



## VIENTO GROUP LIMITED

ACN 000 714 054

### NOTICE OF GENERAL MEETING

**DATE OF MEETING**

Wednesday, 8 April 2009

**TIME OF MEETING**

10.30 am Perth time

**PLACE OF MEETING**

Meeting Room 12, Perth Convention Exhibition Centre  
21 Mounts Bay Road  
Perth, Western Australia

This Notice of General Meeting and Explanatory Memorandum should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser without delay.

## NOTICE OF GENERAL MEETING

### Viento Group Limited ACN 000 714 054

**NOTICE** is given that a General Meeting of the Shareholders of Viento Group Limited will be held at Meeting Room 12, Perth Convention Exhibition Centre, 21 Mounts Bay Road, Perth, Western Australia, on Wednesday, 8 April 2009 at 10.30am Perth time.

The Explanatory Memorandum accompanying this Notice of Meeting is incorporated in and forms part of this Notice of Meeting.

## AGENDA

### 1. Resolution 1 – Approval of release of the Guarantees

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

*“That for the purposes of section 208(1) of the Corporations Act and for all other purposes, the release of Maurice Kluge from each of the Guarantees on the terms summarised in the Explanatory Memorandum, be approved.”*

#### **Voting exclusion statement**

The Company will disregard any votes cast on Resolution 1 by Maurice Kluge, or any associate of Maurice Kluge. However, the Company need not disregard a vote if:

- (a) it is cast by a person as a proxy appointed by writing that specifies how the proxy is to vote on Resolution 1; and
- (b) it is not cast on behalf of Maurice Kluge or any associate of Maurice Kluge.

### 2. Resolution 2 – Approval of Buy-Back

To consider and, if thought fit, to pass the following resolution as a **special resolution**:

*“That for the purposes of section 257D(1) of the Corporations Act and for all other purposes, the buy-back by the Company of 5,000,000 fully paid ordinary shares in the Company held by Maurice Kluge for a total consideration of \$1.00, and otherwise on the terms set out in the Explanatory Memorandum, be approved.”*

#### **Voting exclusion statement**

The Company will disregard any votes cast on Resolution 2 by Maurice Kluge or any associate of Maurice Kluge.

### 3. Resolution 3 – Amendment of Constitution

To consider, and if thought fit, pass the following resolution as a **special resolution**:

*“That clause 6.6 of the constitution of the Company be amended by deleting the clause and replacing it with the following:*

*“A person whose Shares have been forfeited ceases to be a Shareholder in respect of the forfeited Shares, but remains liable to pay the Company all money that, at the*

*date of forfeiture, was payable by that person to the Company in respect of the shares (including interest at the Prescribed Rate, from the date of forfeiture on the money for the time being unpaid if the Directors think fit to enforce payment of the interest and also expenses owing), but that person's liability ceases:*

*(a) if and when the Company receives payment in full of all money (including interest and expenses) so payable in respect of the Shares; or*

*(b) if the holders of ordinary shares approve the release or waiver of the liability for the amount unpaid, in accordance with the Listing Rules."*

#### **4. Resolution 4 – Cancellation of Partly Paid Shares**

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

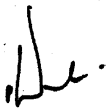
*"That, subject to Resolution 3 being passed at the General Meeting, for the purposes of sections 208(1) and 258D of the Corporations Act, Listing Rule 7.26 and for all other purposes, the cancellation of 4,500,000 partly paid shares in the Company, held by Queensland Technology Innovation Fund Pty Ltd (as trustee of the Kluge Unit Trust) and forfeited by the Company, and the release and waiver of all unpaid amounts (including interest and expenses) in respect of the 4,500,000 partly paid shares, be approved."*

#### ***Voting exclusion statement***

The Company will disregard any votes cast on Resolution 4 by Queensland Technology Innovation Fund Pty Ltd as trustee for the Kluge Unit Trust or any associate of Queensland Technology Innovation Fund Pty Ltd as trustee for the Kluge Unit Trust. However, the Company need not disregard a vote if:

- (a) it is cast by a person as a proxy appointed by writing that specifies how the proxy is to vote on Resolution 4; and
- (b) it is not cast on behalf of Queensland Technology Innovation Fund Pty Ltd as trustee for the Kluge Unit Trust or any associate of Queensland Technology Innovation Fund Pty Ltd as trustee for the Kluge Unit Trust.

**BY ORDER OF THE BOARD OF DIRECTORS**



**Peter Webse**  
**Company Secretary**

6 March 2009

## PROXIES

1. A Shareholder who is unable to attend and vote at the General Meeting may appoint a proxy by completing and returning the attached proxy form in the manner provided below. The proxy need not be a Shareholder of the Company.
2. A Shareholder entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.
3. Forms to appoint proxies, and the Power of Attorney (if any) under which they are signed, must be lodged at the registered office of the Company not less than 48 hours before the time of the General Meeting:
  - by mail:  
  
Viento Group Limited  
Locked Bag 105  
South Melbourne, Victoria 3205; or
  - by hand:  
  
Viento Group Limited  
Level 3  
11 Queens Road  
Melbourne, Victoria 3004; or
  - by facsimile:  
  
+61 3 9866 7029.

Proxy forms must be returned by 10.30 am Perth time on Monday, 6 April 2009 to be effective. **Proxy forms received later than this time will be invalid.**

## CORPORATE REPRESENTATIVES

Any corporate Shareholder who has appointed a person to act as its corporate representative at the General Meeting should provide that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that company's representative. The authority may be sent to the Company's registered office in advance of the General Meeting or handed in at the General Meeting, when registering as a corporate representative.

## ATTENDANCE AND VOTING ELIGIBILITY

The Directors have determined pursuant to Regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the General Meeting are those who are registered Shareholders of the Company at 5.00 pm Perth time on Monday, 6 April 2009.

To vote in person, attend the General Meeting on the date and at the place set out in this Notice of Meeting and Explanatory Memorandum.

## **EXPLANTORY MEMORANDUM**

### **Viento Group Limited ACN 000 714 054**

This Explanatory Memorandum has been prepared for the information of Shareholders in connection with the business to be transacted at the General Meeting of Shareholders to be held at Meeting Room 12, Perth Convention Exhibition Centre, 21 Mounts Bay Road, Perth, Western Australia on Wednesday, 8 April 2009 at 10.30am Perth time.

The purpose of this Explanatory Memorandum is to provide information that the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions set out in the Notice of Meeting. The Directors recommend Shareholders read the accompanying Notice of Meeting and this Explanatory Memorandum in full before making any decision in relation to the Resolutions.

Certain terms and abbreviations used in this Explanatory Memorandum have defined meanings, which are explained in the glossary at the end of this Explanatory Memorandum.

### **Background to Resolutions**

Pursuant to the Kluge Settlement Deed, which is described in more detail below, the Company has reached agreement with its managing director, Maurice Kluge, to resolve its financial exposure to him, and vice versa, and to restructure his share and option holdings.

Mr Kluge currently holds (directly or through controlled entities) the following shares and options in the Company:

- 569,566 fully paid ordinary shares acquired on market at various times and various prices;
- 4,500,000 partly paid ordinary shares (held by the Kluge Unit Trust), issued by the Company on 28 March 2008 at an issue price of \$0.57 per share, paid to \$0.01 per share;
- 5,000,000 fully paid ordinary shares (to be held by Mr Kluge after transfer from his superannuation fund) issued by the Company on 28 December 2007 to acquire QTIF and its 50% interests in Viento Global Property Pty Ltd (**VGP**) and Convex Alternative Strategies Pty Ltd (**CAS**); and
- options issued by the Company on 28 December 2007 to subscribe for a further 23,100,000 fully paid ordinary shares (held by the Kluge Super Fund).

Shareholder approval for the issue of the fully paid shares and options was granted at the Company's annual general meeting on 28 November 2007 and approval for the issue of the Partly Paid Shares was granted at a general meeting of the Company on 27 March 2008.

The unpaid amount on the Partly Paid Shares was payable on or before 31 December 2008. The Company made a call for the unpaid amount of the Partly Paid Shares, which was not paid. As a result the Partly Paid Shares have been forfeited by the Company.

The Kluge Unit Trust has advised the Company that due to changes in the global and domestic economic conditions, and particularly in financial and investment markets, it will not be able to pay the unpaid amount on the Partly Paid Shares. The Company and Mr Kluge have therefore agreed to the following capital restructure in order to resolve these exposures and present a clearer picture of the Company's capital base going forward:

- the 4,500,000 Partly Paid Shares will be cancelled under a reduction of capital without payment or other consideration being given to or by the Company or Mr Kluge. Once cancelled, the unpaid amount of the Partly Paid Shares will not be payable to the Company;

- the 5,000,000 fully paid shares will be bought back by the Company from Mr Kluge for a total consideration of \$1.00; and
- the 23,100,000 options will be cancelled, without any consideration being paid by the Company.

In conjunction with the capital restructure pursuant to the Kluge Settlement Deed, Mr Kluge has agreed to contribute to the repayment by VGP and CAS of loans made to them by the Company. Mr Kluge is a guarantor of the loans. He will contribute a total of \$295,833 through a cash payment and through a reduction in his notice entitlements under his employment contract with the Company. In return he will be released by the Company from the Guarantees.

The terms and conditions of these arrangements are set out in the Kluge Settlement Deed, which is summarised below.

### **Summary of the Kluge Settlement Deed**

#### *Overview*

On 27 November 2008 the Company entered into the Kluge Settlement Deed. The parties to the Kluge Settlement Deed are the Company, the Kluge Super Fund, the Kluge Unit Trust, QTIF and Mr Kluge. Both the Kluge Super Fund and the Kluge Unit Trust are associated with Mr Kluge, the Company's managing director. The Kluge Settlement Deed was amended by a deed of variation dated 30 January 2009.

The obligations of the parties under the Kluge Settlement Deed are conditional on the satisfaction of conditions precedent. A summary of the Kluge Settlement Deed, including details of the conditions precedent, is set out below.

#### *Conditions precedent*

The Kluge Settlement Deed is, and each party's obligations under it are, conditional upon the satisfaction of the following conditions:

- the passing of a resolution at a general meeting of Shareholders to approve the giving by the Company of a financial benefit to a Related Party of the Company in accordance with section 208(1) of the Corporations Act by releasing the loan guarantees. Resolution 1 has been proposed for the purpose of satisfying this condition;
- the passing of a resolution at a general meeting of Shareholders approving the Buy-Back in accordance with section 257D of the Corporations Act. Resolution 2 has been proposed for the purpose of satisfying this condition;
- the passing of a resolution at a general meeting of the Shareholders of the Company approving an amendment to clause 6.6 of Company's constitution to provide that a person whose shares have been forfeited by the Company will not remain liable to pay the Company all money referred to in that clause if the Shareholders of the Company approve the release or waiver of that amount in accordance with the Listing Rules. Resolution 3 has been proposed for the purpose of satisfying this condition; and
- the passing of a resolution at a general meeting of the Shareholders of the Company approving the cancellation of the Partly Paid Shares, including the release and waiver by the Company of all unpaid amounts (whether called or uncalled) in respect of the Partly Paid Shares in accordance with sections 208(1) and 258D of the Corporations Act and Listing Rules 7.26.1 and 7.26.3. Resolution 4 has been proposed for the purpose of satisfying this condition.

The Company may waive any of these conditions precedent so that, except in the case of Resolutions 3 and 4, if a Resolution is not passed the transactions the subject of the other Resolutions may still proceed if those other Resolutions are passed.

#### *Parties' obligations under the Kluge Settlement Deed*

If the Resolutions are passed, these conditions precedent will be satisfied and the Company must:

- cancel the Partly Paid Shares. Once cancelled, the unpaid amount of the Partly Paid Shares will not be payable to the Company;
- buy back the 5,000,000 fully paid shares from Mr Kluge for a total consideration of \$1.00;
- cancel the 23,100,000 options; and
- release Mr Kluge from the Guarantees.

If the conditions precedent are satisfied, Mr Kluge must:

- repay \$147,916.50 towards the VGP Loan (defined below);
- repay \$147,916.50 towards the CAS Loan (defined below); and
- accept a variation to his employment agreement with the Company so that upon termination of his employment, the amount payable by the Company to Mr Kluge will be reduced from six months' salary to one day's salary (representing a reduction in his entitlement of \$173, 541.67).

Details of how this amount is to be repaid by Mr Kluge are set out below.

#### *New employment arrangements*

Irrespective of whether the Resolutions are passed, as announced by the Company on 5 February 2009, the parties agreed that from 31 January 2009, Mr Kluge would take on a part-time role with the Company, carrying out only such duties as the Company requires Mr Kluge to undertake as the nominated key person under the Australian Financial Services Licence held by the Company's subsidiary, Viento Property Limited. The new role will continue until 15 April 2009 (at the latest). Mr Kluge will be paid a retainer for his services.

#### **Resolutions required to implement the Kluge Settlement Deed**

To give effect to the Kluge Settlement Deed, each of the Resolutions set out in the Notice of Meeting must be passed by the requisite majority of shareholders at the General Meeting.

Details of the Resolutions are set out below.

#### **Resolution 1 – Approval of release of Guarantees**

##### *Overview*

On 27 November 2007, the Company entered into a loan deed with CAS (the **CAS Loan**) and a loan deed with VGP (the **VGP Loan**) to loan money to these companies (collectively the **Loans**). The Loans were used, in part, to repay loans made by QTIF to CAS and VGP.

The outstanding balance of the CAS Loan at 6 February 2009 was \$897,995.66. The outstanding balance of the VGP Loan at 6 February 2009 was \$512,176.

Mr Kluge and Mr Scott McIntosh, managing director of CAS, gave guarantees in favour of the Company in respect of the CAS Loan. Mr Kluge and Mr Matt Kavali, managing director of VGP, gave guarantees in favour of the Company in respect to the VGP Loan. The same parties (Mr Kluge, Mr McIntosh and Mr Kavali) had previously given similar guarantees in favour of QTIF in respect of the loans that QTIF made to CAS and VGP respectively.

Under the Kluge Settlement Deed, and as part of the agreement to restructure Mr Kluge's share and option holdings, Mr Kluge has agreed, in consideration of being released from any liability under the Guarantees, to:

- repay \$147,916.50 towards the VGP Loan; and
- repay \$147,916.50 towards the CAS Loan,

being a total of \$295,833.

This amount is to be repaid by:

- a cash payment by Mr Kluge to the Company of \$122,291.33; and
- the Company agreeing to forgive the balance (being \$173,541.67) in consideration of Mr Kluge agreeing to vary his employment agreement with the Company so that, upon termination of his employment, the amount payable by the Company to Mr Kluge will be reduced from six months' salary to one day's salary (a reduction of \$173, 541.67).

Mr Kluge is required to repay the cash amount of \$122,291.33 within five business days of the final condition precedent being satisfied. If Mr Kluge fails to pay this amount within this timeframe, the Company will not release him from the Guarantees or vary his employment agreement to reduce his entitlement to termination payments.

#### *Other information*

In accordance with the requirements of Chapter 2E of the Corporations Act, the following information is provided to shareholders for the purposes of Resolution 1:

- The Related Party to whom a financial benefit will be given if Resolution 1 is approved is Mr Kluge, who is the managing director of the Company.
- Under the Kluge Settlement Deed the financial benefit that the Company will provide to Mr Kluge is that upon the repayment of the Loans, in accordance with the Kluge Settlement Deed and the variation of Mr Kluge's employment agreement to reduce his entitlement to termination payments, the Company will release Mr Kluge from any liability under the Guarantees.

As outlined above, the release by the Company of the Guarantees forms part of the arrangements agreed to under the Kluge Settlement Deed and will not occur unless the Resolution is passed or the Company elects to waive the condition precedent in the Settlement Deed that relates to Resolution 1. The advantages and disadvantages of Resolution 1 and all of the other Resolutions are set out later in this Explanatory Memorandum.

Each Director's interest in Resolution 1, and each of the other Resolutions, and his recommendation in relation to the Resolutions, is set out at the end of this Explanatory Memorandum.

#### **Resolution 2 – Approval of Buy-Back**

Under the Kluge Settlement Deed, the Company has agreed, subject to the Resolutions being passed, to buy back 5,000,000 Shares from Mr Kluge for a total consideration of \$1.00.



## *Overview*

On 28 December 2007 the Company issued 5,000,000 fully paid ordinary shares to the Kluge Super Fund in consideration for the acquisition of QTIF and its 50% interest in VGP and CAS. The Kluge Super Fund is to transfer these shares to Mr Kluge.

Under the Kluge Settlement Deed, Mr Kluge and the Company have agreed that, subject to Shareholder approval, the Company will offer to buy back these shares for a total consideration of \$1.00.

The parties have entered into a formal buy back agreement, which is conditional upon Resolution 2 being approved, to give effect to this arrangement. On completion of the Buy Back, the Buy Back Shares will be cancelled.

## *Corporations Act requirements*

Section 257A of the Corporations Act provides that the Company may buy back its own Shares if:

- the buy back does not materially prejudice the ability of the Company to pay its creditors; and
- the Company follows the relevant procedures prescribed by the Corporations Act.

In the opinion of the Directors, the Buy Back will not materially prejudice the ability of the Company to pay its creditors given that the total consideration payable by the Company is \$1.00.

As it is proposed to only acquire the shares of Mr Kluge, the Buy Back is a selective buy back under the Corporations Act and, before the Buy Back can occur, it must be approved by a special resolution passed at a general meeting of the Company with no votes being cast in favour of the resolution by the person whose shares are proposed to be bought back or by their associates. Resolution 2 has been proposed for this purpose.

Under section 257D(1)(a) of the Corporations Act, Mr Kluge and his associates are not entitled to cast votes in favour of Resolution 2. Any such votes will be disregarded.

If the Resolutions are passed and the Buy Back occurs, the Buy Back Shares will be transferred to the Company and immediately after registration of that transfer, the shares will be cancelled. This will reduce the number of fully paid ordinary shares on issue from 52,324,572 as at the date of the Notice of Meeting, to 47,324,572.

## **Resolution 3 – Amendment of Constitution**

It is proposed that an amendment be made to clause 6.6 of the constitution of the Company. The amendment is required to give effect to the Proposals set out in this Explanatory Memorandum, in particular the waiver and release of the unpaid amount of the Partly Paid Shares proposed in Resolution 4.

Clause 6.6 of the constitution of the Company currently provides that a person whose Shares have been forfeited ceases to be a Shareholder in respect of the forfeited Shares, but remains liable to pay the Company all money that, at the date of forfeiture, was payable by that person to the Company in respect of the shares (including interest at the rate prescribed in the Constitution, from the date of forfeiture on the money for the time being unpaid if the Directors think fit to enforce payment of the interest and also expenses owing). That person's liability ceases if and when the Company receives payment in full of all money (including interest and expenses) payable in respect of the Shares.

It is proposed that clause 6.6 of the Constitution be amended to provide that a person whose Shares have been forfeited by the Company will not be liable to pay the Company all money referred to in clause 6.6 of the Constitution if the holders of Shares approve the release and waiver of that amount.

This amendment will allow the Company to waive and release the unpaid amount of the Partly Paid Shares if Resolution 4 is passed by the Members.

Resolution 3 must be passed by at least 75% of votes cast at the General Meeting by Shareholders entitled to vote on the resolution.

Each Director's interest in Resolution 3 and his recommendation in relation to the Resolution 3 is set out at the end of this Explanatory Memorandum.

#### **Resolution 4 – Cancellation of Partly Paid Shares**

On 28 March 2008, the Company issued to the Kluge Unit Trust, 4,500,000 partly paid ordinary shares at an issue price of \$0.57 each, paid to \$0.01. Under the terms of issue of the Partly Paid Shares the balance of the issue price was payable on or before 31 December 2008.

Mr Kluge has informed the Company that as a consequence of changes in global and domestic economic conditions and particularly in financial and investment markets, the Kluge Unit Trust is not in a position to pay the balance of the issue price of 4,500,000 partly paid shares held by the Kluge Unit Trust in full.

The Company made a call on the Kluge Unit Trust to pay the unpaid amount of \$0.56 per share in respect of all of the Partly Paid Shares. No amount was uncalled. As the amount was not paid, the Company has forfeited all of the Partly Paid Shares.

The outstanding liability of the Kluge Unit Trust in respect of the Partly Paid Shares is \$2,520,000. The Board has considered the Company's options to recover the unpaid amount from the Kluge Unit Trust. On the basis of the information provided to it by Mr Kluge on the Kluge Unit Trust's financial position, the Company believes that taking legal steps to recover the unpaid payment would be costly, time consuming and counter productive. In the circumstances, the Company considers that the arrangements agreed to under the Kluge Settlement Deed, as a whole, represent the best option for resolving the Company's capital arrangements with Mr Kluge and his associates.

Pursuant to the Kluge Settlement Deed and for the reasons set out in this Explanatory Memorandum, the Company has agreed, subject to Shareholder approval, to cancel the Partly Paid Shares. Once cancelled, the unpaid amount of the Partly Paid Shares will not be payable to the Company. As noted above, this amount is \$2,520,000.

Section 258D of the Corporations Act provides that a company may, by resolution passed at a general meeting, cancel shares that have been forfeited under the terms on which the shares are on issue. Listing Rule 7.26.1 allows a company to cancel forfeited shares if the cancellation is approved by holders of ordinary shares. Listing Rule 7.26.3 provides that the liability for the amount called but unpaid in respect of forfeited shares that have been cancelled may be released or waived with the approval of the holders of ordinary shares.

If Members do not approve the release and waiver of the unpaid liability in respect of the Partly Paid Shares, the Company does not intend to take any action to recover the unpaid liability, for the reasons set out earlier in this Explanatory Memorandum.

#### *Other information*

In accordance with the requirements of Chapter 2E of the Corporations Act, the following information is provided to shareholders for the purposes of Resolution 4:

- The Related Party to whom a financial benefit will be given if Resolution 4 is approved is the Kluge Unit Trust, an associated entity of Mr Kluge.
- Under the Kluge Settlement Deed the financial benefit that the Company will provide to the Kluge Unit Trust is that upon the cancellation of the Partly Paid shares, the Kluge Unit Trust will be released from its obligation to pay to the Company the unpaid amount of the Partly Paid Shares.

If Resolution 4 is passed, and the other condition precedents are satisfied, it is the Company's intention to cancel the Partly Paid Shares as soon as is reasonably practicable after the meeting.

Upon the cancellation of the Partly Paid Shares, the Company will have no partly paid shares on issue. Once cancelled, the unpaid amount of the Partly Paid Shares, being \$2,520,000, will not be payable. The Directors are of the view that this reduction will not materially prejudice the Company's ability to pay its creditors because the Company currently has sufficient funds to pay its creditors.

The advantages and disadvantages of Resolution 4, including the cancellation of the unpaid amount of the Partly Paid Shares, are set out later in this Explanatory Memorandum.

Each Director's interest in Resolution 4 and his recommendation in relation to the Resolution 4 is set out at the end of this Explanatory Memorandum.

### **Restructure of VGP and CAS pursuant to the Kluge Settlement Deed**

The Kluge Settlement Deed provides for the Company to restructure its holdings in VGP and CAS. This restructure is subject to the passing of the Resolutions.

#### *Restructure of VGP*

The Kluge Settlement Deed provides that VGP is to be restructured so that it becomes a wholly owned subsidiary of QTIF. This is to be achieved by:

- QTIF exercising a call option it has under VGP's shareholders agreement to acquire all of the shares held by SMMK. It is expected that the call option will be exercised for a nominal price; and
- Mr Kluge using his best endeavours to procure that Astruence transfers all of its shares in VGP to QTIF, for a nominal price.

#### *Restructure of CAS*

The Kluge Settlement Deed provides that CAS is to be restructured so that it becomes a majority owned subsidiary of the Company. It is proposed that the Company will seek to acquire all of the shares held by SMMK in CAS with the purchase price payable by the Company for the shares being set off against any contribution by SMMK to the repayment of the VGP Loan.

### **Effect of the Proposals on the Company**

#### *What is the effect of the Proposals on the Company's balance sheet?*

The table below sets out a summary of the pro-forma effect of the Proposals on the Company's consolidated balance sheet as at 30 June 2008, based on the assumptions in the footnotes below the table:

	Actual \$,000	Adjustments \$,000	Pro-forma \$,000	Ref #
<b>Assets</b>				
Cash and cash equivalents	4,895	122	5,017	1,3
Other Current Assets	10,826	-	10,826	
Non-Current Assets	7,795	(932)	6,863	3,4
<b>Total assets</b>	<b>23,516</b>	<b>(810)</b>	<b>22,706</b>	
<b>Liabilities</b>				
Borrowings	4,504	-	4,504	
Other Current Liabilities	2,759	-	2,759	
Non-Current Liabilities	1,006	-	1,006	
<b>Total liabilities</b>	<b>8,269</b>	<b>-</b>	<b>8,269</b>	
<b>Net Assets</b>	<b>15,247</b>	<b>(810)</b>	<b>14,437</b>	
<b>Equity</b>				
Contributed equity	19,156	1,361	20,517	1,2
Retained profits	(4,356)	(1,679)	(6,035)	2,4
Other equity	447	(492)	(45)	2
<b>Total equity</b>	<b>15,247</b>	<b>(810)</b>	<b>14,437</b>	

1. *Pro-forma calculations are based on the consideration for the Buy Back being a total sum of \$1.00, the number of fully paid ordinary shares being bought back being 5,000,000 and the Partly Paid Shares being cancelled being 4,500,000. The Buy Back is to be funded from the Company's existing cash holdings.*
2. *On cancellation of the Partly Paid Shares, the 23,100,000 options granted to Mr Kluge in December 2007 will also be cancelled. Under AASB 2 Share Based Payments, cancellation of options for reasons other than due to forfeiture from vesting conditions not being met will be treated as an acceleration of vesting and therefore be expensed immediately. This brings forward an expense of \$868,091 and an increase in Other Equity of the same amount. However, as the Options will also have lapsed, a transfer of \$1,360,590, being the total value of the 23,100,000 options, will be made from Other Equity to Contributed Equity.*
3. *In consideration of being released from any liability under the Guarantees, Mr Kluge has agreed to partially repay the VGP Loan and CAS Loan to the sum of \$295,833. This amount is to be partly repaid by Mr Kluge in cash of \$122,291.33 and the remaining balance of \$173,541.67 will be forgiven in consideration of Mr Kluge agreeing to vary his employment agreement with the Company so that on termination the amount payable by the Company will be reduced from six months' salary to one day's salary. The variation of Mr Kluge's termination payment is a contingent asset and would be reflected in the Notes to the Financial Statements and does not form part of the Pro-forma Balance Sheet above. Pro-forma calculations assume that the Buy Back is funded from the Company's existing cash holdings. Incidental costs of the Buy Back have been included in the pro-forma calculations.*
4. *As a consequence of releasing Mr Kluge from any liability under the Guarantees, there is uncertainty surrounding the Company's ability to recover any further amounts relating to the VGP Loan and CAS Loan apart from the amounts to be received from Mr Kluge under the Kluge Settlement Deed. A provision for the loss of the remaining loan balances of \$809,945 after tax has been taken up to reflect this.*

#### *How will the Proposals be funded?*

The total consideration payable by the Company under the Proposals is \$1.00 for the Buy Back Shares. The Proposals will be funded from the Company's existing cash holdings.

#### *What effect will the Proposals have on the Company's issued shares?*

The table below sets out the effect that the passing of the Resolutions will have on the ordinary shares, partly paid shares and options issued by the Company.

	Issued shares	
	Current	After Proposals
Ordinary Shares	52,324,572	47,324,572
Partly Paid Shares	4,500,000	0
Options	24,800,000	1,700,000

*What effect will the Proposals have on the voting power in respect of the Company?*

Mr Kluge and his associated entities currently have voting power of 10.8% in respect of the Company's total issued Shares. If the Resolutions are passed, Mr Kluge's voting power in respect of the Company will decrease to 1.2%.

The table below sets out the effect on the voting power in respect of the Company if the Resolutions are passed:

Shareholder	Voting Power (%)	
	Current	After Proposals
Mr Kluge (and associated entities)	10.8%	1.2%
Mr R Nichevich (and associated entities)	20.7%	22.9%
Mr M Gordon (and associated entities)**	20.7%	22.9%
Hawk Capital Pty Ltd	5.7%	6.3%
Bell Potter Nominees Ltd	5.5%	6.1%
Other shareholders	36.6%	40.6%

*\*\*Note announcement to market on 27 November 2008 in relation to the contracts entered into by Mr Gordon to sell his interests subject to shareholder approval of the Resolutions to be put to the General Meeting.*

### **Advantages and disadvantages of the Proposals**

Based on the information provided by Mr Kluge the Company is satisfied that the Kluge Unit Trust (the current holder of the Partly Paid Shares), is not in a position to pay the balance of the issue price payable on the Partly Paid Shares of \$2,520,000.

Although this is a large sum relative to the Company's current capital position, the Board considers that on the basis of the information provided to it from Mr Kluge, taking steps to recover payment of the outstanding amount payable on the Partly Paid Shares would be costly, time consuming and counter productive.

In the circumstances, the Board therefore considers that the arrangements agreed to under the Kluge Settlement Deed, as a whole, represent the best option for resolving the Company's capital arrangements with Mr Kluge and his associated entities, and are in the best interests of Shareholders.

In addition to the factors considered above, the Directors consider that the other advantages and disadvantages of the Proposals are as follows:

#### *Advantages*

- implementation of all parts of the Proposal will allow the Company to resolve its arrangements with Mr Kluge in a manner that simplifies its capital base through the cancellation of the Partly Paid Shares, Buy Back Shares and Options held by Mr Kluge or entities associated with him. This is illustrated above in the section entitled "Effect of the Proposals on the Company";
- cancellation of the 4,500,000 Partly Paid Shares and the 5,000,000 Buy Back Shares will reduce issued shares by 16.7%, and the cancellation of the 23,100,000 Options will remove the significant potential future dilution effect of issuing an additional 48.8% of issued shares (32.8% dilution);

- the buy back of 5,000,000 ordinary shares held by Mr Kluge for \$1.00 is less than their market value as at 4 February 2009 of \$150,000 based on a share price of \$0.03 per share;
- as noted earlier in this Explanatory Memorandum, under the Kluge Settlement Deed the total cash required to be paid by the Company to Mr Kluge and his associated entities is \$1.00, which means that the Company's current available cash reserves will remain available to the Company to pursue its strategic objectives; and
- the Company will receive cash of \$122,291.33 and reduce the cash payment requirement on termination of Mr Kluge's employment agreement by a further \$173,541.57, supplementing the cash available to the Company to pursue its strategic objectives;

*Disadvantages*

- as noted above, the Company will no longer be able to call upon the unpaid balance of the Partly Paid Shares of \$2,520,000; and
- the Company will not be able to recover any further amount from Mr Kluge under the Guarantees, and given the financial situation of both CAS and VGP, the Company will write down the carrying value of the CAS Loan and the VGP Loan to the amount recoverable from Mr Kluge under the Kluge Settlement Deed.

**Directors' interests and recommendations**

None of the Directors, other than Mr Kluge, have an interest in the Kluge Settlement Deed, except in their capacity as shareholders of the Company.

As noted above, Mr Kluge, Viento Group's managing director, controls both the Kluge Super Fund and the Kluge Unit Trust, who, along with Mr Kluge, are both parties to the Kluge Settlement Deed.

The Directors, other than Mr Kluge, have considered all the relevant information relating to the Kluge Settlement Deed and each of the Resolutions and **unanimously recommend that you vote in favour of each of the Resolutions.**

As Mr Kluge has an interest in each of the Resolutions, either personally or through his control of the Kluge Super Fund and the Kluge Unit Trust, he makes no recommendation in relation to them.

## GLOSSARY

<b>ASIC</b>	means the Australian Securities & Investments Commission.
<b>Astruence</b>	means Astruence Pty Ltd ACN 125 161 757 as trustee for the Mishfi Future Trust, a trust associated with Mr McIntosh.
<b>ASX</b>	means ASX Limited ACN 008 624 691.
<b>Board</b>	means the board of Directors of the Company.
<b>Buy Back</b>	means the buy back of the Buy Back Shares by the Company pursuant to the Kluge Settlement Deed and the Buy Back Agreement..
<b>Buy Back Agreement</b>	means the agreement to buy back the Buy Back Shares between the Company and Mr Kluge dated 29 December 2008, entered into pursuant to the Kluge Settlement Deed.
<b>Buy Back Shares</b>	means the 5,000,000 fully paid shares that are to be bought back by the Company pursuant to the Buy Back Agreement.
<b>CAS</b>	means Convex Alternative Strategies Pty Ltd ACN 125 892 088 (formerly Viento Alternative Strategies Pty Ltd).
<b>CAS Loan Facility</b>	means the loan facility made available by the Company to CAS under a deed of loan dated 27 November 2007.
<b>Company or Viento Group</b>	means Viento Group Limited ABN 79 000 714 053.
<b>Constitution</b>	means the Company's constitution.
<b>Corporations Act</b>	means the <i>Corporations Act 2001</i> (Cth).
<b>Director</b>	means a director of the Company.
<b>Explanatory Memorandum</b>	means the explanatory memorandum that accompanies the Notice of Meeting and that has been prepared for the information of Shareholders in connection with the business to be transacted at the General Meeting.
<b>Guarantees</b>	<p>means the:</p> <ul style="list-style-type: none"> <li>• two guarantees given by Mr Kluge in favour of QTIF; and</li> <li>• two guarantees given by Mr Kluge in favour of the Company,</li> </ul> <p>more particularly described in the section of the Explanatory Memorandum setting out the details of Resolution 1.</p>
<b>General Meeting</b>	means the meeting of Shareholders convened pursuant to the Notice of Meeting for the purpose of considering the Resolutions, to be held at Meeting Room 12, Perth Convention Exhibition Centre, 21 Mounts Bay Road, Perth, Western Australia on Wednesday, 8 April 2009 at 10.30 am Perth time.

<b>Kluge Settlement Deed</b>	means the settlement deed between the Company, the Kluge Super Fund, the Kluge Unit Trust, QTIF and Mr Kluge dated 27 November 2008, as amended by deed of variation dated 30 January 2009.
<b>Kluge Super Fund</b>	means Queensland Technology as trustee for the Kluge Super Fund.
<b>Kluge Unit Trust</b>	means Queensland Technology as trustee for the Kluge Unit Trust.
<b>Listing Rules</b>	means the Listing Rules of ASX.
<b>Notice of Meeting</b>	means the notice of meeting of Shareholders dated 6 March 2009.
<b>Options</b>	means the options to acquire 23,100,000 ordinary shares in the Company, issued under the option agreement dated 17 July 2007 between the Company and Queensland Technology (as trustee for the Kluge Super Fund).
<b>Partly Paid Shares</b>	means the 4,500,000 partly paid shares in the Company held by the Kluge Unit Trust.
<b>Proposals</b>	means the proposed arrangements to restructure the Company's capital pursuant to the Kluge Settlement Deed, as described in the Explanatory Memorandum.
<b>Queensland Technology</b>	means Queensland Technology Innovation Fund Pty Ltd ACN 091 552 886, a company associated with Mr Kluge.
<b>QTIF</b>	means QTIF Pty Ltd ACN 125 890 557, a wholly owned subsidiary of the Company.
<b>Related Party</b>	has the meaning set out in section 228 of the Corporations Act.
<b>Resolution</b>	means a resolution proposed pursuant to the Notice of Meeting.
<b>Shareholder</b>	means a registered holder of a Share.
<b>Share</b>	means an ordinary fully paid share in the capital of the Company.
<b>SMMK</b>	means SMMK Pty Ltd ACN 125 234 899 as trustee for the Matt and Stephanie Trust, a trust associated with Mr Kavali.
<b>VGP</b>	means Viento Global Property Pty Ltd ACN 125 891 876.



## PROXY FORM

**COMPANY ADDRESS:**  
 Locked Box 105  
 South Melbourne VIC 3205

**SHARE REGISTRY:**  
 Security Transfer Registrars Pty Ltd  
**All Correspondence to:**  
**PO BOX 535, APPLECROSS WA 6953**  
 770 Canning Highway,  
 APPLECROSS WA 6153  
 T: (08) 9315 2333  
 F: (08) 9315 2233  
 E: registrar@securitytransfer.com.au  
 W: www.securitytransfer.com.au

«HOLDER\_NAME \_\_\_\_\_»  
 «ADDRESS\_LINE\_1 \_\_\_\_\_»  
 «ADDRESS\_LINE\_2 \_\_\_\_\_»  
 «ADDRESS\_LINE\_3 \_\_\_\_\_»  
 «ADDRESS\_LINE\_4 \_\_\_\_\_»  
 «ADDRESS\_LINE\_5 \_\_\_\_\_»

HIN/SRN No.: «ADDRESS\_LINE\_5 \_\_\_\_\_»  
 \_\_\_\_\_»

## SECTION A: Appointment of Proxy

I/We being a member(s) of VIENTO GROUP LIMITED and entitled to attend and vote hereby appoint:

OR

The meeting Chairperson  
 (mark with an "X")

Name of the person you are appointing if this person is someone other than the Chairperson of the meeting.

or failing the person named, or if no person is named, the Chairperson of the Meeting, as my/our Proxy to act generally at the meeting on my/ our behalf and to vote in accordance with the following directions (or if no directions have been given, as the Proxy sees fit) at the General Meeting of the Company to be held at 10.30am Perth time on Wednesday 8 April 2009 at Meeting Room 12, Perth Convention Exhibition Centre, 21 Mounts Bay Road, Perth, Western Australia and at any adjournment of that meeting.

## SECTION B: Voting Directions to Your Proxy

Please mark with "X" in the box to indicate your voting directions to your Proxy:

Resolution	For	Against	Abstain*
1. Approval of release of the Guarantees	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Approval of Buy-Back	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Amendment of Constitution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Cancellation of Partly Paid Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

If no directions are given my proxy may vote as the proxy thinks fit or may abstain.

\* If you mark the Abstain box for a particular item, you are directing your Proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

The Chairperson of the meeting intends to vote all undirected proxies in favour of all resolutions

## SECTION C: Please Sign Below

This section must be signed in accordance with the instructions overleaf to enable your directions to be implemented.

Individual or Security Holder 1

Sole Director and Sole Company Secretary

Security Holder 2

Director

Security Holder 3

Director / Company Secretary

**Change of Name or Address:** If your registration details are incorrect, please mark this box and make the correction on this form. Please note: CHESS sponsored holders must notify their sponsoring broker of the change. Your broker will notify the registry.

