

Appendix 4E

Preliminary final report

1. Details of reporting period

Name of Entity	WRF Securities Ltd
ABN	79 000 714 054
Financial Year Ended	30 June 2007
Previous Corresponding Period	30 June 2006

2. Results for announcement to the market

				\$'000
Revenues from ordinary activities	down	47.61%	to	6,885
Profit from ordinary activities after tax attributable to members	up	119.95%	to	230
Net profit for the period attributable to members	up	119.95%	to	230
		Amount Per Security		Franked Amount Per Security
Final Dividend		Nil		Nil
Interim Dividend		Nil		Nil
Previous Corresponding Period		Nil		Nil
Record Date for Determining Entitlements	Not Applicable			

Brief explanation of any of the figures reported above necessary to enable figures to be understood:

Refer to commentary on results for the period and the review of operations shown in the attached financial statements for further explanation.

3. Consolidated Income Statement

See attached financial statements

4. Consolidated Balance Sheet

See attached financial statements

5. Consolidated Cash Flow Statement

See attached financial statements

6. Dividends

No recommendation for a dividend for the year ended 30 June 2007 has been made.

7. Dividend reinvestment plans

There are no dividends reinvestment plans in place.

8. Consolidated retained earnings

Refer to the Statement of Changes in Equity in the attached financial statements.

9. Net tangible asset backing

	30 June 2007	30 June 2006
Net tangible backing per ordinary security	29.40 cents	27.31 cents

10. Details of entities over which control has been gained or lost during the period

Refer to note 18 of the attached financial statements.

11. Details of associate and joint venture entities

Refer to notes 14 and 15 of the attached financial statements.

12. Any other significant information needed be an investor to make an informed assessment of the economic entity's financial performance and financial position

Refer to the commentary on results and the attached financial statements.

13. Foreign entities

Not applicable.

14. Commentary on results for period

The consolidated profit after tax of the economic entity attributable to members of the parent entity amounted to \$230,000 (2006: loss of \$1,153,000). Revenue for the year was \$6,885,000 (2006: \$13,143,000, which included \$6,955,000 from the one off sale of residential housing lots).

The profit before tax included \$1,711,000 from the sale of investments, \$1,000,000 from the sale of a part interest in the Constance Range project, a gain of \$626,000 from part sale of a previously equity accounted investment, offset by the share of losses of equity accounted associates of \$144,000.

Basic earnings per share and diluted earnings per share for the period were 0.53 cents per share (2006: (2.75) cents per share) and 0.53 cents per share (2006: (2.72) cents per share) respectively.

Funds under management increased during the year to approximately \$335 million.

Refer to the Review of Operations in the attached financial statements for further explanation.

This report has been based on accounts that have been subject to audit.



Robert Nichevich
Executive Chairman

29 August 2007

WRF Securities Ltd

ABN 79 000 714 054

**Financial Report
for the year ended
30 June 2007**

COMPANY INFORMATION

DIRECTORS

R C Nichevich – Executive Chairman
M R Kluge – Managing Director
J S Diamond – Non-Executive Director
M R Gordon – Non-Executive Director
I D Kent – Non-Executive Director

COMPANY SECRETARY

P G Webse

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National Australia Bank
330 Collins Street
Melbourne, Victoria, 3000

SHARE REGISTRY

Security Transfer Registrar
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Applecross WA 6953
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Facsimile: (08) 9315 2233

STOCK EXCHANGE LISTING

Australian Stock Exchange (Code: WRF)

WRF SECURITIES LTD (ABN 79 000 714 054) AND CONTROLLED ENTITIES

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**WRF SECURITIES LTD (ABN 79 000 714 054) & CONTROLLED ENTITIES
EXECUTIVE CHAIRMAN'S REPORT**

Dear Shareholder

I am pleased to report that the company has achieved some significant milestones during the past financial year. These include a return to profit and significant changes in management and outlook.

The return to a profit has been driven by a number of one off transactions. In the process the balance sheet has been strengthened and the non core funds management assets divested.

A key objective for the financial year was to secure a new Managing Director with significant funds management experience to execute the strategy of growth and diversification articulated by the Board.

The company has been successful in both instances, with the appointment of Mr Maurice Kluge as Managing Director on 1 August 2007 and the proposed acquisition of a 50% interest in two new funds management businesses. Mr Kluge was previously head of property funds management with the Allco group and prior to that he was general manager investments with Suncorp Investment Management. During his term in office with Suncorp, funds under management grew from \$4 billion to \$15 billion.

A meeting of shareholders will be called as soon as possible to seek approval to the proposed transaction.

Mr Kluge and the team at the two new businesses bring with them a wealth of experience in property securities, alternative assets classes and direct property. As part of the overall transaction, Mr Kluge will be making a significant investment in the company.

We have been fortunate to add Mr Michael Gordon to the Board in September 2006, with his private company Bydand Capital Pty Ltd taking a major position on the register and injecting additional capital into the company.

The past year has been one of consolidation and strategic repositioning. This would not have been able to be achieved without the loyal and hard work of our staff. The directors extend their thanks for the continued support of the team during a difficult and trying year.

The directors believe shareholders can look to the future knowing that the new leadership is able to bring extensive funds management experience and a history of success in growing funds under management businesses to the company.

Robert Nichevich
EXECUTIVE CHAIRMAN

WRF SECURITIES LTD (ABN 79 000 714 054) & CONTROLLED ENTITIES REVIEW OF OPERATIONS

GROUP OVERVIEW

WRF Securities Ltd's key activities remain focused on the development, marketing and management of a range of property related investment products. The company intends to diversify into the management of other alternative investment asset classes.

Since commencing the property funds management business, more than 3,000 investors have invested in WRF Property's investment products, with total funds under management at 30 June 2007 of approximately \$335 million.

The 2007 financial year saw the company restructure the property funds management business to move away from income producing property syndicates to an open ended unlisted property fund and establish a new line of business by way of residential subdivision syndicates.

OPERATING RESULTS FOR THE YEAR

The consolidated profit of the economic entity after providing for income tax amounted to \$230,000 (2006: loss of \$1,153,000). Revenue for the year was \$6,885,000 (2006: \$13,143,000, which included \$6,955,000 from the one off sale of residential housing lots).

PROPERTY DIVISION

OVERVIEW

The WRF Property Division has completed its sixth year of operation. WRF Property Ltd was registered on 15 February 2001 and gained its dealer's licence as a responsible entity in April 2001, which has now been replaced by an Australian Financial Services licence (AFS Licence Number 224663).

The focus in the 2007 financial year was to reposition Company performance and re establish the platform for consolidation and growth through the appointment and promotion of key staff members. To this end we confirm the promotion of Tony Micelotta to "Head of Property" to replace Owen Lennie, who resigned as Managing Director of WRF Property in December 2006 and the recruitment of a General Manager of Property to further strengthen the asset management capabilities of the division.

In August 2006 the Private Client Property Fund was relaunched under the new banner of the "WRF Property Fund" as an open ended diversified property fund. The Fund was successful in acquiring two additional assets during the year, the Nightowl Village Retail Convenience Centre in Underwood QLD and 34 Chandos Street, St Leonards NSW (office building). In addition a number of opportunities were explored to further advance the expansion of the residential land subdivisions product line to expand on the success in Western Australia with our Southern River and Henley Brook Land subdivisions.

The division has its head office in Melbourne with offices in Perth, New Zealand and has recently opened an office in Brisbane, to further provide local knowledge and accessibility to opportunities in Queensland and the eastern seaboard.

The business environment has become increasingly more difficult for direct property investments, with interest rate rises in August 2006 (0.25%), November 2006 (0.25%) and an additional rate rise in August 2007 (0.25%). The weight of equity/funds seeking placement in property investments both locally and from abroad, stemming from compulsory superannuation, has and will result in yields continuing to tighten and/or stabilise at the current level of 6.5%-7.5% per annum. On the positive side the continuing growth in Western Australia and Queensland, based on the success of the resources sector, together with the strengthening of the NSW and Victorian markets, will lead to opportunities in emerging sectors of these respective markets. Given these circumstances and the relatively stable economic factors in the short to medium term, investors seeking opportunities in direct property will inevitably revert to property investments focused on total returns, liquidity and tax effective structures as opposed to yield driven investments.

PRODUCTS

Syndicates

Property syndicates have been the businesses core product. Fixed term unlisted syndicates have been a very popular form of property investment over the past 5 years as they have provided retail investors and superannuation funds with reliable and tax-effective income distributions and capital growth. WRF Property has in the order of 3,000 Investors over eight Syndicates (excluding the residential subdivisions) with an average investment of approximately \$33,000.

The Company derives fees on acquisition, ongoing management and on the completion of each syndicate in the form of a disposal fee.

WRF SECURITIES LTD (ABN 79 000 714 054) & CONTROLLED ENTITIES REVIEW OF OPERATIONS

The Company no longer markets syndicates for direct property, with the focus now on its unlisted open ended diversified WRF Property Fund.

WRF Property Fund

The Private Client Property Fund was redeveloped and rebranded as the WRF Property Fund in August 2006. The WRF Property Fund is an unlisted, open ended diversified Property Fund. The Fund aims to provide tax effective income and capital growth with low volatility.

The new features of the Fund include daily unit pricing, monthly distributions and monthly redemptions. The Fund provides both retail and wholesale investment opportunities via financial planning networks and wrap accounts. It is also suitable for self managed super funds and direct investors.

The Fund has had a successful year, with the acquisition of the "Nightowl Convenience Shopping Centre in Underwood, Queensland and 34 Chandos Street in St Leonards, New South Wales. The Fund also purchased units in the Southern River residential subdivision in Western Australia. Whilst this has left us slightly overweight in direct property the Fund is evaluating opportunistic acquisitions in the LPT sector which should further enhance Fund performance.

The Shopping Centre development in Singleton, NSW has advanced to the point where the Development Approval has been achieved. The Coles Agreement for Lease & Lease has been finalised and presented for execution. Construction drawings and specifications are nearing completion with tenders to be sought in the first quarter of the 2008 financial year. Construction is due to commence in October 2007 with an anticipated construction period of 40 weeks.

The WRF Property Fund provided a total return of 10.351% for the 2007 financial year and grew gross assets by approximately \$21.5 million to \$39.1 million.

Subdivision Syndicates

The subdivision syndicate product delivers a total return to investors with some development risk. The capital is progressively returned to investors over the life of the subdivision project, targeting an internal rate of return (IRR) of 20% per annum, with most of the returns coming in the latter years of the project as lot sales are achieved and settled. The objective is to create an open ended residential development fund, which will enable rolling over funds from completing subdivisions to new subdivisions in the same fund

No further subdivisions were acquired during the year apart from an adjoining parcel of land to the existing Southern River residential syndicate in Western Australia. The additional parcel of land was incorporated into the Development Overlay Plan (DOP) for the precinct which will provide economies of scale and improve the return to the syndicate. A supplementary Product Disclosure Statement was issued for the capital raising for this acquisition.

ATO tax rulings have been received for the Henley Brook Syndicate and the Southern River Syndicate, which affirm the status of the syndicates as flow through vehicles for tax purposes. This has simplified the accounting by eliminating the complexities of company tax and imputation credits.

WRF SECURITIES LTD (ABN 79 000 714 054) & CONTROLLED ENTITIES REVIEW OF OPERATIONS

ASSET MANAGEMENT

The asset management team now manage twenty three properties including Henley Brook, Southern River and the Singleton development. The portfolio is spread from Queensland to Western Australia.

The property management & accounting functions for the property portfolio have been contracted nationally to Knight Frank. The consolidation of these functions has achieved the following outcomes:

1. Accountability for the property performance by a national property service provider.
2. Reducing the costs to the syndicates through economies of scale
3. Standardised and consistent process and procedures being delivered across the portfolio.
4. A single internet web based database providing live financial data and tenant commentary as required.

COMPLIANCE

There were no compliance breaches reported to ASIC during the year which reflects the continued focus on the compliance culture at WRF.

The Compliance Committee, which includes a majority of independent members, met four times during the year.

The audit of the compliance plans for the registered managed investment schemes has been completed with a positive outcome being achieved.

The focus for the 2008 financial year will be the implementation of the requirements of the Anti – Money Laundering and Counter – Terrorism Financing Act 2006. The funds management industry is one of the designated industries under the Act. This means that the company will have to ascertain how the business is impacted by the new legislation. Any new processes or changes to existing processes that are required will be implemented through the investor relations division.

FORESTRY DIVISION

Investors in the forestry investment products marketed by the economic entity up to and including 30 June 2003 continue to have their interests managed by the forestry division. The economic entity has not marketed forestry investment products since June 2003.

The economic entity's interest in trees was subject to an independent revaluation at 30 June 2007, resulting in a revaluation increment of \$85,000 (2006: \$56,000). The value of the trees at 30 June 2007 was \$1,471,000 (2006: \$1,310,000).

TRANSACTION PROFITS

The company's primary strategic imperative is to provide shareholders with satisfactory returns from long term recurrent income streams through the management of investment funds. However, from time to time the company will use its capital to enter into specific transactions. These transactions are primarily aimed at providing investment stock for the core property funds management business.

The company has projects in the pipeline that are expected to make a contribution to profits over the next three financial years.

EXPLORATION

The company's interest in AXG Mining Limited (AXG), which is listed on the Australian Stock Exchange, was sold down to 2,875,000 shares (4.81%) as at 30 June 2007. The economic entity ceased to equity account for its investment in AXG in accordance with AASB 128: Investments in Associates from June 2007. The company intends to sell its remaining shareholding in the first half of the 2008 financial year.

The company's wholly owned subsidiary, Constance Range Pty Ltd (CRPL) is the holder of Exploration Permit for Minerals 14479 in relation to the Constance Range iron ore project in the Constance Range region of far North West Queensland.

WRF SECURITIES LTD (ABN 79 000 714 054) & CONTROLLED ENTITIES REVIEW OF OPERATIONS

On 30 June 2006, CRPL, entered into a joint venture agreement with CBH Constance Range Pty Ltd (CBHCo), a wholly owned subsidiary of ASX listed CBH Resources Ltd (CBH), to develop the Constance Range iron ore deposits (the Project). CBHCo is to earn 30% equity in the Project by paying \$200,000 in cash to CRPL (paid on 30 June 2006) issuing CRPL with \$1 million in CBH shares (issued on 8 August 2006) and completing the Project prefeasibility study over a period of 2 years and with a budget of \$2 million. CBHCo may elect to earn an additional 20% equity in the Project by completing a bankable feasibility study, with a proposed budget of \$5 million. After CBHCo has earned 50%, both parties will contribute to the development and construction costs on a pro rata basis.

The Project is not considered part of the core future business of the economic entity and on 14 August 2007 the company announced that it had called a meeting of shareholders for 27 September 2007 to seek approval for the distribution in specie to WRF Securities Ltd shareholders of the company's shares in CRPL.

Subject to shareholder approval of the distribution in specie and following the sale of the company's remaining shares in AXG, the company will have completed its exit from its residual mining assets.

FINANCIAL POSITION

The net assets of the economic entity have increased from \$12.111 million at 30 June 2006 to \$12.958 million at 30 June 2007. This increase has largely resulted from the following factors:

- improved financial performance of the group;
- the increase in the market value of available for sale financial assets; and
- the amount classified as equity from the issue of convertible notes.

The cash position of \$5.8 million has only marginally reduced when compared to that of the previous year (\$5.9 million). However, trade and other receivables are up \$1.6 million over the previous year and trade and other payables are down by \$1.3 million.

The directors believe that the group is in a strong and stable financial position.

FUTURE DEVELOPEMENTS, PROSPECTS AND BUSINESS STRATEGIES

The company has a strong base of approximately \$335 million in funds under management, predominately in property, with a solid distribution network and a strong balance sheet.

The most important aspect of the last financial year has been the finalisation of the company's interests in its mining assets, through the proposed distribution in specie of its interest in the Constance Range project (to be approved by shareholders at a general meeting to be held on 27 September 2007) and the sell down of its holding in AXG Mining Ltd from 31.6% to 4.8%, with the remainder to be sold off, when appropriate, over the coming months. The focus of the entire executive team will now be to crystallise the singular strategic vision of building funds under management.

On 1 August 2007 the company appointed Mr Maurice Kluge as managing director with the mandate to diversify the existing funds management base from its primary focus on property assets into alternative asset classes. This includes the proposed acquisition of Mr Kluge's 50% interest in two new funds management businesses – one in alternative asset strategies and the other in global property securities, which is subject to shareholder approval.

The strategy for the property funds management business is to build the flagship WRF Property Fund by rolling over the existing property syndicate assets into the Fund. This strategy has been developed so as to position the Fund to achieve a range of objectives being to increase the size of the Fund, diversify its asset base and improve its research house ratings.

After a three month transitional period following the appointment of Mr Kluge, the Executive Chairman, Mr Nichevich, will move into a non-executive director role. An independent chairman with broad funds management experience will be sought. This appointment will be targeted to further cement the company's core strategic objective of building funds under management.

The Australian funds management industry is expected to grow strongly, with the Australian managed funds market surpassing \$1.1 trillion in consolidated assets according to the Australian Prudential and Regulatory Authority, making Australia the fourth largest funds management market in the world. Of this total market, superannuation fund assets represent a significant proportion and with recent changes to superannuation legislation reforms and the introduction of Simpler Super, it is anticipated that this market will continue to grow. Of particular interest is the Self Managed Super Fund (SMSF) sector. According to the Self-Managed Super Fund Professionals Association, more than \$200 billion worth of assets reside in Australia's SMSFs, or approximately 24% of the total superannuation asset pool. Part of the future strategy will be to position the company to enable it to participate in the expected growth in the superannuation industry and, in particular, the growth in the SMSF sector.

WRF SECURITIES LTD (ABN 79 000 714 054) & CONTROLLED ENTITIES DIRECTORS' REPORT

Your directors present their report on WRF Securities Ltd and its controlled entities for the financial year ended 30 June 2007.

DIRECTORS

The names and details of the company's directors in office during the financial year and until the date of this report are as follows:

Mr R C Nichevich

Mr M R Kluge (appointed Managing Director 1 August 2007)

Mr J S Diamond

Mr M R Gordon (appointed 11 September 2006)

Mr I D Kent

Ms L C Parkinson (alternate for Mr M R Gordon, appointed 11 September 2006, resigned 2 April 2007)

Mr O S Lennie (resigned 11 September 2006)

COMPANY SECRETARY

The company secretary is Mr P G Webse B.Bus, FCIS, FCPA. Mr Webse was appointed to the position of company secretary of WRF Securities Ltd in March 2003. He has over 17 years experience in similar company secretarial roles with listed companies, including over 13 years experience in the funds management industry.

PRINCIPAL ACTIVITIES

The principal activities of the economic entity during the financial year were:

- Development, marketing and management of property investment products
- Management of agribusiness investment products

There were no changes in the nature of the economic entity's principal activities during the financial year.

OPERATING RESULTS

The consolidated profit of the economic entity after providing for income tax amounted to \$230,000 (2006: loss of \$1,153,000). Revenue for the year was \$6,885,000 (2006: \$13,143,000, which included \$6,955,000 from the one off sale of residential housing lots).

DIVIDENDS

Dividends paid or declared for payment are as follows:

	2007	2006
	\$'000	\$'000
Final ordinary dividend for the year ended 30 June 2006 of 4 cents (2005 – nil) per fully paid share paid on 30 December 2005	-	1,708

No recommendation for payment of a dividend for the year ended 30 June 2007 has been made.

REVIEW OF OPERATIONS

The review of operations and the results of operations of the company and the economic entity for the financial year are discussed in the review of operations contained on pages 5 to 8 of this financial report.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

The significant changes in the state of affairs of the economic entity during the financial year were as follows:

- i. On 1 December 2006 the company issued 4,201,120 convertible notes. The interest rate on the notes is 8% per annum, payable quarterly in arrears. The notes are convertible at the option of the note holder on or before 31 December 2008. The notes were issued to provide additional working capital; and
- ii. On 28 June 2007 the company issued 100,000 ordinary shares following the exercise of 100,000 35 cent 30 June 2007 options.

Changes in controlled entities and divisions:

- i. On 27 August 2006, Ellendale Diamond Mines Pty Ltd was deregistered; and
- ii. On 27 August 2006, WRF Paulownia Management Pty Ltd was deregistered.

There was no gain or loss to the economic entity on deregistration of either company.

WRF SECURITIES LTD (ABN 79 000 714 054) & CONTROLLED ENTITIES DIRECTORS' REPORT

AFTER BALANCE DATE EVENTS

On 17 July 2007, the company entered into a Heads of Agreement with Mr Maurice Kluge to appoint him as managing director of the company from 1 August 2007 and to acquire his 50% interest in two new funds management businesses – one in alternative asset strategies and the other in global property securities. Under the Heads of Agreement, Mr Kluge will take a placement of 4.5 million ordinary fully paid shares in the company at \$0.57 per share. In addition, he will be issued with 5 million ordinary fully paid shares in consideration for the acquisition of his 50% equity in the two new businesses. Further, an incentive package of 23.1 million options has been agreed. The terms of the options are:

- The first tranche of 7.7 million options will vest on the completion of the first year of service with an exercise price of 85 cents per share;
- The second tranche of 7.7 million options will vest on completion of the second year of service with an exercise price of \$1 per share; and
- The third tranche of 7.7 million options will vest on completion of the third year of service with an exercise price of \$1.15 per share.

The issue of the ordinary shares and the proposed incentive package (both of which require shareholder approval) are subject to completion of final documentation. A shareholder meeting is to be held as soon as practicable to consider the proposal.

In addition, a shareholder meeting has been called for 27 September 2007 to seek approval for the distribution in specie to WRF Securities Ltd shareholders of the company's shares in Constance Range Pty Ltd, a wholly owned subsidiary which holds Exploration Permit for Minerals 14479 in relation to the Constance Range iron ore project in the Constance Range region of far North West Queensland. This is part of the company's strategy to divest itself of its non-core assets to focus on its funds management business.

No other 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 future financial years.

FUTURE DEVELOPMENTS

Likely developments in the operations of the economic entity and the expected results of those operations in future financial years have been discussed where appropriate in relation to the company's and the economic entity's review of operations contained on pages 5 to 8 of this financial report.

There are no further likely developments of which the directors are aware which could be expected to affect the results of the company's and the economic entity's operations in future years.

ENVIRONMENTAL ISSUES

The economic entity's operations are subject to significant environmental regulation under the laws of the Commonwealth, State and Local Authorities. The economic entity aims to ensure the appropriate standard of environmental care is achieved, and in doing so, that it is aware of and is in compliance with all environmental legislation. The directors of the company are not aware of any breach of environmental legislation for the financial year under review.

**WRF SECURITIES LTD (ABN 79 000 714 054) & CONTROLLED ENTITIES
DIRECTORS' REPORT**

INFORMATION ON DIRECTORS

Director	Experience	Special Responsibilities	Particulars of Directors' Interests in Shares & Options of WRF Securities Ltd	
			Ordinary Shares	Options
<i>Executive Directors</i>				
Mr R C Nichevich FCA, FAICD	Managing director from 1992 to 31 July 2007, director since 1987. Executive Chairman since 29 November 2005. Age 59. Extensive experience in management and chartered accounting. Mr Nichevich was a non-executive director of AXG Mining Ltd from April 2000 to January 2006 and was non-executive chairman of Gulfx Ltd from 3 March 2000 to 28 May 2007. Mr Nichevich has not served as a director of any other listed companies, other than those noted above, as at the reporting date or in the past three years.	Executive Chairman	10,860,000	-
Mr M R Kluge BAppSc, MSc (Lond)	Appointed managing director on 1 August 2007. Age 50. Has more than 23 years experience in the funds management sector, most recently as Head of Property Funds Management with the Allco group. He had previously worked at Suncorp for 14 years, the last eight as General Manager Investments.	Managing Director	500,000	-
<i>Non-Executive Directors</i>				
Mr J S Diamond BA, Grad Dip Ed, Grad Dip Career Ed, Grad Dip Lab/Mgt Relations	Director since August 2005. Age 52. Has over 18 years of funds management experience. Currently a responsible entity director of MFS Investment Management Ltd. Formerly a director trustee of the Emergency Services Superannuation Scheme in Victoria and the Victorian Funds Management Corporation. Most recently spent 5 years as vice president of San Diego based funds manager Nicholas Applegate. Mr Diamond has no directorships in any other listed companies as at the reporting date or in the past three years.	-	20,700	-
Mr M R Gordon	Appointed as a non-executive director on 11 September 2006. Age 44. Mr Gordon was the managing director and major shareholder of Peppercorn Management, the largest listed manager of child care centres in Australia, from November 2002 until its acquisition by ABC Learning Centres Ltd in December 2004. He is the managing director of Bydand Capital Pty Ltd, an investment group with interests in commercial property, agriculture and Australian equities. Mr Gordon is a director of SCV Group Limited since 9 October 2006. Mr Gordon has not served as a director of any other listed companies, other than that noted above, as at the reporting date or in the past three years.	-	6,658,880	-
Mr I D Kent	Non-executive director since February 2004. Age 53. Has over 23 years of financial services experience in relation to superannuation, financial planning and investment management. Mr Kent has no directorships in any other listed companies as at the reporting date or in the past three years.	-	300,000	-

WRF SECURITIES LTD (ABN 79 000 714 054) & CONTROLLED ENTITIES DIRECTORS' REPORT

REMUNERATION REPORT

This report details the nature and amount of remuneration for each director of WRF Securities Ltd and for the executives receiving the highest remuneration.

Remuneration Policy

The remuneration policy of WRF Securities Ltd has been designed to align director and executive objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific short term and, in certain circumstances, long term incentives based on key performance areas affecting the economic entity's financial results. The board of WRF Securities Ltd believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best executives and directors to run and manage the economic entity, as well as create goal congruence between directors, executives and shareholders.

The board's policy for determining the nature and amount of remuneration for board members and senior executives of the economic entity is as follows:

The performance of executives is measured against criteria agreed biannually with each executive and is based on a combination of personal and corporate performance objectives. All bonuses and incentives must be linked to predetermined performance criteria. The board may, however, exercise its discretion in relation to approving incentives, bonuses and options. Any changes must be justified by reference to measurable performance criteria. The policy is designed to attract the highest calibre of executives.

Executives may be entitled to participate in share and option arrangements as determined by the board from time to time.

The executive directors and executives receive a superannuation guarantee contribution as required by the government, which is currently 9%, and do not receive any other retirement benefits. Some individuals, however, have chosen to sacrifice part of their salary to increase payments towards superannuation.

All remuneration paid to directors and executives is valued at the cost to the company and expensed. Shares and options are valued using the Black-Scholes methodology.

The board policy is to remunerate non-executive directors at market rates for time, commitment and responsibilities. The executive directors determine payments to the non-executive directors and review their remuneration as required, based on market practice, duties and accountability. Independent advice is sought when required. The maximum total remuneration limit for non-executive directors was set at \$300,000 per annum at the 2005 Annual General Meeting and non-executive fees currently total \$150,000 per annum. The directors are encouraged to hold shares in the company.

Fixed Remuneration

Fixed remuneration consists of base remuneration (which is calculated on a total costs basis and includes any FBT charges related to employee benefits including motor vehicles), as well as employer contributions to superannuation funds.

Remuneration levels are reviewed annually through a process that considers individual, segment and overall performance of the economic entity. In addition, external consultants provide analysis and advice to ensure directors' and senior executives' remuneration is competitive in the market place. A senior executive's remuneration is also reviewed on promotion.

Performance Based Remuneration

Performance based remuneration includes short-term incentives and long-term incentives and is designed to reward executive directors and senior executives for meeting or exceeding their financial and personal objectives. The short-term incentive (STI) is an "at risk" bonus provided in the form of cash, while the long-term incentive (LTI) is provided in the form of options and or shares of WRF Securities Ltd.

Short-Term Incentive Bonuses

Each year key performance indicators (KPIs) are set for the executive directors and senior executives. The KPIs generally include a combination of measures relating to personal performance, the performance of the economic entity and the performance of the relevant segment. The split of KPI's between personal performance and the performance of the economic entity and or the performance of a segment depend on the nature of the role of the executive director or senior executive. Those executive directors or senior executives who have responsibility for the management of a segment will have their KPIs aligned to the performance of the segment while those who have responsibility for administrative functions will have their KPIs aligned to personal performance as well as the performance of the economic entity.

WRF SECURITIES LTD (ABN 79 000 714 054) & CONTROLLED ENTITIES DIRECTORS' REPORT

REMUNERATION REPORT (Cont'd)

Performance Based Remuneration (Cont'd)

Long-Term Incentives

Long-term incentives are offered by the board of WRF Securities Ltd to executive directors and senior executives on a case by case basis. The company does not have an established Share Option Plan.

In December 2004 and November 2005, shareholder approval was obtained for specific Share Incentive Plans for two executive directors and two senior executives. Refer to Note 5 of the attached financial statements for details of the Share Incentive Plans and Note 10 for loans to directors and executives.

Company Performance, Shareholder Wealth and Directors' and Executives' Remuneration

The remuneration policy has been tailored to increase goal congruence between shareholders and directors and executives. There have been two methods applied in achieving this aim, the first being a performance based bonus based on key performance indicators, and the second being the issue of options and share incentives to selected executive directors and executives to encourage alignment of personal and shareholder interests.

The following table shows the gross revenue, profits and dividends for the last five financial years for the listed entity, as well as the share price at the end of the respective financial years.

The inconsistency of the economic entity's results over the five year period reflects the change in strategic direction to focus purely on its funds management business and to divest itself of all non-core assets.

	2003	2004	2005	2006	2007
Revenue	\$5.5m	\$9.7m	\$15.8m	\$13.1m	\$6.9m
Net Profit/(Loss)	(\$3.3)	\$1.9m	\$2.9m	(\$1.2m)	\$0.23m
Share Price at Year End	\$0.14	\$0.24	\$0.38	\$0.495	\$0.430
Dividends Paid	-	-	2 cents	4 cents	-

Key Management Personnel Remuneration Policy

The board's policy for determining the nature and amount of remuneration of key management of the group is as follows:

The remuneration structure for key management personnel is based on a number of factors, including length of service, particular experience of the individual concerned, market conditions and the overall performance of the group. The contracts for service between the company and key management personnel are on a continuing basis, the terms of which are not expected to substantially change in the immediate future. Any options not vested on the termination date lapse.

The group seeks to emphasise payment for results through providing various cash bonus reward schemes, specifically the incorporation of incentive payments based on the achievement of profit and personal performance targets. The bonuses included below are based on the combination of these targets. No bonuses were paid in relation to the achievement of profit component for the 2007 financial year.

The employment conditions of the key management personnel are formalised in contracts of employment. Other than the Executive Chairman, all key management personnel are permanent employees of WRF Securities Ltd. The Executive Chairman is employment through a services agreement with Koy Pty Ltd, a director related entity of the Executive Chairman. Details of the key management personnel employment contracts are set out below.

The board determines the proportion of fixed and variable compensation for each of the key management personnel.

**WRF SECURITIES LTD (ABN 79 000 714 054) & CONTROLLED ENTITIES
DIRECTORS' REPORT**

REMUNERATION REPORT (Cont'd)

Key Management Personnel Remuneration

The remuneration for key management personnel of the economic entity during the year was as follows:

2007 Key Management Person Directors	Primary			Super- annuation	Termin- ation Benefits	Equity Compensation		Total	Proportion of remuneration performance related
	Salary & Fees \$	Cash Bonus \$	Non-cash Benefits \$	Contri- bution \$		Options	Share Incentive Plan \$		
Mr R C Nichevich – Executive Chairman	240,000	37,185	3,563	-	-	-	-	280,748	13.2%
Mr J S Diamond	45,872	-	-	4,128	-	-	-	50,000	-
Mr M R Gordon ¹	37,050	-	-	3,335	-	-	-	40,385	-
Mr I D Kent	45,872	-	-	4,128	-	-	-	50,000	-
Ms L C Parkinson ²	25,002	-	-	-	-	-	-	25,002	-
	393,796	37,185	3,563	11,591	-	-	-	446,135	
Executives									
Ms S A Barrett	205,314	25,000	5,717	12,686	-	-	-	248,717	10.1%
Mr A Micelotta	222,314	55,000	5,551	12,686	-	14,603	-	310,154	22.4%
Mr P G Webse	167,313	10,800	3,323	12,686	-	-	-	194,122	5.6%
Mr C J Carey	132,830	7,947	3,232	12,686	-	4,128	-	160,823	7.5%
Mr O S Lennie ³	134,157	-	2,650	6,343	241,171	-	-	384,321	-
	861,928	98,747	20,473	57,087	241,171	18,731	-	1,298,137	
	1,255,724	135,932	24,036	68,678	241,171	18,731	-	1,744,272	

¹ Mr Gordon was appointed as a director on 11 September 2006. ² Ms Parkinson was appointed as alternate director to Mr Gordon on 11 September 2006 and resigned as alternate director on 2 April 2007. ³ Mr Lennie ceased as an executive on 31 December 2006. Pursuant to a Settlement Agreement dated 15/12/2006, Mr Lennie was paid an eligible termination payment equivalent to 9 months gross remuneration (\$95,000 was paid as a superannuation contribution, \$106,235 as salary and \$39,936 for unused annual leave). In addition, \$40,500 is payable to Mr Lennie for consultancy services on 1 July 2007 and \$100,000 is payable as a superannuation contribution on 1 October 2007 in relation to a non-compete undertaking.

2006 Key Management Person Directors	Primary			Super- annuation	Termin- ation Benefits	Equity Compensation		Total	Proportion of remuneration performance related
	Salary & Fees \$	Cash Bonus \$	Non-cash Benefits \$	Contri- bution \$		Options	Share Incentive Plan \$		
Mr R C Nichevich – Executive Chairman	222,000	17,760	3,187	428	-	-	28,800	272,175	17.1%
Mr J S Diamond	31,074	-	-	2,797	-	-	-	33,871	-
Mr I D Kent	34,536	-	-	2,964	-	-	-	37,500	-
Mr O S Lennie	265,861	-	4,337	12,139	-	-	-	282,337	-
Mr B A Bell	20,833	-	-	-	-	-	-	20,833	-
Mr J A Wall	14,167	-	-	1,275	-	-	-	15,442	-
	588,471	17,760	7,524	19,603	-	-	28,800	662,158	
Executives									
Ms S A Barrett	152,861	70,000	4,337	12,139	-	-	-	239,337	29.3%
Mr P G Webse	145,360	14,469	3,187	12,139	-	-	-	175,155	8.3%
Mr C J Carey	126,147	10,350	3,187	12,139	-	10,362	-	162,185	12.8%
Mr D M Anderson	115,762	-	2,044	5,058	-	27,159	-	150,023	18.1%
Mr I G Pepper	39,061	-	1,224	4,046	25,969	-	-	70,300	-
	579,191	94,819	13,979	45,521	25,969	37,521	-	797,000	
	1,167,662	112,579	21,503	65,124	25,969	37,521	28,800	1,459,158	

**WRF SECURITIES LTD (ABN 79 000 714 054) & CONTROLLED ENTITIES
DIRECTORS' REPORT**

REMUNERATION REPORT (Cont'd)

Performance Income as a Proportion of Total Remuneration

Executive directors and executives are paid bonuses based on proportions of their salary and, in some cases, based on the profitability of individual business units. This has led to the proportions of remuneration related to performance varying between individuals, depending on their role within the organisation.

The board reviews the performance bonuses to gauge their effectiveness against achievement of set goals and adjust future years' incentives as they see fit, to ensure use of the most cost effective and efficient methods.

Options Issued as Part of Remuneration for the Year Ended 30 June 2007

During the financial year, the company has granted options, for no consideration, over unissued ordinary shares in WRF Securities Ltd to the following key management personnel as part of their remuneration:

Key Management Personnel	Vested No.	Granted No.	Grant Date	Value per Option at Grant Date	Exercise Price	First Exercise Date	Last Exercise Date
Mr A Micleotta	<u>100,000</u>	<u>100,000</u>	1.8.2006	\$0.146	\$0.45	1.8.2006	30.4.2009

The service and performance criteria set to determine remuneration are included in this remuneration report. All options were granted for nil consideration.

Shares Issued on Exercise of Compensation Options

Options exercised during the year that were granted as compensation in prior periods:

Key Management Personnel	No. of Ordinary Shares Issued	Amount Paid per Share	Amount Unpaid per Share
Mr C J Carey	<u>100,000</u>	\$0.35	\$0.00
	<u>100,000</u>		

Key Management Personnel	Options Granted as Part of Remuneration	Total Remuneration Represented by Options	Options Exercised	Options Lapsed	Total
	\$	%	\$	\$	\$
Mr R C Nichevich	-	-	-	-	-
Mr J S Diamond	-	-	-	-	-
Mr M R Gordon	-	-	-	-	-
Mr I D Kent	-	-	-	-	-
Ms L C Parkinson	-	-	-	-	-
Ms S A Barrett	-	-	-	-	-
Mr A Micelotta	14,603	4.7	-	-	14,603
Mr P G Webse	-	-	-	-	-
Mr C J Carey	-	-	9,500	-	9,500
Mr O S Lennie	-	-	-	10,500	10,500
	<u>14,603</u>	<u>4.7</u>	<u>9,500</u>	<u>10,500</u>	<u>34,603</u>

WRF SECURITIES LTD (ABN 79 000 714 054) & CONTROLLED ENTITIES DIRECTORS' REPORT

REMUNERATION REPORT (Cont'd)

Employment Contracts of Directors and Senior Executives

Remuneration and other terms of employment for the executive directors and executives are formalised in service or employment contracts. The major provisions of the contracts are set out below:

Mr R C Nichevich, *Executive Chairman*

- Service Agreement with Koy Pty Ltd for the provision of Mr Nichevich's services.
- Term of Agreement – Commenced 17 September 1998, terminates 31 October 2007.
- Notice of termination of the agreement was given on 1 August 2007. The company will be required to pay to Koy Pty Ltd a termination payment of two years fee. It has been agreed between the parties that the two year termination payment will be payable monthly, commencing in November 2007.
- The base fee paid for the year ended 30 June 2007 was \$240,000.

Ms S A Barrett, Marketing Director and General Manager Operations

- Term of Agreement – Commenced 18 September 2003 until termination.
- Base salary, inclusive of superannuation, of \$218,000 per annum. This has been increased to \$226,720, from 1 July 2007 and is reviewed annually.
- Payment of termination benefit on early termination by employer, other than for gross misconduct, equal to three months base salary.
- Incentive payment of up to \$50,000 based on the achievement of key performance indicators.

Mr A Micelotta, Head of Property

- Term of Agreement – Commencing 1 May 2006 until termination.
- Base salary of \$250,000 per annum from 1 January 2007, inclusive of statutory superannuation and reviewed annually.
- Payment of termination benefit on early termination by employer, other than for gross misconduct, equal to twelve months base salary if employed for two years or less, six months if employed for more than two years but less than three years, one month's notice plus one month's base salary for each year of service or part thereof up to a maximum of five years service if employed for more than three years.
- Bonus incentive scheme of up to 30% of total remuneration, with 40% related to profits of the property division and 60% related to specified key performance indicators.
- Options with an exercise price of \$0.45 and an exercise period of three years will be allotted as follows: 100,000 at commencement (allotted on 1 August 2006), 100,000 (allotted on 1 August 2007) and 100,000 in July 2008. The exercise of the second and third tranches of options depends on continual achievement of specified key performance indicators.

Mr P G Webse, Chief Financial Officer and Company Secretary

- Term of Agreement – Commenced 17 March 2003 until termination.
- Base salary, inclusive of superannuation, for the year ended 30 June 2007 of \$180,000. This has been increased to \$187,200, from 1 July 2007 and is reviewed annually.
- Payment of termination benefit on early termination by employer, other than for gross misconduct, equal to 3 months base salary.
- Bonus incentive scheme of up to 10% of total remuneration, with 40% related to profits of the company and 60% related to specified key performance indicators.

Mr C J Carey, Manager Compliance and Risk Management

- Term of Agreement – Commencing 28 February 2000 until termination.
- Base salary for the year ended 30 June 2007 of \$144,375, inclusive of statutory superannuation. This has been increased to \$150,150, inclusive of statutory superannuation, from 1 July 2007 and is reviewed annually.
- Payment of termination benefit on early termination by employer, other than for gross misconduct, equal to 3 months base salary.
- Bonus incentive scheme of up to 10% of total remuneration, with 30% related to profits of the company and 70% related to specified key performance indicators.

**WRF SECURITIES LTD (ABN 79 000 714 054) & CONTROLLED ENTITIES
DIRECTORS' REPORT**

MEETINGS OF DIRECTORS

During the financial year, twelve meetings of directors were held. Attendances by each director during the year were as follows:

Directors	Directors' Meetings	
	Number eligible to attend	Number Attended
R C Nichevich	12	12
J S Diamond	12	10
M R Gordon	10	8
I D Kent	12	11
L C Parkinson	2	1
O S Lennie	3	3

The company does not currently have any separate committees due to the current size and composition of the board. Refer to the Corporate Governance Policy for further details.

INSURANCE OF DIRECTORS AND OFFICERS

During the year the economic entity paid premiums to insure all officers of the parent entity and its controlled entities. The officers of the parent entity covered by the insurance policy include the directors, former directors, secretaries and all executive officers. The policy also includes cover for directors and executive officers of all subsidiary entities. The insurance contract specifically prohibits disclosure of the nature of the insured liabilities, the limit of aggregate liability and the premiums paid.

INDEMNIFYING DIRECTORS AND OFFICERS

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

OPTIONS

At the date of this report, the unissued ordinary shares of WRF Securities Ltd under option are as follows:

Grant Date	Date of Expiry	Exercise Price	Number under Option
8 December 2004	30 June 2008	\$0.40	100,000
8 December 2004	30 June 2009	\$0.40	100,000
22 December 2004	30 June 2008	\$0.40	350,000
1 August 2006	30 April 2009	\$0.45	100,000
1 August 2007	30 June 2010	\$0.45	100,000
			750,000

During the year ended 30 June 2007, the following ordinary shares of WRF Securities Ltd were issued on the exercise of options previously granted. No amounts are unpaid on any of the shares. No shares have been issued as a result of the exercise of options since that date.

Grant Date	Exercise Price	Number of Shares Issued
8 December 2004	\$0.35	100,000
		100,000

No person entitled to exercise the option had or has any right by virtue of the option to participate in any share issue of any other body corporate.

**WRF SECURITIES LTD (ABN 79 000 714 054) & CONTROLLED ENTITIES
DIRECTORS' REPORT**

PROCEEDINGS ON BEHALF OF THE COMPANY

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

The company was not a party to any such proceedings during the year.

NON-AUDIT SERVICES

The board of directors is satisfied that the provision of the non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- All non-audit services are reviewed and approved by the board to ensure that they do not adversely affect the integrity and objectivity of the auditor; and
- The nature of the services provided do not compromise the general principles relating to auditor independence in accordance with APES 100: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

The following fees for non-audit services paid or payable to the external auditors for the year ended 30 June 2007:

Accounting advisory services	10,665
Attendance at annual general meeting	<u>250</u>
	<u>10,915</u>

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration for the year ended 30 June 2007 has been received and can be found on page 19 of the directors' report.

ROUNDING OF AMOUNTS

The company is an entity to which ASIC Class Order 98/100 applies. Accordingly, amounts in the financial statements and directors' report have been rounded to the nearest thousand dollars.

Signed in accordance with a resolution of the board of directors.



R C NICHEVICH
Executive Chairman

Dated this 29th day of August 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 Securities Ltd 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



CYRUS PATELL
Principal

Dated 29 August 2007

WRF SECURITIES LTD (ABN 79 000 714 054) & CONTROLLED ENTITIES CORPORATE GOVERNANCE STATEMENT

The board of directors of WRF Securities Ltd is responsible for the corporate governance of the economic entity. The board guides and monitors the business and affairs of WRF Securities Ltd on behalf of the shareholders by whom they are elected and to whom they are accountable.

For further information on the corporate governance policies adopted by WRF Securities Ltd, refer to our website:

www.wrf.com.au

The following summarises the ten recommended ASX Principles of Good Corporate Governance and the company's policies and procedures against each of the ten principles. Where the company's policies and procedures depart from the recommendations, a separate explanation of the departure is provided.

Principle 1 – Lay solid foundation for management and oversight

The board operates in accordance with the broad principles set out in its charter, which is available on the company's website. The charter details the role of the board and its responsibilities and functions.

Principle 2 – Structure the board to add value

The skills, experience and expertise relevant to the position of each director who is in office at the date of the annual report and their term of office are detailed in the directors' report.

A director of WRF Securities Ltd is considered to be independent when they are independent of management and:

1. hold less than five per cent of the voting shares of the company and is not an officer of, or otherwise associated directly with, a substantial shareholder of the company;
2. within the last three years has not been employed in an executive capacity by the company or another group member, or been a director after ceasing to hold such employment;
3. within the last three years has not been a principal of a material professional adviser or a material consultant to the company or another group member, or an employee materially associated with the service provided;
4. is not a material supplier or customer of the company or other group member, or an officer or otherwise associated directly or indirectly with a material supplier or customer;
5. has no material contractual relationship with the company or another group member other than as a director of the company;
6. has not served on the board for a period which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the company;
7. is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the company.

The company does not comply with *Recommendation 2.1: A majority of the board should be independent directors*, *Recommendation 2.2: The chairperson should be an independent director*, *Recommendation 2.3: The roles of chairperson and chief executive officer should not be exercised by the same individual* and *Recommendation 2.4: The board should establish a nomination committee*, for the reasons set out below.

The company does not have and has not had a majority of independent directors during the reporting period and to the date of this report. The board currently comprises three non-executive directors and two executive directors. The non-executive directors are Mr J S Diamond, Mr M G Gordon and Mr I D Kent, none of whom are considered to be independent. Mr Diamond's role was changed from that of an executive director to that of a non-executive director from 1 July 2006.

Mr R C Nichevich is the executive chairman and was managing director of the company until 31 July 2007. Mr M R Kluge was appointed as managing director of the company from 1 August 2007.

The directors are satisfied that the structure of the board is appropriate for the size of the company and the nature of its operations. The structure and composition of the board is subject to ongoing review and the company will be seeking an appropriately qualified and experienced individual as chairman.

There are procedures in place, agreed by the board, to enable directors in the furtherance of their duties to seek independent professional advice at the company's expense.

The company does not have a nomination committee as the directors consider the company to be too small to warrant one. However, matters typically dealt with by such a committee are dealt with by the full board.

Principle 3 – Promote ethical and responsible decision making

The board has adopted a Code of Conduct for directors to promote ethical and responsible decision making by the directors. The Code is based on a code of conduct for directors prepared by the Australian Institute of Company Directors and embraces the values of honesty, integrity, enterprise, excellence, accountability, justice, independence and equality of shareholder opportunity.

Directors are also obliged to comply with the company's Code of Ethics and Conduct, as are employees.

The company has a policy regarding directors and employees trading in its securities. The policy restricts directors and employees from acting on material information until it has been released to the market and adequate time has been given for this to be reflected in the security's prices.

Directors, employees and their associates are not permitted to deal in the company's securities during the following closed periods:

1. In the period from 1 January to 3 business days after the announcement of the company's half-year result; nor

WRF SECURITIES LTD (ABN 79 000 714 054) & CONTROLLED ENTITIES CORPORATE GOVERNANCE STATEMENT

2. In the period from 1 July to 3 business days after the announcement of the company's full year result; nor
3. In the two month period before the annual general meeting of the company to 3 business days after the announcement of the results of the annual general meeting.

Directors, employees and their associates must not trade in the company's shares without advising the Executive Chairman (or other person designated for this purpose) in advance and must receive written clearance before any dealing in the company's shares. Clearance will not be given during a closed period.

A copy of the code of conduct is available on the company's website.

Principle 4 – Safeguard integrity in financial reporting

The board requires the managing director and the chief financial officer to state in writing to the board that the economic entity's financial reports have been properly maintained in accordance with the Corporations Act 2001 and give a true and fair view, in all material aspects, of the economic entity's financial position and performance.

At the date of this report, the company does not comply with *Recommendation 4.2: The board should establish an audit committee, Recommendation 4.3: Structure the audit committee so that it consists of only non-executive directors, a majority of independent directors, an independent chairperson who is not chairperson of the board and at least three members and Recommendation 4.4: The audit committee should have a formal charter*, for the reasons set out below.

The Company has not had an audit committee since July 2006, when the board decided to discontinue the audit committee as it considered that the size and composition of the board and the company were not sufficient to justify the continuance of an audit committee and that all matters that would be addressed by the committee would be dealt with by the full board of directors. The board will re-establish an audit committee should the size and composition of the board allow it.

The board will meet with the external auditor at least twice a year to review the adequacy of the existing external arrangements, with particular emphasis on scope, quality and independence of the audit. The external auditor will be required to report to the board on its findings in relation to annual audits and half-yearly audit reviews as part of the process of their review and sign-off by the board. The auditor will be rotated as is statutorily required.

Principle 5 – Make timely and balanced disclosure

The company secretary has been nominated as the person responsible for communications with the Australian Stock Exchange (ASX). This role includes responsibility for ensuring compliance with the continuous disclosure to the ASX. The managing director is responsible for overseeing and coordinating disclosure of information to shareholders, analysts and brokers.

The continuous disclosure policy is available on the company's website.

Principle 6 – Respect the rights of shareholders

The board's policy is that shareholders are informed of all major developments that impact on the company.

Information is communicated to shareholders through:

- the annual financial report;
- disclosures to the Australian Stock Exchange and the Australian Securities and Investments Commission;
- notices and explanatory memoranda of annual general meetings;
- occasional letters from the executive chairman to specifically inform shareholders of key matters of interest; and
- the company's website, where all reports, ASX announcements and media releases are posted.

The company recognises the importance of shareholder participation in general meetings and supports and encourages that participation.

The policy also provides that the company's external auditor is required to attend each annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.

WRF SECURITIES LTD (ABN 79 000 714 054) & CONTROLLED ENTITIES CORPORATE GOVERNANCE STATEMENT

Principle 7 – Recognise and manage risk

The company has established a risk management plan. The plan is based on eight categories of possible risks. These are:

- commercial and legal relationships;
- economic circumstances;
- human behaviour;
- natural events;
- political;
- technology and technical issues;
- management activities and controls; and
- individual activities.

The plan identifies potential risks by means of a comprehensive list of events across the elements of the business structure. Potential risks have been assessed according to the likelihood of the risk event and the impact on the organisation. Risks with low likelihood and low impact have been excluded from the plan.

The methods of monitoring each risk is the responsibility of specific staff as listed on the plan. The risk management plan is reviewed annually by staff and the board.

The statement given by the managing director and the chief financial officer relating to the integrity of the company's financial statements is founded on a sound system of risk management and internal compliance which implements the policies adopted by the board and that the company's risk management and internal compliance and controls system is operating efficiently and effectively in all material respects.

Principle 8 – Encourage enhanced performance

The board, half-yearly, undertakes a review of the managing director's performance, which is measured against specific key performance indicators agreed at the beginning of each half-year.

The executive chairman annually assesses the performance of individual non-executive directors and will meet privately with each director to discuss this assessment. As part of this process, senior executives and individual directors are asked to evaluate the effectiveness of the board as a whole and the effectiveness of individual directors.

Principle 9 – Remunerate fairly and responsibly

The remuneration policy, which sets the terms and conditions for the executive chairman and other senior executives, was developed after seeking professional advice from independent consultants and was approved by the board. The board is responsible for determining remuneration policies for the company, including those affecting the executive directors and senior executives. All executives receive a base salary, superannuation, fringe benefits and performance incentives. The managing director reviews executive packages annually by reference to company performance, executive performance, comparable information from industry sectors, other listed companies and independent advice and then seeks board approval for any changes. The performance of executives is measured against criteria agreed half yearly including company profits and task achievement. The policy is designed to reward and retain executives in order to grow shareholder value.

Executives will be entitled to participate in the employee share and option arrangements when the plan is in place after shareholder approval.

The amount of remuneration for all directors and the highest paid executives, including all monetary and non-monetary components, are detailed in the remuneration report. All remuneration paid to executives is valued at the cost to the company and expensed. Options are valued using the Black-Scholes methodology.

Non-executive directors receive only fees (including statutory superannuation) for their services and the reimbursement of reasonable expenses. They do not receive any termination or retirement benefits.

The board expects that the remuneration structure implemented will result in the company being able to attract and retain the best executives to run the economic entity. It will also provide executives with the necessary incentives to work to grow long-term shareholder value.

The company does not comply with *Recommendation 9.2: The board should establish a remuneration committee*, for the reasons set out below.

The company does not have a remuneration committee as the directors consider the company to be too small to warrant one. However, matters typically dealt with by such a committee are dealt with by the full board.

Principle 10 – Recognise the legitimate interests of stakeholders

In addition to the requirement for directors to follow the Code of Conduct prepared by the Australian Institute of Company Directors, the board has adopted a Code of Conduct and Ethical Standards which all directors and employees are required to comply with. A copy of the Code of Conduct and Ethical Standards is available on the company's website.

WRF SECURITIES LTD (ABN 79 000 714 054) & CONTROLLED ENTITIES
INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE 2007

	NOTE	ECONOMIC ENTITY		PARENT ENTITY	
		2007	2006	2007	2006
		\$000	\$000	\$000	\$000
Sales revenue	2	3,049	11,800	354	258
Cost of sales	3	(2,988)	(11,606)	-	-
Gross Profit		61	194	354	258
Other income	2	3,836	1,343	3,031	1,214
Occupancy expenses		(293)	(264)	(293)	(264)
Finance costs		(190)	(31)	(183)	(25)
Administrative expenses		(2,517)	(2,726)	(5,305)	(1,076)
Impairment of available for sale financial assets		-	(108)	-	(1,286)
Employee benefits expense		(19)	(66)	(19)	(39)
Exploration permit establishment costs		-	(222)	-	-
Write off of fund/syndicate acquisition costs		(203)	-	-	-
Settlement of legal dispute		(200)	-	(200)	-
Other expenses from ordinary activities	3	(56)	(58)	27	416
Share of net losses of associates accounted for using the equity method		(144)	(501)	-	-
Profit/(loss) before income tax expense		275	(2,439)	(2,588)	(802)
Income tax (expense)/benefit	4	(45)	1,286	859	874
Profit/(loss) attributable to members of the parent entity		230	(1,153)	(1,729)	72
Overall Operations					
Basic earnings per share (cents per share)	8	0.53	(2.75)	-	-
Diluted earnings per share (cents per share)	8	0.53	(2.72)	-	-

The accompanying notes form part of these financial statements

WRF SECURITIES LTD (ABN 79 000 714 054) & CONTROLLED ENTITIES
BALANCE SHEET

AS AT 30 JUNE 2007

	NOTE	ECONOMIC ENTITY		PARENT ENTITY	
		2007 \$000	2006 \$000	2007 \$000	2006 \$000
Current Assets					
Cash and cash equivalents	9	5,766	5,890	1,901	1,915
Trade and other receivables	10	4,847	3,201	4,377	1,042
Inventories	11	-	92	-	-
Investments accounted for using the equity method	13	-	856	-	-
Financial assets	16	1,046	20	1,046	877
Current tax assets	24	-	207	-	158
Other current assets	17	555	328	433	150
Total Current Assets		12,214	10,594	7,757	4,142
Non Current Assets					
Trade and other receivables	10	1,707	1,190	1,741	4,136
Inventories	11	5,625	5,189	5,625	5,189
Investments accounted for using the equity method	13	45	48	-	-
Financial assets	16	-	-	2,425	2,426
Plant and equipment	19	336	427	336	427
Biological assets	20	1,471	1,310	1,471	1,310
Deferred tax assets	24	1,278	1,012	1,864	705
Intangible assets	21	279	363	-	-
Other non-current assets	17	113	113	113	113
Total Non Current Assets		10,854	9,652	13,575	14,306
Total Assets		23,068	20,246	21,332	18,448
Current Liabilities					
Trade and other payables	22	994	2,336	650	940
Financial liabilities	23	185	219	86	70
Short-term provisions	25	151	142	151	142
Other current liabilities	26	59	51	-	-
Total Current Liabilities		1,389	2,748	887	1,152
Non Current Liabilities					
Trade and other payables	22	456	398	1,106	636
Financial liabilities	23	7,168	4,210	7,168	4,210
Deferred tax liabilities	24	1,067	763	976	641
Long-term provisions	25	30	16	30	16
Total Non Current Liabilities		8,721	5,387	9,280	5,503
Total Liabilities		10,110	8,135	10,167	6,655
Net Assets		12,958	12,111	11,165	11,793
Equity					
Issued capital	27	14,663	14,390	14,663	14,390
Reserves		473	129	472	(356)
Retained earnings		(2,178)	(2,408)	(3,970)	(2,241)
Total Equity		12,958	12,111	11,165	11,793

The accompanying notes form part of these financial statements

WRF SECURITIES LTD (ABN 79 000 714 054) & CONTROLLED ENTITIES
STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2007

ECONOMIC ENTITY	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<i>Note</i>	Share Capital Ordinary	Share Based Payments Reserve	Financial Assets Reserve	Convertible Notes	Retained Earnings	Minority Equity Interests	Total
Balance at 1 July 2005	13,589	199	-	-	453	3	14,244
Shares issued during the year	719	-	-	-	-	-	719
Shares bought-back during the year	(54)	-	-	-	-	-	(54)
Employee share options	107	(70)	-	-	-	-	37
Employee share incentives	29	-	-	-	-	-	29
Deconsolidation of subsidiaries	-	-	-	-	-	(3)	(3)
Loss attributable to members of the parent entity	-	-	-	-	(1,153)	-	(1,153)
Sub-total	14,390	129	-	-	(700)	-	13,819
Dividends paid from FY 2005 profits	7	-	-	-	(1,708)	-	(1,708)
Balance at 30 June 2006	14,390	129	-	-	(2,408)	-	12,111
Shares issued during the year	35	-	-	-	-	-	35
Equity component of convertible notes issued	-	-	-	164	-	-	164
Employee share options	74	(55)	-	-	-	-	19
Revaluation increment	-	-	399	-	-	-	399
Profit attributable to members of the parent entity	-	-	-	-	230	-	230
Balance at 30 June 2007	14,499	74	399	164	(2,178)	-	12,958

PARENT ENTITY

<i>Note</i>	Share Capital Ordinary	Share Based Payments Reserve	Financial Assets Reserve	Convertible Notes	Retained Earnings	Total
Balance at 1 July 2005	13,589	199	-	-	(605)	13,183
Shares issued during the year	719	-	-	-	-	719
Shares bought-back during the year	(54)	-	-	-	-	(54)
Employee share options	107	(70)	-	-	-	37
Employee share incentives	29	-	-	-	-	29
Revaluation decrement	-	-	(485)	-	-	(485)
Loss attributable to members of the parent entity	-	-	-	-	72	72
Sub-total	14,390	129	(485)	-	(533)	13,501
Dividends paid from FY 2005 profits	7	-	-	-	(1,708)	(1,708)
Balance at 30 June 2006	14,390	129	(485)	-	(2,241)	11,793
Shares issued during the year	35	-	-	-	-	35
Equity component of convertible notes issued	-	-	-	164	-	164
Employee share options	74	(55)	-	-	-	19
Revaluation increment	-	-	883	-	-	883
Loss attributable to members of the parent entity	-	-	-	-	(1,729)	(1,729)
Balance at 30 June 2007	14,499	74	398	164	(3,970)	11,165

The accompanying notes form part of these financial statements

WRF SECURITIES LTD (ABN 79 000 714 054) & CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2007

	NOTE	ECONOMIC ENTITY		PARENT ENTITY	
		2007 \$000	2006 \$000	2007 \$000	2006 \$000
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers		5,918	15,188	1,815	1,616
Payments to suppliers and employees		(8,359)	(12,570)	(6,027)	(1,152)
Interest received		277	164	283	311
Interest paid		(156)	(119)	(162)	(110)
Dividends received		-	137	150	137
Income tax (paid)/refunded		200	45	200	45
Net cash provided by/(used in) operating activities	32(a)	(2,120)	2,845	(3,741)	847
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from sale:					
- Plant & equipment		1	1	1	1
- Investments		2,122	1,982	2,122	1,982
Payments for purchase of:					
- Plant & equipment		(58)	(279)	(58)	(279)
- Investments		(2,744)	-	(2,744)	(10)
- Forestry plantations		(76)	(67)	(76)	(67)
Loans to related entities		(315)	-	(315)	-
Loans repaid by:					
- Related entities		28	1,230	28	-
- Other		96	400	96	74
Reduction of cash on deconsolidation of subsidiaries		-	(214)	-	-
Net cash provided by/(used in) investing activities		(946)	3,053	(946)	1,701
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from issue of shares		-	590	-	590
Proceeds from issue of convertible notes		2,941	-	2,941	-
Proceeds from exercise of share options		35	-	35	-
Share buy-back		-	(54)	-	(54)
Proceeds from borrowings:					
- Financial institutions		228	3,993	104	88
Repayment of borrowings:					
- Financial institutions		(262)	(4,939)	(88)	(92)
Loans to related entities		-	-	(1,292)	(2,909)
Loans repaid by related entities		-	-	2,973	3,177
Dividend paid		-	(1,662)	-	(1,662)
Net cash provided by financing activities		2,942	(2,072)	4,673	(862)
Net increase/(decrease) in cash held		(124)	3,826	(14)	1,686
Cash at the beginning of the year		5,890	2,064	1,915	229
Cash at the end of the year	9	5,766	5,890	1,901	1,915

The accompanying notes form part of these financial statements

WRF SECURITIES LTD (ABN 79 000 714 054) & CONTROLLED ENTITIES NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2007

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The financial report covers the economic entity of WRF Securities Ltd and controlled entities, and WRF Securities Ltd as an individual parent entity. WRF Securities Ltd is a listed public company, incorporated and domiciled in Australia.

The financial report of WRF Securities Ltd and controlled entities, and WRF Securities Ltd as an individual parent entity comply with all Australian equivalents to International Financial Reporting Standards (IFRS) in their entirety.

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

Basis of Preparation

The accounting policies set out below have been consistently applied to all years presented.

Reporting Basis and Conventions

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

Accounting Policies

a) Principles of Consolidation

A controlled entity is any entity WRF Securities Ltd has the power to control the financial and operating policies so as to obtain benefits from its activities. A list of controlled entities is contained in Note 18 to the financial statements. All controlled entities have a June financial year-end.

All inter-company balances and transactions between entities in the economic entity, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistencies with those policies applied by the parent entity.

Where controlled entities have entered or left the economic entity during the year, their operating results have been included/excluded from the date control was obtained or until the date control ceased.

Minority interests in the equity and results of the entities that are controlled are shown as a separate item in the consolidated financial report.

b) Income Tax

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

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

WRF Securities Ltd and its wholly owned Australian subsidiaries have formed an income tax consolidated group under the Tax Consolidation Regime. Each entity within the group recognises its own current and deferred tax liabilities, except for any deferred tax liabilities resulting from unused tax losses and credits, which are immediately assumed by the parent entity. The current tax liability of each group entity is then subsequently assumed by the parent entity. The group notified the ATO that it had formed an income tax consolidated group to apply from 1 January 2004. The tax consolidated group has entered a tax sharing agreement whereby each company in the group contributes to the income tax payable in proportion to their contribution to the net profit before tax of the tax consolidated group.

**WRF SECURITIES LTD (ABN 79 000 714 054) & CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 30 JUNE 2007

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

c) Inventories

Land held for development and resale is valued at the lower of cost and net realisable value. Cost includes the cost of acquisition, development, borrowing costs and holding costs until the completion of development. Borrowing costs and holding charges incurred after development is completed are expensed as incurred. Profits are brought to account when all the significant risks and rewards of ownership have been transferred to the buyer.

d) Plant and Equipment

Plant and equipment is measured on the cost basis less depreciation and impairment losses.

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

Plant and equipment is depreciated on a straight-line basis over its useful life to the economic entity commencing from the time the asset is held ready for use. Depreciation rates used for plant and equipment generally range between 7.5% and 40%.

e) Exploration Expenditure

Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Costs of site restoration are provided for over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the mining permits. Such costs are determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

Any changes in estimates for the costs are accounted for on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly, these costs are determined on the basis that the restoration will be completed within one year of abandoning the site.

f) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to entities in the economic entity are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over their estimated useful lives where it is likely that the economic entity will obtain ownership of the asset or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

**WRF SECURITIES LTD (ABN 79 000 714 054) & CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 30 JUNE 2007

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

g) Financial Instruments

Recognition

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

Financial assets at fair value through profit and loss

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term, or is so designated by management and within the requirement of AASB 139: Recognition and Measurement of Financial Instruments. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the income statement in the period in which they arise.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at cost using the effective interest rate method.

Available for sale financial assets

Available for sale financial assets include any financial assets not included in the above categories. Available for sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity.

Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value of all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At each reporting date, the group assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available for sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the income statement.

h) Impairment of Assets

At each reporting date, the group reviews the carrying values of its tangible and intangible 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 asset's carrying value over its recoverable amount is expensed to the income statement.

Impairment testing is performed half-yearly for goodwill and annually for intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

i) Investments in Associates

Investments in associate companies are recognised in the financial statements by applying the equity method of accounting where significant influence is exercised over the investee. Significant influence exists where the investor has the power to participate in the financial and operating policy decisions of investees but does not have control or joint control over those policies. The equity method of accounting recognises the group's share of post acquisition reserves of its associates.

**WRF SECURITIES LTD (ABN 79 000 714 054) & CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 30 JUNE 2007

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

j) Interests in Joint Ventures

The economic entity's share of the assets, liabilities, revenue and expenses of joint venture operations are included in the appropriate items of the consolidated financial statements.

The economic entity's interests in joint ventures are brought to account based on the actual expenditure incurred by the economic entity in contributing to the joint ventures.

k) Intangibles

Goodwill

Goodwill and goodwill on consolidation are initially recorded at the amount by which the purchase price for a business or for an ownership interest in a controlled entity exceeds the fair value attributed to its net assets at the date of acquisition.

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates. Goodwill is tested half-yearly for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

l) Biological Assets

The economic entity has interests in forestry plantations, through plantation areas established and maintained on its own account.

Forestry plantations owned by the economic entity are valued at fair value at each reporting date and the increment or decrement in the fair value between reporting periods is recognised in the income statement.

As there is no active and liquid market for immature forestry plantations, fair value less estimated point of sale costs is based on forecast plantation growth and yields and forecast net present values of future net cash flows from harvest and the costs of maintaining plantations to maturity.

m) Employee Benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees at balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

The fair value of options granted to employees after 7 November 2002 and vested after 1 January 2005 is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period in which the employees become unconditionally entitled to the options.

The fair value at grant date is independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the vesting and performance criteria, the impact of dilution, the non-tradeable nature of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

The fair value of options granted excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in the assumptions about the number of options that are expected to become exercisable. At each balance sheet date, the entity revises its estimate of the number of options that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate.

Upon the exercise of options, the balance of the share based payments reserve relating to those options is transferred to share capital.

The market value of shares issued to employees for no cash consideration under incentive plans are recognised as an employee benefits expense with a corresponding increase in equity when the employees become entitled to the shares.

**WRF SECURITIES LTD (ABN 79 000 714 054) & CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 30 JUNE 2007

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

n) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

o) Revenue

Revenue earned from the agribusiness project is recognised in the period in which the underlying services are provided.

The gain or loss on disposal is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal.

Establishment and management fees comprise revenue earned through the provision of products or services to syndication and fund entities. These fees are recognised when a legal entitlement arises.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

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

p) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in the income statement in the period in which they are incurred.

q) Convertible Notes

For convertible notes, the component of the convertible note that exhibits characteristics of a liability is recognised as a liability in the balance sheet, net of transaction costs. On issuance of the convertible notes, the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond and this amount is carried as a long term liability. The increase in the liability due to the passage of time is recognised as a finance cost.

The remainder of the proceeds are allocated and included in shareholders' equity, net of transaction costs. The carrying amount of the convertible notes is not remeasured in subsequent years.

During the year ended 30 June 2007, the company raised funds by issuing convertible notes as disclosed in Note 23. The convertible notes have been allocated between the equity portion and the debt portion.

r) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

s) Comparative Figures

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

t) Rounding of Amounts

The parent entity has applied the relief available to it in ASIC Class Order 98/100 and, accordingly amounts in the financial report and directors' report have been rounded to the nearest thousand dollars.

WRF SECURITIES LTD (ABN 79 000 714 054) & CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2007

	ECONOMIC ENTITY		PARENT ENTITY	
	2007 \$000	2006 \$000	2007 \$000	2006 \$000
2. REVENUE				
Sales revenue				
– Establishment fee income	590	2,532	-	-
– Management fee income	1,664	1,799	-	-
– Other fee income	644	491	344	235
– Sale of residential housing lots	141	6,955	-	-
– Term debtor interest income	10	23	10	23
Total sales revenue	3,049	11,800	354	258
Other income				
– rental revenue	120	132	120	129
– dividend revenue from other corporations	1	23	-	23
– dividend revenue from partly owned subsidiary	-	35	-	35
– dividend revenue from wholly owned subsidiaries	-	-	830	423
– interest received from other persons	280	142	273	288
– sale of part interest in exploration permit	1,000	200	-	-
– gain on part sale of previously equity accounted investment	626	-	-	-
– profit on loss of control of subsidiary	-	223	-	-
– other revenues	13	(9)	12	34
– net increment in market value of trees	85	56	85	56
– gain on disposal of plant & equipment	-	1	-	1
– gain on disposal of investments	1,711	243	1,711	178
– proceeds on disposal of other assets	-	47	-	47
– insurance recovery relating to travel policy	-	250	-	-
Total other income	3,836	1,343	3,031	1,214
Total Revenue	6,885	13,143	3,385	1,472

3. PROFIT/(LOSS) FOR THE YEAR

(a) Expenses

Cost of sales	2,988	11,606	-	-
Depreciation of non current assets				
– Plant and equipment	149	110	149	108
Impairment of non-current assets				
– Goodwill	83	47	-	-
Bad and doubtful debts				
– Term debtors	(27)	10	(27)	10
– Wholly owned subsidiaries	-	-	-	(426)
Rental expense on operating leases				
– Minimum lease payments	234	202	234	202
– Contingent rentals	51	54	51	54

At the economic entity level, certain administrative expenses have been reclassified to reflect the cost of sales to the economic entity. Consequently the quantum of administrative expenses at both the parent and economic entity level will differ to the extent of this reclassification.

WRF SECURITIES LTD (ABN 79 000 714 054) & CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2007

	ECONOMIC ENTITY		PARENT ENTITY	
	2007	2006	2007	2006
	\$000	\$000	\$000	\$000
4. INCOME TAX				
a. The components of tax expense/(benefit) comprise:				
Current tax	(663)	147	(1,111)	(61)
Deferred tax	801	(1,278)	388	(499)
Recoupment of prior year tax losses	-	(147)	-	-
Over provision in respect of prior years	(93)	(8)	(136)	(314)
	<u>45</u>	<u>(1,286)</u>	<u>(859)</u>	<u>(874)</u>
b. Prima facie tax payable on profit/(loss) from ordinary activities before income tax is reconciled to the income tax as follows:				
Prima facie tax payable on profit/(loss) from ordinary activities before income tax at 30% (2006: 30%)	83	(732)	(776)	(241)
	<u>83</u>	<u>(732)</u>	<u>(776)</u>	<u>(241)</u>
Add: Tax effect of:				
- non-deductible depreciation & amortisation	26	14	1	-
- other non allowable items	3	34	3	34
- write downs to recoverable amounts	43	118	-	403
- tax assets recouped during the period	802	-	388	-
- imputation credits of dividends & tax recognition	-	7	-	7
- quarantined net foreign loss	14	60	14	-
- other net timing differences	2	482	(15)	(12)
	<u>973</u>	<u>(17)</u>	<u>(385)</u>	<u>191</u>
Less: Tax effect of:				
- revaluations of assets	236	186	48	186
- share of loss from joint venture entities	111	104	111	104
- other net timing differences	488	490	179	127
- over provisions for income tax in prior year	93	8	136	314
Recoupment of prior year tax losses	-	(147)	-	-
Recognition of prior year tax losses	-	(334)	-	(334)
Income tax	45	(1,286)	(859)	(874)
Imputation credits	-	-	-	-
Income tax benefit attributable to entity	<u>45</u>	<u>(1,286)</u>	<u>(859)</u>	<u>(874)</u>

**WRF SECURITIES LTD (ABN 79 000 714 054) & CONTROLLED ENTITIES
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5. KEY MANAGEMENT PERSONNEL COMPENSATION

- (a) **Names and positions held of economic and parent entity key management personnel in office at any time during the financial year are:**

Key Management Person	Position
Mr R C Nichevich	Executive Chairman/ Managing Director
Mr J S Diamond	Director – Non-Executive
Mr M R Gordon	Director – Non-Executive (appointed 11 September 2006)
Mr I D Kent	Director – Non-Executive
Ms S A Barrett	Marketing Director & General Manager Operations
Mr A Micelotta	Head of Property
Mr P G Webse	Chief Financial Officer/Company Secretary
Mr C J Carey	Manager Compliance and Risk Management
Ms L C Parkinson	Alternate Director for M R Gordon (appointed 11 September 2006 resigned 2 April 2007)
Mr O S Lennie	Managing Director WRF Property Ltd (resigned 31 December 2006)

Key management personnel remuneration has been included in the Remuneration Report section of the Directors Report.

- (b) **Option Holdings**

Number of Options Held by Key Management Personnel

	Balance 1.7.06	Granted as Compen- sation	Options Exercised	Net Change Other	Balance 30.6.07	Total Vested 30.6.07	Total Exer- cisable 30.6.07	Total Unexer- cisable 30.6.07
Mr R C Nichevich ¹	250,000	-	-	(250,000)	-	-	-	-
Mr C J Carey	300,000	-	(100,000)	-	200,000	200,000	200,000	-
Mr A Micelotta	-	100,000	-	-	100,000	100,000	100,000	-
Mr O S Lennie ²	700,000	-	-	(350,000)	350,000	350,000	350,000	-
	<u>1,250,000</u>	<u>100,000</u>	<u>(100,000)</u>	<u>(600,000)</u>	<u>650,000</u>	<u>650,000</u>	<u>650,000</u>	<u>-</u>

¹ Mr Nichevich had 250,000 options lapse during the period. ² Mr Lennie, who ceased as an employee of the Company on 31/12/2006, had 350,000 options lapse during the period and has retained a further 350,000 options as part of his termination agreement.

- (c) **Shareholdings**

Number of Shares Held by Key Management Personnel

	Balance 1.7.06	Received as Compensation	Options Exercised	Net Change Other*	Balance 30.6.07
Key Management Personnel					
Mr R C Nichevich	10,860,000	-	-	-	10,860,000
Mr M R Gordon	2,268,496	-	-	4,390,384	6,658,880
Mr J S Diamond	20,700	-	-	-	20,700
Mr I D Kent	300,000	-	-	-	300,000
Ms S A Barrett	180,000	-	-	-	180,000
Mr P G Webse	-	-	-	22,000	22,000
Mr C J Carey	15,056	-	100,000	-	115,056
Ms L C Parkinson	500,000	-	-	(500,000)	-
Mr O S Lennie	360,000	-	-	-	360,000
	<u>14,504,252</u>	<u>-</u>	<u>100,000</u>	<u>3,912,384</u>	<u>18,516,636</u>

* Net change other refers to shares purchased or sold during the financial year.

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FOR THE YEAR ENDED 30 JUNE 2007

5. KEY MANAGEMENT PERSONNEL COMPENSATION (Cont'd)

(d) Compensation Options

Options Granted as Compensation

	Vested No.	Granted No.	Grant Date	Value per Option at Grant Date \$	Exercise Price \$	Terms & Conditions for Each Grant	
						First Exercise Date	Last Exercise Date
Key Management Personnel							
Mr A Micelotta	100,000	100,000	1/8/2006	14,603	0.45	1/8/2006	1/4/2009

(e) Shares Issued on Exercise of Compensation Options

Options exercised during the year that were granted as compensation in prior periods:

	No. of Ordinary Shares Issued	Amount Paid per Share	Amount Unpaid per Share
Key Management Personnel			
Mr C J Carey	100,000	\$0.35	-
	<u>100,000</u>		

(h) Loans to Key Management Personnel

Refer to Note 10(b) for details of loans to key management personnel.

(i) Share Incentive Plans

At a general meeting held on 22 December 2004, shareholders approved a Share Incentive Plan (the Plan) for Ms S A Barrett. At the annual general meeting held on 29 November 2005, shareholders approved a Share Incentive Plan for Mr Nichevich. The details of the Plans are as follows:

Maximum Number of Incentive Shares

The executives have the opportunity to acquire up to the following number of Shares in the company pursuant to the Plans:

- Mr R C Nichevich – 1,000,000 Incentive Shares
- Ms S A Barrett – 500,000 Incentive Shares

These maximum amounts include the Initial Entitlements referred to below.

Initial Entitlement

The executives were allotted with the following Initial Entitlements of Shares pursuant to the Plans:

- Mr R C Nichevich – 200,000 Incentive Shares on 19 December 2005
- Ms S A Barrett – 100,000 Incentive Shares on 22 December 2004

Thresholds

Mr R C Nichevich	The earning conditions for Further Incentive Shares for Mr Nichevich are as follows; 160,000 shares if the company achieves a Net Profit after Tax (NPAT) of \$2 million for the 2005 financial year, 160,000 shares if the company achieves a NPAT of \$3 million for the 2006 financial year, 160,000 shares if the company achieves a NPAT of \$4 million for the 2007 financial year, 160,000 shares if the company achieves a NPAT of \$5 million of the 2008 financial year and 160,000 shares if the company achieves a NPAT of \$6 million for the 2009 financial year.
Ms S A Barrett	For each \$90 million of new funds under management Ms Barrett shall be entitled to be allotted 80,000 shares

New funds under management excludes growth through acquisition, take over or merger of assets or funds in an entity which owns or manages assets or funds. The basis on which the executives become entitled to subscribe for Further Incentive Shares is as follows:

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FOR THE YEAR ENDED 30 JUNE 2007

5. KEY MANAGEMENT PERSONNEL COMPENSATION (Cont'd)

(i) Share Incentive Plans (Cont'd)

Subscription Price

The subscription price for the Incentive Shares in respect of the executives is \$0.35 per share.

Period in which Incentive Shares may be earned

In relation to Mr Nichevich, the entitlement to earn Further Incentive shares commenced on 30 June 2004 and ceases on 31 December 2009. The right to Further Incentive Shares shall cease with effect from 30 June 2009. However, if the earnings condition for the financial year ending 30 June 2009 has not been met, the company may at its discretion, subject to board approval and subject to the approvals required by law, the ASX or by the Listing Rules, by notice to Mr Nichevich permit him to earn up to the maximum amount of Incentive Shares provided that the company achieves a net profit after tax of \$7 million for the financial year ending 30 June 2010. Shares to which an entitlement arose prior to 1 January 2009 shall continue to be issued, subject to Mr Nichevich not having resigned from office (other than by agreement with the company) or a termination event under his service contract occurring.

The entitlement to earn Incentive Shares for Ms Barrett commenced on 1 January 2004 and ceases on 31 December 2008. If at 31 December 2008 the amount of new funds under management is less than \$450 million, Ms Barrett shall be allotted pro-rata the number of Incentive Shares based on the following formula:

$$\frac{A}{\$450 \text{ million}} \times 400,000 - B$$

In the case of the formula:

- A is the amount of new funds under management; and
- B is the number of Further Incentive Shares already allotted.

Shares to which an entitlement arose prior to 1 January 2009 shall continue to be issued, subject to Ms Barrett not having resigned from employment (other than by agreement with the company) or having her employment contract terminated for cause (Termination Event).

Conditions to the allotment of Incentive Shares

The right to be allotted Incentive Shares which the executive has earned is subject to no Termination Event having occurred:

- (a) prior to the executive claiming his or her entitlement to the Earned Incentive Shares; and
- (b) prior to the Earned Incentive Shares being allotted.

Other conditions to the allotment of Earned Incentive Shares are:

- (a) no Termination Event having occurred;
- (b) no event of default having occurred;
- (c) the executive having executed and delivered the Share Mortgage to secure the Loan and other documents to ensure the effectiveness of the Mortgage;
- (d) the executive delivering to the company an executed Restriction Agreement in respect of relevant Earned Incentive Shares if required by the ASX; and
- (e) the company applying the Subscription Price in respect of the relevant Incentive Shares.

Failure to meet the Earnings Conditions

If the Earnings Conditions in relation to Mr Nichevich are not met for the relevant financial year, he shall not be entitled to Further Incentive Shares which would have been allotted if the Earnings Condition was met for that financial year. There is no pro-rata entitlement to Further Incentive Shares for Mr Nichevich. A financial year in which the Earnings Conditions for Mr Nichevich is an 'Under Year' and the amount by which Net Profits after Tax falls short of the Earnings Conditions is an 'Under Amount'. A financial year in which the level of Net Profit after Tax exceeds the Earnings Condition is an 'Over Year' and the amount by which Net Profits after Tax exceeds the Earnings Condition is an 'Over Amount'. If an Under Year is followed by an Over Year, whether consecutively or not, the Over Amount(s) in the relevant Over Year(s) shall be applied to make up Under Amounts in any preceding Under Years. Subject to the matters referred to under this heading, Mr Nichevich shall not be entitled to any further entitlement if the Net Profit after Tax for a financial year exceeds the Earnings Conditions for that Financial Year. Over Amounts cannot be carried forward towards meeting Earnings Conditions for future financial years.

Further Incentive Shares Issued during the financial year

No Further Incentive Shares were issued to Mr Nichevich during the financial year as the Earning Condition was not met. No Further Incentive Shares were issued to Ms Barrett during the financial year as the relevant new funds under management threshold had not been met since the last issue of Further Incentive Shares on 22 December 2004.

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FOR THE YEAR ENDED 30 JUNE 2007

5. KEY MANAGEMENT PERSONNEL COMPENSATION (Cont'd)

(i) Share Incentive Plans (Cont'd)

Termination Event

A Termination Event occurs where the executive resigns from employment with the company, other than by agreement with the company or has his or her employment contract terminated for cause. If a Termination Event occurs prior to the Earned Incentive Shares being issued, the Executive shall cease to be entitled to the Earned Incentive Shares which have not been allotted and shall have no claim against the company in this regard. However, the company may, at its discretion, determine that the executive shall be entitled to all or part of the Earned Incentive Shares, on terms acceptable to the company, if the executive retires prior to the Earned Shares being allotted by reason of ill health or any other reason the company determines is acceptable to it in its absolute discretion. If the company determines that the executive shall be entitled to some or all of the Earned Incentive Shares in these circumstances, it may impose such conditions as it considers appropriate on those shares being allotted. In the case of Mr Nichevich, if the company terminates his service agreement by notice by paying him the termination fee, Mr Nichevich shall continue to be entitled to earn the Incentive Shares, subject to the earnings conditions being met.

Restriction Period

Certain Incentive Shares allotted will be subject to a period following allotment within which they cannot be transferred, sold or the subject of an option, trust or mortgage. There are restrictions in respect of both the Initial Allotment and Further Incentive Shares. The restrictions are set out below:

Part 1

INITIAL ENTITLEMENTS

Mr Nichevich's and Ms Barrett's Initial Entitlements are no longer subject to any restriction periods due to the passage of time.

Part 2

FURTHER INCENTIVE SHARES

<i>Amount</i>	<i>Restriction Period</i>
As to 1/3 rd of the relevant tranche	None
As to 1/3 rd of the relevant tranche	For 1 year from the date of the allotment of the relevant tranche
As to 1/3 rd of the relevant tranche	For 2 years from the date of the allotment of the relevant tranche

If a Termination Event occurs within the Restriction Period, subject to the company obtaining shareholders' approval under Section 257D of the Corporations Act, the company shall be entitled to buy-back the Restricted Shares for a total consideration of \$1.00 for the entire Restricted Shares. This means \$1.00 for the entire Restricted Shares, not \$1.00 per share. If the company is unable to obtain approval to the buy-back of the Shares within 90 days of the Termination Event, or the company gives notice to the Executive that it does not want to buy-back the Restricted Shares, the company shall be entitled to require that the Restricted Shares be sold and the proceeds of the sale be paid to the company.

Loans

The company has agreed to lend the executives an amount equal to the Subscription Amount of \$0.35 per share. The loans shall be free of interest. The loans are to be secured by a share mortgage in favour of the company over the Shares. The loans must be repaid in full within 7 years of the date of the first advance. The loans shall be repaid from all dividends received in respect of the Incentive Shares and at the discretion of the company at least 50% of all after tax profit share bonuses received by the executive under the terms of his or her employment with the company or which are paid to him or her ex-gratia by the company or related bodies corporate. The loans must be repaid in full no later than 1 month after a Termination Event. The loans are repayable on demand if an Event of Default occurs.

The Share Mortgages will remain in force over all allotted Incentive Shares notwithstanding the partial repayment of the Loan. The company will release the Share Mortgages once the loans have been repaid in full. The company's right to recover the loans is limited to the amount it will receive on realisation of its security under the Share Mortgages. The company will pay any stamp duty payable in respect of the Share Mortgages.

Incentive Shares will be in certificated form during the Restriction Period and during the period of the Share Mortgages the Shares will be the subject of share certificates and will not be tradeable through the system operated by the ASX System and Transfer Corporation Pty Ltd. The company will hold the share certificates. These measures are aimed at protecting the company's security over the Shares.

See Note 10(b) for details of loans in relation to the Share Incentive Plans.

WRF SECURITIES LTD (ABN 79 000 714 054) & CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2007

	ECONOMIC ENTITY		PARENT ENTITY	
	2007	2006	2007	2006
	\$000	\$000	\$000	\$000
6. AUDITOR'S REMUNERATION				
Remuneration of the auditor of the economic entity for:				
– Auditing or reviewing the financial report	65,900	55,450	46,000	40,700
– Other regulatory audit services	6,600	6,300	-	-
	<u>72,500</u>	<u>61,750</u>	<u>46,000</u>	<u>40,700</u>
Non-Audit				
– Review of systems and controls	-	11,585	-	3,350
– Other corporate services	11,205	5,055	11,205	4,305
	<u>11,205</u>	<u>16,640</u>	<u>11,205</u>	<u>7,655</u>
7. DIVIDENDS				
Final fully franked ordinary dividend of 4 cents per share franked at the tax rate of 30% (paid from 2005 profits)	-	1,708	-	1,708
	<u>-</u>	<u>1,708</u>	<u>-</u>	<u>1,708</u>
No dividends have been declared or paid in respect of the financial year ended 30 June 2007.				
Franking account:				
The balance of the franking account at year end adjusted for franking credits arising from payment of provision for income tax and dividends recognised as receivables, franking debits arising from payment of proposed dividends and franking credits that may be prevented from distribution in subsequent financial years	413	614	413	614
	<u>413</u>	<u>614</u>	<u>413</u>	<u>614</u>
8. EARNINGS PER SHARE				
(a) Reconciliation of earnings to profit or loss				
Net profit/(loss)	230	(1,153)		
Earnings used in the calculation of basic and dilutive EPS	<u>230</u>	<u>(1,153)</u>		
	No.	No.		
(b) Weighted average number of ordinary shares outstanding during the year used in calculation of basic EPS	43,024,274	41,990,813		
Weighted average number of options outstanding during the year used in the calculation of dilutive EPS	<u>156,925</u>	<u>327,954</u>		
Weighted average number of ordinary shares outstanding during the year used in calculation of dilutive EPS	<u>43,181,199</u>	<u>42,318,767</u>		
9. CASH AND CASH EQUIVALENTS				
Cash at bank	5,766	5,890	1,901	1,915
<i>Reconciliation of Cash</i>				
Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the balance sheet as follows:				
Cash	<u>5,766</u>	<u>5,890</u>	<u>1,901</u>	<u>1,915</u>

**WRF SECURITIES LTD (ABN 79 000 714 054) & CONTROLLED ENTITIES
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FOR THE YEAR ENDED 30 JUNE 2007

	<i>Note</i>	ECONOMIC ENTITY		PARENT ENTITY	
		2007	2006	2007	2006
		\$000	\$000	\$000	\$000
10. TRADE AND OTHER RECEIVABLES					
Current					
Term debtors	10(a)	26	63	26	63
Trade debtors		246	1,701	156	41
Other debtors		4,575	1,437	4,195	938
		<u>4,847</u>	<u>3,201</u>	<u>4,377</u>	<u>1,042</u>
Non Current					
Term debtors	10(a)	484	553	484	553
Less provision for doubtful debts		(174)	(201)	(174)	(201)
		<u>310</u>	<u>352</u>	<u>310</u>	<u>352</u>
Other debtors		381	-	160	-
Amounts receivable from:					
- wholly owned entities		-	-	5,318	8,009
- provision for doubtful debts wholly owned entities		-	-	(5,063)	(5,063)
- associated entities		186	136	186	136
- joint venture operation		578	441	578	441
- key management personnel	10(b)	252	261	252	261
		<u>1,707</u>	<u>1,190</u>	<u>1,741</u>	<u>4,136</u>

(a) Term debtors

To secure these debtors, a charge is held over the underlying assets. Where collection of the debtor is doubtful and the assessed value of the assets is less than the amount outstanding, a provision for doubtful debt is recognised for the shortfall. The debtors have a maximum maturity remaining of 27 months (though the majority are less than 12 months). Interest rates are fixed at the time of entering into the contract and are 10% per annum (2006: 10 – 11.55%).

(b) Key Management Personnel Loans

	Balance at Beginning of Year \$000	Balance at End of Year \$000	Interest Charged \$000	Interest not Charged \$000	Provision for Impairment \$000	Number of Individuals
Key Management Personnel						
2007	261	252	-	20	-	3
2006	267	261	-	23	-	3

Individuals with loans above \$100,000 in reporting period

	Balance 1.7.06 \$000	Interest Charged \$000	Interest not Charged \$000	Provision for Impairment \$000	Balance 30.6.07 \$000	Highest Balance During Period \$000
Mr R C Nichevich	112	-	8	-	102	112
Mr O S Lennie ¹	101	-	8	-	101	101

Loans were provided to key management personnel for the sole purpose of acquiring ordinary shares in WRF Securities Ltd at \$0.35 each pursuant to share incentive plans approved by shareholders at a general meetings held on 22 December 2004 and 29 November 2005.

Proceeds from any dividends and, at the discretion of the company, at least 50% of all after tax bonuses paid to Mr Nichevich and Mr Lennie and at least 50% of after tax bonuses from Ms Barrett's share of the property division bonus pool, are used to repay outstanding principal. ¹ Mr Lennie ceased to be an employee on 31 December 2006.

The loans are interest free and are for a period of 7 years from the date of the first advance. The loans are secured by a share mortgage in favour of the company over the shares. Recourse for the loans is limited to the proceeds from sale of the secured shares.

WRF SECURITIES LTD (ABN 79 000 714 054) & CONTROLLED ENTITIES
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	<i>Note</i>	ECONOMIC ENTITY		PARENT ENTITY	
		2007	2006	2007	2006
		\$000	\$000	\$000	\$000
11. INVENTORIES					
Current					
Land held for resale at cost	12	-	92	-	-
Non Current					
Land held for resale at cost	12	5,625	5,189	5,625	5,189
12. LAND HELD FOR RESALE					
Cost of acquisition		4,337	4,374	4,337	4,336
Development costs capitalised		139	150	139	99
Borrowing and holding costs capitalised		1,149	757	1,149	754
		<u>5,625</u>	<u>5,281</u>	<u>5,625</u>	<u>5,189</u>
Classified as:					
Current	11	-	92	-	-
Non-Current	11	5,625	5,189	5,625	5,189
		<u>5,625</u>	<u>5,281</u>	<u>5,625</u>	<u>5,189</u>
Finance costs capitalised:					
Finance costs incurred		1,149	757	1,149	754

Non-current land held for resale relates to land acquired by Kingscliff Land Company Pty Ltd in its capacity as custodian for the Cudgen Joint Venture and as trustee for the Kingscliff Land Unit Trust (Kingscliff Land Company) in relation to the Kingscliff Project. The value of this inventory represents the amount determined under a binding contract of sale between Kingscliff Land Company and an independent third party, taking into account the successful rezoning of the land from rural to residential/commercial.

The acquisition of the land was funded by a combination of third party finance (\$4.5 million) and Vendor finance (\$5 million). Under the terms of the Vendor finance loan, if the rezoning application is unsuccessful, the borrower, in this case, Kingscliff Land Company, shall be entitled to be released from the obligations to pay the principal owing under the Vendor finance loan. This would result in a reduction in long term borrowings in relation to the Kingscliff Project. However, it should be noted that any interest paid during the term of the Vendor finance loan is not entitled to be refunded.

13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Current					
Associated companies	14	-	856	-	-
Non Current					
Associated unit trusts	14	45	48	-	-
		<u>45</u>	<u>48</u>	<u>-</u>	<u>-</u>

WRF SECURITIES LTD (ABN 79 000 714 054) & CONTROLLED ENTITIES
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FOR THE YEAR ENDED 30 JUNE 2007

14. ASSOCIATED COMPANIES

Interests are held in the following associated entities:

Name	Principal Activities	Country of Incorp		Ownership Interest		Carrying Amount of Investment	
				2007 %	2006 %	2007 \$000	2006 \$000
Unlisted:							
Kingscliff Land Unit Trust	Property development	Australia	Units	50.00	50.00	45	48
Listed:							
AXG Mining Limited (AXG)	Exploration	Australia	Ord	4.81	31.55	-	856
						45	904
				ECONOMIC ENTITY		PARENT ENTITY	
				2007	2006	2007	2006
				\$000	\$000	\$000	\$000

(a) Movements During the year in Equity Accounted

Investment in Associates

Balance at the beginning of the financial year	904	1,410	-	-
New investments during the year	-	10	-	-
Share of associated entities loss from ordinary activities after income tax	(3)	(501)	-	-
Disposals during the year	(856)	(15)	-	-
Balance at end of financial year	45	904	-	-

(b) Equity Accounted Profits of Associates are Broken Down as Follows:

Share of associates loss before income tax expense	3	547	-	-
Share of associates income tax expense/(benefit)	-	(46)	-	-
Share of associates loss after income tax	3	501	-	-

(c) Summarised Presentation of Aggregate Assets, Liabilities and Performance of Associates

Current Assets	5	1,454	-	-
Non-Current Assets	2,046	3,090	-	-
Total Assets	2,051	4,544	-	-
Current Liabilities	32	19	-	-
Non-Current Liabilities	1,929	1,715	-	-
Total Liabilities	1,961	1,734	-	-
Net Assets	90	2,810	-	-
Revenues	-	24	-	-
Loss after income tax of associates	7	1,267	-	-

(d) Market value of investment in listed associate

Shares	(i)	-	857	-	-
Options		-	20	-	-
		-	877	-	-

- (i) The parent entity ceased to equity account its investment in AXG Mining Limited on 29 June 2007 following the sale of 9,000,000 shares, reducing its holding to 2,875,000 shares (4.81% of the issued capital of AXG Mining Limited).

**WRF SECURITIES LTD (ABN 79 000 714 054) & CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 30 JUNE 2007

15. INTEREST IN JOINT VENTURES

A controlled entity, Constance Range Pty Ltd (CRPL), has established a joint venture with CBH Constance Range Pty Ltd (CBHCo), a wholly owned subsidiary of CBH Resources Ltd (CBH), to develop the Constance Range iron ore deposits (the Project). CBH Co is to earn 30% equity in the Project by paying \$200,000 in cash to CRPL, \$1 million in CBH shares and completing the Project prefeasibility study over a period of 2 years and with a budget of \$2 million. The cash was paid on the signing of the joint venture agreement on 30 June 2006 and the shares were issued upon CBHCo's interest being registered on the title of the exploration licence on 8 August 2006. CBHCo may elect to earn an additional 20% equity in the Project by completing a bankable feasibility study with a proposed budget of \$5 million. After CBHCo has earned 50%, both parties will contribute to development and construction costs on a pro rata basis.

The economic entity has a 50% interest in the Cudgen Joint Venture, whose principal activity is to acquire, rezone and subsequently develop approximately 40 hectares of land into residential lots in Kingscliff, New South Wales.

The economic entity's share of assets employed in the Cudgen Joint Venture is as follows:

	ECONOMIC ENTITY		PARENT ENTITY	
	2007 \$000	2006 \$000	2007 \$000	2006 \$000
Current Assets				
Cash	24	8	24	8
Trade and other receivables	1	91	1	91
Total Current Assets	25	99	25	99
Current Assets				
Inventories – land held for resale at cost				
Cost of acquisition	4,337	4,336	4,337	4,336
Development costs capitalised	139	99	139	99
Borrowing and holding costs capitalised	1,149	754	1,149	754
Total Non Current Assets	5,625	5,189	5,625	5,189
Share of Total Assets of Joint Ventures	5,650	5,288	5,650	5,288
Interest in Joint Ventures	199	199	199	199
16. FINANCIAL ASSETS				
Available for sale financial assets	1,046	20	3,471	3,303
Less non-current portion	-	-	2,425	2,426
Current portion	1,046	20	1,046	877
Available for sale financial assets comprise:				
Listed investments, at fair value				
- shares in listed corporations	532	-	532	-
- shares in listed associates	-	-	-	857
- options in listed associates	-	20	-	20
	532	20	532	877
Unlisted investments, at cost				
- shares in controlled entities	-	-	2,375	2,376
- units in associates	-	-	50	50
	-	-	2,425	2,426
Unlisted investments, at fair value				
- units in property syndicates	514	-	514	-

Available for sale financial assets comprise investments in the ordinary issued capital of various entities. There are no fixed returns or fixed maturity dates attached to these investments.

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	ECONOMIC ENTITY		PARENT ENTITY	
	2007	2006	2007	2006
	\$000	\$000	\$000	\$000
17. OTHER ASSETS				
Current Assets				
Prepayments	555	328	433	150
Other Non-Current Assets				
Security deposits	113	113	113	113

18. CONTROLLED ENTITIES

	Country of Incorporation	Percentage Owned (%)	
		2007	2006
(a) Controlled Entities			
Parent Entity-			
WRF Securities Ltd	Aust		
Subsidiaries of WRF Securities Ltd			
Constance Range Pty Ltd	Aust	100	100
Ellendale Diamond Mines Pty Ltd	Aust	-	100
WRF Finance Limited	Aust	100	100
WRF Capital Ltd	Aust	100	100
WRF Forestry Pty Ltd	Aust	100	100
WRF Investment Pty Ltd	Aust	100	100
WRF Management Pty Ltd	Aust	100	100
WRF Meta Growth Pty Ltd	Aust	100	100
WRF Mortgages Pty Ltd	Aust	100	100
WRF Property Limited	Aust	100	100
WRF Paulownia Management Pty Ltd	Aust	-	100

(b) Disposal of Controlled Entities

On 27 August 2006, Ellendale Diamond Mines Pty Ltd was deregistered. On 27 August 2006, WRF Paulownia Management Pty Ltd was deregistered. There was no gain or loss to the economic entity on deregistration of either company.

19. PLANT AND EQUIPMENT

Plant and equipment at cost	774	720	774	720
Plant and equipment accumulated depreciation	(438)	(293)	(438)	(293)
Total plant and equipment	336	427	336	427

2007
\$000

2006
\$000

Movements in Carrying Amounts

Movement in the carrying amounts for each class of plant and equipment between the beginning and the end of the current financial year

Economic Entity

Balance at the beginning of the year	427	258
Additions	60	279
Disposals	(2)	-
Depreciation expense	(149)	(110)
Carrying amount at the end of the year	336	427

Parent Entity

Balance at the beginning of the year	427	256
Additions	60	279
Disposals	(2)	-
Depreciation expense	(149)	(108)
Carrying amount at the end of the year	336	427

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	ECONOMIC ENTITY		PARENT ENTITY	
	2007	2006	2007	2006
	\$000	\$000	\$000	\$000
20. BIOLOGICAL ASSETS				
At net market value:				
Opening balance	1,310	1,187	1,310	1,187
Maintenance, rent and insurance	76	67	76	67
Market value increment	85	56	85	56
Closing balance	<u>1,471</u>	<u>1,310</u>	<u>1,471</u>	<u>1,310</u>
(a) Nature of Asset				
The company maintains ownership of Eucalyptus Globulus trees growing on 361 hectares (2006: 361 hectares) on Kangaroo Island, South Australia.				
The net market value of the asset has been determined in accordance with an independent valuation carried out on 30 June 2007 by Mr David Geddes, BSc (For), AQIMM, MACFA, CPMgr, of Geddes Management Pty Ltd.				
(b) Assumptions				
Significant assumptions made in determining the net market value of the plantation timber include:				
(i) the discount rate used in the valuation was 11%;				
(ii) the long term inflation rate for Australia used was 2.4%				
(iii) the valuation was conducted on a pre tax basis; and				
(iv) it has been assumed that an export facility will be constructed on Kangaroo Island prior to the scheduled harvest in 2015.				
21. INTANGIBLE ASSETS				
Goodwill at cost	552	552	-	-
Less: Accumulated amortisation	(35)	(35)	-	-
Less: Accumulated impairment	(238)	(154)	-	-
	<u>279</u>	<u>363</u>	<u>-</u>	<u>-</u>
Movements in carrying amounts				
<i>Goodwill</i>				
Balance at the beginning of the year	363	410	-	-
Impairment	(84)	(47)	-	-
Carrying amount at the end of the year	<u>279</u>	<u>363</u>	<u>-</u>	<u>-</u>
22. TRADE & OTHER PAYABLES				
Current				
Trade creditors	155	302	123	204
Sundry creditors and accruals	839	2,034	527	736
	<u>994</u>	<u>2,336</u>	<u>650</u>	<u>940</u>
Non-Current				
Tax funding payable	-	-	650	238
Amounts payable by joint venture operation	456	398	456	398
	<u>456</u>	<u>398</u>	<u>1,106</u>	<u>636</u>
23. FINANCIAL LIABILITIES				
Current				
Other loans - unsecured	185	219	86	70
	<u>185</u>	<u>219</u>	<u>86</u>	<u>70</u>
Non-Current				
Other loans - secured	(c)(i) 4,348	4,210	4,348	4,210
Convertible notes - unsecured	(d) 2,820	-	2,820	-
	<u>7,168</u>	<u>4,210</u>	<u>7,168</u>	<u>4,210</u>

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2007

	ECONOMIC ENTITY		PARENT ENTITY	
	2007	2006	2007	2006
	\$000	\$000	\$000	\$000
23. FINANCIAL LIABILITIES (Cont'd)				
(a) Total current and non-current secured liabilities:				
Other loans	4,348	4,210	4,348	4,210
	<u>4,348</u>	<u>4,210</u>	<u>4,348</u>	<u>4,210</u>
(b) The carrying amounts of current and non-current assets pledged as security for current and non-current liabilities:				
<i>Current Assets</i>				
Fixed & Floating Charge				
Cash assets	1,901	1,915	1,901	1,915
Receivables	4,377	1,042	4,377	1,042
Other financial assets	532	877	532	877
Other assets	433	350	433	350
Current Assets Pledged as Security	<u>7,243</u>	<u>4,184</u>	<u>7,243</u>	<u>4,184</u>
<i>Non-Current Assets</i>				
First Mortgage				
Inventories – land held for resale at cost	5,625	5,189	5,625	5,189
Fixed & Floating Charge				
Receivables	1,741	4,136	1,741	4,136
Financial assets	2,803	3,603	2,803	3,603
Other assets	2,726	2,989	2,726	2,989
Non-Current Assets Pledged as Security	<u>12,895</u>	<u>15,917</u>	<u>12,895</u>	<u>15,917</u>
Total Assets Pledged as Security	<u><u>20,138</u></u>	<u><u>20,101</u></u>	<u><u>20,138</u></u>	<u><u>20,101</u></u>

(c) Secured liabilities

- (i) The other loans non-current consists of WRF Securities Ltd's 50% interest in the Cudgen Joint Venture. The loans are comprised of a combination of third party finance (\$4.5 million plus capitalised interest on \$2.0 million of the third party finance) and vendor finance (\$5 million) and were used to acquire the land in relation to the Kingscliff Project. Under the terms of the vendor finance loan, if the rezoning application for the underlying land is unsuccessful, the borrower, in this case the Kingscliff Land Company Pty Ltd, the Custodian of the Cudgen Joint Venture, shall be entitled to be released from all obligations to pay the principal owing under the vendor finance loan. This would result in a reduction in long term borrowings in relation to the joint venture and a similar reduction in Inventory – land held for resale, also in relation to the joint venture. The company owns 50% of the Cudgen Joint Venture. The joint venture owns 84.614% of the overall Kingscliff Project (the remaining 15.386% is owned by the Kingscliff Land Unit Trust, of which the company owns 50%). The loans are secured by registered first and second mortgages and a registered fixed and floating charge over the development property the subject of the joint venture. The company has provided a guarantee to the provider of the vendor finance agreeing to pay 50% of any interest, including any default interest, outstanding in relation to the vendor finance. The company has also provided a joint and several guarantee to the providers of the third party finance (the holders of the registered first mortgage over the underlying land).
- (ii) The company has a \$1 million overdraft facility with National Australia Bank Limited. The facility is secured by a registered mortgage debenture over the whole of the company's assets. The overdraft facility was undrawn at balance date. The facility is subject to review on 31 January 2008.

(d) Convertible notes

Proceeds from issue of convertible notes	2,941	-	2,941	-
Amount classified as equity	(164)	-	(164)	-
Accreted interest capitalised	43	-	43	-
Carrying amount of liability at 30 June 2007	<u>2,820</u>	<u>-</u>	<u>2,820</u>	<u>-</u>

The notes are convertible into 4,201,120 ordinary shares at \$0.70 per share at the option of the holder on or before 31 December 2008. Unconverted notes are repayable at maturity. The notes bear interest at the rate of 8% per annum, payable quarterly in arrears.

**WRF SECURITIES LTD (ABN 79 000 714 054) & CONTROLLED ENTITIES
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FOR THE YEAR ENDED 30 JUNE 2007

	ECONOMIC ENTITY		PARENT ENTITY	
	2007	2006	2007	2006
	\$000	\$000	\$000	\$000
24. TAX				
a. Assets				
CURRENT				
Income tax receivable	-	207	-	158
NON-CURRENT				
Deferred tax assets comprises:				
Provisions	144	157	134	150
Recognition of tax capital gain	-	300	-	-
Impairment of assets	1	220	1	221
Future income tax benefits of losses	1,133	335	1,729	334
Other	-	-	-	-
	<u>1,278</u>	<u>1,012</u>	<u>1,864</u>	<u>705</u>
Movements in deferred tax assets:				
Opening balance	1,012	427	705	200
Credited to income statement	130	585	1,024	505
Restatement – charge to income statement	136	-	135	-
Closing balance	<u>1,278</u>	<u>1,012</u>	<u>1,864</u>	<u>705</u>
b. Liabilities				
NON-CURRENT				
Deferred tax liabilities comprise:				
Tax allowances relating to property, plant & equipment	13	41	13	41
Fair value gain adjustments	588	486	505	378
Other	466	236	458	222
	<u>1,067</u>	<u>763</u>	<u>976</u>	<u>641</u>
Movements in deferred tax liabilities:				
Opening balance	763	1,458	641	635
Current year - charge/(credit) to income statement	269	(695)	299	6
Restatement – charge to income statement	35	-	36	-
Closing balance	<u>1,067</u>	<u>763</u>	<u>976</u>	<u>641</u>

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	ECONOMIC ENTITY		PARENT ENTITY	
	2007	2006	2007	2006
	\$000	\$000	\$000	\$000
25. PROVISIONS				
Analysis of Total Provisions				
Current	151	142	151	142
Non-current	30	16	30	16
	<u>181</u>	<u>158</u>	<u>181</u>	<u>158</u>

Economic Entity	Annual	Long	Total
	Leave	Service	
	\$000	\$000	\$000
Opening balance at 1 July 2006	142	16	158
Additional provisions	158	20	178
Amounts used	(96)	-	(96)
Unused amounts reversed	(53)	(6)	(59)
Increase in the discounted amount arising because of time and the effect of any change in the discount rate	-	-	-
Balance at 30 June 2007	<u>151</u>	<u>30</u>	<u>181</u>

Parent Entity	Annual	Long	Total
	Leave	Service	
	\$000	\$000	\$000
Opening balance at 1 July 2006	142	16	158
Additional provisions	158	20	178
Amounts used	(96)	-	(96)
Unused amounts reversed	(53)	(6)	(59)
Increase in the discounted amount arising because of time and the effect of any change in the discount rate	-	-	-
Balance at 30 June 2007	<u>151</u>	<u>30</u>	<u>181</u>

Provision for Long Term Employee Benefits

A provision has been recognised for employee entitlements relating to long service leave. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data. The measurement and recognition criteria relating to employee benefits have been included in Note 1 to this report.

26. OTHER LIABILITIES

Current				
Unearned income	59	51	-	-
	<u>59</u>	<u>51</u>	<u>-</u>	<u>-</u>

WRF SECURITIES LTD (ABN 79 000 714 054) & CONTROLLED ENTITIES
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FOR THE YEAR ENDED 30 JUNE 2007

	ECONOMIC ENTITY		PARENT ENTITY	
	2007	2006	2007	2006
	\$000	\$000	\$000	\$000
27. ISSUED CAPITAL				
Ordinary Shares				
Ordinary shares fully paid	14,663	14,390	14,663	14,390
	2007		2006	
	No.	\$000	No.	\$000
(a) Movements in shares on issue				
At the beginning of the reporting period	43,023,452	14,390	41,156,192	13,589
Shares issued during the year				
– Issue of incentive shares to executive director	-	-	360,000	126
– Issue of shares pursuant to share bonus plan	-	-	7,022	2
– Exercise of 14 December 2005 36 cent options	-	-	1,000,000	360
– Exercise of 9 May 2006 36 cent options	-	-	300,000	108
– Exercise of 30 June 2006 35 cent options	-	-	350,000	123
– Exercise of 30 June 2007 35 cent options	100,000	35	-	-
Transfers from share based payments reserve	-	74	-	136
Convertible notes issued				
– Amount classified as equity	-	164	-	-
Shares bought-back				
– On-market share buy-back	-	-	(149,762)	(54)
End of financial year	43,123,452	14,663	43,023,452	14,390

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of shares held.

At shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

(b) On-Market Share Buy-Back

On 9 May 2005, the company announced an on-market buy-back of up to 1,000,000 ordinary fully paid shares. The buy-back period was from 25 May 2005 to 23 August 2005. Shareholder approval was not required for the buy-back. During the 2006 financial year 149,762 shares were bought-back for a total consideration of \$53,914. The highest and lowest prices paid for the shares was \$0.36.

(c) Options

- (i) For information relating to any share options issued to key management personnel during the financial year and the options outstanding at year-end, refer to Note 5.
- (ii) During the year 100,000 30 June 2006 35 cent options were exercised and 100,000 30 April 2009 45 cent options were issued. In addition, 350,000 15 October 2006 95 cent options, 150,000 30 June 2007 35 cent options and 350,000 30 June 2007 40 cent options lapsed.

At 30 June 2007, there were 650,000 (30 June 2006: 1,500,000) unissued ordinary shares for which options were outstanding.

28. RESERVES

Share Based Payment Reserve

The share based payment reserve records items recognised as expenses on valuation of employee shares and share options.

Financial Assets Reserve

The financial assets reserve records revaluations of financial assets.

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ECONOMIC ENTITY		PARENT ENTITY	
2007	2006	2007	2006
\$000	\$000	\$000	\$000

29. CAPITAL AND LEASING COMMITMENTS

Operating lease commitments

Non cancellable operating leases contracted for but not provided in the financial statements

Payable:

- not later than 12 months	294	293	294	293
- between 12 months and 5 years	505	802	505	802
	<u>799</u>	<u>1,095</u>	<u>799</u>	<u>1,095</u>

The operating lease commitments relate predominately to the rental of two office properties. The Perth office lease is for a period of 5 years commencing 1 February 2004. The Melbourne office lease is for a period of 5 years commencing 1 November 2005. The company has an option to renew its Perth office lease for an additional term of 5 years and the Melbourne office lease for an additional term of 5 years.

Expenditure Commitments

The company entered into an agreement on 30 December 2005 with WRF Property Limited, in its capacity as trustee for The John Street Singleton Trust (JSST), as part of the sale of JSST by the company to the WRF Property Fund (WRFPF). In accordance with the terms of that agreement, the company is required to pay an investment return of 9% per annum, payable monthly in arrears, on the amount of capital invested by the WRFPF in the JSST until the completion of the development of the shopping centre. All rents or other financial returns received by the JSST in relation to the properties being used for the development of the shopping centre are offset against the amount payable by the company. It is not possible to quantify the amount of investment return payable by the company to the WRFPF due to variability of the capital invested. At 30 June 2007 the amount of capital invested by WRFPF was \$4,419,793.

30. CONTINGENT LIABILITIES

Estimates of the maximum amounts of contingent liabilities that may become payable:

Claim for alleged breach of a joint venture agreement relating to an alleged failure by the company's former subsidiary, AXG Mining Limited (AXG), to comply with certain minimum expenditure obligations of \$425,000. AXG had expended \$247,000 up to the date of its exit from the joint venture and believes that this met the minimum expenditure requirements to that date. The company acted as guarantor of AXG under the agreement. The claim was for consequential damages. The claim was settled in November 2006 for \$200,000.

- 1,690 - 1,690

Claim by Victorian WorkCover Authority for an alleged breach of Section 232 of the Accident Compensation Act 1985 (Victoria) in relation to a former employee of the company. The claim was settled in November 2006, with no conviction being recorded, for costs plus a fine of \$400.00.

- 55 - 55

The company entered into an agreement on 30 December 2005 with WRF Property Limited in its capacity as trustee for The John Street Singleton Trust (the Trust). The Trust has been formed to develop a proposed shopping centre in John Street, Singleton, New South Wales. The company sold the Trust to the WRF Property Fund on 30 December 2005. WRF Property Limited is the Responsible Entity for the WRF Property Fund. The company has agreed to provide a rental guarantee, equating to two years rent, to the Trust in respect of any retail premises that are not the subject of leases within 14 days of practical completion of the proposed shopping centre. The rental guarantee is reviewed and adjusted half-yearly to take into account the letting of any of the unlet retail premises. It is not possible to quantify the financial effect of the rental guarantee. The company has also agreed to provide a guarantee and indemnity to the WRF Property Fund against any development costs in excess of the value of the proposed shopping centre on completion. It is not possible to quantify the financial effect of the development costs guarantee and indemnity at this point in time.

The Commonwealth Bank holds performance guarantees relating to the rental of office premises to the value of \$112,730 (2006: \$112,730). The Company has provided a \$112,730 deposit to the Bank as security in relation to the guarantee.

WRF SECURITIES LTD (ABN 79 000 714 054) & CONTROLLED ENTITIES
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31. SEGMENT INFORMATION

Primary reporting – Business Segments

SEGMENT	PROPERTY SYNDICATE & FUNDS		FINANCE		FORESTRY		LAND SUBDIVISION & RESALE		EXPLORATION		ELIMINATIONS		ECONOMIC ENTITY	
	2007 \$000	2006 \$000	2007 \$000	2006 \$000	2007 \$000	2006 \$000	2007 \$000	2006 \$000	2007 \$000	2006 \$000	2007 \$000	2006 \$000	2007 \$000	2006 \$000
Revenue														
External sales	3,750	5,347	103	125	147	126	144	6,966	2,498	367	-	-	6,642	12,931
Other segments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total sales revenue	3,750	5,347	103	125	147	126	144	6,966	2,498	367	-	-	6,642	12,931
Unallocated revenue													243	212
Total revenue													6,885	13,143
Result														
Segment result	(657)	(1,885)	(71)	(660)	(2)	(1)	77	1,546	2,210	(22)	-	-	1,557	(1,022)
Unallocated expenses net of unallocated revenue													(1,136)	(915)
Share of net losses of associates and joint venture entities	(4)	(3)	-	-	-	-	-	-	(141)	(499)	-	-	(146)	(502)
Profit/(Loss) before income tax													275	(2,439)
Income tax (expense)/benefit													(45)	1,286
Profit after income tax													230	(1,153)
Assets														
Segment assets	14,518	12,159	139	132	1,882	1,764	10	732	1,883	1,182	-	-	18,432	15,969
Unallocated assets													4,500	4,277
Total assets													22,931	20,246
Liabilities														
Segment liabilities	6,516	9,054	145	149	2,067	2,008	530	1,026	24	399	(3,830)	(5,967)	5,452	6,669
Unallocated liabilities													4,658	1,466
Total liabilities													10,110	8,135
Other														
Investments accounted for using the equity method	45	48	-	-	-	-	-	-	-	856	-	-	45	904
Acquisitions of non-current segment assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation & amortisation of segment assets	-	-	-	2	-	-	-	-	-	-	-	-	-	2
Impairment of goodwill	-	-	83	47	-	-	-	-	-	-	-	-	83	47
Other non-cash segment expenses	15	27	-	-	-	-	-	-	-	-	-	-	15	27

Segment Accounting Policies

Segment revenues and expenses are those directly attributable to the segments and include any joint revenue and expenses where a reasonable basis of allocation exists. Segment assets include all assets used by a segment and consist principally of cash, receivables, inventories, intangibles, plant and equipment and accumulated depreciation and amortisation. Segment liabilities consist principally of payables, accrued expenses, provisions and borrowings. Segment assets and liabilities do not include deferred income taxes.

Geographical Segments

The economic entity operated predominantly within Australia.

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	ECONOMIC ENTITY		PARENT ENTITY	
	2007 \$000	2006 \$000	2007 \$000	2006 \$000
32. CASH FLOW INFORMATION				
(a) Reconciliation of Cash Flow from Operations with the Profit/(Loss) from ordinary activities after Income Tax				
Profit/(loss) from ordinary activities after income tax	230	(1,153)	(1,729)	72
Non-cash flows in profit from ordinary activities				
Write downs to recoverable amounts of intercompany loans	-	-	-	(425)
Profit on disposal of investments	(2,712)	(396)	(1,712)	(227)
Equity accounted (gain)/losses	(482)	501	-	-
Gain on revaluation of biological assets	(85)	(56)	(85)	(56)
Non-cash dividend	-	-	(680)	-
Impairment on sale of financial assets	-	108	-	1,286
Depreciation	149	110	149	108
Write down of intangibles	82	48	-	-
Doubtful debts	(27)	10	(27)	10
Income tax adjustments	-	(1,286)	-	(875)
Employee benefits	19	80	19	80
Borrowing cost on convertible notes	36	-	36	-
Other non-cash revenue items	(13)	(2)	(13)	-
Other non-cash expense items	88	-	(2)	-
Changes in Assets and Liabilities				
(Increase) / decrease in receivables and other assets	1,895	1,548	370	1,473
(Increase) / decrease in land held for resale	(298)	3,702	(298)	(411)
Increase / (decrease) in payables and provisions	(1,247)	955	897	217
Increase / (decrease) in income tax balances	245	(1,324)	(666)	(405)
Cash flows from operations	(2,120)	2,845	(3,741)	847
(b) Loan Facilities				
Loan facilities	4,348	4,210	4,348	4,210
Amount utilised	(4,348)	(4,210)	(4,348)	(4,210)
Unused loan facilities	-	-	-	-
(c) Credit Standby Arrangements with Banks				
Overdraft facility	1,000	1,000	1,000	1,000
Amount utilised	-	-	-	-
	1,000	1,000	1,000	1,000

The overdraft facility is subject to review on 31 January 2008.
The interest rate on the facility is the Bank's Lending Indicator Rate plus a margin of 2.00%. Refer to Note 23 for further details of the facility.

**WRF SECURITIES LTD (ABN 79 000 714 054) & CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 30 JUNE 2007

	ECONOMIC ENTITY		PARENT ENTITY	
	2007	2006	2007	2006
	\$000	\$000	\$000	\$000
33. RELATED PARTIES				
Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.				
Transactions with related parties:				
(i) Key Management Personnel				
The company has a contract with Koy Pty Ltd, dated 17 September 1998, for the provision of the services of Mr R C Nichevich as managing director. Koy Pty Ltd is a director related entity of Mr Nichevich.	277	240	277	240
Interest paid or payable on convertible note facility to Bydand Capital Pty Ltd. Bydand Capital Pty Ltd is a director related entity of Mr M R Gordon.	136	-	136	-
Fees paid to Parkinson CBI Pty Ltd for the provision of consultancy services for the period 1 October 2006 to 31 March 2007. Parkinson CBI Pty Ltd is a director related entity of Ms L C Parkinson, who acted as an alternate director for Mr M R Gordon from 11 September 2006 to 2 April 2007.	25	-	25	-
Fees paid to Diamond Consulting (Vic) Pty Ltd for the provision of consultancy services in relation to the property and finance divisions and new product development. Diamond Consulting (Vic) Pty Ltd is a director related entity of Mr J S Diamond. The agreement ceased on 30/6/06.	-	60	-	60

34. FINANCIAL INSTRUMENTS

(a) Credit Risk Exposures

The credit risk on financial assets of the economic entity, which have been recognised on the balance sheet, is generally 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. The economic entity does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the economic entity.

(b) Interest Rate Risk Exposure

The economic entity's exposure to interest rate risk and the effective weighted average interest rate for each class of financial assets and liabilities is set out as follows:

Exposures arise predominantly from assets and liabilities bearing variable interest rates as the economic entity intends to hold fixed rate assets and liabilities to maturity.

WRF SECURITIES LTD (ABN 79 000 714 054) & CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2007

34. FINANCIAL INSTRUMENTS (cont'd)

	Weighted Average Effective Interest Rate		Fixed Interest Rate Maturing						Floating Interest Rate		Non-interest bearing		Total	
	2007	2006	Within 1 Year		1 to 5 Years		Over 5 Years		2007	2006	2007	2006	2007	2006
			\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Financial assets														
Cash	5.9%	5.3%	-	-	-	-	-	-	5,766	5,890	-	-	5,766	5,890
Receivables	9.5%	9.1%	26	103	73	112	-	-	-	-	6,455	4,383	6,554	4,598
Investments		-	-	-	-	-	-	-	-	-	1,091	924	1,091	924
Security deposits	6.5%	5.4%	113	113	-	-	-	-	-	-	-	-	113	113
Total Financial Assets			139	216	73	112	-	-	5,766	5,890	7,546	5,307	13,524	11,525
Financial liabilities														
Trade and sundry creditors		-	-	-	-	-	-	-	-	-	1,450	2,734	1,450	2,734
Other loans	8.4%	8.3%	185	219	6,110	3,152	-	-	1,058	1,058	-	-	7,353	4,429
Total Financial Liabilities			185	219	6,110	3,152	-	-	1,058	1,058	1,450	2,734	8,803	7,163

**WRF SECURITIES LTD (ABN 79 000 714 054) & CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 30 JUNE 2007

34. FINANCIAL INSTRUMENTS (cont'd)

(c) Net Fair Value of Financial Assets and Liabilities

(i) On-Balance Sheet

The net fair value of cash and cash equivalents and non-interest bearing monetary financial assets and financial liabilities of the economic entity approximates their carrying value.

The net fair value of other monetary assets and financial liabilities is based upon market prices where a market exists or by discounting the expected future cash flows by the current interest rates for assets and liabilities with similar risk profiles.

(ii) Off-Balance Sheet

The parent entity and certain controlled entities have potential financial liabilities that may arise from certain contingencies disclosed in Note 30. As explained in that note, no material losses are anticipated in respect to any of those contingencies.

35. SHARE BASED PAYMENTS

The following share-based payment arrangements existed at 30 June 2007:

On 29 November 2000, 350,000 share options were granted to the directors at an exercise price of \$0.95 each. The options were exercisable on or before 15 October 2006. These options lapsed on 15 October 2006.

On 8 December 2004, 300,000 share options were granted to an employee, in three tranches of 100,000 options with an exercise price of \$0.35 for the first tranche of 100,000 options and exercise prices of \$0.40 for the second and third tranches of 100,000 share options. The three tranches of options are exercisable on 30 June 2007, 30 June 2008 and 30 June 2009 respectively. At balance date, 100,000 options had been exercised on 28 June 2007.

On 22 December 2004, 700,000 share options were granted to a director, in two tranches of 350,000 options with an exercise price of \$0.40 for the first tranche of 350,000 options and an exercise price of \$0.40 for the second tranche of 350,000 share options. The two tranches of options are exercisable on 30 June 2007 and 30 June 2008 respectively. At balance date, 350,000 options have lapsed.

On 26 April 2006, 150,000 share options were granted to a former employee as part of a termination agreement at an exercise price of \$0.35 each. The options are exercisable on or before 30 June 2007. At balance date, these options have lapsed.

On 1 August 2007, 100,000 share options were granted to an employee at an exercise price of \$0.45 each. The options are exercisable on or before 30 April 2009.

All options granted to key management personnel are over ordinary shares in WRF Securities Ltd, which confer a right of one ordinary share for every option held.

	Economic Entity				Parent Entity			
	2007	Weighted Average Exercise Price	2006	Weighted Average Exercise Price	2007	Weighted Average Exercise Price	2006	Weighted Average Exercise Price
	Number of Options	\$	Number of Options	\$	Number of Options	\$	Number of Options	\$
Outstanding at the beginning of the year	1,500,000	0.52	3,050,000	0.50	1,500,000	0.52	3,050,000	0.50
Granted	100,000	0.45	150,000	0.35	100,000	0.45	150,000	0.35
Cancelled	-	-	(600,000)	0.38	-	-	(600,000)	0.38
Exercised	(100,000)	0.35	(650,000)	0.35	(100,000)	0.35	(650,000)	0.35
Expired	(850,000)	0.62	(450,000)	0.74	(850,000)	0.62	(450,000)	0.74
Outstanding at year-end	650,000	0.41	1,500,000	0.52	650,000	0.41	1,500,000	0.52
Exercisable at year-end	650,000	0.41	1,400,000	0.53	650,000	0.41	1,400,000	0.53

There were 100,000 options exercised during the year ended 30 June 2007. These options had a weighted average share price of \$0.44 at exercise date.

The options outstanding at 30 June 2007 had a weighted average exercise price of \$0.41 and a weighted average remaining contractual life of 1.27 years. Exercise prices range from \$0.40 to \$0.45 in respect of options outstanding at 30 June 2007.

**WRF SECURITIES LTD (ABN 79 000 714 054) & CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 30 JUNE 2007

35. SHARE BASED PAYMENTS (Cont'd)

The weighted average fair value of options granted during the year was \$0.146. The fair value was calculated using a Black Scholes option pricing model, applying the following inputs:

Weighted average exercise price	\$0.40
Weighted average life of the option	1.75 years
Underlying share price	\$0.48
Expected share price volatility	53%
Risk free interest rate	5.87%

The Australian Graduate School of Management Centre for Research in Finance Risk Management Service December 2004 data has been used to determine the volatility.

Included under employee benefits expense in the income statement is \$19,000 (2006: \$66,000) and relates, in full, to the equity settled share-based payment transactions.

36. AFTER BALANCE DATES EVENTS

On 17 July 2007, the company entered into a Heads of Agreement with Mr Maurice Kluge to appoint him as managing director of the company from 1 August 2007 and to acquire his 50% interest in two new funds management businesses – one in alternative asset strategies and the other in global property securities. Under the Heads of Agreement, Mr Kluge will take a placement of 4.5 million ordinary fully paid shares in the company at \$0.57 per share. In addition, he will be issued with 5 million ordinary fully paid shares in consideration for the acquisition of his 50% equity in the two new businesses. Further, an incentive package of 23.1 million options has been agreed. The terms of the options are:

- The first tranche of 7.7 million options will vest on the completion of the first year of service with an exercise price of 85 cents per share;
- The second tranche of 7.7 million options will vest on completion of the second year of service with an exercise price of \$1 per share; and
- The third tranche of 7.7 million options will vest on completion of the third year of service with an exercise price of \$1.15 per share.

The issue of the ordinary shares and the proposed incentive package (both of which require shareholder approval) are subject to completion of final documentation. A meeting of shareholders is to be held as soon as possible to consider the proposal.

In addition, a shareholder meeting has been called for 27 September 2007 to seek approval for the distribution in specie to WRF Securities Ltd shareholders of the company's shares in Constance Range Pty Ltd, a wholly owned subsidiary which holds Exploration Permit for Minerals 14479 in relation to the Constance Range iron ore project in the Constance Range region of far North West Queensland. This is part of the company's strategy to divest itself of its non-core assets to focus on its funds management business.

No other 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 future financial years.

37. CHANGE IN ACCOUNTING POLICY

A number of Australian Accounting Standards have been issued or amended, but are not yet effective and therefore they have not been adopted in the preparation of the financial statements at reporting date. Management have reviewed these accounting standards and none of the issues or amendments are expected to have a material impact on the financial statements.

**WRF SECURITIES LTD (ABN 79 000 714 054) & CONTROLLED ENTITIES
DIRECTORS' DECLARATION**

The directors of WRF Securities Ltd declare that:

1. the financial statements and notes, as set out on pages 23 to 55 are in accordance with the Corporations Act 2001 and:
 - a) comply with Accounting Standards and the Corporations Regulations 2001; and
 - b) give a true and fair view of the financial position as at 30 June 2007 and of the performance for the year ended on that date of the company and economic entity;

2. the Executive Chairman and Chief Financial Officer have each declared that:
 - a) the financial records of the company for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001;
 - b) the financial statements and notes for the financial year comply with the Accounting Standards; and
 - c) the financial statements and notes for the financial year give a true and fair view;

3. in the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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



R.C. NICHEVICH
Executive Chairman

Dated this 29th day of August 2007.



INDEPENDENT AUDIT REPORT TO MEMBERS OF WRF SECURITIES LIMITED

We have audited the accompanying financial report of WRF Securities Limited (the company) and WRF Securities Limited and Controlled Entities (the consolidated entity), 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 of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

As permitted by the Corporations Regulations 2001, the company has disclosed information about the remuneration of directors and executives (remuneration disclosures), required by Accounting Standard AASB 124: Related Party Disclosures, under the heading 'Remuneration Report' on pages 12 to 16 of the directors' report and not in the financial report.

Directors' Responsibility for the Financial Report

The directors of the company 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.

The directors also are responsible for preparation and presentation of the remuneration disclosures contained in the directors' report in accordance with the Corporations Regulations 2001.

Audit 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 and that the remuneration disclosures in the directors' report comply with Accounting Standard AASB 124.

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 Securities Ltd on 29 August 2007, would be in the same terms if provided to the directors as at the date of this auditor's report.

**WRF SECURITIES LTD (ABN 79 000 714 054) & CONTROLLED ENTITIES
INDEPENDENT AUDIT REPORT**



Auditor's Opinion

In our opinion, the financial report of WRF Securities Limited is in accordance with the Corporations Act 2001 including:

- (a) (i) giving a true and fair view of the company's and consolidated entity'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 remuneration disclosures that are contained in pages 12 to 16 of the directors' report comply with Accounting Standard AASB 124.
- (c) the financial report complies with International Financial Reporting Standards as disclosed in Note 1.

WHK HORWATH PERTH AUDIT PARTNERSHIP

A handwritten signature in black ink, appearing to read "Cyrus Patel", is written over a horizontal line. A small black dot is placed to the right of the signature.

CYRUS PATELL
Principal

Perth, WA

Dated this 29th day of August 2007

**WRF SECURITIES LTD (ABN 79 000 714 054) & CONTROLLED ENTITIES
STOCK EXCHANGE INFORMATION**

1. SHAREHOLDING DETAILS

The information set out below was applicable as at 7 August 2007

(a) Distribution of Shareholders:

	Ordinary Shareholders
1 - 1000	279
1,001 - 5,000	263
5,001 - 10,000	104
10,001 - 100,000	180
100,001 and over	40
	866

(b) The number of shareholdings held in less than marketable parcels is 265.

(c) The names of the substantial shareholders listed in the holding company's register:

Shareholder	Number of Shares	%
Koy Pty Ltd / R.C. Nichevich / Deluge Holdings Pty Ltd / A Howells	10,500,000	25.67%
Bydand Capital Pty Ltd	6,440,998	15.00%

(d) Voting Rights

Ordinary shares: On a show of hands every member present in person or by proxy shall have one vote and on a poll each share shall have one vote.

Options: No voting rights attach to the options.

Convertible Notes: No voting rights attached to the convertible notes.

(e) Twenty largest share holders:

	Number of Shares	%
Bydand Capital Pty Ltd	6,658,880	15.44
Koy Pty Ltd	6,321,041	14.66
ANZ Nominees Limited	5,826,818	13.51
Bell Potter Nominees Limited	2,901,000	6.73
Deluge Holdings Pty Ltd <Nichevich Super Fund>	2,357,577	5.47
Loftus Lane Investments Pty Ltd	1,593,167	3.70
Deluge Holdings Pty Ltd	1,097,423	2.54
Taveroam Pty Ltd	700,000	1.62
Deluge Holdings Pty Ltd	637,423	1.48
R C Nichevich	635,000	1.47
D Cooper & A Witteman	569,096	1.32
Vernon Finance Ltd	500,000	1.16
J J Dickson	400,000	0.93
O S Lennie	360,000	0.83
John E Gill Trading Pty Ltd	343,250	0.80
B B Holdings Pty Ltd <Super Fund Account>	308,000	0.71
I D Kent	300,000	0.70
Queensland Technology Innovation Fund Pty Ltd <Kluge Super Fund Account>	300,000	0.70
Chinaera Capital Ltd	296,000	0.69
Koy Pty Ltd <ABC Property Trust>	284,800	0.66
	32,389,475	75.12

2. STOCK EXCHANGE LISTING

Quotation has been granted for all ordinary shares of the company on all Member Exchanges of the Australian Stock Exchange Limited.

3. UNQUOTED SECURITIES

Options

A total of 750,000 unlisted options are on issue. The holders of the unlisted options are as follows. Each person holds more than 20% of the relevant class of unlisted options:

Exercise Date	Exercise Price	Number of Options	Name of Holder
30/06/08	\$0.40	350,000	Mr O S Lennie
30/06/08	\$0.40	100,000	Mr C J Carey
30/04/09	\$0.45	100,000	Mr A Micelotta
30/06/09	\$0.40	100,000	Mr C J Carey
30/06/10	\$0.45	100,000	Mr A Micelotta

Convertible Notes

A total of 4,201,120 convertible notes are on issue. The holder of the convertible notes is Bydand Capital Pty Ltd.

4. ON-MARKET BUY-BACK

There is no current on-market buy-back.