

**Viento Group Limited**

ABN 79 000 714 054

**Financial Report  
for the year ended  
30 June 2014**

## **COMPANY INFORMATION**

### **DIRECTORS**

Raymond Munro –Executive Chairman  
Robert Nichevich – Executive Director  
John Farrell – Executive Director  
John Silverthorne – Executive Director

### **COMPANY SECRETARY**

Damian Wright

### **REGISTERED OFFICE & ADMINISTRATION ADDRESS**

160 Lakes Road  
Hazelmere WA 6055

Telephone: +61 8 6145 2400  
Facsimile: +61 8 9443 9980  
Toll Free: 1300 555 505  
Email: [info@vientogroup.com](mailto:info@vientogroup.com)

### **INTERNET HOME PAGE**

[www.vientogroup.com](http://www.vientogroup.com)

### **AUDITOR**

Crowe Horwath Perth  
Level 6, 256 St Georges Terrace  
Perth WA 6000  
Telephone: +61 8 9481 1448

### **BANKERS**

Commonwealth Bank of Australia  
1254 Hay Street  
West Perth WA 6005

### **SHARE REGISTRY**

Security Transfer Registrars Pty Ltd  
770 Canning Highway  
Applecross WA 6153  
Telephone: +61 8 9315 2333  
Facsimile: +61 8 9315 2233

### **STOCK EXCHANGE LISTING**

Australian Securities Exchange (ASX Code: VIE)

## VIENTO GROUP LIMITED & CONTROLLED ENTITIES

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## VIENTO GROUP LIMITED & CONTROLLED ENTITIES

Dear Shareholder,

We are pleased to report on the performance of the company during the 2013/14 financial year.

### **Company Overview**

During this year your company successfully established its credentials in the mining services industry. We have during the financial year added further service companies to the group. In January 2014, we acquired HVLV Pty Ltd and in March 2014 finalised the acquisition of 65% of Power Infrastructure Services Pty Ltd. With Viento Contracting Services and Mineworks, and the addition of HVLV and Power Infrastructure Services, we have turned our group into a diverse company. We offer stand alone services and have the ability to integrate the whole group to supply a turnkey package.

The company has a strong commitment to indigenous engagement. The groups philosophy is to work with indigenous community groups and corporations to build their capabilities in mining services. This is achieved through joint ventures and business associations to create an inclusive culture of development and growth of each indigenous group. Over time the group is working toward each indigenous group becoming self-sufficient, providing career opportunities for its members and their families through their work in the mining services industry. The group has a formal joint venture with Koodaideri Pty Ltd associated with the Banjima people, Indigenous Construction Resource Group and more recently Kimberley Pipelines Pty Ltd and informal arrangements with other groups.

Separate to the mining services above, Viento retains the management of two West Australian based residential land subdivision property syndicates.

### **Operations**

#### **Viento Contracting Services & KVG Joint Venture**

This group are kicking many goals with safety, workmanship and client satisfaction. Given all of our sites are in the north west where conditions are not always the easiest this team continues to deliver.

#### **Mineworks**

Mineworks continues to stay on target and has done very well with plant hire and plant repair work. It has improved its position in the labour hire area, and continues to be a strong contributor to the group.

#### **HVLV**

HVLV continues to build a quality product and has met all the challenges put before it. This part of the group will go from strength to strength and become the mainstay of the group.

#### **Power Infrastructure Services**

Powins is a very impressive business both here in WA and also in Queensland. It continues to improve and add strength to the Viento Group. Both parts of the Powins business are contributing to the ongoing success of Viento.

### **Outlook**

The prognosis for the coming year appears to be better than the past twelve months. There is confidence by the major mining houses that the demand for Iron Ore, Oil and Gas is continuing and growing. This increased confidence bodes well for your company. We have the added advantage of our nimble, hands on approach and our strong indigenous relationships to ensure we win our share of contracts.

The priority for this financial year will be the continued growth and development of our mining services business. This is the growth engine of the group.

The year has been challenging but rewarding. We have overcome the challenges created by the downturn in the mining industry in September 2012 and the challenges of a new company requiring sophisticated systems and processes.

Nothing could have been achieved without the support and enthusiasm of our Board and wonderful team. I particularly note the great effort of our Executive Directors.

We are looking forward to an improved result for the current year.

Ray Munro  
EXECUTIVE CHAIRMAN

## **VIENTO GROUP LIMITED & CONTROLLED ENTITIES DIRECTORS' REPORT**

Your directors present their report on Viento Group Limited and its controlled entities for the financial year ended 30 June 2014.

### **GROUP STRATEGY OVERVIEW**

The Group's strategy is to have an integrated mining services business providing civil contracting services to the mining industry primarily in the Pilbara region of Western Australia. The Group has grown the operations of Viento Contracting Services Pty Ltd, invested in a 70% interest in Mineworks Pty Ltd, acquired HVLV Pty Ltd and a 65% interest in Power Infrastructure Services Pty Ltd.

A key ingredient in our plans is working with various indigenous groups to develop their expertise in the contracting business.

These new businesses provide a comprehensive network of contractors and suppliers to the bulk mining industry. Viento has retained the management of the residential subdivision syndicates as they are based in Western Australia and we have the expertise to manage them profitably for the investors and the company.

Viento will be participating in the infrastructure and mining contracting industry for bulk commodities through its various subsidiary companies. These companies are Viento Contracting Services, Mineworks, HVLV and Power Infrastructure Services.

The Company will keep shareholders abreast of further news as the company strategy develops.

### **MINING SERVICES DIVISION**

#### **Viento Contracting Services and KVG Joint Venture**

Viento Contracting Services (VCS) focuses on providing construction services to the civil and mining industries. VCS undertakes projects in a safe, timely manner to the client's health, safety, environmental and quality requirements.

Senior management have all been involved in operational roles in civil contracting for other major mining services companies. There are a total of over 120 man years of experience in the senior management group. This group has access to a significant number of highly regarded staff and middle management.

This hands on experience provides our clients with the expertise to deliver innovative, efficient solutions at competitive prices. This approach provides the solution the clients require to mitigate the high cost of construction in the North West of Western Australia.

During the year the group completed over \$40 million of work. A significant number and value of tenders have been lodged with producers. The company is expecting a high degree of successful tenders from this list.

#### **Mineworks Group**

Mineworks Group (MWG) is an established business in the mining services industry. MWG offers a range of mining support services including equipment hire, a heavy duty mechanical repairs and maintenance workshop, labour hire of skilled staff, mine site shutdowns and is currently undertaking a number of "wet hire" contracts.

MWG has grown its fleet of mining equipment which offers a plant for hire service to established mining and earthworks projects in Western Australia.

Having MWG as a subsidiary provides significant support to the other subsidiaries in the business by providing manpower, machinery and maintenance to support the offer to clients of the group.

### **ELECTRICAL DIVISION**

Power Infrastructure Services is a group within Viento which has offices in Perth and Brisbane. The team are a highly talented and experienced Electrical Engineering group. Power Infrastructure Services covers all aspects of the industrial spectrum in iron ore, oil and gas, coal and infrastructure throughout Western Australia and Queensland.

HVLV are transportable switchroom builders providing services to the mining, oil and gas, industrial and public utilities sectors. HVLV construct and deliver custom made, robust, reliable and durable switchrooms to clients all across Australia. Every site, every site owner, and every production requirement, whether it's mining, oil, gas, or industrial, demands a focused yet flexible power delivery solution which HVLV provides.

## **VIENTO GROUP LIMITED & CONTROLLED ENTITIES DIRECTORS' REPORT**

### **PROPERTY DIVISION**

#### **Property Subdivision Syndicates**

Viento manages two residential subdivision syndicates that are based in Western Australia. There are approximately 500 lots remaining to be developed. Demand for residential land is strong in Western Australia. We have been successful in selling all the land we have approval for and are now working on new approvals.

Sales to a gross value of \$36m have been negotiated on stages being developed. We are aiming to have these stages completed and settled during this current financial year.

### **FINANCIAL POSITION**

The net assets of the consolidated group have increased to \$21.013 million at 30 June 2014 from \$17.334 million at 30 June 2013. The cash position of \$8.0 million has increased compared to that of the previous year (\$1.3 million).

### **FUTURE DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES**

Our focus is to establish a strong position in the new mining services business and build on our indigenous relationships.

### **DIRECTORS**

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

Mr Raymond Munro (appointed 3 July 2013)

Mr Robert Nichevich

Mr John Farrell

Mr John Silverthorne

Mr Steven De Mol (appointed 2 January 2014, resigned 28 August 2014)

Mr Shane Heffernan (resigned 28 March 2014)

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

### **COMPANY SECRETARY**

The company secretary is Mr Damian Wright, B.Comm, CPA, AGIA, ACIS. Damian was appointed to the position of the Group Company Secretary on 15 December 2009. He has over 19 years' experience in the finance industry. He has held roles as Company Secretary of the Group's subsidiaries and been a Director of some of the group subsidiaries since January 2009.

### **PRINCIPAL ACTIVITIES**

The principal activities of the consolidated group during the financial year were:

- Provide a fleet of mining equipment for use in the for mining, oil and gas, and industrial industry;
- Provide construction services to the resources sector;
- Manufacture transportable switchrooms including design and delivery of electrical switchgear;
- Provide switchgear and service solution the mining and heavy industry sectors ;
- Ongoing management of direct property investment products;

During the year the Group acquired HVLV Pty Ltd and a controlling interest in Power Infrastructure Services Pty Ltd. The acquisitions expanded the mining services offered by the group to include the manufacture of transportable switchrooms including design and delivery of electrical switchgear and service solution.

On the 18 September 2013 the company disposed of its subsidiary Qld Iron Limited via the distribution in-specie of all the shares in Qld Iron Limited to eligible shareholders of Viento Group Limited. The Group no longer has an interest in exploration tenements.

There were no other changes in the nature of the consolidated group's principal activities during the financial year.

### **OPERATING RESULTS**

The consolidated profit of the Group after providing for income tax amounted to \$1.167 million (2013: loss \$4.461 million). Revenue for the year was \$102.535 million (2013: \$24.415 million) and the profit before tax was \$1.877 million (2013: loss \$5.724 million). EBITDA for the year was \$10.903 million (2013: \$0.8 million excluding change in fair values of financial assets)

## **VIENTO GROUP LIMITED & CONTROLLED ENTITIES DIRECTORS' REPORT**

This result was impacted by a number of financial adjustments detailed as follows:

Amortisation of Intangible Assets – HVLV acquisition	\$2,194,000
Amortisation of Intangible Assets – Power Infrastructure Services acquisition	\$534,000
Acquisition costs expensed	<u>\$524,000</u>
Total	\$3,252,000

### **DIVIDENDS**

No recommendation has been made for payment of a dividend for the year ended 30 June 2014.

During the year the Group obtained shareholder approval under section 256C of the Corporations Act to allow a reduction in the Company's share capital by way of an in specie distribution of Qld Iron Shares held by Viento to the Eligible Viento Shareholders under section 256B of the Corporations Act.

The Capital Reduction was satisfied by a pro rata in specie distribution to each Eligible Viento Shareholder of one Qld Iron Share for every one Viento Share held by that Eligible Viento Shareholder as at the Record Date of 18 September 2013.

From 18 September 2013 the Group no longer had control of Qld Iron Limited.

During the 2013 the asset was 'fair valued' based on the results of an external valuation received and the pending distribution of the entity Qld Iron Limited in the form of a one for one dividend to shareholders. The total value of the in specie distribution paid was \$1,769,000.

### **SIGNIFICANT CHANGES IN STATE OF AFFAIRS**

There were no changes in the state of affairs of the consolidated group during the financial year.

### **AFTER BALANCE DATE EVENTS**

On the 21 August 2014 Viento Group announced that it has obtained a new \$27.7 million secured finance facility from Commonwealth Bank of Australia.

The new facility includes:

- (i) a multi-option facility of \$15,000,000 comprising:
  - (A) a bank guarantee tranche with a sub-limit of \$15,000,000 for the purpose of issuing bank guarantees; and
  - (B) an overdraft tranche with a sub-limit of \$4,000,000 for general corporate purposes;
- (ii) an amortising term loan facility of \$6,500,000 for the purpose of re-financing existing acquisition debt with the Lender;
- (iii) an equipment finance facility of \$6,000,000 for the purpose of purchasing equipment acceptable to the Lender; and
- (iv) a corporate charge card and transactional banking facility of \$200,000 for general corporate purposes.

On the 8 September 2014 Viento Group entered into a joint venture agreement with Kimberley Pipelines Pty Ltd, a 100% owned indigenous company.

On the 15 September 2014 Viento Group and Kimberley Pipelines Pty Ltd joint venture entity Viento Kimberley Pipelines Pty Ltd was awarded the Pipeline Construction Works for the North Star Magnetite Project - Stage 1 by a subsidiary of Fortescue Metals Group Ltd, IB Operations Pty Ltd. The contract is valued at approximately \$9.8 million.

There are 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 consolidated group, the results of those operations or the state of affairs of the consolidated group in future financial years.

### **FUTURE DEVELOPMENTS**

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 consolidated group's operations in future years.

### **ENVIRONMENTAL ISSUES**

The consolidated group's operations are subject to significant environmental regulation under the laws of the Commonwealth, State and Local Authorities. The consolidated group 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.

## VIENTO GROUP LIMITED & CONTROLLED ENTITIES DIRECTORS' REPORT

### INFORMATION ON DIRECTORS

**Mr Raymond Munro** Executive Chairman

Experience Director since 3 July 2013.

Ray was a co-founder and former Executive Chairman of Calibre Group Ltd. He continues as a Non-Executive Director of Calibre.

Mr Munro has extensive business experience gained from 40 years of work in the engineering and resources sector in the United Kingdom, Africa and Australia. He is currently a Member of the Institute of Company Directors of Australia, WA Division.

Interest in Shares and Options 7,100,000 ordinary shares  
1,200,000 options

Directorships held in other listed entities Current - Calibre Group Ltd (ASX code: CGH).  
He has not served as a director of any other listed company as at the reporting date or in the past three years.

**Mr Robert Nichevich** Executive Director

Qualifications FCA, FAICD

Experience Director since November 1987.

Robert has held the positions of Managing Director from 1992 to July 2007, Executive Chairman from November 2005 to November 2007, non-executive director from November 2007 to December 2008 and was re-appointed as Executive Chairman from December 2008 until June 2013. Following the appointment of Ray Munro on 3 July 2013, Robert no longer held the Chairman position. Following the appointment of Ray Munro as Executive Chairman on 1 November 2013, Robert vacated the Chief Executive Officer position.

Robert is a Chartered Accountant with extensive financial management experience and a twenty year track record of working for the Group transitioning the business from its beginnings in mining and exploration through to its foray into property funds management and now is assisting to manage its transition into mining services.

Interest in Shares and Options 10,860,000 ordinary shares  
1,800,000 options

Directorships held in other listed entities Robert has not served as a director of any other listed companies, other than that noted, as at the reporting date or in the past three years.

**Mr John Farrell** Executive Director

Experience Director since 12 May 2011.

John has significant management experience in the property sector, particularly sourcing land for subdivision developments, construction and investment. His previous roles include founding Managing Director of Oceanfast Limited, a world class yacht builder, and Managing Director of VDM Group Limited, an international consulting, construction and contracting group. Currently a Member of Institute of Company Directors of Australia, WA Division, John has held high profile board roles with the Australian Manufacturing Council, the Australian Maritime Museum and the Australian Shipbuilders Association.

Interest in Shares and Options Nil  
1,800,000 options

Directorships held in other listed entities John has no other directorships in any other listed companies as at the reporting date or in the past three years.



## VIENTO GROUP LIMITED & CONTROLLED ENTITIES DIRECTORS' REPORT

**Mr John Silverthorne** Executive Director

Experience Director since 21 March 2012.

John has over 34 years' experience in the earthmoving and resources industry. Maintaining key roles in a broad range of companies within the industry, he brings his passion and skill for business development to the board of Viento. John was one of the two founders and an original director of NRW Holdings Limited prior to it becoming an ASX listed company. NRW Holdings Limited is a specialist mining services company.

Interest in Shares 8,239,914

and Options 1,800,000 options

Directorships held Current - Hughes Drilling Limited (ASX code: HDX).

in other listed entities He has not served as a director of any other listed company as at the reporting date or in the past three years.

### REMUNERATION REPORT (AUDITED)

This report details the nature and amount of remuneration for the key management personnel of Viento Group Limited. Key management personnel have authority and responsibility for planning, directing and controlling the activities of the Company and the Group. Key management personnel comprise all the directors and certain members of the senior executive team of the Group.

#### Remuneration Policy

The remuneration policy of Viento Group Limited has been designed to align key management personnel 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 consolidated group's financial results. The Board of Viento Group Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best key management personnel to run and manage the consolidated group, 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 consolidated group is as follows:

The performance of key management personnel is measured against criteria agreed biannually with each key management person 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. No bonuses were payable in relation to the achievement of profit component for the 2014 financial year.

Key management personnel may be entitled to participate in share and option arrangements as determined by the Board from time to time. Any options not vested on the termination date lapse.

The key management personnel receive a superannuation guarantee contribution as required by the government, which was 9.25% for the 2014 financial year, and do not receive any other retirement benefits. Some individuals may choose to sacrifice part of their salary to increase payments towards superannuation.

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

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

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. The employment conditions of the key management personnel are formalised in contracts of employment. Details of the key management personnel employment contracts are set out below.

## **VIENTO GROUP LIMITED & CONTROLLED ENTITIES**

### **DIRECTORS' REPORT**

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 pool for non-executive directors was set at \$450,000 per annum at the 2007 Annual General Meeting and non-executive director fees currently total \$62,500 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) as well as employer contributions to superannuation funds.

Remuneration levels are reviewed annually through a process that considers individual, department and overall performance of the consolidated group. In addition, external consultants provide advice to ensure key management personnel's remuneration is competitive in the market place. A key management person's remuneration is also reviewed on promotion.

## VIENTO GROUP LIMITED & CONTROLLED ENTITIES DIRECTORS' REPORT

### REMUNERATION REPORT (AUDITED) (cont)

#### Performance Based Remuneration

Performance based remuneration includes short-term incentives and long-term incentives and is designed to reward key management personnel 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 Viento Group Limited and/or its subsidiaries.

#### Short-Term Incentive Bonuses

Each year key performance indicators (KPIs) are set for the key management personnel. The KPIs generally include a combination of measures relating to personal performance, the performance of the consolidated group and the performance of the relevant segment. The split of KPI's between personal performance, the performance of the consolidated group and the performance of a department depend on the nature of the role of the key management personnel. Those key management personnel who have responsibility for the management of a department will have their KPIs aligned to the performance of the department while those who have responsibility for group management functions will have their KPIs aligned to personal performance as well as the performance of the consolidated group.

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.

#### Long-Term Incentives

Long-term incentives are offered by the Board of Viento Group Limited to key management personnel on a case by case basis. The company does not have an established Share Option Plan.

In November 2005, shareholder approval was obtained for specific Share Incentive Plans for key management personnel. Refer to Note 10 for loans to directors and executives.

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

The Company performance element of short-term incentive bonuses is calculated in reference to the net profit of the Group. In the current year there were no staff bonuses.

#### Historical data

	2010	2011	2012	2013	2014
Revenue	\$2.9m	\$2.2m	\$2.5m	\$24.4m	\$102.5m
Net Profit/(Loss)	\$2.1m	\$0.97m	\$0.70m	\$(4.48m)	\$0.64m
Share Price at Year End	\$0.11	\$0.135	\$0.37	\$0.24	\$0.20
Dividends Paid	-	-	-	-	-
Earnings Per Share	4.49	1.99	1.28	(6.55)	1.38

## **VIENTO GROUP LIMITED & CONTROLLED ENTITIES DIRECTORS' REPORT**

### **REMUNERATION REPORT (AUDITED) (cont)**

#### **Employment Contracts of Key Management Personnel**

Remuneration and other terms of employment for key management personnel employed at 30 June 2014 are formalised in employment or consultancy contracts. The major provisions of the contracts are set out below:

Mr R C Munro, Executive Chairman

- Service Agreement with Sapphire Lane Pty Ltd.
- Term of Agreement – Commenced 2 July 2013.
- Non Executive Director Fee \$50,000 and Chairman Fee \$50,000 from 2 July 2013 until 31 October 2013.
- Executive Chairman Base fee of \$300,000 per annum from 1 November 2013.
- Long Term Equity Incentives - Options granted in the year to 30 June 2014 are outlined further in the remuneration report below.

Mr R C Nichevich, Executive Director

- Service Agreement with Koy Pty Ltd.
- Term of Agreement – Commenced 1 July 2013 until termination.
- Directors fee of \$50,000 per annum plus a consultancy fee of \$190,000 per annum from 1 July 2013.

Mr J Farrell, Executive Director

- Service Agreement with Farrell Consultants Pty Ltd.
- Term of Agreement – Commenced 12 May 2011 until termination.
- Directors fee of \$50,000 per annum plus a consultancy fee of \$190,000 per annum from 1 June 2013.

Mr J Silverthorne, Executive Director

- Term of Agreement – Commenced 21 March 2012 until termination.
- Directors fee of \$50,000 per annum plus a consultancy fee of \$190,000 per annum from 1 June 2013.

Mr S De Mol, Non-Executive Director

- Term of Agreement – Commenced 2 January 2014 until termination.
- Directors fee of \$50,000 per annum
- Following the acquisition of HVLV Pty Ltd, Mr De Mol was contracted to provide consultancy services to the Company for the equivalent of one (1) day per week at \$1,500 per day, for a period of not less than three (3) months following the Settlement. Mr De Mol was paid for the minimum period required.

Mr D R Wright, Chief Financial Officer (until 6 April 2014) & Company Secretary

- Term of Agreement – 3 year contract from 20 August 2012.
- The annual base salary as at 6 April 2014 when a new Chief Financial Officer commenced was \$300,000, inclusive of statutory superannuation.
- Short Term Incentive bonuses dependant on performance and company profits.
- Long Term Equity Incentives to be reviewed annually. Options granted in the year to 30 June 2014 are outlined further in the remuneration report below.
- Payment in lieu of notice on early termination by employer, other than for gross misconduct, equal to 6 months base salary.

Mr A T Bell, Chief Financial Officer

- Term of Agreement – Commenced 7 April 2014.
- The annual base salary as at 30 June 2014 is \$400,000, inclusive of statutory superannuation.
- Short Term Incentives and Long Term Incentives bonuses are still to be finalised.
- Provision of a motor vehicle.
- Payment in lieu of notice on early termination by employer, other than for gross misconduct, equal to 3 months base salary.

#### **Changes in Directors and Executives Subsequent to Year-end**

On 28 August 2014, Robert Steven De Mol resigned as a director of Viento Group Limited.

**VIENTO GROUP LIMITED & CONTROLLED ENTITIES  
DIRECTORS' REPORT**

**REMUNERATION REPORT (AUDITED) (cont)**

**Key Management Personnel Remuneration**

The remuneration for key management personnel of the consolidated group during the year was as follows:

2014 Key Management Person Directors	Salary & Fees \$	Primary	Cash Bonus \$	Non-cash Benefits \$	Super- annuation	Termin- ation Benefits \$	Share Based Payment		Total \$	Perform- ance Related
		Allowanc es			Contri- bution \$		Options \$	Share Incentiv e Plan \$		
Mr Ray Munro <sup>1</sup>	233,336	-	-	-	-	-	170,160	-	403,496	42%
Mr Robert Nichevich	244,167	-	50,000	-	-	-	-	-	294,167	17%
Mr John Farrell	240,000	-	-	-	-	-	-	-	240,000	0%
Mr John Silverthorne	240,000	-	-	-	-	-	-	-	240,000	0%
Mr Shane Heffernan <sup>2</sup>	37,500	-	-	-	-	-	-	-	37,500	0%
Mr Steven De Mol <sup>3</sup>	41,500	-	-	-	-	-	-	-	41,500	0%
	1,036,503	-	50,000	-	-	-	170,160	-	1,256,663	
<b>Executives</b>										
Mr Andrew Bell <sup>4</sup>	89,765	-	-	-	4,444	-	-	-	94,209	0%
Mr Damian Wright <sup>5</sup>	206,372	-	-	-	14,511	-	-	-	220,883	
	296,137	-	-	-	18,955	-	-	-	315,092	
	1,332,640	-	50,000	-	18,955	-	170,160	-	1,571,755	

<sup>1</sup> During 2014 1,800,000 options were granted to Ray Munro. The options were independently valued at a total of \$170,160 which is recognised as an expense in the financial statements over their vesting period to 30 June 2015. Further details are set out below.

<sup>2</sup> Mr Heffernan resigned as a director on 28 March 2014.

<sup>3</sup> Mr De Mol was appointed as a director on 2 January 2014.

<sup>4</sup> Mr Bell was appointed on 7 April 2014.

<sup>5</sup> Mr Wright ceased as Chief Financial Officer on 6 April 2014.

Mr Pearcey, Mr M Silverthorne and Mr Gallop were considered key management personnel for the year to 30 June 2013. On 1 July 2013 the board restructured the reporting lines and they are no longer determined to be key management personnel from that date.

**VIENTO GROUP LIMITED & CONTROLLED ENTITIES  
DIRECTORS' REPORT**

**REMUNERATION REPORT (AUDITED) (cont)**

Key Management Personnel Remuneration (cont)	Primary		Super-annuation			Share Based Payment			Performance Related	
	Salary & Fees \$	Allowances	Cash Bonus \$	Non-cash Benefits \$	Contribution \$	Termination Benefits \$	Options <sup>1</sup> \$	Share Incentive Plan \$		Total \$
<b>2013</b>										
<b>Directors</b>										
Mr Robert Nichevich	330,000	-	150,000	-	-	-	194,223	-	674,223	28%
Mr Shane Heffernan <sup>2</sup>	70,527	-	-	-	-	-	-	-	70,527	0%
Mr John Farrell	232,000	-	-	-	-	-	194,223	-	426,223	0%
Mr Ray King <sup>3</sup>	7,790	-	-	-	-	-	-	-	7,790	0%
Mr John Silverthorne	145,833	-	-	-	-	-	194,223	-	340,056	0%
	<u>786,150</u>	<u>-</u>	<u>150,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>582,669</u>	<u>-</u>	<u>1,518,819</u>	
<b>Executives</b>										
Mr Pat Pearcey	360,000	12,000	-	-	-	-	240,500	-	612,500	0%
Mr Mark Silverthorne	360,000	20,000	-	-	-	-	240,500	-	620,500	0%
Mr Damian Wright	247,324	-	16,969	1,341	16,470	-	67,812	-	349,916	5%
Mr John Gallop <sup>4</sup>	178,684	-	-	11,393	15,923	-	55,262	-	261,262	0%
	<u>1,146,008</u>	<u>32,000</u>	<u>16,969</u>	<u>12,734</u>	<u>32,393</u>	<u>-</u>	<u>604,074</u>	<u>-</u>	<u>1,844,178</u>	
	<u>1,932,158</u>	<u>32,000</u>	<u>166,969</u>	<u>12,734</u>	<u>32,393</u>	<u>-</u>	<u>1,186,743</u>	<u>-</u>	<u>3,362,997</u>	

<sup>1</sup> During 2012 1,800,000 options were granted to each of directors Nichevich, Farrell and Silverthorne. The options were independently valued at a combined total of \$975,240 which is recognised as an expense in the financial statements over their vesting period to 30 June 2015. Further details are set out below.

<sup>2</sup> Mr Heffernan was employed in an executive capacity for the part of the financial year and the payments include director fees for his Viento subsidiary directorships.

<sup>3</sup> Mr King resigned as a director on 28 August 2012.

<sup>4</sup> Mr Gallop commenced with the Group from 1 August 2012, as part of the acquisition of Mineworks Group Pty Ltd.

\* Non cash benefits relate to car and car parking benefit received.

**Options Issued as Part of Remuneration for the Year Ended 30 June 2014**

During the financial year the company granted a total of 2,216,666 options, for no consideration, over unissued ordinary shares of Viento Group Limited. The table below details the 1,800,000 options granted to key management personnel.

Management Personnel	Options awarded during the year	Grant Date	Exercise Price	Fair value per Option at Grant Date	Vesting Date	Expiry Date	Number of options Vested during the year	Number of options Vested & Unexercised	Number of options not yet vested
Mr Ray Munro	600,000	28/11/13	\$0.25	\$0.1026	28/11/13	30/06/15	600,000	-	-
Mr Ray Munro	600,000	28/11/13	\$0.40	\$0.0921	01/07/14	30/06/16	-	-	600,000
Mr Ray Munro	<u>600,000</u>	28/11/13	\$0.60	\$0.0889	01/07/15	30/06/17	-	-	600,000
	<u>1,800,000</u>								

**VIENTO GROUP LIMITED & CONTROLLED ENTITIES  
DIRECTORS' REPORT**

**REMUNERATION REPORT (AUDITED) (cont)**

The options issued above are not issued based on performance criteria, but are issued to increase goal congruence between key management personnel and the company. All options were granted for nil consideration.

Key Management Personnel	Value of options granted during the year \$	Value of options exercised during the year \$	Value of options lapsed during the year \$	Remuneration Represented by Options %
Mr Ray Munro	170,160	61,560	-	28%
	<u>170,160</u>	<u>61,560</u>	<u>-</u>	

*This concludes the remuneration report which has been audited.*

**Shares under option**

Unissued ordinary shares of Viento Group Limited under option at 30 June 2014 are as follows:

Grant Date	Exercise Price	Expiry Date	Number of options
14 June 2012	\$0.25	30 June 2015	2,400,000
14 June 2012	\$0.40	30 June 2016	2,400,000
14 June 2012	\$0.60	30 June 2017	2,400,000
28 August 2012	\$0.40	30 June 2015	160,000
17 December 2012	\$0.30	30 June 2015	3,333,332
17 December 2012	\$0.25	30 June 2015	400,000
17 December 2012	\$0.40	30 June 2016	400,000
17 December 2012	\$0.60	30 June 2017	400,000
23 January 2013	\$0.30	30 June 2015	416,666
23 January 2013	\$0.25	30 June 2015	100,000
23 January 2013	\$0.40	30 June 2016	100,000
23 January 2013	\$0.60	30 June 2017	100,000
10 October 2013	\$0.30	30 June 2015	416,666
28 November 2013	\$0.40	30 June 2016	600,000
28 November 2013	\$0.60	30 June 2017	600,000
			<u>14,226,664</u>

**Shares Issued on Exercise of Options**

The following ordinary shares of Viento Group Limited were issued during the year ended 30 June 2014 on the exercise of options granted:

Date	Exercise Price	Number of shares issued
18/03/14	\$0.25	600,000
18/06/14	\$0.15	60,000
30/06/14	\$0.15	200,000

**VIENTO GROUP LIMITED & CONTROLLED ENTITIES  
DIRECTORS' REPORT**

**MEETINGS OF DIRECTORS**

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

Directors	Directors' Meetings		Audit Committee		Remuneration Committee		Due Diligence Committee	
	Number Attended	Number eligible to attend	Number Attended	Number eligible to attend	Number Attended	Number eligible to attend	Number Attended	Number eligible to attend
Ray Munro	14	15	1	1	1	1	1	1
Robert Nichevich	13	15	1	1	1	1	-	-
John C Farrell	14	15	1	1	-	-	-	-
John Silverthorne	15	15	-	-	-	-	-	-
Steve De Mol	5	6	1	1	1	1	-	-
Shane Heffernan	12	12	-	-	-	-	-	-

**INSURANCE OF DIRECTORS AND OFFICERS**

During the year the consolidated group 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.

**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.

Fees for non-audit services paid or payable to the external auditors for the year ended 30 June 2014 were nil.

**AUDITOR'S INDEPENDENCE DECLARATION**

The auditor's independence declaration for the year ended 30 June 2014 has been received and can be found on page 18 of the directors' report.



**VIENTO GROUP LIMITED & CONTROLLED ENTITIES  
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.



**RAY MUNRO**

**Executive Chairman**

Dated this 26 September 2014

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 Viento Group Limited for the year ended 30 June 2014, 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.

*Crowe Horwath Perth*

CROWE HORWATH PERTH

*PH*

PHILIPPA HOBSON  
Partner

Signed at Perth, 26 September 2014

## **VIENTO GROUP LIMITED & CONTROLLED ENTITIES CORPORATE GOVERNANCE STATEMENT**

The Board of Directors of Viento Group Limited is responsible for the corporate governance of the consolidated Group. The Board guides and monitors the business and affairs of Viento Group Limited on behalf of the shareholders by whom they are elected and to whom they are accountable.

The principal features of Viento Group Limited's corporate governance regime and compliance with the ASX Corporate Governance Principles and Recommendations are set out in this Corporate Governance Statement. For further information on corporate governance matters adopted by Viento Group Limited, refer to our website: [www.vientogroup.com](http://www.vientogroup.com)

### **Board of Directors**

The Board is accountable to shareholders for the performance of Viento Group Limited.

#### **Roles and Functions of the Board and Senior Management**

(ASX Corporate Governance Principles and Recommendations: 1.1)

The Board has adopted a charter that sets out the functions and responsibilities of the Board within the governance structure of Viento Group Limited and its subsidiaries. The conduct of the Board is also governed by the Company's Constitution.

The key responsibilities and functions of the Board are to:

- develop, review and monitor the Group's long-term business strategies and provide strategic direction to the senior executive
- ensure policies and procedures are in place to safeguard the Group's assets and business and to enable the Group to act ethically and prudently
- develop and promote a system of corporate governance which ensures the Group is properly managed and controlled
- identify the Group's principal risks and ensure that it has in place appropriate systems of risk management, internal control, reporting and compliance and that management is taking appropriate action to minimise those risks
- review and approve the Company's consolidated financial statements. Before the Board approves the Company's financial statements, they receive from the chief executive officer and the chief financial officer a declaration that the financial records of the Group comply with the appropriate accounting standards and give a fair view of the financial position and performance of the entity
- monitor management's performance and the Company's consolidated financial results on a regular basis
- appoint, appraise and determine the remuneration and benefits of the chief executive officer (CEO)
- delegate powers to the CEO as necessary to enable the day-to-day business of the Group to be carried on, and to regularly review those delegations
- ensure that Group has in place appropriate systems to comply with relevant legal and regulatory requirements that impact on its operations
- determine the appropriate capital management for the Group including share and loan capital and dividend payments
- determine and regularly review an appropriate remuneration policy for employees of the Group

Senior executives reporting to the Executive Chairman/Chief Executive Officer have their roles and responsibilities defined in position descriptions.

Viento Group Limited's Board Charter is available on its website.

Directors are encouraged to have direct communications with management and other employees within the Group to facilitate the carrying out of their duties.

The Board, Board Committees (where applicable) or individual Directors may seek independent external professional advice as considered necessary at the expense of the Company, subject to prior consultation with the Executive Chairman/Chief Executive Officer. A copy of any such advice received is made available to all members of the Board.

#### **Executive Remuneration and Performance**

(ASX Corporate Governance Principles and Recommendations: 1.7, 8.2)

## VIENTO GROUP LIMITED & CONTROLLED ENTITIES CORPORATE GOVERNANCE STATEMENT

The Board annually reviews the performance of the Executive Chairman/Chief Executive Officer. At the commencement of each financial year, the Board and the Executive Chairman/Chief Executive Officer agree a set of generally Company specific performance measures to be used in the review of the forthcoming year.

These will include:

- (a) financial measures of the Company's performance;
- (b) the extent to which key operational goals and strategic objectives are achieved;
- (c) development of management and staff;
- (d) compliance with legal and Company policy requirements; and
- (e) achievement of key performance indicators.

The Executive Chairman/Chief Executive Officer assesses the performance of the senior executives within the Company which directly report to him. This is performed through a formal performance appraisal process and measured against key performance indicators, including the business performance of the Company, and agreed at the beginning of each financial year.

An evaluation of senior executives takes place at least annually during the financial year in accordance with the company policy.

No evaluation of the Executive Chairman's performance as Chief Executive Officer was conducted during the financial year as a new Executive Chairman was appointed on 1 November 2013.

### **Independence of Directors**

(ASX Corporate Governance Principles and Recommendations: 2.3, 2.4)

During the financial year the Company did not comply with *Recommendation 2.4: A Majority of the board of a listed entity should be independent directors.*

Mr Ray Munro was appointed on 2 July 2013. He is a substantial shareholder which could be considered to impair his independence.

Mr John Silverthorne is an executive director and a substantial shareholder which could be considered to impair his independence.

Mr Robert Nichevich is an executive director and a substantial shareholder which could be considered to impair his independence.

Mr John Farrell is an executive director of Viento Group which could be considered to impair his independence.

Mr Shane Heffernan resigned as a non executive director on 28 March 2014. Prior to September 2012 he was an executive director which could be considered to impair his independence.

Mr Steve De Mol is a non executive director and was appointed on 2 January 2014 and resigned on 28 August 2014. He is a substantial shareholder which could be considered to impair his independence.

A majority of the board are not independent.

In assessing the independence of Directors, the Board considers whether the Director:

- is a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company;
- is employed, or has previously been employed in an executive capacity by the Company or another Group member, and there has not been a period of at least three years between ceasing such employment and serving on the Board;
- has within the last three years 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;
- is a material supplier or customer of the Company or other Group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer;
- has a material contractual relationship with the Company or another Group member other than as a Director of the Company.

## VIENTO GROUP LIMITED & CONTROLLED ENTITIES CORPORATE GOVERNANCE STATEMENT

The materiality thresholds are assessed on a case-by-case basis, taking into account the relevant Director's specific circumstances, rather than referring to a general materiality threshold.

During the financial year ended 30 June 2014, the Viento Group Limited Board comprised the following Directors:

<b>Name</b>	<b>Position</b>	<b>First Appointed</b>
Ray Munro	Executive Chairman, appointed 2 July 2013	2013
Robert Nichevich	Executive Director	1987
John Farrell	Executive Director	2011
John Silverthorne	Executive Director	2012
Steve De Mol	Non-Executive Director, appointed 2 January 2014	2014
Shane Heffernan	Non-Executive Director, resigned 28 March 2014	2010

The Directors determine the size of the Board, with reference to the Constitution and Viento Group Limited's Board Charter, which provides there will be a minimum of three Directors and a maximum of 15 Directors. However, it is the current intention of the Board to limit the maximum number of Directors to no more than six.

The Directors are satisfied that the structure of the Board is appropriate for the size of the Company, the nature of its operations and its current financial standing. The structure and composition of the Board is subject to ongoing review.

For information on 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.

Details of the number of Board meetings and the attendance of Directors are detailed in the Directors' report.

### **Chair should be Independent and not the same person as the CEO**

(ASX Corporate Governance Principles and Recommendations: 2.5)

During the financial year the Company did not comply with *Recommendation 2.5: The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity* for the reasons set out below.

Mr Ray Munro was the Chairman of the Company from 2 July 2013 and Executive Chairman from 1 November 2013. He is not considered independent due to his substantial shareholding in the Company.

The role of the Chairman and Chief Executive Officer were exercised by the same individual, Mr Ray Munro from 1 November 2013.

The board considers that the Company is still in a transition and growth phase and the role of Chairman and Chief Executive Officer being exercised by the same individual is the most appropriate structure at present.

### **Appointments, Board Remuneration and Performance Review**

(ASX Corporate Governance Principles and Recommendations: 1.3, 1.4, 1.6)

The Company has written agreements with executive and non-executive directors and senior executives. See the remuneration report for further details of the terms of the appointments of directors and senior executives.

Non-executive Directors receive fees for their services, specialist consultancy, the reimbursement of reasonable expenses, and, in certain circumstances options. They do not receive any termination or retirement benefits.

The Company has a Guideline for the Operation of the Board of Directors. The company secretary has a direct reporting line to the chairperson.

The Guidelines for the Operation of the Board of Directors can be found on the company website.

## **VIENTO GROUP LIMITED & CONTROLLED ENTITIES CORPORATE GOVERNANCE STATEMENT**

The Board aims to conduct an annual review of the role of the Board, assessing its performance over the previous 12 months and examining ways of assisting the Board in performing its duties more effectively.

The annual review includes consideration of the following measures:

- comparing the performance of the Board against the requirements of its Charter;
- assessing the performance of the Board over the previous 12 months having regard to the corporate strategies, operating plans and the annual budget;
- reviewing the Board's interaction with management;
- reviewing the type and timing of information provided to the Board by management;
- reviewing management's performance in assisting the Board to meet its objectives; and
- identifying any necessary or desirable improvements to the Board charter.

The method and scope of the performance evaluation is set by the Board and may include a Board self-assessment checklist to be completed by each Director or the board collectively. The Board may also use an independent adviser to assist in the review.

The Chairman has primary responsibility for conducting performance appraisals of non-executive Directors, in conjunction with them, having particular regard to:

- contribution to Board discussion and function;
- degree of independence including relevance of any conflicts of interest;
- availability for and attendance at Board meetings and other relevant events;
- contribution to Company strategy;
- membership of and contribution to any Board committees; and
- suitability to Board structure and composition.

There was no Board self-assessment conducted by the Board during the financial year, however the Chairman regularly meets with directors individually to discuss their duties and contribution to the function of the board.

### **Promote ethical and responsible decision-making**

(ASX Corporate Governance Principles and Recommendations: 3.1, 8.3)

The Company has a Code of Conduct which promotes the highest level of integrity and ethical standards in all business practices of Directors and employees.

The objective of the code is to:

- provide a benchmark for professional behaviour throughout the Company
- support the Company's reputation and corporate image within the community
- make Employees aware of the consequences if they breach the code.

The Code of Conduct is available on the Company website.

### **Securities Dealing Requirements**

The Company has a Securities Dealing Policy applicable to all employees of and contractors to the Company and to all employees and contractors of any joint venture companies, operations or arrangements to which the Company is a party. The policy aims to establish a best practice procedure relating to dealing in securities that provides protection to both Viento and employees against the misuse of unpublished information which could materially affect the value of securities.

The policy defines the restrictions on Directors, employees and contractors and their associates from acting on material information until it has been released to the market and adequate time has been given for the information to be reflected in the security's prices.

## VIENTO GROUP LIMITED & CONTROLLED ENTITIES CORPORATE GOVERNANCE STATEMENT

The policy defines Additional Dealing Restrictions and Requirements Before Dealing for Directors and Some Employees (“Restricted Persons”). Restricted Persons are in positions where it may be assumed that they have inside information and, as a result, any trading by Restricted Persons may embarrass or reflect badly on them or on the Company (even if they have no actual inside information at the time). Restricted Persons must not deal in the Company’s securities:

1. during the period from 1 January until two trading days following the release of the Company’s half-year results
2. during the period from 1 July until two trading days following the release of the Company’s full-year results

The Company’s Directors and executives who are participating in an equity based incentive scheme are prohibited from entering into any transaction that would have the effect of hedging or otherwise transferring the risk of any fluctuation in the value of any unvested entitlement in the Company’s securities to any other person.

The Securities Dealing Policy is available on the Company website.

### **Diversity Policy**

(ASX Corporate Governance Principles and Recommendations: 1.5)

The Company has a Diversity Policy. The policy sets out the diversity purpose, objectives, principles and framework which the company operates under.

At 30 June 2014, 12% of the Group employees are women and 14% of senior management roles are filled by women. There are currently no female directors on the board.

Diversity assists the Viento Group to achieve a corporate objective of attracting, developing and retaining people who are highly competent and can contribute to the long-term success of the Company and its corporate values by bringing a broader range of perspectives, experience and ideas.

The Company acknowledges that the promotion of diversity within an organisation is regarded as socially and economically responsible, good governance practice and broadens the pool for recruitment and retention of high-quality employees.

The Company’s Diversity Policy is available on its website.

### **Nominations and Remuneration Committee**

(ASX Corporate Governance Principles and Recommendations: 1.2, 2.1, 2.2, 2.6, 8.1)

The Company has a Nominations and Remuneration Committee. The members of the committee as at 30 June 2014 comprised Mr Ray Munro, Mr Robert Nichevich (chair) and Mr Steven De Mol. The Nomination and Remuneration Committee met once during the financial year. The Nomination Committee does not comply with *Recommendation 2.1: The Board should establish a nomination committee which (1) has at least 3 members, a majority of whom are independent directors, and (2) is chaired by an independent director*, as the committee does not consist of a majority independent directors and the Chairperson of the committee is not an independent director.

No non-executive member of the Board may serve for more than three years or past the third annual general meeting following their appointment, whichever is the longer, without being re-elected by the shareholders. Prior to the Board proposing re-election of non-executive Directors, their performance will be evaluated by the Board to ensure that they continue to contribute effectively to the Board.

Nominations for appointment to the Board are considered by the Nomination Committee and recommended to the Directors as a whole and with the objective to ensure that the Board comprises Directors with a mix of qualifications, experience and expertise which will assist the Board in fulfilling its responsibilities, as well as assisting the Company in achieving growth and delivering value to shareholders.

The Nominations and Remuneration Committee are responsible for the induction program for new directors and members of senior management and reviewing its effectiveness.

Prior to the formation of the committee the functions of the committee were dealt with by the full board.

The Nominations and Remuneration Committee Charter is available on the Company website.

## **VIENTO GROUP LIMITED & CONTROLLED ENTITIES CORPORATE GOVERNANCE STATEMENT**

### **Audit Committee**

(ASX Corporate Governance Principles and Recommendations: 4.1)

The Company formed an Audit, Risk and Compliance Committee during the year. The members of the committee comprise Mr Ray Munro, Mr Robert Nichevich (chair), Mr John Farrell and Mr Steven De Mol. The Audit, Risk and Compliance Committee met once during the financial year. The Audit, Risk and Compliance Committee does not comply with *Recommendation 4.1: The Board of a listed entity should have an audit committee which (1) has at least 3 members, all of whom are non executive directors and a majority of whom are independent directors, and (2) is chaired by an independent director who is not the chair of the board*, as the committee does not consist of a majority independent directors and the Chairperson of the committee is not an independent director.

Prior to the formation of the committee the functions of the committee were dealt with by the full board.

The committee meets 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 committee on its findings in relation to annual audits and half-yearly audit reviews as part of the process of the review and sign-off by the Board. The auditor will be rotated as is statutorily required.

The Audit, Risk and Compliance Committee Charter is available on the Company website.

### **CEO & CFO Declaration**

(ASX Corporate Governance Principles and Recommendations: 4.2)

When considering its review of the financial reports, the Board receives a written statement from the Executive Chairman and the Chief Financial Officer, that the Company's financial reports give a true and fair view, in all material respects, of the Company's financial position and comply in all material respects with relevant accounting standards. This statement also confirms that the Company's financial statements are founded on a sound system of risk management and internal control and that the system is operating efficiently and effectively in all material respects in relation to financial reporting risks.

### **Continuous Disclosure**

(ASX Corporate Governance Principles and Recommendations: 5.1)

Viento Group Limited's Market Disclosure Policy sets out the obligations under the ASX Listing Rules and Corporations Act for all Directors and employees in relation to continuous disclosure and the type of information that requires disclosure. The Policy also provides procedures for internal notification and external disclosure, as well as procedures promoting understanding of compliance with the disclosure requirements and for monitoring compliance.

In addition, the Board considers whether there are any matters requiring disclosure in respect of each and every item of business that it considers in its meetings. Individual Directors and members of senior management are required to make such a consideration when they become aware of information in the course of their duties as employees of the Company, or any company within the Group.

The Company Secretary is the person primarily responsible for ensuring that the Company complies with its continuous disclosure obligations.

The Company's Market Disclosure Policy is available on its website.

### **Communications with Shareholders**

(ASX Corporate Governance Principles and Recommendations: 4.3, 6.1, 6.2, 6.3, 6.4)

The Company has a Communications Policy which has been designed to promote effective communication with shareholders and encourage shareholder participation at annual general meetings. The Policy requires that shareholders are informed of all major developments that impact on the Company. The chief executive officer has overall responsibility for communication with analysts, stockbrokers, the media and major Shareholders. The company secretary has overall responsibility for communication with ASX, other regulatory bodies and retail shareholders.



## **VIENTO GROUP LIMITED & CONTROLLED ENTITIES CORPORATE GOVERNANCE STATEMENT**

Information is communicated to shareholders through:

- distribution of the half-yearly and annual reports (in hardcopy when requested) via the Company's web site;
- disclosures and announcements made to the ASX, which are placed on the Company's website;
- notices and explanatory memoranda of annual general meetings and 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, corporate governance policies and charters, 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 company encourages shareholders to communicate with the company and the share registry electronically through the contact page on the website.

The Communications Policy encourages the Company's external auditor 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.

The Company's Communications Policy is available on its website.

### **Recognise and Manage Risk**

(ASX Corporate Governance Principles and Recommendations: 7.1, 7.2, 7.3, 7.4)

The Company has a Risk Management Policy for the oversight and management of material business risks.

The Board is responsible for approving and reviewing the Company's Risk Management Policy. The Board has delegated some of its responsibilities to the Audit, Risk and Compliance Committee; however, maintains the overall responsibility for the process.

The focus of risk management is the identification and treatment of risks with the objective to add maximum sustainable value to all the activities of the Group. Potential risks are 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 policy.

The company does not have an internal audit function. Management is required to report back to the Board through the Audit, Risk and Compliance Committee on the efficiency and effectiveness of risk management.

Management reports to the Board and the Audit, Risk and Compliance Committee as to the effectiveness of the Company's management of its material business risks. The board believes the risk management and internal control systems designed and implemented by the Directors and Chief Financial Officer are adequate given the size and nature of the Company's activities.

The Audit, Risk and Compliance Committee reviews the effectiveness of risk management and internal compliance and control at least on an annual basis.

The Risk Management Policy is available on the Company's website.

**VIENTO GROUP LIMITED & CONTROLLED ENTITIES**  
**STATEMENT OF PROFIT OR LOSS & OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 30 JUNE 2014**

	Note	2014 \$000	2013 \$000
<b>Revenue</b>	2	102,495	24,313
<b>Interest income</b>	2	40	102
Employee benefits expense		(31,242)	(12,852)
Operating expense		(50,149)	(7,549)
Professional services fees		(1,937)	(1,553)
Commission expense		(169)	(168)
Occupancy expense		(2,919)	(919)
Finance expense		(2,036)	(940)
Administration expense		(2,180)	(1,534)
Other expenses		(2,987)	(157)
Depreciation and amortisation expense	3	(6,990)	(2,202)
Bad & doubtful debts expense		(49)	(483)
Change in fair values of financial assets	3	-	(1,782)
<b>Profit/(loss) before income tax expense</b>		<u>1,877</u>	<u>(5,724)</u>
Income tax (expense)/benefit	4	(710)	1,263
<b>Profit/(loss) for the year</b>		<u><u>1,167</u></u>	<u><u>(4,461)</u></u>
<b>Other comprehensive income</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Net revaluation of listed investments		-	45
<b>Other comprehensive income for the year net of tax</b>		<u>-</u>	<u>45</u>
<b>Total comprehensive income for the year</b>		<u><u>1,167</u></u>	<u><u>(4,416)</u></u>
<b>Profit/(loss) attributable to:</b>			
Members of the parent entity		639	(4,477)
Non-controlling interest		528	16
		<u>1,167</u>	<u>(4,461)</u>
Total comprehensive income attributable to:			
Members of the parent entity		639	(4,432)
Non-controlling interest		528	16
		<u>1,167</u>	<u>(4,416)</u>
<b>Overall Operations</b>			
Basic earnings per share (cents per share)	8	1.38	(6.55)
Diluted earnings per share (cents per share)	8	1.34	(6.55)

Further information on underlying EBITDA performance is shown within the Directors' report.

The accompanying notes form part of these financial statements.

**VIENTO GROUP LIMITED & CONTROLLED ENTITIES**  
**STATEMENT OF FINANCIAL POSITION**  
**FOR THE YEAR ENDED 30 JUNE 2014**

	Note	2014 \$000	2013 \$000
<b>Current Assets</b>			
Cash and cash equivalents	9	8,021	1,340
Trade and other receivables	10	26,438	9,970
Inventories	11	8,400	720
Financial assets	12	6	1,759
Other current assets	13	1,791	220
<b>Total Current Assets</b>		<b>44,656</b>	<b>14,009</b>
<b>Non-Current Assets</b>			
Trade and other receivables	10	88	384
Financial assets	12	2,669	2,635
Plant and equipment	15	17,258	16,121
Biological assets	16	-	-
Deferred tax assets	19	3,069	3,945
Intangible assets	17	13,072	164
Other Assets		111	-
<b>Total Non- Current Assets</b>		<b>36,267</b>	<b>23,249</b>
<b>Total Assets</b>		<b>80,923</b>	<b>37,258</b>
<b>Current Liabilities</b>			
Trade and other payables	18	28,049	7,251
Short-term provisions	20	1,213	244
Current tax liabilities		1,885	75
Other current liabilities	21	41	-
Loans and borrowings	22	9,137	4,322
<b>Total Current Liabilities</b>		<b>40,325</b>	<b>11,892</b>
<b>Non-Current Liabilities</b>			
Loans and borrowings	22	18,807	7,074
Deferred tax liabilities	19	716	893
Other non-current liabilities	21	57	45
Long-term provisions	20	5	20
<b>Total Non-Current Liabilities</b>		<b>19,585</b>	<b>8,032</b>
<b>Total Liabilities</b>		<b>59,910</b>	<b>19,924</b>
<b>Net Assets</b>		<b>21,013</b>	<b>17,334</b>
<b>Equity</b>			
Issued capital	23	29,646	26,437
Reserves	24	3,605	2,996
Accumulated losses		(13,595)	(12,465)
Minority interests		1,357	366
<b>Total Equity</b>		<b>21,013</b>	<b>17,334</b>

The accompanying notes form part of these financial statements.

**VIENTO GROUP LIMITED & CONTROLLED ENTITIES**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 30 JUNE 2014**

CONSOLIDATED GROUP	Note	\$000	\$000	\$000	\$000	\$000	\$000	\$000
		Share Capital Ordinary	Share Based Payments Reserve	Financial Assets Reserve	Accumulated losses	Total	Non- controlling interest	Total
<b>Balance at 30 June 2012</b>		22,256	1,451	114	(7,968)	15,853	-	15,853
Loss attributable to members of the parent entity		-	-	-	(4,477)	(4,477)	16	(4,461)
Total other comprehensive income for the year		-	-	(45)	-	(45)	-	(45)
Exercise of options		8	-	-	-	8	-	8
Options issued as remuneration		-	1,476	-	-	1,476	-	1,476
Non-controlling interests on acquisition of subsidiary		-	-	-	-	-	350	350
Issue of share capital, net of transaction costs and tax		4,173	-	-	-	4,173	-	4,173
Dividends paid or provided for		-	-	-	(20)	(20)	-	(20)
<b>Balance at 30 June 2013</b>		<b>26,437</b>	<b>2,927</b>	<b>69</b>	<b>(12,465)</b>	<b>16,968</b>	<b>366</b>	<b>17,334</b>
<b>Balance at 30 June 2013</b>		26,437	2,927	69	(12,465)	16,968	366	17,334
Profit attributable to members of the parent entity		-	-	-	639	639	528	1,167
Total other comprehensive income for the year		-	-	-	-	-	-	-
Exercise of options		205	-	-	-	205	-	205
Options issued as remuneration		-	609	-	-	609	-	609
Non-controlling interests on acquisition of subsidiary		-	-	-	-	-	477	477
Issue of convertible notes, net of transaction costs and tax		(5)	-	-	-	(5)	-	(5)
Issue of share capital, net of transaction costs and tax		3,009	-	-	-	3,009	-	3,009
Dividends paid or provided for	7	-	-	-	(1,769)	(1,769)	(15)	(1,784)
<b>Balance at 30 June 2014</b>		<b>29,646</b>	<b>3,536</b>	<b>69</b>	<b>(13,595)</b>	<b>19,655</b>	<b>1,356</b>	<b>21,012</b>

The accompanying notes form part of these financial statements

**VIENTO GROUP LIMITED & CONTROLLED ENTITIES**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30 JUNE 2014**

	<b>2014</b>	<b>2013</b>
<b>NOTE</b>	<b>\$000</b>	<b>\$000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	104,114	21,458
Payments to suppliers and employees	(87,536)	(21,294)
Interest received	254	185
Finance expenses paid	(2,214)	(921)
Income taxes paid	(1,528)	(152)
<b>Net cash provided by / (used in) operating activities</b>	<b>29</b>	<b>13,090</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments for purchase of:		
- Plant and equipment	(1,145)	(3,027)
- Forestry plantations	-	(67)
Proceeds from sale of plant and equipment	598	505
Loans to:		
- Related parties	(187)	(333)
Net cash inflow from acquisition of subsidiary	2,926	429
Acquisition of Subsidiary	(504)	-
Loans repaid by:		
- Related parties	1,234	165
- Proceeds from disposal of subsidiary	(1)	-
<b>Net cash provided by / (used in) investing activities</b>	<b>2,921</b>	<b>(2,328)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from shares:		
- Issuing shares (net of share issue costs)	-	4,081
- Exercise of options	205	8
Proceeds from loans	-	32
Loans to joint ventures	(840)	-
Repayment of borrowings	(7,354)	(3,889)
Settlement of pre acquisition transaction	(1,341)	(398)
<b>Net cash used in financing activities</b>	<b>(9,330)</b>	<b>(166)</b>
<b>Net (decrease)/increase in cash held</b>	<b>6,681</b>	<b>(3,218)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>1,340</b>	<b>4,558</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>9</b>	<b>8,021</b>

The accompanying notes form part of these financial statements.

**VIENTO GROUP LIMITED & CONTROLLED ENTITIES  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2014**

**1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

The financial report includes the consolidated financial statements and notes of Viento Group Limited and controlled entities ('Consolidated Group' or 'Group'). The Group is domiciled in Australia.

**New, revised or amending Accounting Standards and Interpretations adopted**

The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Any significant impact on the accounting policies of the consolidated entity from the adoption of these Accounting Standards and Interpretations are disclosed below. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

*AASB 10 Consolidated Financial Statements*

The consolidated entity has applied AASB 10 from 1 July 2013, which has a new definition of 'control'. Control exists when the reporting entity is exposed, or has the rights, to variable returns from its involvement with another entity and has the ability to affect those returns through its 'power' over that other entity. A reporting entity has power when it has rights that give it the current ability to direct the activities that significantly affect the investee's returns. The consolidated entity not only has to consider its holdings and rights but also the holdings and rights of other shareholders in order to determine whether it has the necessary power for consolidation purposes. Management determined that the Koodaideri Joint Venture met the definition of control under AASB 10, and it has therefore been consolidated as a subsidiary in these financial statements. There were no other impacts on the group results.

*AASB 11 Joint Arrangements*

The consolidated entity has applied AASB 11 from 1 July 2013. The standard defines which entities qualify as joint arrangements and removes the option to account for joint ventures using proportional consolidation. Joint ventures, where the parties to the agreement have the rights to the net assets are accounted for using the equity method. Joint operations, where the parties to the agreements have the rights to the assets and obligations for the liabilities, will account for its share of the assets, liabilities, revenues and expenses separately under the appropriate classifications. This standard had no impact on the group results.

*AASB 12 Disclosure of Interests in Other Entities*

The consolidated entity has applied AASB 12 from 1 July 2013. The standard contains the entire disclosure requirement associated with other entities, being subsidiaries, associates, joint arrangements (joint operations and joint ventures) and unconsolidated structured entities. The disclosure requirements have been significantly enhanced when compared to the disclosures previously located in AASB 127 'Consolidated and Separate Financial Statements', AASB 128 'Investments in Associates', AASB 131 'Interests in Joint Ventures' and Interpretation 112 'Consolidation - Special Purpose Entities'. Adoption of this standard has resulted in increased disclosure in respect of the group's subsidiaries with non-controlling interests. This standard had no impact on the group results.

*AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13*

The consolidated entity has applied AASB 13 and its consequential amendments from 1 July 2013. The standard provides a single robust measurement framework, with clear measurement objectives, for measuring fair value using the 'exit price' and provides guidance on measuring fair value when a market becomes less active. The 'highest and best use' approach is used to measure non-financial assets whereas liabilities are based on transfer value. The standard requires increased disclosures where fair value is used. The standard requires increased disclosures where fair value is used. It had no impact on the group results.

**VIENTO GROUP LIMITED & CONTROLLED ENTITIES  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2014**

**STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont)**

**Basis of Preparation**

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

The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards

The financial report was approved by the Board of Directors on 26 September 2014.

The separate financial statements of the parent entity have not been presented as permitted by the Corporations Act 2001.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB). Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

Except for cash flow information the financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement of fair value of selected non-current assets, financial assets and financial liabilities.

**Accounting Policies**

**a) Principles of Consolidation**

A subsidiary (controlled entity) is an entity over which Viento Group Limited has the power to govern the financial and operating policies so as to obtain benefits from its activities. In assessing whether the group controls another entity, the existence and effect of holdings of actual and potential voting rights that are currently exercisable or convertible are considered. A list of controlled entities is contained in Note 14 to the financial statements.

As at reporting date, the assets and liabilities of all controlled entities have been incorporated into the consolidated financial statements as well as their results for the year then ended. Where controlled entities have entered (left) the consolidated group during the year, their operating results have been included (excluded) from the date control was obtained (ceased).

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

Minority interests, being that portion of the profit or loss and net assets of subsidiaries attributable to equity interests held by persons outside the group, are shown separately within the consolidated Statement of Financial Position and the consolidated Statement of Comprehensive Income.

**VIENTO GROUP LIMITED & CONTROLLED ENTITIES  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2014**

**STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont)**

**b) Business Combinations and Goodwill**

Business combinations occur where an acquirer obtains control over one or more businesses. Business combinations are accounted for using the acquisition method. For the purposes of the goodwill calculation, the Group has elected the partial goodwill method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interest in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss. Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of AASB 139 Financial Instruments: Recognition and Measurement, is measured at fair value with changes in fair value recognised either in either profit or loss or as a change to other comprehensive income. If the contingent consideration is not within the scope of AASB 139, it is measured in accordance with the appropriate AASB. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.



**VIENTO GROUP LIMITED & CONTROLLED ENTITIES  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2014**

**STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont)**

**b) Business Combinations and Goodwill (cont.)**

**Intangible assets**

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

**Goodwill**

Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

**Patents and trademarks**

Significant costs associated with patents and trademarks are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 10 years.

**Customer contracts**

Customer contracts acquired in a business combination are amortised on a straight-line basis over the period of their expected benefit, being the contract duration.

**VIENTO GROUP LIMITED & CONTROLLED ENTITIES  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2014**

**STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont)**

**c) Income Tax**

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income). 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 Statement of Financial Position date.

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at the reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects the movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. 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 assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

**VIENTO GROUP LIMITED & CONTROLLED ENTITIES  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2014**

**STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont)**

**Tax Consolidation**

Viento Group Limited and its wholly owned subsidiaries have formed an income tax consolidated group under tax consolidation legislation. Each entity within the group recognises its own current and deferred tax liabilities. Such taxes are measured using the “stand-alone taxpayer” approach to allocation. Current tax liabilities (assets) and deferred tax assets arising from unused tax losses and tax credits in the subsidiaries are immediately transferred to the head entity. The group notified the Australian Taxation Office that it had formed an income tax consolidated group to apply from 1 January 2004. The tax consolidated group has entered a tax funding agreement whereby each company in the group contributes to the income tax payable by the group in proportion to their contribution to the group’s taxable income. Differences between the amounts of net tax assets and liabilities derecognised and the net amounts recognised pursuant to the funding arrangement are recognised as either a contribution by, or distribution to the head entity.

The deferred taxes are allocated to members of the tax consolidated group in accordance with the principles of AASB 112.

**d) Plant and Equipment**

Plant and equipment are measured at historical cost less accumulated depreciation and any accumulated 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.

Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Statement of Comprehensive Income during the financial period in which they are incurred.

Depreciation on plant and equipment is calculated using the straight-line or diminishing value method over its useful life to the group 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%.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

**e) Leases**

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

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.

**VIENTO GROUP LIMITED & CONTROLLED ENTITIES  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2014**

**STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont)**

**f) Financial Instruments**

**Recognition and Initial Measurement**

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument. For financial assets, this is equivalent to the date that the Group commits itself to either the purchase or sale of the asset.

Financial instruments are initially measured at fair value plus transactions costs where the instrument is not carried at fair value through profit or loss. Transaction costs related to instruments carried at fair value through profit or loss are expensed in the Statement of Profit and Loss and Other Comprehensive Income. Financial instruments are classified and measured as set out below.

**De-recognition**

Financial assets are de-recognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are de-recognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

**Classification and Subsequent Measurement**

**(i) Financial assets at fair value through profit and loss**

Financial assets are classified at fair value through profit and loss when they are held for trading for the purpose of short term profit taking or are expected to be disposed of in the next period, where they are derivatives not held for hedging purposes, or designated as such to avoid an accounting mismatch, or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Realised and unrealised gains and losses arising from changes in fair value are included in profit or loss in the period in which they arise.

**(ii) 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 subsequently measured at amortised cost using the effective interest rate method.

**(iii) Available-for-sale financial assets**

Available-for-sale financial assets are non-derivative assets that are either designated as such or that are not classified in any of the other categories. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

**(iv) Financial liabilities**

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

**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, option pricing models and independent valuations as required.

**VIENTO GROUP LIMITED & CONTROLLED ENTITIES  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2014**

**STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont)**

**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 or significant decline in the value of the instrument is considered to determine whether impairment has arisen. Such impairment losses are recognised in the Statement of Profit and Loss and Other Comprehensive Income immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

**g) 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 Statement of Profit and Loss and Other Comprehensive Income. Non-financial assets, other than goodwill that suffered impairment, are reviewed for possible reversal of the impairment at each reporting date.

Impairment testing is performed annually for goodwill and 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.

**h) Interests in Joint Ventures**

The Consolidated Group's share of the assets, liabilities, revenue and expenses of joint venture operations are included in the appropriate items of the consolidated financial statements. Details of the Consolidated Group's interests in joint ventures are shown in Note 26.

The group's interests in joint venture entities are brought to account using the proportionate consolidation method which combines its share of each of the assets, liabilities, income and expenses of the jointly controlled entity with the similar items, line by line, in its financial statements.

**i) 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 the interest in the net fair value of identifiable assets, liabilities and contingent liabilities at date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is tested annually 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.

**Trademarks**

Trademarks are recognised at cost of acquisition. Trademarks have an infinite life and are tested annually for impairment and carried at cost less accumulated impairment losses.

**j) Biological Assets**

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

Forestry plantations owned by the Consolidated Group 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 Statement of Profit and Loss and Other Comprehensive Income. Fair value is determined annually by independent valuation.

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.

**VIENTO GROUP LIMITED & CONTROLLED ENTITIES  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2014**

**STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont)**

**k) Employee Benefits**

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to 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. 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. Those cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected cash flows.

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after reporting date are discounted to present value.

**Equity-settled Compensation**

The fair value of the options to which directors and employees become entitled is measured at grant date and recognised over the period in which the directors and employees become unconditionally entitled to the equity. The fair value of options is ascertained using a Black-Scholes pricing model which incorporates all market vesting conditions. The number of options expected to be vested is reviewed and adjusted at each reporting date such that the amount recognised for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

**l) Provisions**

Provisions are recognised when the group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured at the present value of managements best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

**m) 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 Statement of Financial Position.

**VIENTO GROUP LIMITED & CONTROLLED ENTITIES  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2014**

**STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont)**

**n) Revenue and Other Income**

Revenue is measured at fair value of the consideration received or receivable.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria for each of the Group's activities as described below.

Revenue from the hire of equipment provided is recognised where the right to be compensated for the services can be reliably measured.

Revenue from the provision of services is recognised in proportion to the degree of completion of the transaction at the reporting date.

Construction revenue has been recognised on the basis of the proportion of the contract costs incurred for the work performed to date, relative to the estimated total contract costs. Variations in contract work, claims and incentive payments are included to the extent that the amount can be reliably measured and its receipt is considered probable.

Establishment and other management fees comprise revenue earned through the provision of products or services to syndication entities.

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

Interest income is accrued on a time basis with reference to the principal amount outstanding and the effective interest rate applicable.

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

**o) 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 Statement of Profit and Loss and Other Comprehensive Income in the period in which they are incurred.

**p) Goods and Services Tax (GST)**

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

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

**VIENTO GROUP LIMITED & CONTROLLED ENTITIES  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2014**

**STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont)**

**q) Segment Accounting Policies**

As of 1 July 2009, operating segments are identified, and segment information disclosed on the basis of internal reports that are regularly provided to, or reviewed by, the Group's chief operating decision maker. For Viento Group Limited, its chief operating decision maker is the board of directors.

Whilst the group has forestry interests, the Group's main focus has been on mining services and managed investments, which is where it derives most of its income from. Furthermore, Viento Group Limited has no geographical segment disclosure as all of its operations are in Australia.

Unless stated otherwise, all amounts reported to the board of directors as the chief decision maker is in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

**r) Comparative Figures**

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

**s) 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.

**t) Critical Accounting Estimates and Judgments**

The preparation of financial statements requires directors and management to make judgements, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. The resulting accounting estimates will, by definition, seldom equal the related actual results.

Estimates and judgements are continually evaluated and are based on historical experience, current trends and economic data, obtained both externally and within the group, including expectations future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

*Key Estimates and Judgements - Impairment*

The Group assesses impairment at each reporting date by evaluating conditions specific to the group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

Refer also to Note 10 - Trade Receivables and Note 12 - Financial Assets for additional information about impairment. Management considers that no impairment indicators of non-current receivables are considered to exist at balance date.



**VIENTO GROUP LIMITED & CONTROLLED ENTITIES  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2014**

**STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont)**

*Constance Range Valuation*

Prior to the in-specie distribution of the shares in Qld Iron Limited, the directors re-valued the Group's investment in the Constance Range Iron Ore Exploration Project. The revaluation is further disclosed in Note - 12 Financial Assets. The revaluation was based on the results of an external valuation received, and the in-specie distribution of Constance Range Pty Ltd on 18 September 2013, in the form of a one for one dividend to shareholders.

*Recognition of tax losses*

In accordance with the Group's accounting policies for deferred taxes a deferred tax asset is recognised for unused tax losses only if it is probable that future taxable profits will be available to utilise those losses. Determination of future taxable profits requires estimates and assumptions as to future events and circumstances. This includes estimates and judgements about future capital requirements, future operations performance and the timing of estimated cash flows. Changes in these estimates and assumptions could impact on the amount and probability of estimated taxable profits and accordingly the recoverability of deferred tax assets. The carrying amount of deferred tax assets are set out in Note 19.

**u) New Accounting Standards for application in Future Periods**

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Group. The Group has decided not to early adopt any of the new and amended pronouncements. The Group's assessment of the new and amended pronouncements that are relevant to the Group but applicable in future reporting periods is set out below:

**AASB 9 Financial Instruments and its consequential amendments**

This standard and its consequential amendments are applicable to annual reporting periods beginning on or after 1 January 2017 and completes phases I and III of the IASB's project to replace IAS 39 (AASB 139) 'Financial Instruments: Recognition and Measurement'. This standard introduces new classification and measurement models for financial assets, using a single approach to determine whether a financial asset is measured at amortised cost or fair value. The accounting for financial liabilities continues to be classified and measured in accordance with AASB 139, with one exception, being that the portion of a change of fair value relating to the entity's own credit risk is to be presented in other comprehensive income unless it would create an accounting mismatch. Chapter 6 'Hedge Accounting' supersedes the general hedge accounting requirements in AASB 139 and provides a new simpler approach to hedge accounting that is intended to more closely align with risk management activities undertaken by entities when hedging financial and non-financial risks. The consolidated entity will adopt this standard and the amendments from 1 July 2017 but the impact of its adoption is yet to be assessed by the consolidated entity.

**AASB 2012-3 Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities**

The amendments are applicable to annual reporting periods beginning on or after 1 January 2014. The amendments add application guidance to address inconsistencies in the application of the offsetting criteria in AASB 132 'Financial Instruments: Presentation', by clarifying the meaning of 'currently has a legally enforceable right of set-off'; and clarifies that some gross settlement systems may be considered to be equivalent to net settlement. The adoption of the amendments from 1 July 2014 will not have a material impact on the consolidated entity.

**AASB 2013-3 Amendments to AASB 136 - Recoverable Amount Disclosures for Non-Financial Assets**

These amendments are applicable to annual reporting periods beginning on or after 1 January 2014. The disclosure requirements of AASB 136 'Impairment of Assets' have been enhanced to require additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposals. Additionally, if measured using a present value technique, the discount rate is required to be disclosed. The adoption of these amendments from 1 July 2014 may increase the disclosures by the consolidated entity.

**VIENTO GROUP LIMITED & CONTROLLED ENTITIES  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2014**

**STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont)**

AASB 2013-4 Amendments to Australian Accounting Standards - Novation of Derivatives and Continuation of Hedge Accounting

These amendments are applicable to annual reporting periods beginning on or after 1 January 2014 and amends AASB 139 'Financial Instruments: Recognition and Measurement' to permit continuation of hedge accounting in circumstances where a derivative (designated as hedging instrument) is novated from one counter party to a central counterparty as a consequence of laws or regulations. The adoption of these amendments from 1 July 2014 will not have a material impact on the consolidated entity.

AASB 2013-5 Amendments to Australian Accounting Standards - Investment Entities

These amendments are applicable to annual reporting periods beginning on or after 1 January 2014 and allow entities that meet the definition of an 'investment entity' to account for their investments at fair value through profit or loss. An investment entity is not required to consolidate investments in entities it controls, or apply AASB 3 'Business Combinations' when it obtains control of another entity, nor is it required to equity account or proportionately consolidate associates and joint ventures if it meets the criteria for exemption in the standard. The adoption of these amendments from 1 July 2014 will have no impact on the consolidated entity.

**v) Trade and Other Receivables**

Trade and other receivables include amounts due from customers for services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets. Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Refer to Note 1g) for further discussion on the determination of impairment losses.

**w) Trade and Other Payables**

Trade and other payables represent the liabilities for goods and services received by the entity that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

**VIENTO GROUP LIMITED & CONTROLLED ENTITIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2014**

	<b>2014</b>	<b>2013</b>
	<b>\$000</b>	<b>\$000</b>
<b>2. REVENUE</b>		
Sales Revenue		
– Subdivision Settlement Fees	1,257	915
– Management Fees	160	212
– Mining Services income	100,332	23,010
– Interest Received	40	102
– Other Revenue	747	176
Total Revenue	<u>102,535</u>	<u>24,415</u>
<b>3. PROFIT FOR THE YEAR</b>		
<b>(a) Expenses</b>		
Depreciation and amortisation of non-current assets		
– Plant and equipment	(6,990)	(2,202)
Rental expense on operating leases		
– Minimum lease payments	(2,839)	(918)
Impairment of debtors - Bad and doubtful debts		
– Trade debtors	26	(156)
– Other debtors	(75)	(327)
Impairment of Biological assets	-	(1,247)
Impairment of Kingscliff/Cudgen investments	-	(535)

**VIENTO GROUP LIMITED & CONTROLLED ENTITIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2014**

	<b>2014</b>	<b>2013</b>
	<b>\$000</b>	<b>\$000</b>
<b>4. INCOME TAX</b>		
a. The components of tax expense/(benefit) comprise:		
Current tax	1,974	111
Deferred tax	(1,307)	(1,373)
Under/(over) provision in respect of prior years	43	(1)
	<u>710</u>	<u>(1,263)</u>
b. Prima facie tax payable on profit/(loss) before income tax is reconciled to the income tax as follows:		
Prima facie tax payable on profit/(loss) before income tax at 30% (2012: 30%)	563	(1,717)
	<u>563</u>	<u>(1,717)</u>
Add: Tax effect of:		
- other non allowable items	350	475
- net capital gain (after recoupment of losses)	116	-
	<u>466</u>	<u>475</u>
Less: Tax effect of:		
- Discontinued operations	-	-
- Other net timing differences	-	(6)
- Current year (reinstatement)/write off DTA/DTL	217	-
- Recoupment of prior year tax losses/adjustments	(536)	(15)
- Current year capital losses recognised	-	-
Income tax (benefit)	<u>(319)</u>	<u>(21)</u>
Income tax expense/(benefit) attributable to entity	<u>710</u>	<u>(1,263)</u>

**VIENTO GROUP LIMITED & CONTROLLED ENTITIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2014**

**5 KEY MANAGEMENT PERSONNEL DISCLOSURES**

**(a) Key Management Personnel Compensation**

	<b>Consolidated</b>	
	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Short Term Employee Benefits	1,382,640	2,143,861
Post-Employment Benefits	18,955	32,393
Share Based Payments	170,160	1,186,743
	<b>1,571,755</b>	<b>3,362,997</b>

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**

	<b>Balance</b>	<b>Granted as</b>	<b>Options</b>	<b>Net Change</b>	<b>Balance</b>	<b>Total Vested</b>	<b>Total</b>	<b>Total</b>
	<b>1.7.13</b>	<b>Compensation</b>	<b>Exercised</b>	<b>Other</b>	<b>30.6.14</b>	<b>30.6.14</b>	<b>Exercisable</b>	<b>Unexercisable</b>
							<b>30.6.14</b>	<b>30.6.14</b>
<b>Directors</b>								
Mr R Munro	-	1,800,000	600,000	-	1,200,000	600,000	-	1,200,000
Mr R Nichevich	1,800,000	-	-	-	1,800,000	600,000	600,000	1,200,000
Mr J Farrell	1,800,000	-	-	-	1,800,000	600,000	600,000	1,200,000
Mr J Silverthorne	1,800,000	-	-	-	1,800,000	600,000	600,000	1,200,000
Mr S Heffernan <sup>1</sup>	100,000	-	-	(100,000)	-	-	-	-

<sup>1</sup> Mr Heffernan resigned as a director effective from 28 March 2014.

**Other Key Management Personnel<sup>2</sup>**

Mr A T Bell	-	-	-	-	-	-	-	-
Mr D R Wright	900,000	-	-	(900,000)	-	-	-	-
Mr P Pearcey	1,666,666	-	-	(1,666,666)	-	-	-	-
Mr M Silverthorne	1,666,666	-	-	(1,666,666)	-	-	-	-
Mr J Gallop	600,000	-	-	(600,000)	-	-	-	-

<sup>2</sup> Messrs Wright, Pearcey, Silverthorne and Gallop are no longer considered Key Management Personnel.

	<b>Balance</b>	<b>Granted as</b>	<b>Options</b>	<b>Net Change</b>	<b>Balance</b>	<b>Total Vested</b>	<b>Total</b>	<b>Total</b>
	<b>1.7.12</b>	<b>Compensation</b>	<b>Exercised</b>	<b>Other</b>	<b>30.6.13</b>	<b>30.6.13</b>	<b>Exercisable</b>	<b>Unexercisable</b>
							<b>30.6.13</b>	<b>30.6.13</b>
<b>Directors</b>								
Mr S Heffernan	100,000	-	-	-	100,000	100,000	100,000	-
Mr R Nichevich	1,800,000	-	-	-	1,800,000	-	-	1,800,000
Mr J Farrell	1,800,000	-	-	-	1,800,000	-	-	1,800,000
Mr J Silverthorne	1,800,000	-	-	-	1,800,000	-	-	1,800,000

**Other Key Management Personnel**

Mr D R Wright	200,000	700,000	-	-	900,000	300,000	300,000	600,000
Mr P Pearcey	-	1,666,666	-	-	1,666,666	-	-	1,666,666
Mr M Silverthorne	-	1,666,666	-	-	1,666,666	-	-	1,666,666
Mr J Gallop	-	600,000	-	-	600,000	-	-	600,000

**VIENTO GROUP LIMITED & CONTROLLED ENTITIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2014**

**5 KEY MANAGEMENT PERSONNEL COMPENSATION (cont)**

**(c) Shareholdings**

**Number of Shares Held by Key Management Personnel**

	Balance 1.7.13	Received as Compensation	Options Exercised	Net Change Other	Balance 30.6.14
<b>Key Management Personnel</b>					
<b>Directors</b>					
Mr R C Munro <sup>1</sup>	-	-	600,000	6,500,000	7,100,000
Mr R C Nichevich	10,860,000	-	-	-	10,860,000
Mr R S De Mol <sup>2</sup>	-	-	-	11,344,189	11,344,189
Mr N J Silverthorne	10,739,914	-	-	(2,500,000)	8,239,914

<sup>1</sup> Mr Munro was appointed on 3 July 2013. Upon joining the board Mr Munro had 4,000,000 shares.

<sup>2</sup> Mr De Mol was appointed on 2 January 2014 and resigned on 28 August 2014

**Other Key Management Personnel<sup>3</sup>**

Mr A Bell	-	-	-	-	-
Mr D Wright	20,000	-	-	(20,000)	-
Mr P Pearcey	900,000	-	-	(900,000)	-
Mr M Silverthorne	867,722	-	-	(867,722)	-
Mr J Gallop	580,000	-	-	(580,000)	-

<sup>3</sup> Messrs Wright, Pearcey, Silverthorne and Gallop are no longer considered Key Management Personnel.

	Balance 1.7.12	Received as Compensation	Options Exercised	Net Change Other	Balance 30.6.13
<b>Key Management Personnel</b>					
<b>Directors</b>					
Mr R C Nichevich	10,860,000	-	-	-	10,860,000
Mr J C Farrell <sup>1</sup>	10,487,568	-	-	(10,487,568)	-
Mr N J Silverthorne	10,739,914	-	-	-	10,739,914
Mr R E King	100,000	-	-	(100,000)	-
<b>Other Key Management Personnel</b>					
Mr D Wright	20,000	-	-	-	20,000
Mr P Pearcey	-	-	-	900,000	900,000
Mr M Silverthorne	-	-	-	867,722	867,722
Mr J Gallop	-	-	-	580,000	580,000

<sup>1</sup> Mr Farrell had an indirect interest through Hanscon Holdings.

**(d) Loans to Key Management Personnel**

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

**VIENTO GROUP LIMITED & CONTROLLED ENTITIES  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2014**

**CONSOLIDATED GROUP**

**2014                    2013**  
**\$000                    \$000**

**6. AUDITOR'S REMUNERATION**

Remuneration of the auditor of the consolidated group for:

Crowe Horwath Perth

Auditing and reviewing the financial report

176                    97

Other regulatory audit services

-                        -

176                    97

Non-Audit Services

-                        -

Total

176                    97

**7. DIVIDENDS**

No recommendation has been made for payment of a final dividend for the year ended 30 June 2014 (2013: nil).

During the year the Group obtained shareholder approval under section 256C of the Corporations Act to allow a reduction in the Company's share capital by way of an in specie distribution of Qld Iron Shares held by Viento to the Eligible Viento Shareholders under section 256B of the Corporations Act.

The Capital Reduction was satisfied by a pro rata in specie distribution to each Eligible Viento Shareholder of one Qld Iron Share for every one Viento Share held by that Eligible Viento Shareholder as at the Record Date of 18 September 2013.

From 18 September 2013 the Group no longer had control of Qld Iron Limited.

During the 2013 the asset was 'fair valued' based on the results of an external valuation received and the pending distribution of the entity Qld Iron Limited in the form of a one for one dividend to shareholders. The total value of the in specie distribution paid was \$1,769,000.

**VIENTO GROUP LIMITED & CONTROLLED ENTITIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2014**

	CONSOLIDATED GROUP	
	2014	2013
	\$000	\$000
<b>8. EARNINGS PER SHARE</b>		
(a) Reconciliation of earnings to profit		
Profit	1,167	(4,461)
Earnings used to calculate basic and dilutive EPS	<u>1,167</u>	<u>(4,461)</u>
 (b) Weighted average number of ordinary shares outstanding during the year used in calculation of basic EPS	84,293,148	68,147,786
Weighted average number of options outstanding during the year used in the calculation of dilutive EPS	<u>2,507,651</u>	-
Weighted average number of ordinary shares outstanding during the year used in calculation of dilutive EPS	<u>86,800,799</u>	<u>68,147,786</u>
 (c) Basic Earnings Per Share	1.38	(6.55)
Diluted Earnings Per Share	<u>1.34</u>	<u>(6.55)</u>
 <b>9. CASH AND CASH EQUIVALENTS</b>		
	8,021	1,340
Cash at bank and in hand	<u>8,021</u>	<u>1,340</u>
 <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 Statement of Financial Position as follows:		
Cash and cash equivalents	<u>8,021</u>	<u>1,340</u>

The Commonwealth Bank holds performance guarantees relating to the rental of the Osborne Park office premises to the value of \$147,340 (2013: \$147,340). This amount is held on term deposit with the bank and appears in the Statement of Financial Position under Other Current Assets. Viento holds a deposit for run off insurance related to the sale of the property business in the amount of \$91,988 (2013: \$101,175).



**VIENTO GROUP LIMITED & CONTROLLED ENTITIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2014**

**CONSOLIDATED GROUP**  
**2014**                      **2013**  
**\$000**                      **\$000**

**10. TRADE AND OTHER RECEIVABLES**

**Current**

Term debtors	1,100	35
Less provision for doubtful debts	(14)	(14)
Trade debtors	21,169	6,566
Less provision for doubtful debts	(186)	(111)
Loan to Southern River Syndicate	-	1,019
Other debtors	4,618	2,724
Less provision for doubtful debts	(249)	(249)
	<b>26,438</b>	<b>9,970</b>

**Non-Current**

Term debtors	395	395
Less provision for doubtful debts	(395)	(395)
	-	-

Other debtors	88	384
---------------	----	-----

Movements in the provision for impairment of receivables are as follows:

Opening Balance	769	332
Release of provision for impairment during the year	-	-
Receivables provided for during the year	75	437
Closing Balance	844	769

**Key Management Personnel Loans**

	Balance at Beginning of Year	Balance at End of Year	Interest Charged	Interest not Charged	Provision for Impairment	Number of Individuals
<b>Key Management Personnel</b>						
2014	-	-	-	-	-	-
2013	97	-	-	2	-	-

Loans were provided to key management personnel for the sole purpose of acquiring ordinary shares in Viento Group Limited at \$0.35 each pursuant to share incentive plans approved by shareholders at a general meeting held on 29 November 2005.

The loan was repaid during 2013.

The loans were interest free and are for a period of 7 years from the date of the first advance. The loan was 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. Provision for impairment relates to the reduced available proceeds available to repay the loans from the on market sale of the shares in Viento Group Ltd (ASX code: VIE).

At no stage during the year did any one individual have a loan in excess of \$100,000. Interest not charged was calculated at the rate of 6% (2013: 6%).

Post 30 June 2014, Sapphire Lane, a related party of Mr Ray Munro (director) provided a short term loan to the Group for \$1,000,000 on commercial terms.

**VIENTO GROUP LIMITED & CONTROLLED ENTITIES  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2014**

	CONSOLIDATED GROUP	
	2014	2013
	\$000	\$000
<b>11. INVENTORIES</b>		
Work in progress – at cost	8,108	463
Consumables and store items – at cost	292	257
	8,400	720
<b>12. FINANCIAL ASSETS</b>		
Current Financial Assets Available for Sale	6	1,759
Non-Current Financial Assets Available for Sale	2,669	2,635
Total Financial Assets Available for Sale	2,675	4,394
Available for sale financial assets comprise:		
Listed investments, at fair value		
- shares in listed corporations	6	6
Unlisted investments, at fair value	-	
- units in property syndicates (Southern River Syndicate)	2,635	2,635
- units in Kingscliff land unit trust	3	3
- interest in Cudgen Joint Venture	31	30
- investment in Constance Range Exploration Project	-	1,720
	2,675	4,394

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.

**Investment in Constance Range Exploration Project**

The Group obtained shareholder approval under section 256C of the Corporations Act to allow a reduction in the Company's share capital by way of an in specie distribution of Qld Iron Shares held by Viento to the Eligible Viento Shareholders under section 256B of the Corporations Act.

The Capital Reduction was satisfied by a pro rata in specie distribution to each Eligible Viento Shareholder of one Qld Iron Share for every one Viento Share held by that Eligible Viento Shareholder as at the Record Date of 18 September 2013.

From 18 September 2013 the Group no longer had control of Qld Iron Limited.

During the 2013 the asset was 'fair valued' based on the results of an external valuation received and the pending distribution of the entity Qld Iron Limited in the form of a one for one dividend to shareholders.

The valuation was prepared by Al Maynard and Associates Pty Ltd Consulting Geologists. The valuation is based on the 'current cash value' of Qld Iron Pty Ltd a 100% owned subsidiary of Viento Group Ltd. The valuation has been prepared in accordance with the requirements of the Valmin code (1997) and updated version (2005) as adopted by the Australian Institute of Geoscientists ('AIG') and the Australasian Institute of Mining and Metallurgy ('AusIMM').

**VIENTO GROUP LIMITED & CONTROLLED ENTITIES**  
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	CONSOLIDATED GROUP	
	2014	2013
	\$000	\$000
<b>13. OTHER ASSETS</b>		
<b>Other Current Assets</b>		
Prepayments	1,791	216
Security deposits	-	4
	1,791	220
	1,791	220

14. CONTROLLED ENTITIES	Country of Incorporation	Percentage Owned (%)	
		2014	2013
<b>(a) Controlled Entities</b>			
<b>Parent Entity</b>			
Viento Group Limited	Aust		
<b>Subsidiaries of Viento Group Limited</b>			
Viento Equipment Hire Pty Ltd	Aust	100	100
Viento Contracting Services Pty Ltd	Aust	75	77.5
Viento Mining Services Pty Ltd	Aust	100	100
Mineworks Group Pty Ltd	Aust	70	62.5
KVG Joint Venture Pty Ltd	Aust	50	50
HVLV Pty Ltd	Aust	100	0
Power Infrastructure Services Pty Ltd	Aust	65	0
Viento Utility Services Pty Ltd	Aust	100	90
Eurosprings Viento Pty Ltd (est 2014)	Aust	50	0
Viento Finance Pty Ltd	Aust	100	100
Viento Forestry Pty Ltd	Aust	100	100
Qld Iron (formerly Constance Range) Pty td	Aust	0	100

All entities have a financial year end of 30 June 2014.

- Viento Group Limited transferred 2.5% of its shareholding in Viento Contracting Services Pty Ltd to an employee as part of its employment conditions.
- Viento Group Limited acquired the additional 10% of the shareholding in Viento Utility Services Pty Ltd from an employee as part of the employee's contract termination.
- Viento Group Limited acquired the additional 7.5% of the shareholding in Mineworks Group Pty Ltd as part of the acquisition agreement.

**VIENTO GROUP LIMITED & CONTROLLED ENTITIES**  
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**14. CONTROLLED ENTITIES (cont)**

**(b) Business Combinations**

**Acquisition of HVLV Pty Ltd**

On 2 January 2014 the Group acquired 100% of the voting shares of HVLV Pty Ltd, an unlisted company based in Australia which is a mining services business specialising providing civil contracting, equipment hire, heavy duty mechanical repairs and labour hire to establish mining and civil projects in the mining, oil and gas industries. The Consolidated Group has acquired HVLV Pty Ltd due to its presence in the mining services industry and synergies within the Consolidated Group reflected in the goodwill calculation below. The consolidated financial statements include the results of HVLV Pty Ltd for the six month period from the acquisition date.

The fair value of the identifiable assets and liabilities of HVLV Group Pty Ltd as at the date of acquisition was:

<b><i>Fair value of Consideration Transferred</i></b>	<b><i>\$000</i></b>
Cash Paid	4
Cash - Deferred Consideration (30 September 2015)	3,000
Convertible Notes – Contingent Consideration	7,610
Shares Issued	2,708
	<b><u>13,322</u></b>
<b>Current Assets</b>	
Cash and Cash Equivalents	2,523
Trade and Other Receivables	12,989
Inventory and work in progress	2,990
Other current assets	305
	<b><u>18,807</u></b>
<b>Non-Current Assets</b>	
Investment in Power Infrastructure Services Pty Ltd	300
Property, Plant and Equipment	1,843
Identifiable Intangible Assets	3,612
Deferred tax assets	364
	<b><u>6,119</u></b>
<b>Current Liabilities</b>	
Trade and other payables	9,560
Amount due to related parties	1,298
Loans and borrowings	8,355
Current tax liabilities	2,341
Provision	214
	<b><u>21,768</u></b>
<b>Non-current Liabilities</b>	
Interest Bearing Loans	24
Deferred Tax Liability	1,168
	<b><u>1,192</u></b>
Net identifiable assets acquired	1,966
Add Goodwill	11,356
	<b><u>13,322</u></b>
Consideration transferred settled in cash	(4)
Cash and cash equivalents acquired	2,523
Net Cash Flow inflow on acquisition	2,519
Acquisition costs charged to expenses	(524)
Net cash inflow relating to the acquisition	<b><u>1,995</u></b>

**VIENTO GROUP LIMITED & CONTROLLED ENTITIES**  
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**14. CONTROLLED ENTITIES (cont)**

In the six months to 30 June 2014 HVLV contributed revenue of \$32,773,000 and profit after tax of \$1,606,000 to the Group's result resulting in consolidated revenue of \$102,535,000. If the acquisition had occurred on 1 July 2013, management estimates that consolidated revenue would have been \$120,216,000 and consolidated profit after tax for the year would have been \$1,242,000.

In determining these amounts management has assumed that the fair value adjustments determined provisionally, that arose on the date of acquisition would have been the same had the acquisition had occurred on 1 July 2013.

There are no contingent liabilities associated with the acquisition.

**Acquisition of Power Infrastructure Services Pty Ltd**

On 1 March 2014 the Group acquired additional 40% of the voting shares of Power Infrastructure Services Pty Ltd, an unlisted company based in Australia specialising in electrical switchgear and service including electrical solutions to fit out and install the switchrooms fabricated and manufactured by HVLV. The consolidated financial statements include the results of Power Infrastructure Services Pty Ltd for the four month period from the acquisition date.

The fair value of the identifiable assets and liabilities of Power Infrastructure Services Pty Ltd as at the date of acquisition was:

<b><i>Fair value of Consideration Transferred</i></b>	<b><i>\$'000</i></b>
Cash Paid	200
Fair value of existing equity interest (15%)	300
Shares Issued	200
	<b>700</b>
<b>Current Assets</b>	
Cash	403
Trade and Other Receivables	2,981
Inventory and work in progress	1,314
Other current assets	19
	<b>4,717</b>
<b>Non-Current Assets</b>	
Property, Plant and Equipment	230
Deferred Tax Assets	23
Identifiable Intangible Assets	667
	<b>920</b>
<b>Current Liabilities</b>	
Trade and other payables	3,823
Loans and borrowings	55
Provisions	39
	<b>3,917</b>
<b>Non-current Liabilities</b>	
Deferred Tax Liability	203
	<b>203</b>
Net identifiable assets acquired	1,517
Less: Non-controlling interest (45%)	(683)
Less: Gain on Bargain Purchase	(134)
	<b>700</b>
Consideration transferred settled in cash	(200)
Cash and cash equivalents acquired	403
Net Cash Flow inflow on acquisition	203
Acquisition costs charges to expenses	-
Net cash inflow relating to the acquisition	<b>203</b>

**VIENTO GROUP LIMITED & CONTROLLED ENTITIES**  
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**14. CONTROLLED ENTITIES (cont)**

In the four months to 30 June 2014 Power Infrastructure Services Pty Ltd contributed revenue of \$9,216,000 and profit after tax of \$159,000 to the Group's result resulting in consolidated revenue of \$102,535,000. If the acquisition had occurred on 1 July 2013, management estimates that consolidated revenue would have been \$111,989,000 and consolidated profit after tax for the year would have been \$1,030,000. In determining these amounts management has assumed that the fair value adjustments determined provisionally, that arose on the date of acquisition would have been the same had the acquisition had occurred on 1 July 2013.

There are no contingent liabilities associated with the acquisition.

Subsequent to the above acquisition, a further 10% of the voting shares of Power Infrastructure Services Pty Ltd was acquired on 2 March 2014 and settlement occurred on 13 May 2014 for a consideration of \$200,000.

	CONSOLIDATED GROUP	
	2014	2013
	\$000	\$000
<b>15. PLANT AND EQUIPMENT</b>		
Plant and equipment at cost	25,049	19,288
Accumulated depreciation	(7,791)	(3,167)
Total plant and equipment	17,258	16,121

**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

Balance at the beginning of the year	16,121	5,995
Acquisition of Mineworks Group plant and equipment	-	2,794
Acquisition of HVLV plant and equipment	1,843	-
Acquisition of Power Infrastructure Services plant and equipment	230	-
Additions	3,973	10,196
Disposals	(648)	(662)
Depreciation expense	(4,261)	(2,202)
Carrying amount at the end of the year	17,258	16,121

**16. BIOLOGICAL ASSETS**

At net market value:

Opening balance	-	1,180
Acquisitions	-	-
Maintenance, rent and insurance	-	67
Fair value decrement	-	(1,247)
Closing balance	-	-

The biological assets of the Group have been impaired to nil in the year to 30 June 2013. The asset has no value unless an export facility is constructed on Kangaroo Island.

**VIENTO GROUP LIMITED & CONTROLLED ENTITIES  
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	CONSOLIDATED GROUP	
	2014	2013
	\$000	\$000
<b>17. INTANGIBLE ASSETS</b>		
<b>Goodwill</b>		
Goodwill at cost	13,688	2,332
Accumulated impaired losses	(2,182)	(2,182)
Net carrying value	<u>11,506</u>	<u>150</u>
<b>Trademarks</b>		
Trademarks at cost	14	14
Accumulated impaired losses	-	-
Net carrying value	<u>14</u>	<u>14</u>
<b>Identifiable intangible assets</b>		
Customer contracts at cost	4,279	-
Accumulated amortisation	(2,727)	-
Net carrying value	<u>1,552</u>	<u>-</u>
<b>Total Intangibles</b>	<u><u>13,072</u></u>	<u><u>164</u></u>

Goodwill arose on the acquisition of HVLV. The goodwill is attributable to the workforce and the profitability of the acquired business.

Trademarks have an indefinite life and are being carried at net book value. As the trademark is the name "Viento" it is envisaged it will be used indefinitely in association with the products and services that are offered by the consolidated group.

Identifiable intangible asset in relation to customer contracts, and goodwill arose on the acquisition of HVLV Pty Ltd on 2 January 2014. See note 14 above for further details.

Identifiable intangible asset in relation to customer contracts arose on the acquisition of Power Infrastructure Services Pty Ltd on 1 March 2014. See note 14 above for further details.

*Reconciliations*

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Goodwill	Trademarks	Customer contracts	Total
	\$000	\$000	\$000	\$000
Consolidated				
Balance at 1 July 2012	-	14	-	14
Additions through business combinations	150	-	-	150
Balance at 30 June 2013	<u>150</u>	<u>14</u>	<u>-</u>	<u>164</u>
Additions through business combinations	11,356	-	4,279	15,635
Amortisation expense	-	-	(2,727)	(2,727)
Balance at 30 June 2014	<u><u>11,506</u></u>	<u><u>14</u></u>	<u><u>1,552</u></u>	<u><u>13,072</u></u>

**VIENTO GROUP LIMITED & CONTROLLED ENTITIES  
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**17. INTANGIBLE ASSETS (cont)**

The recoverable amount of the consolidated entity's goodwill has been determined by a value-in-use calculation using a discounted cash flow model, based on a 1 year projection period approved by management and extrapolated for a further 4 years using a steady rate, together with a terminal value.

Key assumptions are those to which the recoverable amount of an asset or cash-generating units is most sensitive.

The following key assumptions were used in the discounted cash flow model for the electrical and power division: (a) 20% pre-tax weighted average cost of capital discount rate; (b) 2.5% per annum projected revenue growth rate; (c) 2.5% per annum increase in operating costs and overheads.

The discount rate of 20% pre-tax weighted average cost of capital reflects management's estimate of the time value of money and the consolidated entity's weighted average cost of capital adjusted for the electrical and power division.

Management believes the projected 2.5% revenue growth rate is prudent and justified, based on the general slowing in the market.

Managements' estimation of the increase in operating costs and overheads is based upon an expected lower inflation rate and concerted efforts by the consolidated entity to contain costs.

There were no other key assumptions for the electrical and power division.

*Sensitivity*

The directors have made judgements and estimates in respect of impairment testing of goodwill. Should these judgements and estimates not occur the resulting goodwill carrying amount may decrease. The sensitivities are as follows:

(a) Revenue would need to decrease by more than 30% p.a. for the electrical and power division before goodwill would need to be impaired, with all other assumptions remaining constant.

(b) The discount rate would be required to increase more than 44% for the electrical and power division before goodwill would need to be impaired, with all other assumptions remaining constant.

Management believes that other reasonable changes in the key assumptions on which the recoverable amount of electrical and power division goodwill is based would not cause the cash-generating unit's carrying amount to exceed its recoverable amount.

If there are any negative changes in the key assumptions on which the recoverable amount of goodwill is based, this would result in a further impairment charge for the electrical and power division goodwill.

The following key assumptions were used in the discounted cash flow model for the mining services division: (a) 20% post-tax weighted average cost of capital discount rate; (b) 2.5% per annum projected revenue growth rate; (c) 2.5% per annum increase in operating costs and overheads.

The discount rate of 20% post-tax weighted average cost of capital reflects management's estimate of the time value of money and the consolidated entity's weighted average cost of capital adjusted for the mining services division.

Management believes the projected 2.5% revenue growth rate is prudent and justified, based on the general slowing in the market.

Managements' estimation of the increase in operating costs and overheads is based upon an expected lower inflation rate and concerted efforts by the consolidated entity to contain costs.

There were no other key assumptions for the mining services division.



**VIENTO GROUP LIMITED & CONTROLLED ENTITIES  
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**17. INTANGIBLE ASSETS (cont)**

*Sensitivity*

The directors have made judgements and estimates in respect of impairment testing of goodwill. Should these judgements and estimates not occur the resulting goodwill carrying amount may decrease. The sensitivities are as follows:

- (a) Revenue would need to decrease by more than 0.5% p.a. for the mining services division before goodwill would need to be impaired, with all other assumptions remaining constant.
- (b) The discount rate would be required to increase by 0.5% for the mining services division before goodwill would need to be impaired, with all other assumptions remaining constant.

Management believes that other reasonable changes in the key assumptions on which the recoverable amount of mining services division goodwill is based would not cause the cash-generating unit's carrying amount to exceed its recoverable amount.

If there are any negative changes in the key assumptions on which the recoverable amount of goodwill is based, this would result in a further impairment charge for the mining services division goodwill.

**CONSOLIDATED GROUP**

**2014            2013**  
**\$000            \$000**

**18. TRADE & OTHER PAYABLES**

**Current**

Trade creditors	13,508	4,732
Sundry creditors and accruals	14,541	2,416
Amounts owing to related parties	-	103
	<u>28,049</u>	<u>7,251</u>

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**CONSOLIDATED GROUP**  
**2014**                      **2013**  
**\$000**                      **\$000**

**19. TAX**

**(a) Assets**

NON-CURRENT

Deferred tax assets comprises:

Provisions	638	312
Impairment of assets	872	941
Future income tax benefits of losses	1,259	2,506
Other	300	186
	3,069	3,945
	3,069	3,945

Movements in deferred tax assets:

Opening balance	3,945	2,454
Credited/(Charged) to Statement of Comprehensive Income	(1,308)	1,438
Current year – (charge)/credit to equity	432	53
Closing balance	3,069	3,945
	3,069	3,945

In 2014 the group recognised a future income tax benefit from losses of \$1,259,000 (2013: \$2,506,000) as management considers that the losses will be utilised against forecast profit making operations arising out of mining services contracts awarded and ongoing management fees from the property services division.

**(b) Liabilities**

NON-CURRENT

Deferred tax liabilities comprise:

Reinstatement DTL to Statement of Comprehensive Income	716	893
	716	893
	716	893

Movements in deferred tax liabilities:

Opening balance	893	913
Current year - credit to Statement of Comprehensive Income	(177)	(20)
Closing balance	716	893
	716	893

**VIENTO GROUP LIMITED & CONTROLLED ENTITIES  
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**CONSOLIDATED GROUP**  
**2014**                      **2013**  
**\$000**                      **\$000**

**20. PROVISIONS**

**Analysis of Total Provisions**

Current Employee Benefits	1,213	244
Total Current Provisions	1,213	244
Non-Current Employee Benefits – Long Service Leave	5	20
	1,218	264

**Employee Benefits Current – Annual Leave**

Amount at the start of the year	244	45
Acquisition of Mineworks Group Pty Ltd	-	119
Acquisition of HVLV Pty Ltd	214	-
Acquisition of Power Infrastructure Services Pty Ltd	39	-
Amount charged to the provision as an expense	848	419
Amount of provision utilised during the year	(132)	(339)
Closing balance of the provision	1,213	244

**Employee Benefits Non-Current – Long Service Leave**

Amount at the start of the year	20	19
Amount charged to the provision as an expense	-	1
Amount of provision transferred to current	(15)	-
Closing balance of the provision	5	20
	1,218	264

**21. OTHER LIABILITIES**

**Current**

Unearned income	41	-
	41	-

**Non - Current**

Rental bond refundable	57	45
	57	45

**VIENTO GROUP LIMITED & CONTROLLED ENTITIES  
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**CONSOLIDATED GROUP**  
**2014**      **2013**  
**\$000**      **\$000**

**22. LOANS AND BORROWINGS**

**A. BORROWINGS IS COMPRISED OF:**

**Current**

Finance lease liability	5,473	4,322
Debtor finance facility	553	-
Insurance premium funding	1,110	-
Borrowings	2,000	-
	<u>9,137</u>	<u>4,322</u>

**Non-Current**

Finance lease liability	3,689	7,074
Borrowings	4,500	-
Convertible notes	7,618	-
Deferred consideration	3,000	-
	<u>18,807</u>	<u>7,074</u>

**Group Total**

27,944      11,396

**B. FINANCE FACILITIES**

**2014**

Description	Face Value (Limit) \$'000s	Utilised Amount \$'000s	Unutilised Amount \$'000s
Asset Financing	12,455	9,162	3,293
Loans and borrowings	6,500	6,500	-
Insurance Premium Funding	1,110	1,110	-
Overdraft facility	3,000	-	3,000
Bank guarantee facility	5,500	4,383	1,117
Debtor finance facility	1,500	553	947

**2013**

Description	Face Value \$'000s	Utilised Amount \$'000s	Unutilised Amount \$'000s
Asset Financing	14,706	11,396	3,310

To facilitate the acquisition of its mining fleet, Viento has entered into various equipment finance agreements with financiers. The interest rates on these loan contracts are fixed for 24-60 months at an average rate of 7.36% (2013: 7.56%). At 30 June 2014, the net carrying amount of leased plant and equipment was \$14,807,103 (2013: \$14,188,773). During the year, the Group acquired leased assets of \$2,879,579 (2013: \$10,821,805). The total leased assets include assets that are 100% leased and partially leased.

**Insurance Premium Funding**

During the prior year Viento Group Limited secured insurance premium funding to cover its annual insurance expenses. The facility was with Macquarie Premium Funding and the interest rate applicable is fixed at 1.28% pa. The total premium financed was \$1,110,000.

**VIENTO GROUP LIMITED & CONTROLLED ENTITIES  
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**22. LOANS AND BORROWINGS (cont.)**

**C. SECURITY**

Security comprises a first ranking combination and general security interest over the assets of the Group and an asset security interest relating to the assets purchased under each agreement. Refer to Note 22(b).

Viento entered into new financing arrangements with the CBA on 20 August 2014 and was compliant with its covenants as at 30 June 2014.

	CONSOLIDATED GROUP	
	2014	2013
	\$000	\$000
<b>23. ISSUED CAPITAL</b>		
Ordinary shares on issue 1 July	26,437	22,256
Shares issued for cash	3,004	4,252
Exercise of share options	205	8
Share raising costs (net of tax)	-	(79)
Shares on issue at 30 June	29,646	26,437

Refer to Note 8 Earnings per share for details about the weighted average number of shares outstanding. The company does not have authorised capital or par value in respect of its issued shares. The total number of shares outstanding at 30 June 2014 are 89,871,511.

**(a) Ordinary shares**

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.

During the year the number of shares on issue changed as a result of several transactions including being used as consideration for the acquisitions of HVLV Pty and Power Infrastructure Services Pty Ltd, refer to note 14.

**(b) Partly Paid Shares**

There were no partly paid shares outstanding at any time during the year.

**(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 32.

(ii) For information relating to options issued, exercised and lapsed during the financial year and the options outstanding at year-end refer to Note 32.

**24. RESERVES**

**Share Based Payment Reserve**

The share based payment reserve records items in relation to the valuation of employee shares and share options.

**Financial Assets Reserve**

The financial assets reserve records revaluations of financial assets and some deferred tax.

**VIENTO GROUP LIMITED & CONTROLLED ENTITIES**  
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**25. SEGMENT INFORMATION**

Management has determined the operating segments based on the internal reports reviewed by the Board that are used to make strategic decisions. The Board assesses the performance of the operating segments based on revenue, EBIT, EBITDA and profit before tax.

The operating segments are identified by the Board based on the nature of the services provided. The entity is organised into the following divisions by service type.

**Mining Services**

Viento provides services in civil contracting for the mining industry focused on the Pilbara in Western Australia. These services include works on rail embankments, access roads, tailings dams, general mine infrastructure projects, mine pre-stripping, contract mining and utility services to the mining, oil & gas industries.

**Managed Funds**

Viento retains the management of two West Australian based residential land subdivision property syndicates.

**Electrical and Power**

Viento provides electrical services including the provision of switchrooms and related power services for the mining and oil and gas industries.

**Intersegment Eliminations**

Represents transactions which are eliminated on consolidation in the Statement of Profit or Loss. Assets and liabilities are eliminated in their respective segments.

	<b>Mining Services</b>	<b>Managed Funds</b>	<b>Electrical and Power</b>	<b>Inter Segment Eliminations</b>	<b>Total</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
<b>2014</b>					
Revenue from external customers	60,597	4,584	37,314	-	102,495
Inter segment revenue	6,071	-	4,662	(10,733)	-
<b>Total revenue</b>	<b>66,668</b>	<b>4,584</b>	<b>41,976</b>	<b>(10,733)</b>	<b>102,495</b>
Interest income	(184)	210	14	-	40
<b>Segment revenue</b>	<b>66,484</b>	<b>4,794</b>	<b>41,990</b>	<b>(10,733)</b>	<b>102,535</b>
<b>Segment EBITDA</b>	<b>8,513</b>	<b>(1,126)</b>	<b>3,525</b>	<b>-</b>	<b>10,912</b>
Depreciation and amortisation expense	(3,832)	(183)	(2,975)	-	(6,990)
Impairment expense	-	-	-	-	-
Bad and doubtful debts expense	(71)	-	22	-	(49)
<b>Segment EBIT</b>	<b>4,610</b>	<b>(1,309)</b>	<b>572</b>	<b>-</b>	<b>3,873</b>
Interest income	(184)	210	14	-	40
Interest expense	(1,359)	(86)	(591)	-	(2,036)
<b>Segment result</b>	<b>3,067</b>	<b>(1,185)</b>	<b>(5)</b>	<b>-</b>	<b>1,877</b>
Income tax expense					(710)
<b>Profit</b>					<b>1,167</b>

**VIENTO GROUP LIMITED & CONTROLLED ENTITIES**  
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**25. SEGMENT INFORMATION (cont.)**

	<b>Mining Services</b>	<b>Managed Funds</b>	<b>Electrical and Power</b>	<b>Inter Segment Eliminations</b>	<b>Total</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
<b>Segment assets</b>	34,582	7,296	39,044	-	80,922
<b>Segment liabilities</b>	23,975	13,247	22,690	-	59,912
Acquisition of property, plant and equipment	3,741	-	232	-	3,973

	<b>Mining Services</b>	<b>Managed Funds</b>	<b>Inter Segment Eliminations</b>	<b>Total</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
<b>2013</b>				
Revenue from external customers	23,048	1,265	-	24,313
Inter segment revenue	2,346	870	(3,216)	-
<b>Total revenue</b>	25,394	2,135	(3,216)	24,313
Interest income	4	98	-	102
<b>Segment revenue</b>	25,398	2,233	(3,216)	24,415
<b>Segment EBITDA</b>	3,507	(3,926)	-	(419)
Depreciation expense	(2,150)	(52)	-	(2,202)
Impairment expense	-	(1,782)	-	(1,782)
Bad and doubtful debts expense	(156)	(327)	-	(483)
<b>Segment EBIT</b>	1,201	(6,087)	-	(4,886)
Interest income	4	98	-	102
Interest expense	(921)	(19)	-	(940)
<b>Segment result</b>	284	(6,008)	-	(5,724)
Income tax benefit				1,263
<b>Loss for the period</b>				(4,461)

	<b>Mining Services</b>	<b>Managed Funds</b>	<b>Inter Segment Eliminations</b>	<b>Total</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
<b>Segment assets</b>	18,115	19,143	-	37,258
<b>Segment liabilities</b>	17,727	2,197	-	19,924
Acquisition of property, plant and equipment	10,398	300	-	10,698

**VIENTO GROUP LIMITED & CONTROLLED ENTITIES**  
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**26. INTEREST IN JOINT VENTURES**

**(a) Interest in Joint Ventures**

- i) The Group entered into a joint venture with Indigenous Construction Resource Group Pty Ltd (ICRG) and were awarded a contract by Rio Tinto worth approximately \$5.7 million to construct and commission an expansion of the Paraburdoo Tailings Storage Facility. The works under the contract commenced in May 2014 and were completed in August 2014. The company holds a 50% interest in the joint venture. The financial position of the joint venture as at 30 June 2014 is summarised below:-

	<b>2014</b>
	<b>\$000</b>
Summarised statement of financial position	
Current assets	3,732
Non-current assets	-
Total assets	<u>3,732</u>
Current liabilities	3,361
Non-current liabilities	-
Total liabilities	<u>3,361</u>
Net assets	<u><u>371</u></u>
Summarised statement of profit or loss and other comprehensive income	
Revenue	3,379
Expenses	<u>(2,849)</u>
Profit before income tax	530
Income tax expense	<u>(159)</u>
Profit after income tax	371
Other comprehensive income	<u>-</u>
Total comprehensive income	<u>371</u>
Reconciliation of the consolidated entity's carrying amount	
Opening carrying amount	-
Share of profit after income tax	<u>186</u>
Closing carrying amount	<u>186</u>

- ii) Until 18 September 2013 when the Group no longer had control of Qld Iron Limited (QIL) (see note 12), QIL was in a joint venture with KBL Mining Ltd (KML) to develop the Constance Range iron ore deposits (the Project). Under the joint venture agreement, KML had a right to earn 30% equity in the Project by completing a pre-feasibility study. Under a supplementary agreement, dated 1 April 2008, KML completed the earning of its 30% equity by paying \$250,000 in cash to QIL. On 30 May 2010 KML waived its right to earn the additional 20% joint venture interest.

**(b) Interest in Joint Venture Entities**

The consolidated group has a 7% interest (2013: 7%) in the Cudgen Joint Venture, whose principal activity is to rezone and subsequently develop approximately 40 hectares of land into residential lots in Kingscliff, New South Wales. In February 2009 a recapitalisation agreement was entered into whereby loans made to the venture by existing parties were converted to capital and new investors contributed an additional \$3.836m in return for an 80% interest. During 2013 the Group did not contribute anything to the joint venture. The joint venture issued further units during the year which has diluted the holding of the group. Viento did not participate in the issue of units. The interest was impaired during the year to the recoverable amount. Refer to note 12.



**VIENTO GROUP LIMITED & CONTROLLED ENTITIES  
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**CONSOLIDATED GROUP**

**2014                  2013  
\$000                  \$000**

**27. 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	3,510	1,360
- between 12 months and 5 years	10,348	2,920
- greater than 5 years	1,800	-
	<u>15,658</u>	<u>4,280</u>

The operating lease commitments relate predominately to the rental of properties.

During 2014 Viento assumed the lease commitments of two leased premises in Hazelmere, Western Australia (expiring 30 April 2020) for the amount of \$2,159,842 per annum as part of the acquisition of HVLV Pty Ltd.

**Finance lease commitments**

Finance leases were entered into to facilitate the acquisition of its mining fleet. Refer to Note 22(b) for the terms of the loan contracts.

Payable:

- not later than 12 months	6,584	4,322
- between 12 months and 5 years	3,658	7,074
- greater than 5 years	-	-
	<u>10,242</u>	<u>11,396</u>

**28. CONTINGENT LIABILITIES**

Estimates of the potential financial effect of contingent liabilities that may become payable:

The Commonwealth Bank holds a security deposit guarantee relating to the rental of the Osborne Park Office to the value of \$147,340 (2013: \$147,340).

The Commonwealth Bank holds a security deposit guarantee relating to the various construction projects to the value of \$317,000.

The Commonwealth Bank has issued guarantees relating to the various construction projects to the value of \$4,383,000.

The agent for the premises at 155 Lakes Road Hazelmere is holding a security deposit in the amount of \$109,000.

In addition Viento Group has given a bank deposit in the amount of \$91,988 (2013: \$101,175) to cover run off insurance relating to the sale of the Viento property businesses.

**VIENTO GROUP LIMITED & CONTROLLED ENTITIES  
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**CONSOLIDATED GROUP**

**2014      2013**  
**\$000      \$000**

**29. CASH FLOW INFORMATION**

**(a) Reconciliation of Cash Flow from Operations with the Profit after Income Tax**

(Loss) / profit after income tax	1,167	(4,477)
Profit on disposal of fixed assets	-	31
Non-cash flows in profit		
Fair value movement on biological assets	-	1,247
Depreciation and amortisation	6,990	2,202
Impairment of Kingscliff/Cudgen investments	-	535
Reversal of impaired receivable	(46)	-
Bad and doubtful debts	-	483
Employee benefits expense	608	1,480
Changes in Assets and Liabilities		
(Increase)/decrease in receivables and other assets	(1,268)	(4,893)
Increase in inventories	(3,292)	(432)
Increase in payables and provisions	8,221	4,381
Increase / (decrease) in income tax balances	710	(1,281)
Cash flows (used in)/ from operations	<u>13,090</u>	<u>(724)</u>

**(b) Non cash investing and financing activities**

Acquisition of plant & equipment by means of hire purchases	2,880	(9,235)
Insurance premium funding	1,976	-
	<u>4,855</u>	<u>(9,235)</u>

**VIENTO GROUP LIMITED & CONTROLLED ENTITIES  
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**30. RELATED PARTIES**

**a) Parent entity**

The parent entity within the Group is Viento Group Limited.

**(b) Key management personnel**

Disclosures relating to key management personnel remuneration and loan arrangements are set out in the Remuneration Report, Note 5 and Note 10(b).

**(c) Associated entities**

During the year the group advanced money to two property syndicates to help them with short term financing. The interest rate charged was the same as the Commonwealth Bank of Australia Cash Deposit Account (CBA CDA) interest rate and therefore covered the opportunity cost of funds.

During the year the group sub leased office space to Mitie Constructions Pty Ltd, a related party of Mr Farrell (director). The sublease was entered into on arms' length terms. The revenue for the year recognised in the consolidated income is \$81,000 and the trade debtors balance at 30 June 2014 is \$nil.

During the year the group provided equipment hire to Mitie Constructions Pty Ltd, a related party of Mr Farrell (director). The equipment hire was entered into on arms' length terms. The revenue for the year recognised in the consolidated income is \$75,000 and the trade debtors balance at 30 June 2014 is \$6,000.

During the year the group sub leased property space to AL Logistics Pty Ltd, a related party of Mr Silverthorne (director). The sublease was entered into on arms' length terms. The revenue for the year recognised in the consolidated income is \$239,000 and the trade debtors balance at 30 June 2014 is \$nil.

During the year the group provided workshop services to AL Logistics Pty Ltd, a related party of Mr Silverthorne (director). The services were provided on arms' length terms. The revenue for the year recognised in the consolidated income is \$215,000 and the trade debtors balance at 30 June 2014 is \$nil.

During the year the group sub leased property space to JMG Transport Pty Ltd, a related party of Mr Silverthorne (director). The services were provided on arms' length terms. The revenue for the year recognised in the consolidated income is \$181,000 and the trade debtors balance at 30 June 2014 is \$nil.

During the year the group provided workshop services to JMG Transport Pty Ltd, a related party of Mr Silverthorne (director). The services were provided on arms' length terms. The revenue for the year recognised in the consolidated income is \$7,000 and the trade debtors balance at 30 June 2014 is \$8,000.

During the year the group provided equipment hire to Koodaideri Pty Ltd, a 50% shareholder in the company subsidiary KVG Joint Venture Pty Ltd. The services were provided on arms' length terms. The revenue for the year recognised in the consolidated income is \$392,000 and the trade debtors balance at 30 June 2014 is \$259,000.

During the year the group provided workshop services to Aus-com Training Services Pty Ltd, a related party of Mr Silverthorne (director). The services were provided on arms' length terms. The revenue for the year recognised in the consolidated income is \$27,000 and the trade debtors balance at 30 June 2014 is \$2,000.

During the year the group provided workshop services to Northwest Quarries Pty Ltd, a related party of Mr Silverthorne (director). The services were provided on arms' length terms. The revenue for the year recognised in the consolidated income is \$33,000 and the trade debtors balance at 30 June 2014 is \$nil.

During the year the group sold a Motor Vehicle to Mandurah Kia, a related party of Mr Farrell (director). The sale was entered into on arms' length terms. The proceeds from sale for the year recognised in the consolidated accounts is \$15,000 and the trade debtors balance at 30 June 2014 is \$nil.

**VIENTO GROUP LIMITED & CONTROLLED ENTITIES**  
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**30. RELATED PARTIES (cont.)**

During the year the group received transport services from AL Logistics Pty Ltd, a related party of Mr Silverthorne (director). The services were provided on arms' length terms. The expense for the year recognised in the consolidated expenses is \$453,000 and the trade creditors balance at 30 June 2014 is \$nil.

During the year the group received training services from Aus-com Training Services Pty Ltd, a related party of Mr Silverthorne (director). The services were provided on arms' length terms. The expense for the year recognised in the consolidated expenses is \$247,000 and the trade creditors balance at 30 June 2014 is \$27,000.

During the year the group leased property space from Northwest Quarries Pty Ltd, a related party of Mr Silverthorne (director). The services were provided on arms' length terms. The expense for the year recognised in the consolidated expenses is \$10,000 and the trade creditors balance at 30 June 2014 is \$2,000.

During the year the group received mining related products and services from Northwest Quarries Pty Ltd, a related party of Mr Silverthorne (director). The services were provided on arms' length terms. The expense for the year recognised in the consolidated expenses is \$583,000 and the trade creditors balance at 30 June 2014 is \$81,000.

During the year the group received mining related products and services from JRM Resources Pty Ltd, a related party of Mr Silverthorne (director). The services were provided on arms' length terms. The revenue for the year recognised in the consolidated income is \$109,000 and the trade creditors balance at 30 June 2014 is \$6,000.

During the year the group lease property from the De Mol Investment Trust a related party of Mr De Mol (director). The services were provided on arms' length terms. The expense for the year recognised in the consolidated expenses is \$1,621,000 and the trade creditors balance at 30 June 2014 is \$177,000.

During the year the group received consultancy services from the De Mol Group of Companies a related party of Mr De Mol (director). The services were provided on arms' length terms. The expense for the year recognised in the consolidated expenses is \$18,000 and the trade creditors balance at 30 June 2014 is \$nil.

During the year the group received transport services from JMG Transport Pty Ltd, a related party of Mr Silverthorne (director). The services were provided on arms' length terms. The expense for the year recognised in the consolidated expenses is \$337,000 and the trade creditors balance at 30 June 2014 is \$nil.

During the year the group received mining related products and services from JSW Pty Ltd, a related party of Mr Silverthorne (director). The services were provided on arms' length terms. The expense for the year recognised in the consolidated expenses is \$148,000 and the trade creditors balance at 30 June 2014 is \$163,000.

During the year the group received mining related products and services from Brookfield Industries Pty Ltd, a related party of Mr Silverthorne (director). The services were provided on arms' length terms. The expense for the year recognised in the consolidated expenses is \$91,000 and the trade creditors balance at 30 June 2014 is \$nil.

During the year the group advanced \$100,000 to Koodaideri Pty Ltd and was repaid \$181,000, a 50% shareholder in the company subsidiary KVG Joint Venture Pty Ltd. The total liability at 30 June 2014 is \$37,000.

Hanscon Holdings Pty Ltd, a major shareholder of Viento Group Limited provided consultancy service to the group. The expense for the services was settled from the issue of equity options and the expense for the year recognised in the consolidated expenses is \$87,000.

**VIENTO GROUP LIMITED & CONTROLLED ENTITIES  
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**30. RELATED PARTIES (cont.)**

	<b>CONSOLIDATED GROUP</b>	
	<b>2014</b>	<b>2013</b>
	<b>\$000</b>	<b>\$000</b>
<b>Loans to associated entities:</b>		
Balance as at beginning of period	1,137	850
Loans advanced	130	616
Loan repayments received	(1,230)	(329)
	37	1,137
 Amounts recognised as revenue or expense:		
- Interest revenue*	-	33
- Property rental revenue	501	146
- Mining services revenue	749	210
- Mining supply expenses	(931)	-
- Property rental expense	(1,631)	-
- Transport services expense	(790)	(211)
- Training services expense	(247)	(26)
- Consultancy services	(18)	(194)
 Sale of PP&E		
- Proceeds from sale of PP&E	15	-

*\* Interest revenue is accrued or invoiced to 30 June and is included in the balance sheet as debtors/accrued income respectively.*

**VIENTO GROUP LIMITED & CONTROLLED ENTITIES  
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**30. RELATED PARTIES (cont.)**

d) Balance and terms of loans to related parties	2014	2013	Applicable
	\$000	\$000	Interest rate
<b>Related Party – Current Assets</b>			
Southern River Property Syndicate	-	1,019	3.25%
Henley Brook Property Syndicate	-	-	3.25%
Mitie Constructions	6	2	
AL Logistics	-	125	
Aus-com	2	-	
JMG Transport	8		
Northwest Quarries	-	15	
Koodaideri	259	119	
<b>Total</b>	<u>275</u>	<u>1,280</u>	
<b>Related Party – Current Liabilities</b>			
Northwest Quarries	83	74	
AL Logistics	-	29	
Aus-com	27	-	
The Demol Investment Trust	177	-	
JRM	6		
JSW	163		
<b>Total</b>	<u>456</u>	<u>103</u>	

**VIENTO GROUP LIMITED & CONTROLLED ENTITIES  
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**31. FINANCIAL RISK MANAGEMENT**

**(a) Financial Risk Management Policies**

The Group's financial instruments consist mainly of deposits with banks, short-term investments, accounts receivable and payable and loans to and from subsidiaries and financial institutions. The main purpose of non-derivative financial instruments is to raise finance for Group operations. Derivatives are not used by the Group.

**a. Treasury Risk Management**

Senior executives of the Group meet on a regular basis to analyse financial risk exposure and to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts.

The overall risk management strategy seeks to assist the Group in meeting its financial targets, whilst minimising potential adverse effects on financial performance.

**b. Financial Risk Exposures and Management**

The main risks the Group is exposed to through its financial instruments are interest rate risk, liquidity risk and credit risk.

*Interest Rate Risk*

The Group manages interest rate risk by fixing its equipment finance debt and monitoring forecast cash flows. At 30 June 2014 the group's variable debt consisted of \$6.5 million loan with Commonwealth Bank of Australia.

*Liquidity Risk*

The Group manages liquidity risk by monitoring forecast cash flows, restructuring financial arrangements and ensuring that adequate cash is available to meet its obligations. The Group's exposure to liquidity risk is set out on Note 22 and Note 27.

*Credit Risk*

At balance date the maximum exposure to credit risk to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the Statement of Financial Position and Notes to the financial statements. Credit risk is managed to ensure that customers are of sound credit worthiness and monitoring is used to recover aged debts and assess receivables for impairment. Credit terms are generally 30 days from the invoice date. The Group has no significant concentration of credit risk with any single party.

**c. Capital Management**

Management used the capital of the group primarily to operate, grow and develop the mining services businesses.

The group's debt and capital includes ordinary share capital and financial liabilities, supported by financial assets.

Management effectively manages the group's capital by assessing the group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

All cash at bank and short term deposits of the Group are held with banks rated AA by Standard and Poor.

**b) Financial Instruments**

**(i) Financial Instrument Composition and Maturity Analysis**

The tables on the following pages reflect the undiscounted contractual settlement terms for financial instruments of a fixed period of maturity, as well as management's expectations of the settlement period for all other financial instruments.

**VIENTO GROUP LIMITED & CONTROLLED ENTITIES**  
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**31. FINANCIAL RISK MANAGEMENT (cont)**

	Weighted Average Effective Interest Rate		Fixed Interest Rate Maturing Within 1 Year				1 to 5 Years		Over 5 Years		Floating Interest Rate		Non-interest Bearing		Total	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Consolidated Group			\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>Financial assets</b>																
Cash and cash equivalents	1.00%	1.50%	-	-	-	-	-	-	-	8,021	1,340	-	-	8,021	1,340	
Receivables	0.00%	3.10%	-	119	-	-	-	-	-	-	1,019	26,526	9,216	26,526	10,354	
Investments			-	-	-	-	-	-	-	-	-	2,675	4,394	2,675	4,394	
Other current assets			-	-	-	-	-	-	-	-	-	1,791	220	1,791	220	
Total Financial Assets			-	119	-	-	-	-	-	8,021	2,359	30,992	13,830	39,013	16,308	
<b>Financial liabilities</b>																
Trade and sundry payables			-	-	-	-	-	-	-	-	-	31,250	7,634	31,250	7,634	
Loans & Borrowings	5.72%	7.56%	6,583	4,322	14,861	7,074	-	-	6,500	-	-	-	-	27,944	11,396	
Total Financial Liabilities			6,583	4,322	14,861	7,074	-	-	6,500	-	-	31,250	7,634	59,194	19,030	



**VIENTO GROUP LIMITED & CONTROLLED ENTITIES**  
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**31. FINANCIAL RISK MANAGEMENT (cont)**

The financial instruments recognised at fair value in the statement of financial position have been analysed and classified using a fair value (FV) hierarchy reflecting the significance of the inputs used in making the measurements. The fair value hierarchy consists of the following levels:

- quoted prices in active markets for identical assets or liabilities (Level 1);
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2); and
- Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

	2014				2013			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>Financial assets</b>								
Listed Investments - shares in listed corporations	6	-	-	6	6	-	-	6
Unlisted investments, at FV - units in property sync	-	2,635	-	2,635	-	2,635	-	2,635
Unlisted investments, at FV - units in unlisted trust	-	-	3	3	-	-	3	3
Unlisted investments, at FV - interest in associates	-	-	31	31	-	-	1,750	1,750
	<u>6</u>	<u>2,635</u>	<u>34</u>	<u>2,675</u>	<u>6</u>	<u>2,635</u>	<u>1,753</u>	<u>4,394</u>

Included within level 1 hierarchy are listed investments which are valued based on the share price at reporting date.

Included within level 2 hierarchy are units in an unlisted property trust managed by Viento. These valuations are based on the historic transaction value. No impairment is considered to exist and they have not been re-valued. The unit's value will be redeemed over the remaining term of the syndicate.

Level 3 assets are carried at the value implied by their most recent transaction value. In 2013 the Constance Range Iron Ore Exploration project is carried at fair value (2014: nil; 2013: \$1,720,000) based on a valuation received during 2013. Other assets have been considered for impairment using a combination of techniques including comparisons of recent similar asset sales, historic and recent external valuations as well as negotiations taking place at the date of this report.

**Trade Debtors**

Trade debtors are non-interest bearing and are generally received on 30 to 60 day terms. A provision for impairment loss of \$186,000 for debtors has been recognised on trade debtors at balance date. During the year a bad and doubtful debts of \$49,000 was recognised for debtors. Management are satisfied that payment will be received in full on all remaining trade debtors.

	CONSOLIDATED GROUP	
	2014	2013
	\$000	\$000
The ageing analysis of trade debtors is as follows:		
0 – 30 days	16,180	4,216
31 – 60 days	4,483	1,514
61 – 90 days *	251	611
91 days + *	255	225
Trade Debtors	<u>21,169</u>	<u>6,566</u>

\* considered past due but not impaired

**VIENTO GROUP LIMITED & CONTROLLED ENTITIES  
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**31. FINANCIAL RISK MANAGEMENT (cont)**

**Trade Creditors**

Trade creditors are non-interest bearing and are generally paid on 14-45 day terms.

	CONSOLIDATED GROUP	
	2014	2013
	\$000	\$000
The ageing analysis of trade creditors is as follows:		
Less than 6 months	13,508	4,834
6 months to 1 year	-	-
1 to 5 years	-	-
Over 5 years	-	-
	<u>13,508</u>	<u>4,834</u>

**ii) Net Fair Values**

The fair values of the Group's financial assets and liabilities are materially in line with their carrying values.

The fair value of financial instruments traded in active markets (such as publicly traded securities) is based on quoted market prices at balance date.

The fair values of financial instruments that are not traded in an active market (for example, investments in unlisted trusts) are determined using valuation techniques. The Group uses a combination of discounted cash flows, recent sales prices and cost to determine value.

**(iii) Sensitivity Analysis – Interest Rate Risk**

At balance date, if interest rates had changed by +/- 100 basis points from the year end rates, the Group's profit after tax and equity would have been impacted as follows:

	CONSOLIDATED GROUP	
	2014	2013
	\$000	\$000
Change in profit after tax		
- Increase in interest rate by 1%	65	25
- Decrease in interest rate by 1%	(65)	(25)
Change in equity		
- Increase in interest rate by 1%	65	25
- Decrease in interest rate by 1%	(65)	(25)

**VIENTO GROUP LIMITED & CONTROLLED ENTITIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**32. SHARE BASED PAYMENTS**

A total of \$608,000 was recognised as share based expense for the year ended 30 June 2014 (2013: \$1,476,000).

On 10 October 2013 416,666 share options were granted to one employee of Viento for no consideration, in one tranche of 416,666. The exercise price of these options is \$0.30 and they are exercisable between 1 July 2014 and 30 June 2015. The options vest on 1 July 2014.

On 28 November 2013 1,800,000 share options were approved at the Annual General Meeting to be granted to key management personnel for no consideration, in three tranches.

- A first tranche (Tranche 1) of 600,000 options with an exercise price of \$0.25 each vesting following shareholder approval and exercisable on or before 30 June 2015;
- A second tranche (Tranche 2) of 600,000 options with an exercise price of \$0.40 each vesting 1 July 2014 and exercisable on or before 30 June 2016; and
- A third tranche (Tranche 3) of 600,000 options with an exercise price of \$0.60 each vesting on 1 July 2015 and are exercisable on or after 30 June 2017

All options granted are over ordinary shares in Viento Group Limited, which confer a right of one ordinary share for every option held.

	Consolidated Group			
	2014			2013
	Number of Options	Weighted Average Exercise Price \$	Number of Options	Weighted Average Exercise Price \$
Options outstanding at beginning of the year	12,999,998	0.375	7,640,000	0.408
Granted	2,216,666	0.395	5,409,998	0.335
Cancelled	-		-	-
Exercised	(990,000)	0.207	(50,000)	0.15
Expired	-		-	-
Outstanding at year-end	14,226,664	0.389	12,999,998	0.375
Exercisable at year-end	6,809,998	0.281	550,000	0.217

The options outstanding at 30 June 2014 had a weighted average exercise price of \$0.389 and a weighted average remaining contractual life of 2.74 years. The weighted average exercise price of all options outstanding at 30 June 2013 was \$0.375 and a weighted average remaining contractual life of 2.63 years.

Refer to Note 5 for details of options issued to key management personnel.

The weighted average fair value of options granted during the year was \$0.096. The fair value was calculated using a Black-Scholes option pricing model applying the following inputs.

- Weighted average exercise price \$0.395
- Weighted average life of the option 2.43 years
- Underlying share price \$0.30
- Expected share price volatility 73%
- Risk free interest rate 3.08%.

**VIENTO GROUP LIMITED & CONTROLLED ENTITIES  
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**33. PARENT ENTITY DISCLOSURES**

	<b>2014</b>	<b>2013</b>
	<b>\$000</b>	<b>\$000</b>
Current assets	2,028	6,110
Total assets	30,856	17,635
Current liabilities	2,527	1,250
Total liabilities	15,577	4,890
Total shareholders equity	15,279	12,745
<i>Includes Share Based Payment Reserve</i>	3,536	2,927
<i>Includes Financial Asset Reserve</i>	(36)	(35)
(Loss) profit for the year	(1,282)	(4,501)
Total comprehensive income for the year	(1,282)	(4,456)

Viento Group (as the parent entity) entered into guarantees in relation to the debts of the following subsidiaries:

Viento Equipment Hire Pty Ltd  
Viento Contracting Services Pty Ltd  
Mineworks Group Pty Ltd  
Viento Utility Services Pty Ltd  
KVG Joint Venture Pty Ltd  
HVLV Pty Ltd (Deed of Cross Guarantee)  
Power Infrastructure Services Pty Ltd

The Commonwealth Bank holds a security deposit guarantee relating to the rental of the Osborne Park Office to the value of \$147,340 (2013: \$147,340).

The agent for the premises at 155 Lakes Road Hazelmere is holding a security deposit in the amount of \$109,000.

In addition Viento Group has given a bank deposit in the amount of \$91,988 (2013: \$101,175) to cover run off insurance relating to the sale of the Viento property businesses.

Details of any contractual commitments for the acquisition of property, plant or equipment – Nil (2013: Nil)

**VIENTO GROUP LIMITED & CONTROLLED ENTITIES**  
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**FOR THE YEAR ENDED 30 JUNE 2014**

**34. INTEREST IN SUBSIDIARIES**

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1.

Summarised financial information of the subsidiaries with non-controlling interests that are material to the consolidated entity are set out below:

	<b>2014</b>	<b>2013</b>
	<b>\$000</b>	<b>\$000</b>
<b>Mineworks Group Pty Ltd</b>		
Current assets	6,097	4,275
Total assets	15,053	13,954
Current liabilities	7,348	6,439
Total liabilities	13,151	12,553
Total shareholders equity	1,902	1,401
<i>Includes Share Based Payment Reserve</i>	-	-
<i>Includes Financial Asset Reserve</i>	-	-
(Loss) profit for the year	502	53
Total comprehensive income for the year	502	53
<i>Statement of cash flows</i>		
Net Cash from/(used in) operating activities	1,047	1,826
Net Cash from/(used in) investing activities	(1,860)	505
Net Cash from/(used in) financing activities	645	(1,875)
Net increase/(decrease) in cash and cash equivalents	(168)	456
<i>Other financial information</i>		
Profit attributable to non-controlling interests	150	13
Accumulated non-controlling interests at the end of reporting period	163	13
<b>Viento Contracting Services Pty Ltd</b>		
Current assets	9,517	4,956
Total assets	10,037	5,380
Current liabilities	7,094	3,403
Total liabilities	8,737	5,368
Total shareholders equity	1,300	12
<i>Includes Share Based Payment Reserve</i>	-	-
<i>Includes Financial Asset Reserve</i>	-	-
(Loss) profit for the year	1,288	12
Total comprehensive income for the year	1,288	12
<i>Statement of cash flows</i>		
Net Cash from/(used in) operating activities	1,892	(1,552)
Net Cash from/(used in) investing activities	(308)	(367)
Net Cash from/(used in) financing activities	(770)	1,919
Net increase/(decrease) in cash and cash equivalents	814	-
<i>Other financial information</i>		
Profit attributable to non-controlling interests	322	3
Accumulated non-controlling interests at the end of reporting period	325	3

**VIENTO GROUP LIMITED & CONTROLLED ENTITIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2014**

**34. INTEREST IN SUBSIDIARIES (cont)**

	<b>2014</b>	<b>2013</b>
	<b>\$000</b>	<b>\$000</b>
<b>Power Infrastructure Services Pty Ltd</b>		
Current assets	6,909	-
Total assets	6,732	-
Current liabilities	5,469	-
Total liabilities	5,524	-
Total shareholders equity	1,209	-
<i>Includes Share Based Payment Reserve</i>	-	-
<i>Includes Financial Asset Reserve</i>	-	-
(Loss) profit for the year	159	-
Total comprehensive income for the year	159	-
<i>Statement of cash flows</i>		
Net Cash from/(used in) operating activities	1,390	-
Net Cash from/(used in) investing activities	367	-
Net Cash from/(used in) financing activities	481	-
Net increase/(decrease) in cash and cash equivalents	<u>2,238</u>	-
<i>Other financial information</i>		
Profit attributable to non-controlling interests	56	-
Accumulated non-controlling interests at the end of reporting period	<u>243</u>	-

KVG Joint Venture Pty Ltd was incorporated on 23<sup>rd</sup> April 2013 and commenced operations on 7<sup>th</sup> August 2013.

**KVG Joint Venture Pty Ltd**

Current assets	5,126	-
Total assets	5,538	-
Current liabilities	5,113	-
Total liabilities	5,539	-
Total shareholders equity	(1)	-
<i>Includes Share Based Payment Reserve</i>	-	-
<i>Includes Financial Asset Reserve</i>	-	-
(Loss) profit for the year	(1)	-
Total comprehensive income for the year	(1)	-
<i>Statement of cash flows</i>		
Net Cash from/(used in) operating activities	1,433	-
Net Cash from/(used in) investing activities	(639)	-
Net Cash from/(used in) financing activities	776	-
Net increase/(decrease) in cash and cash equivalents	<u>1,570</u>	-
<i>Other financial information</i>		
Profit attributable to non-controlling interests	-	-
Accumulated non-controlling interests at the end of reporting period	<u>-</u>	-

**VIENTO GROUP LIMITED & CONTROLLED ENTITIES  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2014**

**35. AFTER BALANCE DATE EVENTS**

On the 21 August 2014 Viento Group announced that it has obtained a new \$27.7 million secured finance facility from Commonwealth Bank of Australia.

The new facility includes:

- (i) a multi-option facility of \$15,000,000 comprising:
  - (A) a bank guarantee tranche with a sub-limit of \$15,000,000 for the purpose of issuing bank guarantees; and
  - (B) an overdraft tranche with a sub-limit of \$4,000,000 for general corporate purposes;
- (ii) an amortising term loan facility of \$6,500,000 for the purpose of re-financing existing acquisition debt with the Lender;
- (iii) an equipment finance facility of \$6,000,000 for the purpose of purchasing equipment acceptable to the Lender; and
- (iv) a corporate charge card and transactional banking facility of \$200,000 for general corporate purposes.

On the 8 September 2014 Viento Group entered into a joint venture agreement with Kimberley Pipelines Pty Ltd, a 100% owned indigenous company.

On the 15 September 2014 Viento Group and Kimberley Pipelines Pty Ltd joint venture entity Viento Kimberley Pipelines Pty Ltd was awarded the Pipeline Construction Works for the North Star Magnetite Project - Stage 1 by a subsidiary of Fortescue Metals Group Ltd, IB Operations Pty Ltd. The contract is valued at approximately \$9.8 million.

Except for those items noted above, there are no matters or circumstances that have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the consolidated group, the results of those operations or the state of affairs of the consolidated group in future financial years.

**VIENTO GROUP LIMITED & CONTROLLED ENTITIES  
DIRECTORS' DECLARATION**

1. In the opinion of the directors of Viento Group Limited:
  - a) the financial statements and notes, as set out on pages 26 to 79 are in accordance with the Corporations Act 2001 including:
    - i) give a true and fair view of the Group's financial position as at 30 June 2014 and of its performance for the financial year ended on that date; and
    - ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.
  - b) the financial report also complies with International Financial Reporting Standards as disclosed in note 1.
  - c) the remuneration disclosures that are contained in the Remuneration Report in the Directors Report comply with the *Corporations Act 2001* and the Corporations Regulations 2001.
  - d) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
2. The directors have been given the declarations by the Executive Chairman and Chief Financial Officer required by section 295A of the Corporations Act 2001.

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



**RAYMOND MUNRO**  
Executive Chairman

Dated this 26 September 2014



## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VIENTO GROUP LIMITED

### Report on the Financial Report

We have audited the accompanying financial report of Viento Group Limited and its controlled entities (the consolidated entity), which comprises the consolidated statement of financial position as at 30 June 2014, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, 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.

### *Directors' Responsibility for the Financial Report*

The directors of the consolidated entity are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that the financial statements and notes comply with International Financial Reporting Standards.

### *Auditor's Responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, 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 of the financial report that gives a true and fair view 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.

### *Basis for Qualified Opinion*

During the financial year ended 30 June 2013, a qualified opinion was issued on the basis that company's valuation of the investment in the Queensland Iron Ore Exploration Project (previously known as the Constance Range Iron Ore Exploration Project) differs from the cost model under AASB 6. Had the requirements under AASB 127 been correctly applied as well as the cost model under AASB 6, the revenue, profit before income tax, net assets and equity of the consolidated entity at 30 June 2013 would have reduced by \$1.2 million (net of deferred tax). This has resulted in the opening balances in relation to the net assets and equity of the consolidated entity at 1 July 2013 being overstated by \$1.2million.

Queensland Iron was disposed during the year via an in-specie distribution. As a result, the accounting treatment adopted by the consolidated entity no longer represents a departure from Australian Accounting Standards as at 30 June 2014. However, our opinion on the current period's financial report is also modified because of the possible effect of this matter on the comparability of the current period's figures and the corresponding figures.

#### *Auditor's Opinion*

In our opinion, except for the effects on the corresponding figures of the matter described in the Basis for Qualified Opinion paragraph

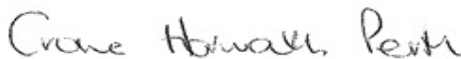
- (a) the financial report of Viento Group Limited is in accordance with the Corporations Act 2001 including:
  - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and
- (b) the consolidated financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

#### **Report on the Remuneration Report**

We have audited the Remuneration Report included in pages 9 to 15 of the directors' report for the year ended 30 June 2014. The directors of the consolidated entity are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

#### *Auditor's Opinion*

In our opinion, the Remuneration Report of the consolidated entity for the year ended 30 June 2014 complies with section 300A of the Corporations Act 2001.



CROWE HORWATH PERTH



PHILIPPA HOBSON  
Partner

Signed at Perth, 26 September 2014

**VIENTO GROUP LIMITED (ABN 79 000 714 054) & CONTROLLED ENTITIES**  
**SHAREHOLDER INFORMATION**  
**AS AT 23 September 2014**

The following additional information is provided in accordance with the listing rules.

**Distribution of Shareholdings**

Range	Number of Holders	Number of Ordinary Shares	% of Issued Capital
1 - 1,000	266	77,343	0.09%
1,001 - 5,000	272	682,669	0.76%
5,001 - 10,000	126	938,696	1.04%
10,001 - 100,000	287	9,864,242	10.98%
100,001 - 99,999,999	78	78,308,561	87.13%
<b>Total</b>	<b>1,029</b>	<b>89,871,511</b>	<b>100.00%</b>

**Unmarketable Parcels**

The number of shareholders holding less than a marketable parcel is 433.

**Twenty Largest Shareholders**

Shareholder	Shares Held	% of Issued Capital
Demol Investments Pty Ltd (Demol Investment Trust) / Mol Investments Pty Ltd (Thomas Street A/C) / Mr Robert Steven De Mol & Mrs Diane Maria De Mol (De Mol Super Fund A/C)	11,344,189	12.62%
Koy Pty Ltd / Deluge Holdings Pty Ltd	10,860,000	12.08%
Hanscon Holdings Pty Ltd (Hanscon Discretionary A/C)	10,325,768	11.49%
UBS Wealth Management Australia Nominees Pty Ltd	8,239,914	9.17%
Blissett Holdings Pty Ltd / Sapphire Lane Pty Ltd / Munro Family Trust No. 2	7,100,000	7.90%
Vernon Finance Ltd	3,064,712	3.41%
Yarrangi Holdings Pty Ltd (Yarrangi Family A/C)	1,883,424	2.10%
Mr Douglas Allan Brooks & Mrs Roma Brooks (Brooks Hire Service S/F A/C)	1,749,072	1.95%
Botsis Super Pty Ltd (P & P Botsis S/F A/C)	1,630,043	1.81%
Mr Brian Neville Bailey & Mrs Leonie Judith Bailey	1,600,803	1.78%
Ms Nicole Barbara Clape	1,555,474	1.73%
JP Morgan Nominees Australia Ltd	1,520,159	1.69%
Prime Plant Hire Pty Ltd (P & K Pearcey Trading A/C)	900,000	1.00%
Mr Anton Bekker (Bekker Family A/C)	796,667	0.89%
Bond Street Custodians Limited (Ian - V17678 A/C)	781,150	0.87%
Robert William McNair (McNair Super Fund A/C)	700,000	0.78%
Methuen Holdings Pty Ltd (PB Family A/C)	600,000	0.67%
Greenvale Enterprises Pty Ltd (Winebrook Village Unit A/C)	500,000	0.56%
Mr Edward John Gallop & Mrs Julia Robyn Gallop (EJ & JR Gallop S/Fund A/C)	500,000	0.56%
Mr Stephen Gary Palmer & Mrs Helen May Palmer (The Paf Super Fund A/C)	454,938	0.51%
<b>Top 20 holders of fully paid shares (grouped)</b>	<b>66,106,313</b>	<b>73.57%</b>

**VIENTO GROUP LIMITED (ABN 79 000 714 054) & CONTROLLED ENTITIES**  
**SHAREHOLDER INFORMATION**  
**AS AT 23 September 2014**

**Substantial Shareholders**

Shareholder	Shares Held	% of Issued Capital
Demol Investments Pty Ltd (Demol Investment Trust) / Mol Investments Pty Ltd (Thomas Street A/C) / Mr Robert Steven De Mol & Mrs Diane Maria De Mol (De Mol Super Fund A/C)	11,344,189	12.62%
Koy Pty Ltd / Deluge Holdings Pty Ltd	10,860,000	12.08%
Hanscon Holdings Pty Ltd (Hanscon Discretionary A/C)	10,325,768	11.49%
UBS Wealth Management Australia Nominees Pty Ltd	8,239,914	9.17%
Blissett Holdings Pty Ltd / Sapphire Lane Pty Ltd / Munro Family Trust No. 2	7,100,000	7.90%

**Voting Rights**

Ordinary fully paid 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.

**UNQUOTED SECURITIES**

**Options**

A total of 14,226,664 unlisted options are on issue. The tranches of unlisted options are as follows:

Exercise Date	Exercise Price	Number of Options	Option Holder
30-Jun-2015	\$0.40	160,000	Viento Employees
30-Jun-2015	\$0.25	500,000	Viento Employees
30-Jun-2015	\$0.25	1,800,000	Viento Directors
30-Jun-2015	\$0.25	600,000	Hanscon Holdings Pty Ltd
30-Jun-2015	\$0.30	4,166,664	Viento Employees
30-Jun-2016	\$0.40	500,000	Viento Employees
30-Jun-2016	\$0.40	2,400,000	Viento Directors
30-Jun-2016	\$0.40	600,000	Hanscon Holdings Pty Ltd
30-Jun-2017	\$0.60	500,000	Viento Employees
30-Jun-2017	\$0.60	2,400,000	Viento Directors
30-Jun-2017	\$0.60	600,000	Hanscon Holdings Pty Ltd
		14,226,664	