prima facie tax on operating profit / (loss) at 30% (2003 – 30%)					
		580,711	(350,271)	580,711	(349,714)
Add: Tax effect of non-deductible expense					
Depreciation on buildings		9,463	16,506	9,463	16,506
Other Items		3,361	3,623	3,361	3,623
		593,535	(330,142)	593,535	(329,585)
Less: Tax effect of permanent differences					
Building amortisation		4,658	4,120	4,658	4,120
Costs associated with capital raising		1,688	1,688	1,688	1,688
Income tax expense / (benefit) attributable to current year's operating profit / (loss)		587,189	(335,950)	587,189	(335,393)
Overprovision of income tax in respect of prior year		(940)	-	(940)	-
Imputation credit on franked dividends		(1,545)	(1,023)	(1,545)	(1,580)
Income tax expense / (benefit) attributable to operating profit / (loss)		584,704	(336,973)	584,704	(336,973)
Income tax expense /(benefit) is reconciled as follows:					
Provision for income tax transferred from / (to) debtors	8	19,933	(764,010)	19,933	(764,010)
Income Tax payable	22	129,179	-	129,179	-
Income tax paid on current year profits / (losses)		517,994	764,010	517,994	764,010
Decrease / (Increase) in future income tax benefits		(71,626)	(387,332)	(71,626)	(387,332)
Increase / (Decrease) in provision for deferred income tax		(10,776)	50,359	(10,776)	50,359
Income tax expense / (benefit) attributable to operating profit		584,704	(336,973)	584,704	(336,973)

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS continued
for the year ended 30 June 2004

	CONSOLIDATED		SOCIETY	
	2004 \$	2003 \$	2004 \$	2003 \$
6. CASH AND LIQUID ASSETS				
Cash on hand and at banks	9,001,234	11,742,062	9,001,234	11,742,062
Deposits at call	1,000,000	6,300,000	1,000,000	6,300,000
	10,001,234	18,042,062	10,001,234	18,042,062
7. RECEIVABLES DUE FROM OTHER FINANCIAL INSTITUTIONS				
Interest earning deposits	71,500,000	27,200,000	71,500,000	27,200,000
Maturity analysis				
Not longer than 3 months	71,500,000	27,200,000	71,500,000	27,200,000
8. ACCRUED RECEIVABLES				
Interest receivable	1,413,659	409,762	1,413,659	409,762
Sundry debtors	550,708	706,318	550,708	706,318
Income tax refundable	-	764,010	-	764,010
	1,964,367	1,880,090	1,964,367	1,880,090
9. INVESTMENT SECURITIES				
Bills of exchange	42,784,080	25,582,983	42,784,080	25,582,983
Bank bonds	6,492,685	4,360,000	6,492,685	4,360,000
Negotiable certificates of deposit	29,600,000	25,600,000	29,600,000	25,600,000
Floating rate notes	8,004,688	8,507,599	8,004,688	8,507,599
Government bonds	6,044,870	-	6,044,870	-
Debt securities	-	491,931	-	491,931
	92,926,323	64,542,513	92,926,323	64,542,513
Maturity Analysis				
Not longer than 3 months	77,381,744	59,544,042	77,381,744	59,544,042
Longer than 3 and not longer than 12 months	13,542,564	500,000	13,542,564	500,000
Longer than 1 and not longer than 5 years	2,002,015	4,498,471	2,002,015	4,498,471
	92,926,323	64,542,513	92,926,323	64,542,513

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS continued
for the year ended 30 June 2004

	Notes	CONSOLIDATED		SOCIETY	
		2004 \$	2003 \$	2004 \$	2003 \$
10. LOANS AND ADVANCES					
Term loans					
Residential (owner occupied and investment)		206,265,709	220,439,045	206,265,709	220,439,045
Commercial		39,194,205	55,695,936	39,194,205	55,695,936
Personal		7,858,050	8,148,966	7,858,050	8,148,966
Overdrafts		29,599,790	36,742,574	29,599,790	36,742,574
Total loans and advances		282,917,754	321,026,521	282,917,754	321,026,521
Provision for doubtful debts	11	2,664,535	2,626,590	2,664,535	2,626,590
Net loans and advances		280,253,219	318,399,931	280,253,219	318,399,931
(a) Loans by maturity					
Overdrafts		29,599,790	36,761,758	29,599,790	36,761,758
Loans					
Not longer than 3 months		2,869,060	2,975,360	2,869,060	2,975,360
Longer than 3 and not longer than 12 months		8,043,945	8,930,659	8,043,945	8,930,659
Longer than 1 and not longer than 5 years		41,626,057	46,099,360	41,626,057	46,099,360
Longer than 5 years		200,778,902	226,259,384	200,778,902	226,259,384
		282,917,754	321,026,521	282,917,754	321,026,521
(b) Loans by security					
Secured by mortgage		267,615,682	304,440,336	267,615,682	304,440,336
Secured – other		14,109,355	15,256,930	14,109,355	15,256,930
Unsecured		1,192,717	1,329,255	1,192,717	1,329,255
		282,917,754	321,026,521	282,917,754	321,026,521
(c) Concentration of risk					
Loans from Queensland					
Central region		137,960,522	164,674,056	137,960,522	164,674,056
Southern region		49,335,234	55,464,539	49,335,234	55,464,539
South & Central West region		16,611,209	20,876,198	16,611,209	20,876,198
Northern region		74,933,729	75,963,475	74,933,729	75,963,475
		278,840,694	316,978,268	278,840,694	316,978,268
Loans from outside Queensland		4,077,060	4,048,253	4,077,060	4,048,253
		282,917,754	321,026,521	282,917,754	321,026,521

The loan portfolio of the Society has no large exposure which exceeds 10% of the Society's capital base. The Society has an exposure to groupings of individual loans which concentrate risks and create exposure to particular segments as above.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS continued
for the year ended 30 June 2004

	Notes	CONSOLIDATED		SOCIETY	
		2004 \$	2003 \$	2004 \$	2003 \$
11. PROVISION FOR DOUBTFUL DEBTS					
General provision					
Opening balance		1,291,221	858,568	1,291,221	858,568
Bad and doubtful debts provided for during the year		505,000	432,653	505,000	432,653
Closing balance		1,796,221	1,291,221	1,796,221	1,291,221
Specific provision					
Opening balance		1,335,369	725,599	1,335,369	725,599
Bad debts previously provided for and written off during the year		(736,826)	(2,306,228)	(736,826)	(2,306,228)
Bad and doubtful debts provided for during the year		269,771	2,915,998	269,771	2,915,998
Closing balance		868,314	1,335,369	868,314	1,335,369
Total provision for doubtful debts		2,664,535	2,626,590	2,664,535	2,626,590
Charge to profit and loss for bad and doubtful debts comprises:					
General provision		505,000	432,653	505,000	432,653
Specific provision		269,771	2,915,998	269,771	2,915,998
		774,771	3,348,651	774,771	3,348,651

The specific provision for doubtful debt includes the provision required under the Prudential Standards at 30 June 2004, and a provision for specifically identified individual loans.

12. ASSET QUALITY

(a) Impairment of loans and advances

Non-accrual loans

Balances with specific provisions for doubtful debts
Specific provision for doubtful debts

Net non-accrual loans

Interest foregone on non-accrual loans

(b) Past due loans

Balance

1(h)(ii)

		1,917,984	7,638,955	1,917,984	7,638,955
		(848,314)	(1,335,472)	(848,314)	(1,335,472)
		1,069,670	6,303,483	1,069,670	6,303,483
		58,395	179,066	58,395	179,066
		1,291,858	1,072,933	1,291,858	1,072,933

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS continued
for the year ended 30 June 2004

	CONSOLIDATED		SOCIETY	
	2004 \$	2003 \$	2004 \$	2003 \$
13. OTHER INVESTMENTS				
Shares and interest bearing notes	13,166	183,703	13,166	183,703
Controlled entities	-	-	60,587	60,588
Deposits with special service providers	550,000	569,037	550,000	569,037
	563,166	752,740	623,753	813,328

14. PARTICULARS IN RELATION TO CONTROLLED ENTITIES

Name	Country of incorporation	Percentage of equity interest held by the economic entity		Contribution to consolidated operating profit / (loss) after income tax	
		2004 %	2003 %	2004 \$	2003 \$
Ultimate Holding Company: Pioneer Permanent Building Society Limited	Australia	-	-	1,351,000	(830,597)
Controlled Entities: Pioneer Permanent Insurance Services Limited - ordinary shares	Australia	100	100	-	-
Pioneer Mortgage Insurance Pty Ltd - ordinary shares	Australia	100	100	-	-
				1,351,000	(830,597)

During the year there were no operations performed by Pioneer Permanent Insurance Services Limited and Pioneer Mortgage Insurance Pty Ltd. The future direction of both companies is yet to be determined.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS continued
for the year ended 30 June 2004

	Notes	CONSOLIDATED		SOCIETY	
		2004 \$	2003 \$	2004 \$	2003 \$
15. PROPERTY, PLANT AND EQUIPMENT					
Freehold land					
At the independent valuation – June 2003	15(b)	505,000	505,000	505,000	505,000
Building on freehold land					
At cost		2,614	-	2,614	-
At the independent valuation – June 2003	15(b)	840,000	840,000	840,000	840,000
Less: Provision for depreciation		31,542	-	31,542	-
		811,072	840,000	811,072	840,000
Total freehold land and buildings		1,316,072	1,345,000	1,316,072	1,345,000
Leasehold improvements					
At cost		328,767	268,361	328,767	268,361
Less: Provision for amortisation		122,212	88,730	122,212	88,730
		206,555	179,631	206,555	179,631
Total land and buildings		1,522,627	1,524,631	1,522,627	1,524,631
Plant and equipment					
At cost		4,764,934	4,827,703	4,764,934	4,827,703
Less: Provision for depreciation		3,195,641	2,794,863	3,195,641	2,794,863
Total plant and equipment		1,569,293	2,032,840	1,569,293	2,032,840
Computer software					
At cost		2,213,521	2,079,317	2,213,521	2,079,317
Less: Provision for amortisation		884,701	721,014	884,701	721,014
Total computer software		1,328,820	1,358,303	1,328,820	1,358,303
Total property, plant and equipment					
At cost		7,309,836	7,175,381	7,309,836	7,175,381
Independent valuation – June 2003	15(b)	1,345,000	1,345,000	1,345,000	1,345,000
		8,654,836	8,520,381	8,654,836	8,520,381
Less: Provision for depreciation and amortisation		4,234,096	3,604,607	4,234,096	3,604,607
Total written down amount		4,420,740	4,915,774	4,420,740	4,915,774

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS continued
for the year ended 30 June 2004

15. PROPERTY, PLANT AND EQUIPMENT continued

(a) Movement in carrying amounts

Movements in carrying amount for each class of property, plant and equipment between the beginning and the end of the current financial year. The movements are identical for both the Society and the consolidated group.

	Freehold Land \$	Buildings \$	Leasehold Improvements \$	Plant and Equipment \$	Computer Software \$	Total \$
Balance at the beginning of year	505,000	840,000	179,631	2,032,840	1,358,303	4,915,774
Purchases and additions	-	2,614	60,406	249,424	318,197	630,641
Disposals	-	-	-	(57,586)	(183,993)	(241,579)
Depreciation / amortisation expense	-	(31,542)	(33,482)	(655,385)	(163,687)	(884,096)
Carrying amount at the end of year	505,000	811,072	206,555	1,569,293	1,328,820	4,420,740

(b) The economic entity has a policy of revaluing all freehold land and building every 3 years by an independent valuer.

The properties located in Mackay were restated to independent valuations determined by JD Dodds FAPI (Val) on 30 June 2003. They were assessed by capitalisation of net income and direct comparison methods.

The property located in Alpha was restated to the independent valuation determined by GR Williams AAPI (Val) on 30 June 2003. It was valued based on the "Highest and Best Use" which is defined as the most profitable legal use to which the property may be put.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS continued
for the year ended 30 June 2004

	CONSOLIDATED		SOCIETY	
	2004 \$	2003 \$	2004 \$	2003 \$
16. DEFERRED TAX ASSETS				
Future income tax benefit	1,095,624	1,023,999	1,095,624	1,023,999
17. INTANGIBLE ASSETS				
Goodwill at cost	91,183	91,183	91,183	91,183
Less accumulated amortisation	24,316	15,197	24,316	15,197
	66,867	75,986	66,867	75,986
18. OTHER ASSETS				
Prepayments	488,385	548,612	488,385	548,612
19. DEPOSITS				
Call deposits	144,700,919	125,467,938	144,761,506	125,528,526
Term deposits	275,485,543	271,612,799	275,485,543	271,612,799
	420,186,462	397,080,737	420,247,049	397,141,325
Maturity Analysis				
On call	144,700,919	125,467,938	144,761,506	125,528,526
Not longer than 3 months	205,959,845	192,155,279	205,959,845	192,155,279
Longer than 3 and not longer than 12 months	60,740,878	69,832,288	60,740,878	69,832,288
Longer than 1 and not longer than 5 years	8,784,820	9,625,232	8,784,820	9,625,232
	420,186,462	397,080,737	420,247,049	397,141,325
Concentration of Deposits				
Deposits from Queensland				
Central region	237,247,016	216,952,134	237,307,603	217,012,722
Southern region	72,467,403	75,254,191	72,467,403	75,254,191
South & Central West region	61,236,453	60,008,264	61,236,453	60,008,264
Northern region	46,331,175	43,010,120	46,331,175	43,010,120
	417,282,047	395,224,709	417,342,634	395,285,297
Deposits from outside Queensland	2,904,415	1,856,028	2,904,415	1,856,028
	420,186,462	397,080,737	420,247,049	397,141,325

The Society's deposit portfolio does not include any deposit which represents 10% or more of total liabilities.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS continued
for the year ended 30 June 2004

	CONSOLIDATED		SOCIETY	
	2004 \$	2003 \$	2004 \$	2003 \$
20. PAYABLES AND OTHER LIABILITIES				
Trade creditors	2,323,294	1,685,044	2,323,294	1,685,044
Accrued interest payable	3,554,090	2,782,219	3,554,090	2,782,219
	5,877,384	4,467,263	5,877,384	4,467,263
21. INTEREST BEARING LIABILITIES				
Term subordinated debt	9,716,439	9,716,439	9,716,439	9,716,439
Perpetual subordinated debt	7,700,000	7,700,000	7,700,000	7,700,000
	17,416,439	17,416,439	17,416,439	17,416,439
Maturity Analysis				
Longer than 5 years	17,416,439	17,416,439	17,416,439	17,416,439
22. TAX LIABILITIES				
Provision for income tax	129,179	-	129,179	-
Provision for deferred income tax	67,197	77,973	67,197	77,973
	196,376	77,973	196,376	77,973
23. PROVISIONS				
Employee entitlements	450,876	464,134	450,876	464,134
Number of employees at year end (full time and casual employees)	131	123	131	123

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS continued
for the year ended 30 June 2004

	CONSOLIDATED		SOCIETY	
	2004 \$	2003 \$	2004 \$	2003 \$
24. CONTRIBUTED EQUITY				
10,151,404 fully paid ordinary shares (2003: 10,088,563)	15,534,846	15,356,407	15,534,846	15,356,407
Balance at beginning of the period	15,356,407	13,256,794	15,356,407	13,256,794
27 September 2002 – 185,233 shares issued under the Society's dividend reinvestment scheme	-	545,643	-	545,643
30 December 2002 – 497,609 shares issued to existing shareholders as a share top up	-	1,414,943	-	1,414,943
25 March 2003 – 49,885 shares issued under the Society's dividend reinvestment scheme	-	139,027	-	139,027
30 June 2004 – 62,841 shares issued under the Society's dividend reinvestment scheme	178,439	-	178,439	-
	15,534,846	15,356,407	15,534,846	15,356,407

Ordinary Shares participate in dividends and the proceeds in the event of the company winding up in proportion to the number of shares held.

At shareholders' meetings where a poll or postal ballot is called, every shareholder has one vote for each share held.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS continued
for the year ended 30 June 2004

	CONSOLIDATED		SOCIETY	
	2004 \$	2003 \$	2004 \$	2003 \$
25. RESERVES				
Contingency reserve	525,305	525,305	525,305	525,305
Asset revaluation reserve	259,098	259,098	259,098	259,098
General reserve	649,708	649,708	649,708	649,708
	1,434,111	1,434,111	1,434,111	1,434,111
Contingency Reserve				
Balance at beginning of year	525,305	-	525,305	-
Plus: Transfer from general reserve	-	525,305	-	525,305
	525,305	525,305	525,305	525,305
Asset Revaluation Reserve				
Balance at beginning of year	259,098	277,132	259,098	277,132
Less: Revaluation decrement on freehold land and buildings	-	(18,034)	-	(18,034)
	259,098	259,098	259,098	259,098
General Reserve				
Balance at beginning of year	649,708	1,175,013	649,708	1,175,013
Less: Transfer to contingency reserve	-	(525,305)	-	(525,305)
	649,708	649,708	649,708	649,708
26. RETAINED PROFITS				
Retained profits at the beginning of the financial year	1,084,643	2,831,136	1,084,643	2,829,278
Net profit / (loss) attributable to members of the company	1,351,000	(830,597)	1,351,000	(828,739)
Dividends provided for or paid	(252,212)	(915,896)	(252,212)	(915,896)
Retained profits at the end of the financial year	2,183,431	1,084,643	2,183,431	1,084,643

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS continued
for the year ended 30 June 2004

	CONSOLIDATED		SOCIETY	
	2004 \$	2003 \$	2004 \$	2003 \$
27. DIVIDENDS				
Interim dividend paid 2.50 cents per share fully franked at the tax rate of 30% (2003: 2.00 cents per share fully franked at the tax rate of 30%)	252,212	190,821	252,212	190,821
Since the end of the financial year, the Directors have declared a final dividend of 5.50 cents per share fully franked at the tax rate of 30% (2003: nil)	558,327	-	558,327	-

The financial effect of the final dividend have not been brought to account in the financial statements for the year ended 30 June 2004 and will be recognised in subsequent financial reports.

Franking Account

Balance of franking account at year end adjusted for, franking credits arising from payment of provision for income tax and dividends recognised as receivables, franking debits arising from payment of proposed dividends and any credits that may be prevented from distribution in subsequent years

	2,935,585	2,517,087	2,929,901	2,511,403
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28. EXPENDITURE COMMITMENTS

(a) Capital expenditure commitments:

Estimated capital expenditure contracted for at balance date but not provided for
- Computer software

436,920	615,945	436,920	615,945
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Payable
- not later than 1 year

436,920	615,945	436,920	615,945
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(b) Lease expenditure commitments:

Operating leases (rental commitments)
- not later than 1 year
- later than 1 and not later than 2 years
- later than 2 and not later than 5 years

639,863	578,052	639,863	578,052
606,736	561,369	606,736	561,369
615,000	996,062	615,000	996,062

Aggregate lease expenditure contracted for at balance date

1,861,599	2,135,483	1,861,599	2,135,483
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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS continued
for the year ended 30 June 2004

29. SUPERANNUATION COMMITMENTS

The Society has established superannuation plans for the provision of benefits to employees on retirement, death and disability. Benefits provided under each plan is based on contributions plus accumulated earnings. During the year the Society contributed to each plan in order to satisfy the requirements of the Superannuation Guarantee Charge Legislation. Employees contribute on a voluntary basis.

It is reasonably expected that funds will be available to satisfy all benefits payable in the event of:

- (i) termination of the plan; or
- (ii) voluntary or compulsory termination of the employment of each employee.

30. BANK OVERDRAFT AND OTHER LIQUIDITY FACILITIES

The Westpac Banking Corporation provides a current account limit of \$330,000. This facility is secured by equitable mortgages over securities financed by the Society. No amounts were drawn and the total amount of credit available under this arrangement was \$330,000 at 30 June 2004.

A securitisation facility of \$50 million has been established for liquidity support purposes. At 30 June 2004, the undrawn balance available under this facility was \$48,167,797.

	CONSOLIDATED		SOCIETY	
	2004 \$	2003 \$	2004 \$	2003 \$
31. CONTINGENT LIABILITIES AND CREDIT COMMITMENTS				
(a) Contingent liabilities				
(i) performance guarantees provided to members	345,426	393,451	345,426	393,451
(ii) the Society has a contingent liability in respect of encashment authorities established with its bankers				
(b) Lending commitments				
Loans and credit limits approved but undrawn	23,088,346	19,500,751	23,088,346	19,500,751
Some commitments may expire without being drawn upon. Therefore, the total commitment amounts do not necessarily represent future cash requirements.				

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS continued for the year ended 30 June 2004

32. EVENTS SUBSEQUENT TO BALANCE DATE

No matters or circumstances have arisen since the end of the financial year which have significantly affected or may significantly affect:

- (a) the operations of the economic entity
- (b) the results of these operations; or
- (c) the state of affairs of the economic entity in subsequent financial years

	CONSOLIDATED		SOCIETY	
	2004 \$	2003 \$	2004 \$	2003 \$
33. EARNINGS PER SHARE				
Basic earnings per share (cents per share)	13.39	(8.51)	13.39	(8.49)
Weighted average number of ordinary shares on issue used in the calculation of basic earnings per share.	10,088,563	9,757,283	10,088,563	9,757,283

As there were no other securities on issue during the year that could be converted to permanent shares, diluted earnings per share is equal to basic earnings per share.

34. DIRECTORS' AND EXECUTIVES' DISCLOSURES

- (a) Names and positions held of parent entity Directors and specified executives in office at any time during the financial year are:

Parent Entity Directors

Mr C Flor	Chairman – Non-executive
Mr APF Ghusn	Deputy Chairman – Non-executive
Mr RC Deguara	Director – Non-executive
Ms VB Comino	Director – Non-executive
Mr MT Bohlscheid	Director – Non-executive
Mr GG Cerutti	Director – Non-executive

Specified Executives

Mr RJ Jackson	General Manager (Employment contract ceased on 19 December 2003)
Mr LJ Voltz	Company Secretary/ Acting General Manager
Mr MB McLennan	Manager Risk Management
Mr AA Richardson	General Manager - Appointed 2 August 2004

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS continued
for the year ended 30 June 2004

		Primary		Post Employment	
		Salary & Fees	Non-Monetary Benefits	Superannuation	Total
34. DIRECTORS' AND EXECUTIVES' DISCLOSURES continued					
(b) Parent Entity Directors' Remuneration					
Mr C Flor	2004	66,699	-	18,000	84,699
	2003	66,699	-	18,000	84,699
Mr APF Ghusn	2004	58,280	-	5,245	63,525
	2003	58,280	-	5,245	63,525
Mr RC Deguara	2004	38,853	-	3,497	42,350
	2003	38,853	-	3,497	42,350
Ms VB Comino	2004	38,853	-	3,497	42,350
	2003	38,853	-	3,497	42,350
Mr MT Bohlscheid	2004	39,897*	-	3,497	43,394
	2003	39,806*	-	3,497	43,303
Mr GG Cerutti	2004	41,389*	-	3,497	44,886
	2003	39,905*	-	3,497	43,402
Mr NV Skoien (deceased 13 December 2002)	2003	20,362	-	1,748	22,110
Total, all specified directors	2004	283,971	-	37,233	321,204
	2003	302,758	-	38,981	341,739
* Includes travel allowance payments					
(c) Specified Executives' Remuneration					
Mr RJ Jackson (Employment contract ceased on 19 December 2003)	2004	38,064	8,804	4,506	51,374
	2003	26,831	1,962	3,320	32,113
Mr LJ Voltz	2004	58,200	14,012	84,590	156,802
	2003	100,499	13,935	35,968	150,402
Mr MB McLennan	2004	69,730	16,195	6,276	92,201
	2003	67,307	10,802	6,058	84,167
Total, all specified executives	2004	165,994	39,011	95,372	300,377
	2003	194,637	26,699	45,346	266,682

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS continued
for the year ended 30 June 2004

34. DIRECTORS' AND EXECUTIVES' DISCLOSURES continued

(d) Equity Interests

The movement during the reporting period in the number of ordinary shares of Pioneer Permanent Building Society Ltd held directly, indirectly or beneficially, by each specified Director and specified executives, including their personally related entities is as follows:

	Held at 1 July 2003	Acquisitions	Sales	Held at 30 June 2004
Parent Entity Directors				
Mr C Flor	650,868	5,894	-	656,762
Mr APF Ghusn	583,736	18,474	-	602,210
Mr RC Deguara	327,511	2,877	-	330,388
Ms VB Comino	311,496	2,388	-	313,884
Mr MT Bohlscheid	189,960	1,673	-	191,633
Mr GG Cerutti	13,300	30,000	-	43,300
Specified Executives				
Mr LJ Voltz	154,277	1,356	-	155,633

(e) Debt Security Interests

The number of debt securities in which Directors and specified executives had an interest at 30 June 2004 was:

	Pioneer Income Notes	Subordinated Capital Notes
Parent Entity Directors		
Mr C Flor	0	0
Mr APF Ghusn	0	0
Mr RC Deguara	500	0
Ms VB Comino	800	0
Mr MT Bohlscheid	0	0
Mr GG Cerutti	0	0
Specified Executives		
Mr LJ Voltz	20	0

(f) The company's policy for determining the nature and amount of emoluments of board members and senior executives of the company is as follows:

The remuneration structure for executive officers, including executive Directors, is based on a number of factors, including length of service, particular experience of the individual concerned, and overall performance of the company. The contracts for service between the company and specified Directors and executives are on a continuing basis the terms of which are not expected to change in the immediate future. Upon retirement executives are paid employee benefit entitlements accrued to date of retirement.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS continued for the year ended 30 June 2004

34. DIRECTORS' AND EXECUTIVES' DISCLOSURES continued

(g) Loans and other transactions with specified directors and specified executives

The Australian Securities and Investments Commission issued a class order 98/110 dated 10 July 1998 (as amended by class order 04/665 dated 15 July 2004) exempting Australian Financial Institutions from providing details of financial instrument transactions with related parties (other than specified directors and specified executives) entered into in the ordinary course of business and on an arms length basis.

Details regarding loans outstanding at the reporting date to specified Directors and specified executives, where the individual's aggregate loan balance exceeds \$100,000 at any time in the reporting period are as follows:

	Balance 1 July 2003	Balance 30 June 2004 reporting period	Interest paid and payable in the	Highest balance in period
Specified Directors				
None				
Specified Executives				
LJ Voltz	321,072	306,177	18,101	321,635

Financial instrument transactions with specified directors, executives and director and executive related entities during the financial year were on normal terms and conditions and are no more favourable than those available to other parties, unless otherwise stated.

- (i) motor vehicle fleet dealings with Carlisle Motors Pty Ltd a company for which Mr R.C. Deguara is a Director. The amount paid to Carlisle Motors Pty Ltd for the year totalled \$67,861 (2003: \$161,120);
- (ii) the partnership of Coscer Accountants, of which Mr G.G. Cerutti is a partner, was paid commission of \$100,626 (2003: \$111,597) for the period, for acting as the agent of the Society in Ingham. These amounts were in accordance with the normal terms and conditions of the agency commission paid by the Society;
- (iii) rental of business premises from a partnership which includes Mr C Flor totaled \$15,000 (2003: Nil) for the year;
- (iv) deposits lodged with the chief entity by director related entities;
- (v) insurance policies placed on behalf of director related entities by the controlled entity.

35. AUDITORS' REMUNERATION

Amounts received or due and receivable
by the auditors of Pioneer Permanent
Building Society Limited for:

- an audit or review of the financial
statements of the entity and any other
entity in the economic entity
- other services in relation to the entity and
any other entity in the economic entity.

Notes	CONSOLIDATED		SOCIETY	
	2004 \$	2003 \$	2004 \$	2003 \$
	62,018	59,380	62,018	59,380
	5,734	4,908	5,734	4,908
	67,752	64,288	67,752	64,288

36. ECONOMIC DEPENDENCY

The Society has an economic dependency on the Mackay region, which is the source of most of its deposits and loans. This economic dependency will reduce as the Society further expands its operations to other areas of Queensland

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS continued for the year ended 30 June 2004

37. SEGMENT INFORMATION

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.

Primary Segment

	Segment Revenue		Segment Result		Segment Assets		Segment Liabilities		Acquisition of Property, Plant & Equipment		Depreciation Expense		Other Segment Expenses	
	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003
Banking	35,819,382	33,496,754	1,935,704	(1,167,570)	463,279,925	437,381,707	444,127,537	419,506,546	630,641	889,465	884,096	912,953	32,999,582	33,751,371
Income Tax (Expense)/ Benefit			(584,704)	336,973										
	35,819,382	33,496,754	1,351,000	(830,597)	463,279,925	437,381,707	444,127,537	419,506,546	630,641	889,465	884,096	912,953	32,999,582	33,751,371

Secondary Segment

	Segment Revenue		Segment Assets		Segment Liabilities		Acquisition of Property, Plant & Equipment	
	2004	2003	2004	2003	2004	2003	2004	2003
Geographical								
Central	19,446,396	18,704,819	159,914,474	191,233,716	253,530,868	245,042,002	129,203	292,940
Southern	4,286,071	4,506,886	15,002,217	44,836,779	62,553,552	53,643,229	4,932	53,858
Central West	4,698,543	4,032,650	40,458,325	19,269,948	60,820,309	58,432,944	25,856	69,370
Northern	3,972,219	3,321,432	73,842,401	72,670,491	46,802,725	42,791,457	95,462	243,325
Unallocated*	3,416,153	2,930,967	174,062,508	109,370,773	20,420,083	19,596,914	375,188	229,972
	35,819,382	33,496,754	463,279,925	437,381,707	444,127,537	419,506,546	630,641	889,465

*In accordance with the Accounting Standards, the unallocated portion relates to items which cannot be directly attributed to a region, such as interest received on investments, interest paid on subordinated debt and head office costs.

38. FINANCIAL INSTRUMENTS

(a) Terms, conditions and accounting policies

The economic entity's accounting policies, including the terms and conditions of each class of financial asset, financial liability and equity instrument, both recognised and unrecognised at balance date, are as follows:

Recognised Financial Instruments	Balance Sheet Notes	Accounting Policies	Terms and Conditions
(i) Financial Assets			
Receivables due from other financial institutions	7	Receivables due from other financial institutions are stated at cost. Further details are shown in Note 1 (g).	Receivables due from other financial institutions comprise term deposits with banks and other building societies, having various terms to maturity. All current receivables have less than 3 months to maturity.
Investment securities	9	Investment securities are carried at amortised cost. Amortised cost is calculated by taking into account the discount or premium on acquisition. Interest revenue is recognised on an effective yield basis.	All investment securities can be sold prior to maturity. Floating rate notes with a face value of \$8,000,000 have a term to maturity of no more than 18 months. All other investments have maturity dates of less than 1 year.
Loans and Advances	10	Loan interest is calculated on the daily balance outstanding and is charged in arrears to a customer's account on the last day of each month. Loans and advances are recorded at their recoverable amount.	The majority of loans are written over a maximum term of 25 years with principal and interest repayments. Details of terms and conditions on the related party loans are shown in Note 34(f). All overdrafts are reviewed on an annual basis. Security details are provided in Note 10 (b).
Other investments	13	<p>Shares and notes are carried at the lower of cost or recoverable amount. Dividend/Interest income is recognised when it is received.</p> <p>Deposits with special service providers are carried at face value.</p>	<p>Most of the shares and notes held are in organisations that are associated with the Society or in the same industry, and as such are considered to be long term investments.</p> <p>Funds are on deposit with special service providers to cover settlements for electronic transactions.</p>

38. FINANCIAL INSTRUMENTS continued

(a) Terms, conditions and accounting policies

The economic entity's accounting policies, including the terms and conditions of each class of financial asset, financial liability and equity instrument, both recognised and unrecognised at balance date, are as follows:-

Recognised Financial Instruments	Balance Sheet Notes	Accounting Policies	Terms and Conditions
(ii) Financial Assets			
Deposits	19	Deposits are recorded at the principal amount.	Details of maturity terms are set out in Note 19. Interest is calculated on the daily balance outstanding.
Payables and other liabilities	20	Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the economic entity.	Trade liabilities are normally settled on 30 day terms.
Subordinated debt	21	Term subordinated debt is carried at the principal amount. Perpetual subordinated debt is carried at the principal amount.	Term subordinated debt has a maturity of 10 years with interim maturity dates commencing at 5 years. The first interim maturity date is 25 January 2007. Perpetual subordinated debt (Pioneer Income Notes) does not have a maturity date. The Society has the right to exchange each Pioneer Income Note for its face value of \$100 (plus any outstanding accrued interest) at any time after 25 October 2004.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS continued
for the year ended 30 June 2004

38. FINANCIAL INSTRUMENTS cont.

(b) Interest rate risk

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

Financial Instruments	Variable interest rate		Fixed interest rate maturing						Non-interest bearing		Total carrying amount as per the balance sheet		Weighted average effective interest rate	
			Within year		1 to 5 years		Over 5 years							
	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	%	%
(i) Financial assets														
Cash and liquid assets	6,225,409	11,336,589	-	-	-	-	-	-	3,775,825	6,705,473	10,001,234	18,042,062	4.97	4.42
Receivables due from other financial institutions	-	-	71,500,000	27,200,000	-	-	-	-	-	-	71,500,000	27,200,000	5.63	4.88
Investment securities	-	-	90,924,308	60,044,042	2,002,015	4,498,471	-	-	-	-	92,926,323	64,542,513	6.23	4.88
Loans and advances	220,463,364	270,905,964	17,248,173	16,898,969	42,130,219	28,974,801	259,433	209,440	152,030	1,410,757	280,253,219	318,399,931	7.31	7.47
Other investments	550,000	569,037	-	-	-	-	-	-	13,166	183,703	563,166	752,740	5.25	4.50
Total financial assets	227,238,773	282,811,590	179,672,481	104,143,011	44,132,234	33,473,272	259,433	209,440	3,941,021	8,299,933	455,243,942	428,937,246		

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS continued
for the year ended 30 June 2004

38. FINANCIAL INSTRUMENTS continued

(b) Interest rate risk continued

Financial Instruments	Variable interest rate		Fixed interest rate maturing						Non-interest bearing		Total carrying amount as per the balance sheet		Weighted average effective interest rate	
	2004 \$	2003 \$	Within year		1 to 5 years		Over 5 years		2004 \$	2003 \$	2004 \$	2003 \$	2004 %	2003 %
(ii) Financial liabilities														
Deposits	144,700,919	125,467,938	266,700,723	261,987,567	8,784,820	9,625,232	-	-	-	-	420,186,462	397,080,737	4.08	3.86
Payables and other liabilities	-	-	-	-	-	-	-	-	5,877,384	4,467,263	5,877,384	4,467,263	n/a	n/a
Subordinated debt	-	-	17,416,439	17,416,439	-	-	-	-	-	-	17,416,439	17,416,439	7.17	6.74
Interest rate swaps	(10,000,000)	-	-	-	10,000,000	-	-	-	-	-	*	*	**	**
Total financial liabilities	134,700,919	125,467,938	284,117,162	279,404,006	18,784,820	9,625,232	-	-	5,877,384	4,467,263	443,480,285	418,964,439		

n/a not applicable for non-interest bearing financial instruments

* not applicable since financial instruments are not recognised in the financial statements

** the disclosure of effective interest rates is not applicable to derivative financial instruments

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS continued
for the year ended 30 June 2004

38. FINANCIAL INSTRUMENTS continued

(c) Net fair values

	Total carrying amount as per the balance sheet		Aggregate net fair value	
	2004	2003	2004	2003
Financial assets				
Cash and liquid assets	10,001,234	18,042,062	10,001,234	18,042,062
Receivables due from other financial institutions	71,500,000	27,200,000	72,029,817	27,200,945
Investment securities	92,926,323	64,542,513	93,721,196	64,551,153
Loans and advances	280,253,219	318,399,931	279,239,025	319,541,602
Other investments	563,166	752,740	563,166	752,740
Total financial assets	455,243,942	428,937,246	455,554,438	430,088,502
Financial liabilities				
Deposits	420,186,462	397,080,737	420,186,462	397,080,737
Payables and other liabilities	5,877,384	4,467,263	5,877,384	4,467,263
Dividends payable	-	-	-	-
Subordinated debt	17,416,439	17,416,439	17,416,439	17,416,439
Interest rate swaps	*	*	*	*
Total financial liabilities	443,480,285	418,964,439	443,480,285	418,964,439

* not applicable since derivative financial instruments are not recognised in the financial statements.

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

Recognised financial instruments

Cash and liquid assets and deposits with special service providers:	The carrying amount approximates fair value because of their short-term to maturity or are receivable on demand.
Receivables due from other financial institutions and investments securities:	The fair value is determined by reference to the current market value of another instrument which is substantially the same.
Loans and advances:	The fair values of loans receivable excluding impaired loans, are estimated using discounted cash flow analysis, based on current incremental lending rates for similar types of lending agreements.
Unlisted shares:	The carrying amount approximates fair value.
Deposits:	The carrying amount approximates their fair value as they are short term in nature.
Term subordinated debt:	The value is determined by reference to the current quoted market price.
Perpetual subordinated debt:	The value is determined by reference to the current quoted market price.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS continued for the year ended 30 June 2004

38. FINANCIAL INSTRUMENTS continued

(d) Credit risk exposures

The economic entity's maximum exposure to credit risk at balance date in relation to each class of recognised financial asset is the carrying amount of those assets as indicated in the balance sheet.

In relation to unrecognised financial assets, credit risk arises from the potential failure of counterparties to meet their obligations under the contract or arrangement.

Concentrations of credit risk

The Society has clearly defined policies and procedures for the approval and management of credit risk. The Society minimises concentrations of credit risk in relation to loans receivable by undertaking transactions with a large number of customers within a specified category. However, at present security in relation to loans is concentrated in Queensland.

Credit risk in loans receivable is managed in the following ways:

- a risk assessment process is used for all customers;
- mortgage insurance is obtained where possible; and
- appropriate loan security is taken and appropriate loan insurance cover in respect of that security is required.

Loan exposures are disclosed in Note 10.

(e) Hedging instruments

The Society is exposed to interest rate fluctuations to the extent that the Society has a difference of interest earning assets and the amount of interest bearing liabilities that reprice in differing periods. The senior management of the Society is responsible for implementing strategies to manage this risk within limits set by the Directors. One of the strategies has been the use of interest rate swaps. At 30 June 2004 the Society had in place interest rate swaps to the value of \$10,000,000 in which the Society pays a fixed rate and receives a variable rate of interest. The Society does not enter into transactions involving derivative financial instruments other than for hedging risk.

The Directors of Pioneer Permanent Building Society Limited declare that:

1. The financial statements and notes of the Society and of the Consolidated Entity, as set out on pages 14 to 47 are in accordance with the Corporations Act 2001 and:
 - (a) comply with the Accounting Standards and the Corporations Regulations 2001; and
 - (b) give a true and fair view of the company's and consolidated entities' financial position as at 30 June 2004 and of their performance for the year ended on that date.
2. In the Directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



C Flor
Chairman of Directors

Dated this 21st day of September 2004

TO THE MEMBERS OF PIONEER PERMANENT BUILDING SOCIETY LIMITED

Scope

We have audited the financial report of Pioneer Permanent Building Society Limited and controlled entities for the financial year ended 30 June 2004 comprising Statement of Financial Performance, Statement of Financial Position, Statement of Cash Flows, Directors' Declaration and Notes to and Forming Part of the Financial Statements.

The financial report includes the consolidated financial statements of the consolidated entity comprising the Society and the entities it controlled at the year's end or from time to time during the financial year. The Society's Directors are responsible for the financial report. We have conducted an independent audit of this financial report in order to express an opinion to the members of the Society.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amount and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements in Australia and statutory requirements so as to present a view which is consistent with our understanding of the Society's and the consolidated entity's financial position, and performance as represented by the results of their operations and their cash flows.

The audit opinion expressed in this report has been formed on the above basis

Audit Opinion

In our opinion, the financial report of Pioneer Permanent Building Society Limited is in accordance with:

- (a) the Corporations Act 2001, including:
 - 1) giving a true and fair view of the Society's and consolidated entity's financial position as at 30 June 2004 and of their performance for the year ended on that date; and
 - 2) complying with Accounting Standards in Australia and the Corporation Regulations 2001; and
- (b) other mandatory professional reporting requirements.

Independence

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

S.H. TAIT & CO

A.R.Eames
Chartered Accountant

Mackay, 28 September 2004

as at 27 August 2004

Distribution of Shareholders

Size of Holding			No. of Shareholders
1	-	99	6
100	-	1000	136
1001	-	5000	350
5001	-	10000	164
10001	-	20000	84
20001	-	50000	70
50001	&	over	40
			850

Twenty Largest Shareholders

(By Name Only)

	No. of Shares	% of Total
Mackay Community Credit Pty Ltd	384,258	3.78
Kibbeh Pty Ltd	291,576	2.87
Jandrew Union Pty Ltd	218,750	2.15
Kylemore Pty Ltd <Galway Unit A/c>	210,177	2.07
Patrick John Carroll	184,457	1.81
G.C Paterson	175,069	1.72
Carlisle Holdings Pty Ltd	173,632	1.71
GC Paterson & JV Paterson		
<Gene Paterson Super A/c>	169,915	1.67
JJ Formosa	158,808	1.56
Allenby Nominees Pty Ltd	149,487	1.47
A.P.F Ghusn	137,536	1.35
Macegate Pty Ltd	127,003	1.25
M.T Bohlschied	122,937	1.21
R.E Flor Pty Ltd	118,292	1.16
V.B Comino	111,570	1.09
Cathie Pty Ltd	108,152	1.06
JJ Hanly & T.C Hanly		
<J & T Hanly Super Fund>	102,224	1.00
Delta Investments Pty Ltd	99,136	0.97
JJ Formosa & Kathryn Ruth Formosa	94,994	0.93
Cassandra Comino & Peter Comino	94,708	0.93
	3,234,699	31.84

Substantial Shareholders (Including Associates)

A.P.F Ghusn	529,370	5.21
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Stock Exchange of Newcastle

The Society's shares and notes are listed on the Stock Exchange of Newcastle Limited (NSX). Information released by the Society to the exchange and details of trades in the Society's securities can be found at www.newsx.com.au.

Share & Note Registry

The Share and Note Registry is located at ASX Perpetual Registrars, c/- Pioneer Permanent Building Society Limited, GPO Box 35, Brisbane Qld 4001.



Pioneer Permanent Building Society Limited

ABN 36 087 652 042

AFS Licence No. 245488

HEAD OFFICE

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