

WRF HENLEY BROOK SYNDICATE

ARSN 114 592 040

ABN 83 848 124 457

FINANCIAL REPORT

FOR THE YEAR ENDED

30 JUNE 2007

CONTENTS

	Page
Review of Operations	2
Directors' Report	3
Income Statement	7
Balance Sheet	8
Statement of Changes in Net Assets Attributable to Unitholders – Liability	9
Cash Flow Statement	10
Notes to the Financial Statements	11
Directors' Declaration	22
Auditors' Independence Declaration	23
Independent Auditor's Report	24

WRF HENLEY BROOK SYNDICATE
ARSN 114 592 040

REVIEW OF OPERATIONS

The WRF Henley Brook Syndicate was created by a deed dated 2 June 2005 (as amended) ("the Constitution"). The Constitution and Compliance Plan dated 2 June 2005 have been lodged with the Australian Securities and Investments Commission.

The Syndicate commenced on 22 December 2005 after the acquisition of lots 349 and 350 Park Road, Henley Brook, Western Australia.

The Syndicate has been funded to the 30 June 2007 by subscriptions from investors totaling \$11,000,000 and a \$6,250,000 loan from the NAB which is fully drawn at balance date.

The valuation of the properties purchased by the Syndicate was updated on the 1 December 2006. The GST inclusive market value of the properties increased from \$13.8million to \$18million.

The land is to be subdivided into 447 residential lots.

The project is approximately 12 months behind the Public Disclosure Document time guide. These delays have been a direct result of the natural resources boom experienced in Western Australia resulting in a land shortage

This delay has been experienced throughout the residential property market in Western Australia with the overwhelming number of development applications being placed with local councils, which are not equipped for this level of activity.

A positive result from this demand is that there has been significant increases in the ultimate selling prices of the subdivided residential lots.

The value increase in the vacant land of 30% in one year testifies to this increase. The developers in the Swan Urban Growth Corridor have joined together and lobbied the WA Planning Commission (WAPC) to have them approve the first stage in the development.

The WAPC have indicated a willingness to consider applications for each first stage with a November/December time frame

We are expecting to lodge first stage development plans in October 07 for their consideration

Work is continuing to complete the Swan Urban Growth area District (Regional) Plan to facilitate the development of the further stages of the project.

WRF HENLEY BROOK SYNDICATE
ARSN 114 592 040

DIRECTORS' REPORT

Report by Directors of the Responsible Entity

The Directors of WRF Property Limited (ABN 51 095 920 648), the Responsible Entity of WRF Henley Brook Syndicate ("the Syndicate"), present their report together with the Financial Report of the Syndicate for the year ended 30 June 2007 and the auditor's report thereon.

Responsible Entity

WRF Property Limited ("the Responsible Entity") has been the responsible entity since establishment of the Syndicate on 2 June 2005.

The Directors of WRF Property Limited in office at any time during or since the end of the period are:

Name and Qualifications	Age	Experience and Special Responsibilities
R C Nichevich FCA, FAICD Director since 15 February 2001.	59	Extensive experience in management and chartered accounting. He is also executive chairman of the parent company, WRF Securities Ltd.
O S Lennie MUP, BA, Dip Fin Mgt, Grad Dip App Fin & Inv, FCPA, FAPI, FRAPI, FAICD, ASIA Managing Director since 15 February 2001. Resigned on 31 December 2006.	62	Has been involved in property asset management and investment evaluation for over 20 years.
S A Barrett Assoc Dip Bus Mgt, DFS(FP), RE Agts Rep Director since 4 September 2003.	38	Has over 15 years experience in the investment and finance industries. She is marketing director for the WRF Securities Ltd group of companies.
A Micelotta Appointed as a Director on 25 June 2006	42	Is a licensed real estate agent with over 15 years experience in the commercial real estate industry. He is portfolio director for WRF Property Limited.

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

The registered office of the Responsible Entity is Ground Level, 50 Colin Street, West Perth, Western Australia. The register of investors is located at the office of the Responsible Entity at Level 3, 11 Queens Road, Melbourne, Victoria.

Principal Activities

The Syndicate is a registered managed investment scheme domiciled in Australia. The Syndicate owns Lots 349 and 350 Park Road, Henley Brook, Western Australia (the Property).

The Property is to be subdivided into predominately residential lots with some rural residential lots over approximately 9 stages to be progressively completed and sold over the next four to five years.

The Syndicate has no employees.

WRF HENLEY BROOK SYNDICATE
ARSN 114 592 040

DIRECTORS' REPORT (Cont.)

Operating Results

The Syndicate incurred a net loss of \$40,879 for the year ended 30 June 2007 from continuing operations. There were no distributions paid or payable in respect of the financial year.

Review and results of operations

The review of operations for the year ended 30 June 2007 is discussed in the Review of Operations contained on page 2 of this report.

Units on Issue

The movement of the units on issue of the Syndicate for the year was as follows:

	2007	2006
	No. of units	No. of units
Units on issue as at 30 June	11,000,000	11,000,000
	\$	\$
Value of the Syndicate's net assets as at 30 June	9,148,834	9,189,713

The basis for the valuation of the Syndicate's assets is disclosed in Note 1 to the financial statements.

Interests of the Responsible Entity and Associates

The Responsible Entity and its associates did not hold any units in the Syndicate as at 30 June 2007.

Fees paid to the Responsible Entity

The following fees were paid or payable to WRF Property Limited (Responsible Entity), WRF Securities Ltd (Parent Company) and WRF Capital Limited out of syndicate property during the financial year.

	2007	2006
	\$	\$
WRF Property Limited		
Compliance fees	30,000	12,000
Acquisition fee	-	750,000
Establishment fee	-	625,000
Reimbursable expenditure paid or payable	5,218	1,677,104
	<hr/> 35,218	<hr/> 3,064,104
WRF Securities Ltd		
Accounting and registry fees	35,000	17,500
WRF Capital Limited		
Loan arrangement, loan establishment and underwriting fees	-	160,000
	<hr/> 70,218	<hr/> 3,241,604

State of Affairs

The WRF Henley Brook Syndicate was created by a deed dated 2 June 2005 ("the Constitution"). The Syndicate was formed to purchase Lots 349 and 350 Park Road, Henley Brook, Western Australia. The funding for the Syndicate consisted of 11,000,000 \$1.00 units and a cash advance facility of \$6,250,000 with the National Australia Bank Limited. The Syndicate commenced operations on 22 December 2005.

WRF HENLEY BROOK SYNDICATE
ARSN 114 592 040

DIRECTORS' REPORT (Cont.)

The Syndicate had total assets with a book value of \$15,472,400 at 30 June 2007. The basis of valuation of the Syndicate's principal asset, land held for resale is detailed in note 1 (a) to the financial statements.

Proceedings on Behalf of a Company

No person has applied for leave of Court to bring proceedings on behalf of the Responsible Entity or intervene in any proceedings to which the Responsible Entity is a party for the purpose of taking responsibility on behalf of the Responsible Entity for all or any part of those proceedings.

Events Subsequent to balance date

There are no matters or circumstances that have arisen since the end of the financial year which have significantly affected or may significantly affect the operations of the Syndicate, the results of those operations or the state of affairs of the Syndicate in subsequent financial years.

Likely Developments

The Syndicate will continue to run and subdivide the Property into approximately 447 residential lots over 9 stages, and to be progressively completed and sold over the next 4 to 5 years.

The Syndicate's constitution dated 2 June 2005 ("the Constitution"), states that the Syndicate will terminate on the 10th anniversary of the first issue of Units under the Product Disclosure Statement or on the occurrence of events referred to in the Corporations Act.

Environmental Issues

The Syndicate's operations are not regulated by any significant environmental regulation under a law of the Commonwealth, State or Territory legislation.

Indemnities and insurance premiums for Officers or Auditor

During or since the end of the financial year no insurance premiums have been paid out of the Syndicate's assets in relation to insurance cover for the Responsible Entity, its officers and employees, the Compliance Committee or auditors of the Syndicate.

Under the Constitution the Responsible Entity, including its directors and officers, is entitled to be indemnified out of the Syndicate's assets for any loss, damage, expense or other liability, incurred by it in properly performing or exercising any of its powers, duties or rights in relation to the Syndicate. This right of indemnity does not apply to the extent any loss, damage or costs are attributable to a breach of trust where the Responsible Entity failed to show the degree of care and diligence required of a trustee.

The Responsible Entity has paid premiums in respect of a contract insuring persons who are or have been a director or secretary of the Responsible Entity and includes any other person who is concerned, or takes part, in the management of the Responsible Entity. The liabilities include costs and expenses that may be incurred in defending civil proceedings that may be brought against the officers in their capacity as officers of the Responsible Entity or a related body corporate. The insurance contract prohibits the disclosure of the amount of the premium and the nature of the liability insured.

The Responsible Entity has agreed to indemnify all directors and officers against all liabilities to another person (other than the Responsible Entity or a related body corporate) that may arise from their position, except where the liability arises out of conduct involving a lack of good faith.

WRF HENLEY BROOK SYNDICATE

ARSN 114 592 040

Auditor's Independence Declaration

The auditor's independence declaration for the period ended 30 June 2007 has been received and can be found on page 22 of the financial report.

Signed in accordance with a resolution of the Board of Directors of WRF Property Limited.



R C NICHEVICH

DIRECTOR

Dated this 7th day of September 2007

Perth, Western Australia

WRF HENLEY BROOK SYNDICATE
ARSN 114 592 040

INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2007

	Notes	2007 \$	2006 \$
Revenue			
Rental income		22,990	16,631
Interest		<u>70,835</u>	<u>52,719</u>
Total revenue		93,825	69,350
Expenses			
Administration expenses	2	<u>(134,704)</u>	<u>(82,847)</u>
Loss from continuing operations		(40,879)	(13,497)
Finance costs – distributions to unitholders			
Decrease in net assets attributable to unitholders - liability	10(b)	<u>40,879</u>	<u>13,497</u>
Net profit attributable to unitholders		<u><u>-</u></u>	<u><u>-</u></u>

The accompanying notes form part of these financial statements.

WRF HENLEY BROOK SYNDICATE
ARSN 114 592 040

BALANCE SHEET
AS AT 30 JUNE 2007

	Notes	2007	2006
		\$	\$
Current Assets			
Cash and cash equivalents		532,224	775,331
Trade and other receivables		6,194	48,048
Total Current Assets		<u>538,418</u>	<u>823,379</u>
Non-Current Assets			
Inventories		14,669,783	14,062,582
Other non-current assets		264,199	667,880
Total Non-Current Assets		<u>14,933,982</u>	<u>14,730,462</u>
Total Assets		<u>15,472,400</u>	<u>15,553,841</u>
Current Liabilities			
Trade and other payables		73,566	114,128
Total Current Liabilities		<u>73,566</u>	<u>114,128</u>
Non-Current Liabilities			
Long-term borrowings		6,250,000	6,250,000
Total Non-Current Liabilities		<u>6,250,000</u>	<u>6,250,000</u>
Total Liabilities (excluding net assets attributable to unitholders)		<u>6,323,566</u>	<u>6,364,128</u>
Net Assets Attributable to Unitholders – Liability	8	<u>9,148,834</u>	<u>9,189,713</u>

The accompanying notes form part of these financial statements.

WRF HENLEY BROOK SYNDICATE
ARSN 114 592 040

**STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS
LIABILITY FOR THE YEAR ENDED 30 JUNE 2007**

	Note	2007 \$	2006 \$
Total net assets attributable to unitholders - liability at the beginning of the period		9,189,713	-
Increase / (Decrease) in net assets attributable to unitholders liability		(40,879)	(13,497)
Transactions with unitholders in their capacity as unitholders:		-	9,203,210
Total net assets attributed to unitholders – liability at the end of the period	8	<u><u>9,148,834</u></u>	<u><u>9,189,713</u></u>

The accompanying notes form part of these financial statements.

WRF HENLEY BROOK SYNDICATE
ARSN 114 592 040

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2007

	Note	2007	2006
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		29,853	16,631
Payments to suppliers		(304,396)	(13,662,300)
Interest received		70,835	52,719
Other expenses paid		11,575	(11,575)
Finance costs		<u>(454,654)</u>	<u>(222,589)</u>
Net cash flows from operating activities	10(b)	<u>(646,787)</u>	<u>(13,827,114)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
(Payment)/reduction of security deposits		<u>403,680</u>	<u>(667,880)</u>
Net cash flows from investing activities		<u>403,680</u>	<u>(667,880)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		-	6,250,000
Proceeds from units issued		-	11,000,000
Payment for syndication costs		-	(1,796,790)
Payment for loan establishment costs		<u>-</u>	<u>(182,885)</u>
Net cash flows from financing activities		<u>-</u>	<u>15,270,325</u>
Net (decrease)/increase in cash and cash equivalents		(243,107)	775,331
Cash and cash equivalents at 1 July		<u>775,331</u>	<u>-</u>
Cash and cash equivalents at 30 June		<u>532,224</u>	<u>775,331</u>

The accompanying notes form part of these financial statements.

WRF HENLEY BROOK SYNDICATE
ARSN 114 592 040

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The Syndicate is a registered managed investment scheme under the Corporations Act 2001. The Financial Report of the Syndicate is for the year ended 30 June 2007.

Basis of Preparation

The Financial Report is a general purpose financial report prepared in accordance with Accounting Standards, Urgent Issues Group Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The WRF Henley Brook Syndicate is a registered managed investment scheme established and domiciled in Australia.

It is recommended that this financial report be read in conjunction with any public announcements made by the Syndicate during the financial year in accordance with continuous disclosure requirements arising under the Corporations Act 2001.

The Financial Report has been prepared on an accrual basis and is based on historical costs modified by the revaluation of selected non-current assets and financial assets for which the fair value basis of accounting has been applied.

Statement of Compliance

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards ('AIFRS'). Compliance with AIFRS ensures that the financial report, comprising of the financial statements and notes thereto, complies with International Financial Reporting Standards.

The following is a summary of the significant accounting policies adopted by the Syndicate in the preparation of the Financial Report.

Accounting Policies

a) Acquisitions of Development Property

The acquisition cost of development property represents the contract purchase price of the property, including non-recoverable GST (if any) calculated under the margin scheme, plus the additional costs associated with the acquisition, including stamp duty and legal fees.

b) Inventory of Development Property

AASB 102 "Inventories" prescribes the measurement of inventories (including development property for sale), including the amount to be initially recognised as an asset in the balance sheet and later recognized as an expense in the income statement.

Inventories are measured at the lower of cost or net realisable value on an item by item basis. Net realisable value is the net amount an entity expects to realise from the sale of inventory in the ordinary course of business.

The costs of inventories, such as sub-divided blocks of land being developed for re-sale, is the aggregation of all of the costs of purchase net of any discounts or rebates, the cost of conversion to finished or saleable product, and other costs involved in the development of land, administration and selling.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Attributing the cost of inventory to individual inventory items is to be done on a specific identification basis where the items are not ordinarily interchangeable and are produced and segregated separately. In other instances the attribution of the costs of inventories to inventory items may be done using either the first in first out or weighted average cost methods.

Upon sale of an item of inventory the carrying amount of that item is recognised as an expense in the income statement in the period in which the related revenue is recognised.

c) Sales of Development Property

Revenue and expenses on development projects will be recognised in accordance with AASB 102 "Revenue". In accordance with this standard, revenue is not recognised until a number of conditions have been satisfied, including the transfer to the buyer of the significant risks and rewards of ownership. Revenue will not be recognised on the sale of the land until settlement occurs.

d) Revenue and expenses

Revenue

Lease income from operating leases is recognised as income on a systematic basis which is representative of the time pattern in which the benefit is derived from the lease. Lease income includes gross rental revenue and recoverable outgoings.

Interest income is recognised in the income statement using the effective interest rate method.

Other income is recognised on an accruals basis, which is when the Syndicate becomes entitled to receive it.

All revenue is stated net of the amount of goods and services tax (GST).

Expenses

Expenses are brought to account on an accrual basis.

Borrowing Costs

Borrowing costs include interest and bank charges, which are expensed as incurred, and amortisation of borrowing costs.

Loan establishment costs are initially capitalised by being offset against the loan amount and then amortised over the life of the loan or five years, whichever is the lesser.

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 ('ATO'). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables are shown inclusive of GST. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability.

GST is included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities, which are recoverable from, or payable to, the ATO are classified as operating cash flows.

WRF HENLEY BROOK SYNDICATE
ARSN 114 592 040

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

f) Financial instruments

Financial instruments are initially measured at cost on transaction date, which includes transactions costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below:

Financial liabilities and equity

Financial liabilities and equity instruments issued by the Syndicate are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

Issued Units

As the Syndicate has a fixed termination date a contractual obligation exists for the Syndicate to deliver cash or another financial asset to the unitholders. AASB 132: Financial Instruments: Presentation, therefore requires the issued units and retained profits to be classified as a financial liability, titled net assets attributable to unitholders. Accordingly the Syndicate has no equity and the distributions paid and payable to unitholders are classified as a finance cost in the income statement, while distributions payable are classified as a payable in the balance sheet.

Bank borrowings

Interest-bearing bank loans and overdrafts are initially recognised at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest rate method.

g) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

h) Impairment of assets

At each reporting date, the Responsible Entity reviews the carrying values of its assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the carrying value over its recoverable amount is expensed to the income statement.

i) Finance Costs

Finance costs – distribution to unitholders, represents amounts distributed to unitholders based upon their unitholding during the financial year and are recognised when a distribution is declared by the Syndicate.

Finance costs (excluding distributions to unitholders), are recognised using the effective interest rate applicable to the respective financial liability.

j) Distributions and taxation

Under current income tax legislation the Syndicate is not subject to income tax as its taxable income (including assessable realised capital gains) is distributed in full to the unitholders.

WRF HENLEY BROOK SYNDICATE
ARSN 114 592 040

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

The Syndicate will fully distribute its taxable income in accordance with the Syndicate constitution and applicable taxation legislation, to the unitholders who are presently entitled to the income under the constitution.

k) Accounting estimates and judgments

Critical accounting estimates and judgments

The Directors of the Responsible Entity evaluate estimates and judgments incorporated in the financial report based on the historical knowledge and the best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Syndicate and Responsible Entity.

l) Comparative Figures

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

	Note	2007 \$	2006 \$
2. REVENUE AND EXPENSES			
Investment income			
Rental income		22,990	16,631
Interest		70,835	52,719
Total investment income		93,825	69,350
Expenses			
Accounting fees		27,000	13,500
Compliance fees		25,825	12,000
Custodian fees		50,000	37,500
Other administration expenses		31,879	19,847
Total expenses		134,704	82,847
3. TRADE AND OTHER RECEIVABLES			
Current			
Accrued income		3,835	14,933
Prepayments		400	14,677
Security deposits		-	11,575
GST receivable		1,959	6,863
		6,194	48,048
Non-Current			
Security Deposits		264,199	667,880

WRF HENLEY BROOK SYNDICATE
ARSN 114 592 040

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**

	Note	2007 \$	2006 \$
4. INVENTORIES			
Non-Current			
Land held for resale at cost	5	<u>14,669,783</u>	<u>14,062,582</u>
5. LAND HELD FOR RESALE			
Cost of acquisition		12,500,000	12,500,000
Development costs capitalised		1,323,717	1,171,171
Borrowing and finance costs capitalised		<u>846,066</u>	<u>391,411</u>
		<u>14,669,783</u>	<u>14,062,582</u>

Non-current land held for resale relates to land acquired by the WRF Henley Brook Syndicate. The property comprises two adjoining titles having an area of approximately 40.6 hectares. The project is to subdivide the property into approximately 447 residential lots over 9 stages, and to sell the lots over the next 4 to 5 years.

The acquisition of the land was funded by a combination of third party finance (\$6.25 million) with National Australia Bank Limited and unitholder contributions (\$11million).

		2007 \$	2006 \$
6. TRADE AND OTHER PAYABLES			
Current			
Accounts payable		17,526	37,057
Other creditors and accruals		55,740	76,771
GST payable		<u>300</u>	<u>300</u>
		<u>73,566</u>	<u>114,128</u>
7. INTEREST BEARING LIABILITIES			
Non Current			
<i>Secured</i>			
Bank bill facility		<u>6,250,000</u>	<u>6,250,000</u>

The Syndicate has a \$6.25 million cash advance facility with National Australia Bank Limited. The interest only, non recourse bank bill matures on 31 December 2007. The loan is secured by a first registered mortgage over the land held for resale. The interest rate on the facility was 6.61% as at the balance date, and a line fee of 0.9% per annum is payable.

In addition, the interest expense for the 2 years is to be covered by a term deposit of \$875,000. The current balance is \$264,199.

WRF HENLEY BROOK SYNDICATE
ARSN 114 592 040

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**

	2007	2006
	\$	\$
8. NET ASSETS ATTRIBUTABLE TO UNITHOLDERS - LIABILITY		
<i>Net assets attributable to unitholders- liability consist of:</i>		
Net contributions by unitholders	11,000,000	11,000,000
Syndicate establishment expenses	(1,796,790)	(1,796,790)
Cumulative retained loss from operations	<u>(54,376)</u>	<u>(13,497)</u>
Closing balance	<u><u>9,148,834</u></u>	<u><u>9,189,713</u></u>

	2007	2006
	No. of units	No. of units
11,000,000 units issued on 22 December 2005 at \$1.00 each	<u>11,000,000</u>	<u>11,000,000</u>

All units in the Syndicate are of the same class and carry equal rights. Each unit confers upon the holder of that unit an undivided interest in the assets of the Syndicate in the proportion that the unit bears to the total number of units on issue. A unit does not entitle the holder to any particular asset or any particular part of the assets of the Syndicate.

9. COMMITMENTS AND CONTINGENT LIABILITIES

There were no commitments for capital expenditure or any contingent liabilities at 30 June 2007.

10. NOTES TO THE STATEMENT OF CASH FLOWS

a) Cash at Bank

Cash at the end of the financial period as shown in the statement of cash flows is comprised of:

	2007	2006
	\$	\$
Cash on hand	<u>532,224</u>	<u>775,331</u>

b) Reconciliation of Net Profit to Net Cash Flows from Operations

	2007	2006
	\$	\$
Net loss	(40,879)	(13,497)
<i>Non-cash flows in profit for the period</i>		
<i>Changes in assets and liabilities:</i>		
Decrease/(Increase) in receivables	27,578	(33,371)
Decrease/(Increase) in prepaid expenses	14,277	(14,677)
Decrease/(Increase) in land held for resale	(607,201)	(14,062,582)
Decrease/(Increase) in other assets	-	182,885
Increase/(Decrease) in trade and other payables	(40,562)	114,128
Cash flows from operations	<u>(646,787)</u>	<u>(13,827,114)</u>

WRF HENLEY BROOK SYNDICATE
ARSN 114 592 040

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**

c) Loan facilities

Loan facilities	6,250,000	6,250,000
Amount utilised	<u>(6,250,000)</u>	<u>(6,250,000)</u>
Unused loan facilities	<u><u>-</u></u>	<u><u>-</u></u>

Refer to Note 7 for further details on the loan facilities.

11. FINANCIAL INSTRUMENTS

a) Interest Rate Risk

The Syndicate's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, is as follows:

	Weighted Average Effective Interest Rate %pa	Floating Interest Rate \$	Fixed interest maturing in or re priced at			Non- Interest Bearing \$	Total \$
			Within Year \$	1 to 5 Years \$	Over 5 Years \$		
2007							
Financial Assets:							
Cash – Operating	5.95%	532,224	-	-	-	-	532,224
Term Deposit (current)	6.20%	-	-	264,199	-	-	264,199
Receivables	-	-	-	-	-	5,793	5,793
		<u>532,224</u>	<u>-</u>	<u>264,199</u>	<u>-</u>	<u>5,793</u>	<u>802,216</u>
Financial Liabilities:							
Payables	-	-	-	-	-	(73,566)	(73,566)
Short term borrowings	6.61%	-	(6,250,000)	-	-	-	(6,250,000)
		<u>-</u>	<u>(6,250,000)</u>	<u>-</u>	<u>-</u>	<u>(73,566)</u>	<u>(6,323,566)</u>
Net financial assets/(liabilities)		<u>532,224</u>	<u>(6,250,000)</u>	<u>264,199</u>	<u>-</u>	<u>(67,773)</u>	<u>(5,521,350)</u>
2006							
Financial Assets:							
Cash – Operating	5.55%	775,331	-	-	-	-	775,331
Term Deposit (current)	5.83%	-	-	667,880	-	-	667,880
Receivables	-	-	-	-	-	48,048	48,048
		<u>775,331</u>	<u>-</u>	<u>667,880</u>	<u>-</u>	<u>48,048</u>	<u>1,491,259</u>
Financial Liabilities:							
Payables	-	-	-	-	-	(114,128)	(114,128)
Long term borrowings	6.18%	-	-	(6,250,000)	-	-	(6,250,000)
		<u>-</u>	<u>-</u>	<u>(6,250,000)</u>	<u>-</u>	<u>(114,128)</u>	<u>(6,364,128)</u>
Net financial assets/(liabilities)		<u>775,331</u>	<u>-</u>	<u>(5,582,120)</u>	<u>-</u>	<u>(66,080)</u>	<u>(4,872,869)</u>

WRF HENLEY BROOK SYNDICATE
ARSN 114 592 040

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**

11. FINANCIAL INSTRUMENTS (cont'd)

b) Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount, net of any provisions for doubtful debts of those assets, as disclosed in the balance sheet and notes to the financial statements.

Concentrations of credit risk are minimised primarily by:

- Ensuring counterparties, together with the respective credit limits, are approved, and
- Ensuring that transactions are undertaken with a large number of counterparties.

The Syndicate does not have a material exposure to a group of counterparties, which are expected to be affected similarly by changes in economic or other conditions.

c) Net Fair Values

The Syndicate's net fair values and carrying amount of financial assets and liabilities are disclosed in the balance sheet and in the notes to the financial report.

12. SEGMENT INFORMATION

The Syndicate operates solely in the business of residential property subdivision within Australia.

13. AUDITOR'S REMUNERATION

	2007	2006
	\$	\$
<i>Remuneration of the auditor of the Syndicate for:</i>		
- Audit and review of the financial reports	4,850	5,750
- Other services (compliance audit)	3,200	2,000
	<u>8,050</u>	<u>7,750</u>

14. RELATED PARTY DISCLOSURES

The Responsible Entity of the WRF Henley Brook Syndicate is WRF Property Limited (ABN 51 095 920 648). WRF Property Limited is a wholly owned subsidiary of WRF Securities Limited (ABN 000 714 054), an Australian public company listed on the Australian Stock Exchange (Code: WRF).

a) Remuneration of Directors and Key Management Personnel

The Syndicate does not employ personnel in its own right. However it is required to have an incorporated Responsible Entity to manage the activities of the Syndicate and this is considered the Key Management Personnel ('KMP').

The Directors and Executives of the Responsible Entity are KMP of that entity and their names are:

Mr R C Nichevich	Chairman and Executive Director
Ms S A Barrett	Marketing Director
Mr T Micelotta	Portfolio Director
Mr C J Carey	Company Secretary
Mr O S Lennie	Managing Director (Resigned 31 December 2006)

The Responsible Entity is entitled to a management fee which is calculated as a proportion of gross asset value and a proportion of net profit.

WRF HENLEY BROOK SYNDICATE
ARSN 114 592 040

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**

14. RELATED PARTY DISCLOSURES (cont'd)

No compensation is paid directly by the Syndicate to directors or to any of the KMPs' of the Responsible Entity.

Since the end of the financial year, no Director or KMP of the Responsible Entity has received or become entitled to any benefit because of a contract made by the Responsible Entity with a Director or KMP, or with a firm of which the Director or KMP is a member, or with an Entity in which the Director or KMP has a substantial interest.

Loans to Directors and Key Management Personnel of the Responsible Entity

The Syndicate has not made, guaranteed or secured, directly or indirectly, any loans to the Directors and KMP or their personally-related entities at any time during the reporting period.

Other Transactions with Directors and Key Management Personnel of the Responsible Entity

From time to time Directors and KMP or their personally-related entities, may buy or sell units in the Syndicate. These transactions are subject to the same terms and conditions as those entered into by other Syndicate investors.

Apart from those details disclosed in this note, no Director or KMP has entered into a contract for services with the Responsible Entity and there were no contracts involving Directors or KMP subsisting at end of period.

b) Responsible Entity's fees and other transactions

	2007	2006
	\$	\$
WRF Property Limited		
Compliance fees paid or payable	30,000	12,000
Acquisition fee	-	750,000
Establishment fee	-	625,000
Reimbursable expenditure paid or payable	5,218	1,677,104
	35,218	3,064,104
WRF Securities Ltd		
Accounting and registry fees	35,000	17,500
WRF Capital Limited		
Loan arrangement, loan establishment and underwriting fees	-	160,000
	70,218	3,241,604

c) Related Party Transactions

All transactions with related parties are conducted on normal commercial terms and conditions.

Units in the Syndicate held by Related Parties

Details of holdings in the Syndicate by related parties is set out below. No other related parties held units in the Syndicate during the year.

WRF HENLEY BROOK SYNDICATE
ARSN 114 592 040

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**

14. RELATED PARTY DISCLOSURES (cont'd)

30 June 2007

Entity	Relationship	Unit holding \$	Interest held %	Units issued
Deluge Holdings Pty Ltd a director related entity of Mr R C Nichevich	Director of Responsible Entity	90,000	0.82%	90,000
Koy Pty Ltd a director related entity of Mr R C Nichevich	Director of Responsible Entity	110,000	1.00%	110,000
Diamond Family Superannuation Fund a related entity of Mr J S Diamond	Director of Parent Entity	50,000	0.45%	50,000
		<u>250,000</u>	<u>2.27%</u>	<u>250,000</u>

30 June 2006

Entity	Relationship	Unit holding \$	Interest held %	Units issued
Deluge Holdings Pty Ltd a director related entity of Mr R C Nichevich	Director of Responsible Entity	90,000	0.82%	90,000
Koy Pty Ltd a director related entity of Mr R C Nichevich	Director of Responsible Entity	110,000	1.00%	110,000
		<u>200,000</u>	<u>1.82%</u>	<u>200,000</u>

WRF HENLEY BROOK SYNDICATE
ARSN 114 592 040

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**

15. CHANGE IN ACCOUNTING POLICY

New standards and interpretations not yet adopted

The following standards, amendments to standards and interpretations have been identified are those which may impact on the syndicate in the period of initial application. They are available for early adoption at 30 June 2007, but have not been applied in preparing these financial statements:

AASB 101 *Presentation of Financial Statements* (October 2006) has deleted the Australian specific Illustrative Financial Report Structure and reinstated the current IASB 1 guidance Illustrative Financial Statements Structure. The revised AASB 101 is applicable for annual reporting periods beginning on or after 1 January 2007.

AASB 7 *Financial Instruments: Disclosures* (August 2005) replaces the presentation requirements of financial instruments in AASB 132. AASB 7 101 is applicable for annual reporting periods beginning on or after 1 January 2007.

AASB 2005-10 Amendments to Australian Accounting Standards (September 2005) makes consequential amendments to AASB 132 *Financial Instruments: Disclosure and Presentation*, AASB 101 *Presentation of Financial Statements*, AASB 114 *Segment Reporting*, AASB 139 *Financial Instruments: Recognition and Measurement* and AASB 1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards*. AASB 2005-10 is applicable for annual reporting periods beginning on or after 1 January 2007, and is expected to only impact disclosures contained within the financial report.

16. SUBSEQUENT EVENTS

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material nature likely, in the opinion of the Responsible Entity, to affect significantly the operations of the Syndicate, the results of those operations, or the state of affairs of the Syndicate in future financial years.

WRF HENLEY BROOK SYNDICATE
ARSN 114 592 040

DIRECTORS' DECLARATION

The directors of WRF Property Limited, the Responsible Entity of the WRF Henley Brook Syndicate, declare that:

1. The financial statements and notes, as set out on pages 7 to 21 are in accordance with the *Corporations Act 2001*, and:
 - (a) comply with Australian Accounting Standards and the *Corporations Regulations 2001*;
 - and
 - (b) give a true and fair view of the Syndicate's financial position as at 30 June 2007 and of its performance for the period ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that the Syndicate 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 of the Responsible Entity.



R C NICHEVICH

DIRECTOR

Dated this 7th day of September 2007

Perth, Western Australia

AUDITOR'S INDEPENDENCE DECLARATION

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of WRF Henley Brook Syndicate for the year ended 30 June 2007, I declare that, to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.

WHK HORWATH PERTH AUDIT PARTNERSHIP



SEAN MCGURK
Principal

Dated this 7th day of September 2007

INDEPENDENT AUDIT REPORT TO THE UNIT HOLDERS OF WRF HENLEY BROOK SYNDICATE

We have audited the accompanying financial report of WRF Henley Brook Syndicate (the Syndicate), which comprises the balance sheet as at 30 June 2007, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration.

Directors' Responsibility for the Financial Report

The Directors of the Responsible Entity, WRF Property Ltd, (the Directors) are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101: Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards (IFRS) ensures that the financial report, comprising the financial statements and notes, complies with IFRS.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, provided to the directors of WRF Property Ltd as the Responsible Entity for WRF Henley Brook Syndicate are in the same terms as this auditor's report.

Auditor's Opinion

In our opinion, the financial report of WRF Henley Brook Syndicate is in accordance with the Corporations Act 2001 including:

- a) i. giving a true and fair view of the Syndicate's financial position as at 30 June 2007 and of their performance for the year ended on that date; and
- ii. complying with Australian Accounting Standards (including Australian Accounting Interpretations) and the Corporations Regulations 2001.
- b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

WHK HORWATH PERTH AUDIT PARTNERSHIP



SEAN MCGURK
Principal

Perth, WA
Dated this 7th day of September 2007

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