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Our Mission

Newmacq Community Housing's aim is to be a successful company demonstrating harmony between business operation, sustainability and community values, providing a community service based on empathy, accountability, social justice, cooperation and vision.

Newmacq Community Housing's main expression is the supply and management of a range of appropriate and secure accommodation to less advantaged members of the community. In achieving these aims and values, Newmacq Community Housing will:

- Manage housing stock and tenancies according to best practice standards
- Endeavour to enlarge social and affordable housing stock to benefit more prospective tenants;
- Contribute to housing policy debate and development
- Advocate and assist less advantaged members of the community for housing & toward independence
- Demonstrate sensitivity and support for community values at all times
This year, 2005-6, was always going to be a critical year for Newmacq. Following our difficult restructure and appointment of new management staff and the adoption of key constitutional changes in 2005, we started the year with a lot of promise and a great deal of expectation.

Well, I am delighted to report that we have been hugely successful.

Last year we were fortunate to attract a number of new directors (Matthew Dougherty, Matthew Crozier, Richard Stacy, Kwesi Addo and Roseanne Chalmers) and they have made a wonderful contribution to the board. This is not to diminish the continuing contribution of Sandra Calland (our longest serving director) Tim Curran and Sue Dark. Our board now has a very wide representation of our community and the members bring a great range of skills and understanding to our decision-making. The board has worked extremely well during this year and the excellent attendances reflect this.

Our financial performance is elsewhere in this report, suffice it for me to say, that I could not be more pleased with our achievements and I express particular appreciation to our General Manager, Greg Budworth, who is ably assisted by our Accountant Geoff Wooden.

We started the year with a number of goals including lifting our professionalism and performance in managing our properties and building long-term relationships with our tenants. I consider the progress on this score has been marked. The skills displayed by our Housing Managers and maintenance team is reflected in our financial performance and our feedback from both clients and associated organisations has been excellent and a credit to the staff and management.

The performance of our team has been recognised by the Office of Community Housing in our receiving an “A” level registration, an improvement on the “B” we received last year. The Board is committed to this ongoing improvement and we have the matter of accreditation in our sights for the future. This also reflects the fact that we have strengthened our relationship with the Office of Community Housing, building a level of trust that is necessary for us to achieve our potential.

Allied with our objective of improving our financial performance, the Board were also committed to expanding the area we cover, increasing our housing stock and seeking to expand our affordable program. Associated with these, were the need to consider a new name for use in an expanded area and building relationships with organisations that could bring building design and development capacity into possible partnerships.

On these fronts we have registered the name Compass Community Housing and Compass Affordable Housing and Developments and we will resolve to use these if and when it is appropriate. We have been engaged in productive discussions with Community Housing
Limited from Victoria, one of Australia’s largest providers of affordable housing and we will further develop this relationship if we consider it is in Newmacq’s interests to do so.

Our objectives for the year ahead include our ongoing professional development, a continued growth into a wider geographical area and particularly, a concrete expansion of our Affordable Housing stock. I am confident that we will be able to meet these objectives and further fulfill the demand for decent affordable housing in the Hunter community.

In conclusion, I would like to thank all of those who have contributed to our success in the year past, with particular thanks to our retiring board members and express my hope that they will volunteer for the year ahead.

Allan Morris
Chairman

Opening of new office August 2005
Allan Morris (Chairman), Greg Budworth (General Manager), Bryce Gaudry (MP), Maura Boland (Executive Director OCH)
I am pleased to present the 2005-2006 Treasurer’s Report for Newmacq. I would like to congratulate Greg Budworth and his staff for their tremendous efforts throughout the year, which led to the realisation of the strategic goals set down for the organisation in 2005-2006. I would also like to acknowledge the expertise and effort of Geoff Wooden, Finance Manager, for his preparation of accurate, detailed and timely financial reports. These reports have greatly assisted the directors of Newmacq in the discharge of their fiduciary duties.

Newmacq’s profit from ordinary activities for 2005-2006 is $446,311, an increase of $80,622 on the operating result of the previous year. Income from tenants increased by 8% to $2,637,982 and Government grants rose by 23% to $1,680,533. Much of the increase in revenue is attributable to the increase in market rents and the efficient management of rent reviews and arrears. In accordance with market trends, Newmacq’s rental expenses have increased substantially to $2,423,402 for the year. Maintenance expenses have also increased significantly for the year by some 44% to $445,632 in keeping with Newmacq’s comprehensive Asset Management Plan, which serves to improve the quality of Newmacq’s housing stock for the benefit of its tenants.

These results indicate that Newmacq has continued to build upon last year’s strong financial performance. The total equity of the company now stands at $2,080,525, an increase of $446,311 on last year – a figure that corresponds exactly with the operating profit for the year. Total liabilities stand at $274,368 as against cash assets of $1,085,235 and total assets of $2,356,312.

Given its strong financial position, well-maintained housing stock, and effective tenancy and financial management systems, Newmacq is very well positioned to further its strategic aims in the year ahead.

Tim Curran
Treasurer
GENERAL MANAGER’S REPORT 2005-06

Highlights of Progress

Having commenced with Newmacq in July 2004, the 2005-06 period was my second exciting year as General Manager. I lead a competent and dedicated team of staff, I am governed by a highly skilled and committed Board, partner with strong and compassionate partners and serve a diverse and responsible group of tenants. It is my pleasure to report to you all the highlights of this successful financial year.

I am pleased to report that all 2005-06 strategic objectives have been successfully accomplished or are well down the path of being accomplished. Some significant highlights were:

- Achievement of a grade ‘A’ registration with the Office of Community Housing under their new Performance Based Registration System;

- Refinement of new policies, procedures and management systems for all Newmacq operations;

- Success in acquiring support packages under the Housing and Support Initiative (HASI) 2 program;

- Success in acquiring 12 additional properties under the HASI – 3 program;

- Success in acquiring agency for the roll-out of the Tenancy Guarantee Program in the Newcastle and Lake Macquarie Regions;

- Being listed as an ‘Approved Housing Provider’ with the office of the Minister for Housing and the success in acquiring additional properties under the Stock Transfer Program for 2006-07;

- Increase of 3 additional Support Partners;

- Well attended and interactive Christmas Picnic and other tenant functions;

- Upgrade of IT Server and completion of “cashless counter” program;

- Production of legal reference book by Kwesi Addo (Solicitor and Newmacq Director), relating to Residential Tenancies and sale/distribution to community housing sector;

- Expenditure of $130,000 on planned maintenance and housing asset improvements;

- Development of an Affordable Housing Surplus expenditure plan, which will involve construction of new properties.

Results for the Year

Housing

Newmacq received 186 applications for social housing and 44 for affordable
housing programs during 2005-06 financial year. There were 24 new clients housed from the social housing waiting list and 20 from the affordable housing waiting list. One additional affordable property (located at Honeysuckle’s Linwood Village) was received under the Affordable Housing Rental Program, one additional lease was developed in partnership with Mission Australia, two properties were identified in partnership with the Migrant Resource Centre for housing refugee families and 6 units were acquired for Richmond Fellowship to re-locate Boarding House Program tenants. Also additional replacement properties were transferred to Newmacq from Housing Services.

Financial

Compared to the previous year (2004-05) Overall Income increased by $502,169. Gross Surpluses increased by 22% or $80,622. Planned maintenance improvements on properties increased from $30,000 to $135,537 for the year. Net Surpluses (not including planned maintenance expenditure) increased by 47% to $581,848.

Client/Tenant

Newmacq conducted a survey on tenant satisfaction. Overall tenant satisfaction in 14 areas of quality concern (from 65 responses) was recorded at 88%. Tenancy issues are being well managed by the team, there was little need to use the Tenancy Tribunal and there were no clients who initiated Tribunal actions against Newmacq for the year. Newmacq also held a well attended and successful Christmas picnic for clients, staff and directors and it was a resounding success. It keeps getting bigger each year! It was first held in 2004 and it is a fantastic time for the whole Newmacq community to come together. I really enjoy it.

This year a Tenant Reference Group began to meet and provide advice to the Board and the General Manager. To further our aims, a Community Development Worker was employed to assist our communication with and community participation of our tenants. Newmacq also commissioned a Housing Specialist to assist with tenancies at risk. We are committed to long term sustainable tenancies and to quality relationships with our tenants.

Newmacq was also successful in being approved for transfer of 64 properties in the Upper Hunter region. The now closed, Upper Hunter Tenancy Scheme, formerly managed these properties. Newmacq will run an outreach office in Scone from October 2006.

Staff

A Staff restructure and reorganisation was completed. This has been a very positive outcome for Newmacq. Overall staff numbers increased due to specialisation in the Waiting List Management, Tenancies at Risk and Community Development. An internal and external training regime commenced, with staff training in varied courses, all which will be very useful to Newmacq now and in the future. A Human Resource Development Plan, training budget and program was developed and is being utilised. The staff at Newmacq work hard, have a vast array of skills and are committed to community housing. I would like to thank each of them for their diligence and effort for the year.
Board

There was an increase of new and skilled Board members this year. Training by The Housing Federation in Governance and Sector induction was undertaken again this year with all Board members. Additionally, an externally facilitated strategic planning workshop was conducted to refine the 2005-2010 Business and Strategic Plans. Some of the outcomes were a review and change of company articles to accommodate strategic vision and Affordable Housing Working Group was developed. The Board is made up of highly skilled people from a diverse background. Their voluntary commitment to Newmacq is inspiring.

Greg Budworth
General Manager

Greg Budworth at Land purchased to develop Affordable Housing
AFFORDABLE HOUSING MANAGER’S REPORT
2005-06

It is with great pleasure I present the Affordable Housing Report for 2005-06. It has been a very successful and exciting year for the Affordable Rental Housing Program with many new projects ready to take off for 2006-07. Financially the Affordable Program surpluses were just over $247,286 for the year, an increase from last financial year. This was mainly due to market rent increases, bi-annual income reviews, very low rent arrears, great tenants and a lot of hard work. This, along with existing surpluses, is being used to create more Affordable Housing stock.

We have just exchanged on a block of land that will be used to create 4 dwellings. These are hoped to be under construction from early in 2007. This will be the first of the Affordable Program’s construction projects. In keeping with this, we have registered the name ‘Compass Affordable Housing and Development’.

Additionally we are also in negotiations with local authorities, private developers and government bodies in regards to increasing Affordable Housing stock and will hopefully have more on this next year to report.

We also have other programs under Affordable Housing, one which is called the Affordable Market Program, which manages properties that Newmacq has purchased for Affordable Housing. The other program is the Market Program in which Newmacq manages properties for support agencies and private owners. One of the properties, is Camelia Cottage which is set up for people with Huntington’s Disease. We manage this for the Huntington’s Disease Association. These programs are also going very well and we are looking to expand this further.

In relation to our tenants, we have had many new tenants for the Affordable Program with some ex-tenants moving onto home ownership and private tenancies, which is a real success story for Newmacq.

Maintenance of the Affordable Properties is going well, with programmed maintenance well under way. Figtree Place, which is a complex of 27 units and townhouses, is booked to be externally repainted in January and we are giving it a facelift and changing the colours of the complex to more modern natural colours. The tenants of Figtree Place are very excited about this and have been involved in the selection of the colours.

Our tenants, are second to none. I have built great relationships with many and I am very proud and happy to have them as Affordable Housing tenants. They are what make the Affordable Housing Program very successful.

Lyndall Robertshaw
Affordable Housing & Business Development Manager
Lyndall Robertshaw with plans for future Affordable Housing development

Future Affordable Housing

Current Affordable Housing Stock
ASSET & MAINTENANCE MANAGER’S REPORT
2005–06

November 2006 sees the end of my first year as the Assets & Maintenance Manager at Newmacq Community Housing. During that time I can report that good progress has been made in several areas of my responsibility.

The turn around time on responsive repairs has been reduced in nearly all cases to be well within the time parameters set out by Office of Community Housing. This alone has helped further strengthen our relationship with our tenants. However, it could not be achieved without the close cooperation of our tradespeople, whose willingness to go out of their way to achieve a quick resolution has been amazing.

Besides maintaining the standard of our properties, we have also been able to make significant inroads to improve them through the implementation of our planned maintenance programme. Repainting, recarpeting and the supply of new appliances as well as the installation of several new kitchens has raised the standard of a growing number of properties. This work is set to continue with more improvements planned throughout the year. As always, cost is a major factor when trying to achieve these improvements and I believe we are getting value for our money on account of the close relationships we have now forged with our tradespeople.

In addition to our existing portfolio of properties, we are involved with taking on further homes through the stock transfer programme with the NSW Department of Housing. This has led to the successful housing of a number of people who require support on account of mental or physical disability as well as allowing us to house people from our social housing waiting list. Before the properties are tenanted they are scoped and repaired to bring them up to standard so they are on an equal footing with the balance of our portfolio. We also have stock transfers with tenants in situ. The same principles apply. We have 9 new properties in Lake Macquarie LGA and leases are due to be signed in the near future on 12 new transfers in the Newcastle LGA. Another 30 properties are scheduled for early next year.

Office of Community housing has also purchased new properties throughout the year for specific tenants or programmes. We have new homes in Belmont Warners Bay and Shortland and there are 5 additional units purchased in Hamilton shortly to undergo major renovation, organised by Newmacq. As our involvement with mental health support programmes and the like increases, we may find additional stock being acquired for us to counteract the increasingly difficult private rental market.

With a growing number of properties to look after the decision to add another Property Manager to our staff has been welcomed. With more scope to maintain a regular programme of inspections, it is
possible to monitor the condition of our properties more closely. The old saying “prevention is better than cure” is employed in regard to maintenance and it has allowed us to maintain the living standards of our tenants in a much more efficient way. We are not letting maintenance work go unattended for so long that it becomes a major and costly problem. Our Property Managers are performing an invaluable task when assessing their portfolios and it is our intention to maintain this vigilance.

The last 12 months have been busy and fulfilling with the rewards of our labours being the trust placed in us by Office of Community Housing and awarding us an increased portfolio of properties to look after. The next 12 months I can guarantee will be exciting and fruitful – not only for us but also for the tenants whose properties we look after.

Peter Perriss
Assets & Maintenance Manager

Current housing stock
COMMUNITY DEVELOPMENT REPORT
2005-06

General

Kimberley Jones, who has been an employee of Newmacq for 3 years, moved into the position of Community Development Officer and is keen to see the growth of Community Development in Newmacq. There has been a lot more happening in Community Development recently with much more on next years agenda. Invitations for Newmacq’s Christmas party were sent recently and almost 300 people have already booked in.

Community Development Committee

A Community Development Committee was formed and meet on a regular basis. They discuss what Newmacq can do to for their tenants – e.g.: organise social events and fundraising for tenants. This year, it is for our tenants of Camelia Cottage, who have Huntington’s Disease.

The Newmacq - Companion Appeal

Gaylene Short was severely injured in a house fire at Windale in August 2006. Launched through the media, Newmacq held an appeal for money, clothing, toys and furniture for Gaylene and her children and an account was established with Companion Credit Union. In addition to items delivered to Newmacq’s office, $2570 was raised through Companion and the ANZ Bank. Bob Ritchie from Real Price Maintenance Services kindly delivered donated items to a central distribution location, while other financial contributions were directly received, by the Shorts, from private individuals and organisations such as: Tighes Hill Fire Station employees, Lake Macquarie PCYC, Lake Macquarie Private Hospital, Windale Primary School and others. Presently Gaylene is out of Hospital and recovering wonderfully – we are all very pleased at her recovery.

Tenant Reference Group

The Tenant Reference Group consists of Newmacq Community Housing tenants, a Community Development Worker and a Board Member, who are all very valued and are essential to Newmacq. Topics discussed include tenants’ concerns and issues. They meet on a regular basis to discuss topics such as tenants’ concerns and issues.

Tenant Newsletter

Newmacq has introduced a fresh new approach to its newsletter, which has been appearing monthly since July 2006. Contents include tenant issues, helpful hints, and items for sale, discounts, upcoming events and the General Manager’s comments. Newmacq has received positive feedback from tenants in relation to the new style of newsletters and the fact that tenants are receiving them monthly.

Tenant Surveys

A social events survey was posted with the October 2006 tenants’ newsletter. This is to help the Community Development Committee plan next year’s social events with the most popular
responses from our tenants. A satisfaction survey will be sent in December this year and we will be hoping for a huge response from our tenants, ‘Reply paid’ envelopes will be supplied with the surveys.

Tenants of the Month

Every month Newmacq Property Managers each select a tenant of the month from their portfolio. These tenants are shown appreciation for being such valued tenants. In total 44 tenants are chosen every year to receive a double movie pass or a beauty pamper gift voucher and a certificate of appreciation. All monthly winners go into a draw to receive one of four Christmas hampers, which are packed full of Christmas goodies and have everything you need for your Christmas lunch and a Tenant of the Year Certificate.

Tenant Christmas Party

Wow what can we say it just keeps growing, bigger and better this year! More rides, including a massive jumping castle and swinging chairs, a giant slide as well as, entertainment, food and drinks, presents from Santa for all children, prizes, certificates and it’s happening on the 8 December 2006 at Newcastle Foreshore from 11am to 2pm.

Upcoming Events

A trip to Taronga Zoo is being organised for the Easter School Holidays. The social events survey due 28 November 2006 will assist Newmacq’s Community Development Committee in organising the most requested events.

Breast Cancer Research Fun Run

Avon held a fun run at Newcastle Foreshore which was also held all around the world to raise money for Breast Cancer Research. Newmacq entered the fun run as 2 teams and are very happy to say that all competitors finished and most importantly money was raised for Breast Cancer Research. There were 2450 entrants in Newcastle alone. This will be an annual event and we hope the number of entrants continues to grow to help this worthy cause. Breast Cancer is likely to touch someone you know.
Michelle & Adam Partridge & their beautiful children

Gaylene Short returns home from hospital & her children

Newmacq tenant Christmas party
FEEDBACK FROM STAKEHOLDERS

Client Feedback

This year, seventy tenants provided feedback on how they found Newmacq Staff and their general satisfaction with Newmacq. Graphically, the results for 2005-06 are:

Although Newmacq will always strive to improve their services to our clients, the results for 2005-06 are encouraging.

Leasehold Owners or Agents Feedback

During the year a survey was conducted of owners and or agents representing owners for our leasing program. There were fifteen responses. Graphically represented, the results are:
## CONCISE FINANCIAL REPORT
FOR THE YEAR ENDED
30 JUNE 2006

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DIRECTORS’ REPORT

Your directors present their report on the Company for the financial year ended 30 June 2006.

The names of the directors in office at any time during or since the end of the year were:

Allan Morris  
Dorann Parkes (resigned 24/11/05)  
Sue Dark  
Kwesi Addo  
Steve Kilroy (resigned 24/11/05)  
Matthew Doherty (appointed 23/11/05)  
Richard Stacey (appointed 6/3/06)  
Tim Curran  
Sandra Calland  
Robert Delaney (resigned 30/8/05)  
Mathew Crozier (appointed 23/11/05)  
Kevin McKenny (appointed 23/11/05)  
Roseanne Chalmers (appointed 13/2/06)

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

Principal Activities

The Newmacq Community Housing Company Limited provides social housing in the areas of Newcastle and Lake Macquarie cities. At present this is through the resources of two NSW State Government housing programs. They are:

- The Community Tenancy Scheme, funded under the Commonwealth State Housing Agreement;
- The Affordable Housing Rental Program, funded under the former Commonwealth Government’s Building Better Cities Program.

There were no significant changes in the principal activities of the economic entity during the year.

Operating Results

The consolidated operating profit of the economic entity for the year amounted to $446,311.

State of Affairs

Ironbark Housing Limited ceased trading on 30 April 2006 and all assets and liabilities where transferred to Newmacq Community Housing Company Limited on this date.

Introduction of Australian equivalents to International Financial Reporting Standards

As a result of the introduction of Australian equivalents to International Financial Reporting Standards (IFRS), the company’s financial report has been prepared in accordance with those standards. A reconciliation of adjustments arising on the transition to IFRS is included in Note 2 to this report.

Events Subsequent to Balance Date

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the economic entity, the results of those operations or the state of affairs of the economic entity in subsequent financial years.

Likely Developments and Results

No information is included on the likely developments in the operations of the economic entity and the expected results of those operations.
DIRECTORS’ REPORT (cont’d)

Meeting of Directors

During the financial year, 12 meetings of directors were held. Attendances were:

<table>
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<tr>
<th>Director</th>
<th>Number of Meetings Able to Attend</th>
<th>Meetings Attended</th>
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<tbody>
<tr>
<td>Allan Morris</td>
<td>11</td>
<td>11</td>
</tr>
<tr>
<td>Sandra Calland</td>
<td>11</td>
<td>8</td>
</tr>
<tr>
<td>Tim Curran</td>
<td>11</td>
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</tr>
<tr>
<td>Sue Dark</td>
<td>11</td>
<td>9</td>
</tr>
<tr>
<td>Kwesi Addo (resigned 30/8/05)</td>
<td>6</td>
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<tr>
<td>Robert Delaney (resigned 24/11/05)</td>
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<tr>
<td>Dorann Parkes (resigned 24/11/05)</td>
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<td>Steve Kilroy (resigned 24/11/05)</td>
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<td>Matthew Doherty (appointed 23/11/05)</td>
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<td>Mathew Crozier (appointed 23/11/05)</td>
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<tr>
<td>Roseanne Chalmers (appointed 13/2/06)</td>
<td>5</td>
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<tr>
<td>Richard Stacey (appointed 6/3/06)</td>
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Auditor’s Independence Declaration

The lead auditor’s independence declaration for the year ended 30 June 2006 has been received and can be found on page 22 of the financial report.

Directors and Auditor Indemnification

The economic entity has not during or since the financial year, in respect of any person who is or has been an officer or auditor of the economic entity;

- indemnified or made any relevant agreement for indemnifying against a liability incurred as an officer, including costs and expenses in successfully defending legal proceedings; or
- paid or agreed to pay a premium in respect of a contract insuring against a liability incurred as an officer for the costs or expenses to defend legal proceedings; with the exception of the following matter.

During the financial year the economic entity entered into an agreement indemnifying the officers and directors of the economic entity against liability.

No Director has received or become entitled to receive during or since the financial year, a benefit because of a contract made by the economic entity, with a Director, a firm of which a Director is a member or an entity in which a Director has a substantial financial interest with the exception of the following matter.

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

Dated this 9th day of October 2006

[Signature]

Director

[Signature]

Director

NEWMACQ COMMUNITY HOUSING COMPANY LTD ANNUAL REPORT 2006
AUDITORS INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF
NEWMACQ COMMUNITY HOUSING COMPANY LIMITED

I declare that to the best of my knowledge and belief, during the year ended 30 June 2006 there has been:

(i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

(ii) no contravention of any applicable code of professional conduct in relation to the audit.

Dated this 9th day of October 2006
First Floor
25 Bolton Street
NEWCASTLE

CUTCHER & NEALE
CHARTERED ACCOUNTANTS

M. J. O'Connor CA
Partner
INDEPENDENT AUDIT REPORT
TO THE MEMBERS OF NEWMACQ COMMUNITY HOUSING COMPANY LIMITED

Scope

The concise financial report comprises the income statement, balance sheet, statement of changes in equity, statement of cashflows, discussion and analysis of the financial statements, and the Directors’ declaration for Newmacq Community Housing Company Limited for the financial year ended 30 June 2006 as set out on pages 23 to 30.

The Directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the concise financial report is free of material misstatement. We have also performed an independent audit of the full financial report of Newmacq Community Housing Company Limited for the year ended 30 June 2006. Our audit report on the full financial report was signed on 10 October 2006, and was not subject to any qualification.

Our procedures in respect of the audit of the concise financial report included testing that the information in the concise financial report is consistent with the full financial report, and examination, on a test basis, of evidence supporting the amounts, discussion and analysis, and other disclosures which were not directly derived from the full financial report. These procedures have been undertaken to form an opinion whether, in all material respects, the concise financial report is presented fairly in accordance with Accounting Standard AASB 1039: Concise Financial Reports.

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

Independence

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

Audit Opinion

In our opinion the concise financial report of Newmacq Community Housing Company Limited complies with Accounting Standard AASB 1039: Concise Financial Reports.

Dated this 10th day of October 2006
First Floor
25 Bolton Street
NEWCASTLE NSW 2300

CUTCHER & NEALE
CHARTERED ACCOUNTANTS

M. J. O'Connor
Partner
DIRECTORS’ DECLARATION

The Directors of the Company declare that concise financial report of Newmacq Community Housing Company Limited for the financial year ended 30 June 2006, as set out on pages 24 to 30:

(a) complies with Accounting Standard AASB 1039: Concise Financial Reports; and

(b) has been derived from and is consistent with the full financial report of Newmacq Community Housing Company Limited.

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

______________________________
Director

______________________________
Allan

Director

Dated this 9th day of October 2006
### INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2006

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<td>2006</td>
<td>2005</td>
</tr>
<tr>
<td><strong>Revenue</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Potential rental revenue</td>
<td>5,034,669</td>
<td>4,778,182</td>
</tr>
<tr>
<td>Less: Rent lost through vacancies</td>
<td>(77,770)</td>
<td>(68,625)</td>
</tr>
<tr>
<td>Less: Rental rebates or subsidies</td>
<td>(2,318,917)</td>
<td>(2,267,609)</td>
</tr>
<tr>
<td>Rent received or receivable</td>
<td>2,637,982</td>
<td>2,441,948</td>
</tr>
<tr>
<td>Government grants</td>
<td>1,680,533</td>
<td>1,361,223</td>
</tr>
<tr>
<td>Other</td>
<td>3</td>
<td>88,533</td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td>4,407,048</td>
<td>3,904,879</td>
</tr>
<tr>
<td><strong>Expenses</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tenancy and property management</td>
<td>(3,216,022)</td>
<td>(2,815,147)</td>
</tr>
<tr>
<td>Administration</td>
<td>(744,715)</td>
<td>(709,933)</td>
</tr>
<tr>
<td>Interest</td>
<td>-</td>
<td>(14,110)</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td>(3,960,737)</td>
<td>(3,539,190)</td>
</tr>
<tr>
<td><strong>Operating Surplus / (Loss)</strong></td>
<td>446,311</td>
<td>365,689</td>
</tr>
<tr>
<td><strong>Operating Surplus</strong></td>
<td>446,311</td>
<td>365,689</td>
</tr>
</tbody>
</table>

The accompanying notes form part of these financial statements.
## BALANCE SHEET
### AS AT 30 JUNE 2006

<table>
<thead>
<tr>
<th></th>
<th>Economic Entity</th>
<th>Parent Entity</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2006</td>
<td>2005</td>
</tr>
<tr>
<td></td>
<td>$</td>
<td>$</td>
</tr>
</tbody>
</table>

### CURRENT ASSETS
- Cash and cash equivalents
  - 2006: $1,085,235
  - 2005: $837,023
- Trade and other receivables
  - 2006: $431,481
  - 2005: $389,890
- Other assets
  - 2006: $210,137
  - 2005: $15,782

**TOTAL CURRENT ASSETS**: $1,726,853

### NON CURRENT ASSETS
- Property, plant & equipment
  - 2006: $629,459
  - 2005: $645,887

**TOTAL NON CURRENT ASSETS**: $629,459

### TOTAL ASSETS
- 2006: $2,356,312
- 2005: $1,888,582

### CURRENT LIABILITIES
- Trade and other payables
  - 2006: $250,493
  - 2005: $239,245
- Short-term provisions
  - 2006: $23,875
  - 2005: $15,123

**TOTAL CURRENT LIABILITIES**: $274,368

### NON CURRENT LIABILITIES
- Long-term provisions
  - 2006: $1,419
  - 2005: -

**TOTAL NON CURRENT LIABILITIES**: $1,419

### TOTAL LIABILITIES
- 2006: $275,787
- 2005: $254,368

### NET ASSETS
- 2006: $2,080,525
- 2005: $1,634,214

### MEMBERS EQUITY
- Reserves
  - 2006: $300,840
  - 2005: $300,840
- Accumulated profits / (losses)
  - 2006: $1,779,685
  - 2005: $1,333,374

**TOTAL EQUITY**: $2,080,525

The accompanying notes form part of these financial statements.
# Statement of Cash Flows

**For the Year Ended 30 June 2006**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash Flow from Operating Activities</strong></td>
<td>$2,784,587</td>
<td>$2,731,209</td>
<td>$2,448,897</td>
<td>$2,432,109</td>
</tr>
<tr>
<td>Receipts from tenants</td>
<td>2,784,587</td>
<td>2,448,897</td>
<td>2,731,209</td>
<td>2,432,109</td>
</tr>
<tr>
<td>Grants received</td>
<td>1,483,458</td>
<td>1,300,059</td>
<td>1,483,458</td>
<td>1,300,059</td>
</tr>
<tr>
<td>Interest received</td>
<td>61,514</td>
<td>33,771</td>
<td>61,514</td>
<td>35,640</td>
</tr>
<tr>
<td>Borrowing costs paid</td>
<td>-</td>
<td>(14,110)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Payment to landlords, employees and suppliers</td>
<td>(4,064,454)</td>
<td>(4,002,125)</td>
<td>(3,299,221)</td>
<td>(3,283,254)</td>
</tr>
<tr>
<td><strong>Net cash provided by (used in) operating activities</strong></td>
<td>265,105</td>
<td>274,056</td>
<td>469,396</td>
<td>484,554</td>
</tr>
<tr>
<td><strong>Cash Flow from Investing Activities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payment for property, plant and equipment</td>
<td>(16,893)</td>
<td>(16,893)</td>
<td>(20,201)</td>
<td>(328,199)</td>
</tr>
<tr>
<td>Proceeds from sale of property, plant and equipment</td>
<td></td>
<td>7,727</td>
<td></td>
<td>7,727</td>
</tr>
<tr>
<td><strong>Net cash provided by (used in) investing activities</strong></td>
<td>(16,893)</td>
<td>(16,893)</td>
<td>(12,474)</td>
<td>(320,472)</td>
</tr>
<tr>
<td><strong>Cash Flow from Financing Activities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proceeds/(payments) from/of borrowings</td>
<td>-</td>
<td>(295,437)</td>
<td>-</td>
<td>(8,025)</td>
</tr>
<tr>
<td><strong>Net cash provided by (used in) financing activities</strong></td>
<td>-</td>
<td>(295,437)</td>
<td>-</td>
<td>(8,025)</td>
</tr>
<tr>
<td><strong>Net increase/(decrease) in cash held</strong></td>
<td>248,212</td>
<td>257,163</td>
<td>161,485</td>
<td>156,057</td>
</tr>
<tr>
<td>Cash at 1 July 2005</td>
<td>837,023</td>
<td>828,072</td>
<td>675,538</td>
<td>672,015</td>
</tr>
<tr>
<td>Cash at 30 June 2006</td>
<td>1,085,235</td>
<td>1,085,235</td>
<td>837,023</td>
<td>828,072</td>
</tr>
</tbody>
</table>

The accompanying notes form part of these financial statements.
# Statement of Changes in Equity

## For the Period Ended 30 June 2006

### Parent Entity

<table>
<thead>
<tr>
<th>Description</th>
<th>Asset Revaluation Reserve</th>
<th>Accumulated Profits/(Losses)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at 1 July 2004</td>
<td>-</td>
<td>936,895</td>
</tr>
<tr>
<td>Retrospective adjustment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Upon change in accounting Policy</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Profit attributable to members</td>
<td>-</td>
<td>394,867</td>
</tr>
<tr>
<td>Transfers to and from reserves</td>
<td>300,840</td>
<td>-</td>
</tr>
<tr>
<td>Transfers from retained profits</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Balance as at 30 June 2005</td>
<td>300,840</td>
<td>1,331,762</td>
</tr>
<tr>
<td>Profit attributable to members</td>
<td></td>
<td>447,923</td>
</tr>
<tr>
<td>Balance as at 30 June 2006</td>
<td>300,840</td>
<td>1,779,685</td>
</tr>
</tbody>
</table>

### Economic Entity

<table>
<thead>
<tr>
<th>Description</th>
<th>Asset Revaluation Reserve</th>
<th>Accumulated Profits/(Losses)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at 1 July 2004</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Retrospective adjustment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Upon change in accounting Policy</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Profit attributable to members</td>
<td>-</td>
<td>365,689</td>
</tr>
<tr>
<td>Transfers to and from reserves</td>
<td>300,840</td>
<td>-</td>
</tr>
<tr>
<td>Transfers to retained profits</td>
<td>-</td>
<td>967,685</td>
</tr>
<tr>
<td>Balance as at 30 June 2005</td>
<td>300,840</td>
<td>1,333,374</td>
</tr>
<tr>
<td>Profit attributable to members</td>
<td></td>
<td>446,311</td>
</tr>
<tr>
<td>Balance as at 30 June 2005</td>
<td>300,840</td>
<td>1,779,685</td>
</tr>
</tbody>
</table>

The accompanying notes form part of these financial statements.
NOTES TO THE CONCISE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006

Note 1: Basis of preparation of the Concise Financial Report

The concise financial report has been prepared in accordance with Accounting Standard AASB 1039: Concise Financial Reports and the Corporations Act 2001.

The financial statements, specific disclosures and the other information included in the concise financial report are derived from and are consistent with the full financial report of Newmacq Community Housing Company Limited. The concise financial report cannot be expected to provide as detailed an understanding of the financial performance, financial position and financing and investing activities of Newmacq Community Housing Company Limited as the full financial report.

The accounting policies have been consistently applied by the economic entity and are consistent with those of the previous financial year.

Note 2: FirstTime adoption of Australian Equivalents to International Financial Reporting Standards

The financial report has been prepared for the first time using Australian equivalents to International Financial Reporting Standards (IFRS). AASB 1: First time adoption of Australian equivalents to International Financial Reporting Standards requires a reconciliation of changes in equity brought about by the transition from GAAP to IFRS.

The directors have determined that there are no changes in equity as a result of initial application of IFRS and consequently no reconciliation has been prepared.

<table>
<thead>
<tr>
<th>Economic Entity</th>
<th>Parent Entity</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2006</td>
</tr>
<tr>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Interest received</td>
<td>61,514</td>
</tr>
<tr>
<td>Service charges &amp; rent</td>
<td>3,898</td>
</tr>
<tr>
<td>Other</td>
<td>23,121</td>
</tr>
<tr>
<td>Total Other Revenue</td>
<td>88,533</td>
</tr>
</tbody>
</table>

Note 3: Other Revenue

Other Revenue from Operating Activities
DISCUSSION AND ANALYSIS
OF THE FINANCIAL STATEMENTS

Information on Newmacq Community Housing Company Limited Concise Financial Report

The financial statements and disclosures in the concise financial report have been derived from the 2006 consolidated financial report of Newmacq Community Housing Company Limited.

A copy of the full financial report and auditors report will be sent to any member, free of charge, upon request.

The discussion and analysis is provided to assist members in understanding the concise financial report. The discussion and analysis is based on Newmacq Community Housing Company Limited’s financial statements and the information contained in the concise financial report has been derived from the full 2006 consolidated financial report of Newmacq Community Housing Company Limited.

Statement of Financial Performance

The profit from ordinary activities for the year is $446,311 which compares to a profit of $365,689 in 2005. Income from tenants and grant income increased 14% on last year to $4,318,515. Other income decreased $13,175 (or 13%) to $88,533.

The main factors contributing to the improvement of the Company’s operating result were:

- The net contributions from grant subsidies increased by $43,229, representing a 7% increase. This is associated with an increase in landlord rental costs. These have arisen due to higher rents and also a change in the mix of properties being leased.
- Interest income also increased by $25,891 to $61,514

It should be noted that repairs and maintenance has increased by $135,537 due to implementation of the company’s asset maintenance plan improving the quality of its properties.

With respect to administration costs, salaries and wages expenses have increased due to more staff being employed in the company. Rent and office expenses have increased due to the company receiving 3 months free rent last year.

Depreciation expense remains consistent with the previous year.
DISCUSSION AND ANALYSIS
OF THE FINANCIAL STATEMENTS

Statement of Financial Position

Total assets increased by $484,158 to $1,726,853 representing an increase of 39%. This increase is mainly reflected in the following balances:

- Cash assets have increased by $248,212. This is due to the positive cash flows from operating activities.
- Receivables have increased by $41,591 to $431,481. This is due to the recognition of grant income that is receivable relating to the third & fourth quarter of 2006.
- Other assets have increased by $194,355 due to the timing of when landlord rent has been paid between 2005 and 2006.

Total liabilities increased by $21,419 to $275,787, representing an 8% increase. The Company currently has no borrowings with all liabilities representing trade creditors or accrued expenses.

The equity of the Company has increased due to an increase in retained profits of $446,311. This is entirely due to the operating profit recorded for the year.

All other assets and liabilities have remained relatively comparable to previous year balances.

Statement of Cash Flows

The net cashflow for the year was a surplus of $248,212 compared to a surplus of $161,485 for the previous year.

Cash provided from operating activities was a surplus of $265,105 compared to a surplus of $469,396 in the previous period. Additional payments have been made to landlords, employees and suppliers for the year including implementation of the company’s asset maintenance plan. Also the associated cash inflows from grant subsidies where not received in the financial year.

Cashflows from investing activities was a deficit of $16,893 compared to a deficit of $12,474 for the previous year.
Our Values

Empathy
Newmacq will always seek to understand and appropriately respond to the interests of those persons or agencies that the company has contact and or relationship with.

Accountability
Newmacq will seek to be appropriately open and honest in its policy development, practice, communication, reporting and relating with all parties.

Social Justice
Newmacq will be fair, reasonable and legally compliant in all its dealings and respond to the needs of the less advantaged in our community.

Cooperation
Newmacq will endeavour to be responsive, accessible and consultative with all persons and agencies that the company has contact and or relationship with.

Vision
Newmacq will endeavour to be successful, viable and highly regarded for its contribution to the provision of services for the less advantaged in our community