

MONT CLAIR HOME UNITS PTY LIMITED
347 Liverpool Street Darlinghurst NSW 2010

Board of Directors

ANNUAL REPORT 2006/07

Financial Results

The financial reports have been prepared in accordance with accrual based accounting standards and circulated to shareholders with the AGM papers. The financial result for the year ended 30 June 2007 was a **small surplus of \$11,687**.

The cash based financial results were as follows:

Admin Fund

Balance brought forward (01/07/06)	\$9,819
Income	\$93,909
Expenditure	\$98,090
Cash balance as at 30/06/07	\$5,638 (credit)

Sinking Fund

Balance brought forward (01/07/05)	\$1,989
Income	\$14,728
Expenditure	\$648
Cash balance as at 30/06/07	\$16,069

Total cash balance as at 30/6/07 **\$ 21,707(credit)***

** includes \$10,000 in an investment account.*

Whilst there are currently no shareholders significantly in arrears, shareholders are reminded that it is essential that levies are fully paid by the due date.

Budget

A relatively small increase in the sinking fund levy commenced from 01.07.07 and is not yet reflected in the above financial results.

Shareholders

Three share transfers (Units 17, 53 and 56) were approved during the year. Mont Clair extends a warm welcome to the new shareholders.

Tenancy Agreements

14 tenancy agreements were approved during the 2005/06 financial year.

Web Site

A Mont Clair web site (www.montclair.com.au) was launched during the period and has been well received. Important information is now more accessible for shareholders, residents and real estate agents. The website contains such essential documents as the certificate of incorporation, constitution of the company, house rules, heritage report, application forms for new shareholders and new tenants, annual report, frequently asked questions, a renovation application, a form for indemnity and a useful resources page.

Commendation and free advice was received from the company's solicitors, Makinson and d'Apice and an article was included in their newsletter to clients. Other company title buildings have now followed Mont Clair's lead. Some fine tuning of our website will be completed soon to incorporate feedback and

include improved photographs of the buildings interior public areas.

Mont Clair's 70th Anniversary

In August 2008 Mont Clair will turn 70. The Board would like to commemorate the occasion with a 1930's wall clock to be hung over the lift on the ground floor and is currently trying to source an appropriate clock. An appropriate function is also proposed to mark the occasion and ideas and assistance are currently being invited from shareholders and residents.

General Building Maintenance

Plumbing and Drainage

Plumbing and drainage maintenance was a major expense during the year . A major blockage occurred in the main stack inside the building on the eastern side which resulted in major flooding to unit 43 when the pipe was jet blasted by the plumbers to clear the blockage. A follow up investigation by another plumber utilising a camera inside the pipes resulted in the blockage being completely cleared. This was very traumatic for all concerned and after several months all damage has been restored to an acceptable level.

Following complaints from several residents about variable and poor hot water supply the Board engaged an engineer to examine the hot water system and provide recommendations for improvements. A range of problems were identified by the engineer including the hot water storage tanks not being properly installed. The Board immediately implemented all recommendations (cost \$16,346 incl GST). An additional pump was needed to provide adequate hot water pressure to all parts of the building which was not part of the original scope of works. The Board has requested the engineer to address noise problems in the South West courtyard resulting from the pump however this has not yet been resolved.

Windows

Following recent reports from several residents about windows leaking badly after a very long period of drought, the Board engaged Weir and Phillips Architects to conduct an inspection and survey of all windows and arch bars. Windows in parts of the building which are more exposed to the weather in South and North Eastern Courtyards and the top floor were found to need replacing:

- unit 61 bathroom window only
- unit 63 all windows
- unit 64 living room and bedroom
- unit 65 all windows
- unit 53 living room and bedroom
- unit 43 living room and bedroom (current kitchen and bathroom to be reinstated after remedial work)
- unit 33 all windows.

Most are aluminium windows which were installed over 25 years ago and residual steel left in place from the original steel framed windows has rusted causing the windows to fail. As the window openings do not comply with current building requirements it is proposed that they be replaced with new steel framed windows to match the original windows and meet heritage requirements.

Quotes have been sought however to date only one manufacturer of steel framed windows in Melbourne (Skyrange Windows) has responded. Supply of steel framed windows unglazed in a hot dip galvanized finish prepared for outside putty will cost \$930 +GST for the smallest windows and \$2,550 + GST for the largest windows.

Quotes are being finalised for glazing, remedial work and installation. Scaffolding for the North and South Eastern courtyards and a swinging stage for unit 64 will be necessary. More details are anticipated to be available for the AGM on 09.04.2008. A special levy will be required to complete this work with the required timeframes.

Back Stairs

The back stairs in the South Western courtyard have been found to have concrete cancer and require

urgent remedial work to prevent further deterioration. The Board has received two quotes (approx cost \$32,000 to be updated). As scaffolding will be required it is proposed that this work be completed when the windows are being replaced. This work will be funded from the above mentioned special levy.

Thank you

The Board thanks Wayne Priddle for successfully carrying out the role of Chairman; and Fay McDonald, Company Secretary/Managing Agent, for carefully managing the company's day to day activities.

Board of Directors

17.03.2008