Appendix 4E

Preliminary final report

1. Details of reporting period

Name of Entity	Viento Group Limited
ABN	79 000 714 054
Financial Year Ended	30 June 2009
Previous Corresponding Period	30 June 2008

2. Results for announcement to the market

				$'000
Revenues from ordinary activities	down	66.2%	to	3,140
Profit from ordinary activities after tax attributable to members	down	388.8%	to	(8,460)
Net profit for the period attributable to members	down	388.8%	to	(8,460)

	Amount Per Security	**Franked Amount Per Security**
Final Dividend	Nil	Nil
Interim Dividend	Nil	Nil
Previous Corresponding Period	Nil	Nil
Record Date for Determining Entitlements	Not Applicable	

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

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

3. Consolidated Income Statement

See attached.

4. Consolidated Balance Sheet

See attached.

5. Consolidated Cash Flow Statement

See attached.

6. Dividends

No recommendation for a dividend for the year ended 30 June 2009 has been made.

7. Dividend reinvestment plans

There are no dividends reinvestment plans in place.

8. Consolidated retained earnings

See attached Statement of Changes in Equity.

9. Net tangible asset backing

	30 June 2009	30 June 2008
Net tangible backing per ordinary security	16.81 cents	28.90 cents

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

See attached.

11. Details of associate and joint venture entities

See attached.

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

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

13. Foreign entities

Not applicable.

14. Commentary on results for period

The consolidated loss of the consolidated group after providing for income tax amounted to $(8,460,000) (2008: loss of $2,178,000). Revenue for the year was $3,140,000 (2008: $9,289,000). The result was impacted by a number of significant transactions and write offs:

- The recapitalisation of the Kingscliff J.V. at a cost of $1,381,000
- Charges relating to the closure of the Alternative Assets business $2,384,000
- An Impairment of for $341,000 relating to the value of AXG Mining Ltd and employee share loans
- Deferred tax balances of $2,459,000 were expensed in the period rather than be retained as an asset. Once profits are restored this balance can become a significant asset.

These costs are one off expenses taken as a consequence of restructuring the company and setting the platform to grow the funds management business. The recapitalisation of Kingscliff, the impairment of AXG Mining Ltd and employee share loans and the tax write off were non cash items.

The company has now been restructured with its Head office in Melbourne, half the staff numbers from the previous year and with a total focus on Property Funds Management. The Alternative Assets strategy was a failure and has been abandoned.

We start the new year with additional team members with property funds management expertise including Head of Property and an independent Director to Viento Property Limited. The Balance Sheet is strong with Cash at Bank of over $3m and receivables of in excess of $3m and no debt.

The company recognises the challenges ahead but also sees the opportunities to re-establish the company and grow FUM through the current economic crisis. Current expectations show the company is on track to earn enough income from existing FUM to break even during the 2009/10 financial year.

15. Audit/Review Status

This report is based on accounts to which one of the following applies (tick one):

The accounts have been audited		The accounts have been subject to review	
The accounts are in the process of being audited or subject to review	X	The accounts have not yet been audited or reviewed	

If the accounts have not yet been audited or subject to review and are likely to be subject to dispute or qualification, a description of the likely dispute or qualification:

If the accounts have been audited or subject to review and are subject to dispute or qualification, a description of the dispute or qualification:

16. Details of Annual General Meeting

Date	Expected to be Thursday, 19 November 2009
Place	TBC
Time	TBC

Ray King
Director

31 August 2009

GROUP STRATEGY OVERVIEW

The 2008/2009 financial year has seen unprecedented volatility in the investment markets, with the bull market conditions enjoyed over the past decade coming to an end. As with many other property Fund Managers and listed entities, the changed investment climate and the realignment of global capital markets has impacted the Group. After a detailed review of operations in the first half of the 2008/09 financial year, the company went through a significant restructure with a consolidation of operating expenses across the board to strengthen its overall financial position.

Some of the significant restructure and consolidation activities implemented in the last twelve months include;

- The Group has ceased to operate the alternative investment asset class division, being Alternative Strategies, Real Estate Private Equity and Property Derivatives. Agreements were reached with our partners on the orderly disposal of each of the companies.
- Consolidation of office locations through the closure of the Brisbane and New Zealand office, and relocating business critical corporate functions to the Melbourne Office.
- Reduction of the Melbourne office space by approximately 50%

During the past financial year, the Group's key activities remained focused on the management of our property related investment products.

The property sector has been particularly affected with the dramatic repricing of many listed property investment vehicles. I am pleased to confirm that our funds held an insignificant exposure to listed property securities and therefore have been relatively unaffected.

However the reduction in property values has seen a need to manage the debt exposures in our various Funds. The economic downturn is increasing vacancies and impacting the cash flow of some of our products. To manage this, distributions have been suspended in the Viento Diversified Property Fund and the New Enterprise Property Syndciate. Distributions are continuing from the Premiere and Metro Syndicates.

OPERATING RESULTS FOR THE YEAR

The consolidated loss of the consolidated group after providing for income tax amounted to $(8,460,000) (2008: loss of $2,178,000). Revenue for the year was $3,140,000 (2008: $9,289,000). The result was impacted by a number of significant transactions and write offs:

- A loss on disposal of $1,381,000 in relation to the exit of a 50% interest in the Kingscliff development project. The group now has a 10% interest in the project. The investment is held for potential rezoning and development;
- A charge of $658,000 representing a full write off of cost relating to the establishment of new funds management products which did not eventuate;
- A write off of Loans to Associate entities of $1,272,000 that were discontinued as a result of the decision to cease the development of a broader funds management business;
- A charge of $454,000 in termination benefits; and
- An Impairment of Assets for $341,000 relating to the AXG Mining Ltd value of investment and employee share loans
- Deferred tax balances of $2,459,000 were expensed in the period as they are only recognised 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, and the group does not currently meet this test.

PROPERTY DIVISION

OVERVIEW

The 2009 financial year saw the consolidation of the Group's retail investor property funds management business following the transfer of syndicates to the Groups core offering in 2008 – the Viento Diversified Property Fund (VDPF).

In addition, the Group centralised the property funds management team in Melbourne from January 2009. A centralised team has provided cost savings, and synergies helping to contain and manage the issues that have arisen in the current financial environment. A new Head of Funds Management was appointed in June 2009 and has the primary responsibility of driving the performance and growth of the Groups property funds management portfolio. A range of investment strategies are now under development aimed at delivering investment products for investors in 2010.

As part of the Group's consolidation efforts, we have employed a full time leasing executive to canvas new tenants and drive leasing initiatives to re-release any major vacancies across the portfolio. We are in the process of bringing some property management in house to gain greater control over the proactive management of the properties. These initiatives have already been successful in achieving new tenancies and improving the performance of some of the properties.

Our strategy is to protect investor's capital and develop our Viento Diversified Fund as a conservative, transparent direct property investment vehicle.

The property division is based in Melbourne and maintains a presence in Perth.

VIENTO DIVERSIFIED PROPERTY FUND (VDPF)

Due to economic conditions the performance of the VDPF has has been negatively impacted over the past year, with a total return over the past 12 months of (38.54%). Weak market conditions have been reflected in the June 2009 property valuation with the gross assets under management decreasing by $44,368,000 to $145,629,000 including the disposal of the Summerhills Shopping Centre for $17,650,000.

Due to the uncertainty surrounding the financial and property markets combined with negative investor's sentiment, the Manager suspended all applications and withdrawals from the Fund from October 2008. This included the suspension of both regular investments and reinvestment of distributions. As at the end of 2008/09 the suspension to application and withdrawals was still in place, we will continue to monitor market sentiment and intend to re-open the Fund once market conditions improve.

From November 2008, the Manager identified and implemented two initiatives to the Fund structure to assist with reducing costs and enhance returns. These included;

- Changing the payment of distributions from a monthly to a quarterly basis
- Changing the unit pricing of the Fund from daily to monthly unit pricing calculations

The Director of Viento Property Limited made the very difficult decision to suspend Fund distribution for the April – Jun 2009 quarter and for the 2009/10 financial year in order to maintain cash reserves which will allow the Fund to continue to;

- Provide funds for leasing incentives
- Provide funds for essential capital works
- Pay down debt thus mitigating the impact of declining property values.

Our primary objective for the Fund is to preserve investors' capital and improve the performance of the Fund and we have implemented the following initiatives to achieve our goals;

- Entered into a new debt facility to reduce interest rates
- Implemented an aggressive leasing strategy to address changing market conditions targeting tenants who are seeking price sensitive or cost driving leasing options
- Implemented an in-house leasing initiative
- Reduced arrears by implementing an improved program of pursuing tenant arrears
- Prudently manage the cash flow for the Fund through he implementation of a strict regime to manage and control property operating expenses.
- Limit capital expenditure to leasing incentives that guarantee income, plant and equipment lifecycle costs, mandatory occupational health and safety matters and compliance requirements.

In addition to the above, we are currently considering the opportunity to dispose of some smaller assets that might appeal to private investors should the offer provide value to the Fund and unitholders.

The Fund comprises 12 assets, with a broad geographic coverage across 5 states and predominantly in retail and commercial property sectors.

PROPERTY INVESTMENT SYNDICATES

The Group currently administers 3 property syndicates and 2 property subdivision syndicates.

In May 2009, the Premiere Property Syndicate was due to expire. We were of the opinion that to sell the properties in what is a depressed and oversupplied market, would not be in the best interest of unitholders. Therefore Viento recommended an extension of the Syndicate term for a further two years by way of special resolution to allow for market conditions to stabilise and valuation fundamentals to return. Unitholders voted in favour of the resolution and the Premiere Property Syndicate has been extended until 25 May 2011.

The Metro Property Syndicate is due to expire on 22 October 2009. Viento will be recommending to unitholders an extension to the syndicate term to allow for market conditions to stabilise and provide more potential for the properties to achieve acceptable values when offered for sale.

Both the Metro Property Syndicate and the Premiere Property Syndicate are performing within expectations.

Due to a major vacancy at one of the properties in the New Enterprise Property Syndicate, distributions from the Syndicate were suspended from the January – March quarter 2009. Distributions to the Syndicate will be reviewed upon securing new tenants for this property.

PROPERTY SUBDIVISION SYNDICATES

Viento Property Ltd is also responsible entity of two property subdivision syndicates – Southern River Syndicate and Henley Brook Syndicate. Each syndicate aims to deliver returns to investors that are commensurate with development risk.

For both Syndicates, capital is progressively returned to syndicate investors over the life of the subdivision project. Viento will receive fees based on a percentage of the sales values of the new lots sold. Consistent with the nature of each subdivision project, the majority of the returns are expected to flow through in the later years of the project as lot sales are achieved and settled.

Since the end of the year we have obtained development approval for both projects. We are intending to commence development this year. The development will provide management fees for the company from sales of lots.

We recently reforecast the total return for Southern River Syndicate unitholders taking into consideration current economic conditions, recent valuation and delays experienced in achieving final subdivision approval.

The estimated forecast Internal Rate of Return (IRR) for the Southern River Syndicate ordinary and bonus unitholders is 12.3% per annum over the life of the Syndicate, this being less than the PDS forecast of 19.7%.

The estimated forecast Internal Rate of Return (IRR) for the Southern River Syndicate Supplementary unitholders is 7.5% per annum over the life of the Syndicate, this being less than the original forecast of 19.8%.

The overall profit of the project is similar to the PDS forecast however the two year delay to achieve development approval has impacted the IRR.

The Henley Brook IRR is still in line with the PDS forecast despite a similar two year delay.

FORESTRY DIVISION

Viento continues to hold interests in forestry investment products that the Group marketed in earlier years, and to manage the interests of investors who hold such interests. The group has not marketed forestry investment products since June 2003.

The consolidated group's interest in trees was subject to an independent revaluation at 30 June 2009, resulting in a revaluation decrement of $47,000 (2008: increment of $102,000). Further trees were acquired during the year as a result of an investor going bankrupt and the Group having the trees as security. The value of the trees at 30 June 2009 was $1,725,000 (2008: $1,649,000).

The forestry investments of the group reside on Kangaroo Island, along with other agriculture investment companies including Great Southern Limited who during the year appointed administrators. The value of our investments may be affected by the issues at Great Southern Limited which are yet to be resolved.

The investments have been valued assuming that an export facility will be constructed on Kangaroo Island prior to the scheduled harvest in 2015, as we believe Kangaroo Island has tree plantations significant enough to support a commercially viable export facility.

Without the development of an export facility the value of the trees is considered negligible.

There are an estimated 16,000 hectares of plantations of both Tasmanian Blue Gums (14,000) and pine (3,500). These plantations are estimated to produce over 3 million cubic metres of wood chips over a ten year period. The value per annum of this production is estimated to be $30m.

Over the period since the company first planted Tasmanian blue gums on the island annual growth has been in the range of 18 to 25 mean annual increment per cubic metre representing a commercially sustainable growth rate. Significantly these growth rates are in the top quartile of growth rates around Australia.

The Directors believe that the existing plantations and the good growth of the plantations make a strong case for a commercial wood chipping operation to be developed on the Island.

EXPLORATION DIVISION

Viento Group's wholly owned subsidiary, Constance Range Pty Ltd (CRPL) is the holder of a 70% joint venture interest in the Constance Range iron ore exploration project in North West Queensland.

A recent valuation of the project was completed valuing the asset at $1.5m whilst it is in the financial statements at nil value. The asset comprises 310mt of hematite ore grading 51%Fe. The project is joint ventured with all costs borne by the joint venturer.

The Board is assessing various means of returning value for this asset to shareholders.

COMPLIANCE

There were no significant compliance breaches reported to ASIC for the VDPF and the 5 property syndicates during the year. This reflects the continued strong compliance culture at Viento. The Compliance Committee for Viento Property Limited, comprised a majority of independent members and it met four times during the year. The compliance plan auditors successfully completed their audit of plans for the VDPF and the 5 property syndicates .

During the year, the company appointed an external consultant, Sharman Grant, to assume the risk and compliance responsibilities after the transition of the head office from Brisbane to Melbourne. Sharman Grant has a broad range of legal experience in corporate law and financial services law with particular expertise in government law. Sharman worked for ASIC in the policy area and later in the commercial regulatory team carrying out commercial and enforcement legal work and finally worked as senior executive responsible for implementing the Financial Services regime legislation. Sharman has extensive experience in implementing compliance and risk management arrangements for AFS licensees. The Group's compliance regime and risk management systems aim to ensure the business continues to have a strong regulatory focus to benefit all stakeholders.

The focus for the next year will be to incorporate all changes to regulatory requirements into our Product Disclosure Statements, for existing and new products, in particular ASIC RG 46 disclosure.

FINANCIAL POSITION

The net assets of the consolidated group have decreased from $15.247 million at 30 June 2008 to $8.881 million at 30 June 2009.

The cash position of $3.1 million has reduced when compared to that of the previous year ($4.9 million). Current trade and other receivables are $1.5 million with non-current trade and other receivables at $2.2 million. Trade and other payables are $0.7 million.

The Directors believe that Viento Group will continue to grow revenue streams from new and existing funds under management from the continuing operation and development of the Company's businesses, strategies and investments.

FUTURE DEVELOPEMENTS, PROSPECTS AND BUSINESS STRATEGIES

The company has a strong base of approximately $280 million in funds under management, predominately in property, with an open ended unlisted retail investor property fund – the VDPF - as the Group's core retail investor offering, an established retail investor distribution network and an adequate balance sheet.

The focus of the executive team for the year to 30 June 2010, with the singular strategic vision of building funds under management, is:

- to stabalise the VDPF portfolio of 11 properties and look for opportunities to create or realise value for unitholders, and to be in a position to move forward with opportunities which may become available due to the current unsettled property market conditions; and
- to review the domestic property sector to identify particular areas for growth where the group can deliver a pipeline of investment product for both retail and institutional investors.
- Consider all other opportunities in the direct property funds management sector

VIENTO GROUP LIMITED (ABN 79 000 714 054) & CONTROLLED ENTITIES
INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE 2009

	CONSOLIDATED GROUP	
	2009	2008
	$000	$000
Revenue	3,140	9,289
Employee Benefits Expense	(3,426)	(4,571)
Termination Payments	(454)	(985)
Professional Services Fees	(997)	(1,019)
Commission Expense	(227)	(372)
Occupancy Expense	(502)	(390)
Finance Expense	(384)	(264)
Administration Expense	(781)	(1,767)
Depreciation and Amortisation Expense	(135)	(144)
Loss on Disposal of Property, Plant and Equipment	(44)	(45)
Loss on Disposal of Investments	(1,381)	106
Decrement in Forestry Plantations	(47)	102
Impairment of Assets	(341)	(1,909)
Write Off Deferred Establishment Costs	(658)	-
Write Off Loans to Associates	(1,272)	-
Write Down of Inventories	-	(1,004)
Bad & Doubtful Debts Expense	(21)	26
Share of Net Losses of Associates Accounted for Using the Equity Method	-	(45)
Profit/(Loss) Before Income Tax Expense	(7,530)	(2,992)
Income Tax (Expense)/Benefit	(930)	814
Profit/(Loss) Attributed to Members of the Parent Entity	(8,460)	(2,178)

VIENTO GROUP LIMITED (ABN 79 000 714 054) & CONTROLLED ENTITIES
BALANCE SHEET

AS AT 30 JUNE 2009

	CONSOLIDATED GROUP	
	2009	2008
	$000	$000
Current Assets		
Cash and cash equivalents	3,079	4,895
Trade and other receivables	1,463	5,360
Inventories	-	5,077
Financial assets	200	254
Other current assets	232	135
Total Current Assets	4,974	15,721
Non Current Assets		
Trade and other receivables	2,182	2,913
Financial assets	569	-
Investments in controlled entities	-	-
Plant and equipment	242	406
Biological assets	1,725	1,649
Deferred tax assets	-	2,027
Intangible assets	14	29
Other non-current assets	-	771
Total Non Current Assets	4,732	7,795
Total Assets	9,706	23,516
Current Liabilities		
Trade and other payables	723	2,504
Financial liabilities	-	4,504
Short-term provisions	32	189
Other current liabilities	59	66
Total Current Liabilities	814	7,263
Non Current Liabilities		
Trade and other payables	-	-
Deferred tax liabilities	-	1,003
Long-term provisions	11	3
Total Non Current Liabilities	11	1,006
Total Liabilities	825	8,269
Net Assets	8,881	15,247
Equity		
Issued capital	19,231	19,156
Reserves	1,408	447
Retained earnings	(11,758)	(4,356)
Total Equity	8,881	15,247

VIENTO GROUP LIMITED (ABN 79 000 714 054) & CONTROLLED ENTITIES
CASH FLOW STATEMENT

AS AT 30 JUNE 2009

	CONSOLIDATED GROUP	
	2009	2008
	$000	$000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	4,969	5,415
Payments to suppliers and employees	(6,961)	(8,880)
Interest received	269	482
Interest paid	(202)	(127)
Dividends received	-	-
Income tax (paid)/refunded	85	-
Net cash provided by/(used in) operating activities	(1,840)	(3,110)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale:		
- Plant & equipment	6	10
- Investments	101	1,957
Payments for purchase of:		
- Plant & equipment	(21)	(268)
- Investments	-	-
- Forestry plantations	(78)	(76)
- Other non current assets	(3)	(382)
Increase in cash on acquisition of subsidiaries		87
Loans to:		
- Related entities	-	(1,562)
- Other	-	(24)
Loans repaid by:		
- Related entities	-	-
- Other	12	25
Net cash provided by/(used in) investing activities	17	(233)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	-	45
Proceeds from issue of convertible notes	-	-
Proceeds from exercise of share options	-	-
Proceeds from borrowings:		
- Financial institutions	-	-
- Related entities	81	118
Repayment of borrowings:		
- Financial institutions	-	(185)
Loans to related entities	(74)	-
Loans repaid by related entities	-	2,494
Net cash provided by financing activities	7	2,472
Net increase/(decrease) in cash held	(1,816)	(871)
Cash at the beginning of the year	4,895	5,766
Cash at the end of the year	3,079	4,895

VIENTO GROUP LIMITED (ABN 79 000 714 054) & CONTROLLED ENTITIES
STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2009

CONSOLIDATED GROUP	$000 Share Capital Ordinary	$000 Convertible Notes	$000 Share Based Payments Reserve	$000 Financial Assets Reserve	$000 Retained Earnings	$000 Total
Balance at 30 June 2007	14,499	164	74	399	(2,178)	12,958
Shares issued during the year	1,545	-	-	-	-	1,545
Reclassification of convertible notes	3,063	(164)	-	-	-	2,899
Employee share options expense	-	-	521	-	-	521
Exercised/lapsed employee share options	49	-	(49)	-	-	-
Revaluation increment	-	-	-	(498)	-	(498)
Profit attributable to members of the parent entity	-	-	-	-	(2,178)	(2,178)
Balance at 30 June 2008	19,156	-	546	(99)	(4,356)	15,247
Shares issued during the year	-	-	-	-	-	-
Reclassification of convertible notes	42					42
Employee share options expense	-	-	(487)			(487)
Exercised/lapsed employee share options	33		1,327			1,360
Revaluation increment				120		120
Adjustment to prior year retained earnings on disposal of Joint Venture					1,059	1,059
Profit attributable to members of the parent entity					(8,460)	(8,460)
Balance at 30 June 2009	19,231	-	1,386	21	(11,757)	8,881

	CONSOLIDATED GROUP	
	2009	2008
	$000	$000
1. REVENUE		
Operating Revenue		
– Establishment Fee Income	-	2,761
– Management Fee Income	1,904	1,698
– Completion Fee Income	177	2,206
– Incentive Fee Income	-	1,567
– Other Fee Income	521	316
Total Operating Revenue	2,602	8,548
Other Revenue		
– Rental Revenue	30	-
– Leasing Fee Revenue	36	-
– Interest Received - Other	201	482
– Dividends	1	1
– R&D Grant Income	174	-
– Other Revenue	96	258
Total other income	538	741
Total Revenue	3,140	9,289

2. CONTROLLED ENTITIES

(a) Controlled Entities

	Country of Incorporation	Percentage Owned (%) 2009	2008
Parent Entity			
Viento Group Limited	Aust		
Subsidiaries of Viento Group Limited			
Constance Range Pty Ltd	Aust	100	100
QTIF Pty Ltd	Aust	100	100
Viento Capital Pty Ltd	Aust	100	100
Viento Finance Pty Ltd	Aust	100	100
Viento Forestry Pty Ltd	Aust	100	100
Viento Investment Pty Ltd	Aust	100	100
Viento Management Pty Ltd	Aust	100	100
Viento Meta Growth Pty Ltd	Aust	100	100
Viento Mortgages Pty Ltd	Aust	100	100
Viento Property Limited	Aust	100	100
Viento Global Properties Pty Ltd	Aust	100	50
Convex Alternative Strategies Pty Ltd	Aust	62.5	50

All entities have a financial year end of 30 June 2009.

(b) Acquisition of Controlled Entities

In April 2009, the Group, through QTIF Pty Ltd, acquired the remaining 50% of shares in Viento Global Properties Pty Ltd for one dollar in cash. In the 6 months to June 30 June 2009 the subsidiary contributed nil net profit. If the acquisition had occurred on 1 July 2008, management estimates the consolidated revenue would have been $69,506 and the consolidated loss would have been $2,874. In determining these amounts management believes that the fair value adjustments which arose on the date of acquisition would have been the same if the acquisition occurred on 1 July 2008.

The acquisition had the following effect on the Groups assets and liabilities on acquisition date:

	Pre Acquisition Carrying Amounts	Fair Value Adjustments	Recognised Values on Acquisition
Trade and Other Receivables	2	(2)	-
Cash and Cash Equivalents	1	-	1
Loans and Borrowings	(512)	512	-
Trade and Other Payables	(24)	24	-
Net Identifiable Assets and Liabilities	(533)	534	1
Discount on Acquisition			1
Consideration Paid			-
Cash Acquired			1
Total Cash Outflow/(Inflow)			(1)

Pre-acquisition carrying amounts were determined based on applicable AASB's immediately before the acquisition. The value of the assets, liabilities and contingent liabilities recognised acquisition are their estimated fair values. Loans and payables were amounts owing to the parent at time of acquisition. These loans and payables were forgiven on acquisition.

(c) Acquisition of Minority Interests

In April 2009, the Group, through its subsidiary QTIF Pty Ltd, acquired an additional 12.5% interest in Convex Alternative Strategies Pty Ltd (formerly Viento Alternative Strategies) for one dollar. This increased the Groups ownership from 50% to 62.5%. The carrying amount of the net assets in the consolidated financial statements on the day of acquisition was nil as the net losses exceed the value of the Groups interest.

3. ASSOCIATED ENTITIES & JOINT VENTURES

Interests are held in the following associated entities:

Name	Principal Activities	Country of Incorp		Ownership Interest 2009 %	2008 %
Unlisted:					
Kingscliff Land Unit Trust	Property development	Australia	Units	10.00	50.00
Viento Global Property Pty Ltd	Funds management	Australia	Ord	100.00	50.00
Convex Alternative Strategies Pty Ltd	Funds management	Australia	Ord	62.50	50.00

	CONSOLIDATED GROUP 2009 $000	2008 $000
(a) Movements During the year in Equity Accounted Investment in Associates		
Balance at the beginning of the financial year	-	45
New investments during the year	-	-
Share of associated entities loss from ordinary activities after income tax	-	(45)
Disposals during the year	-	-
Balance at end of financial year	-	-
(b) Equity Accounted Profits of Associates are Broken Down as Follows:		
Share of associates loss before income tax expense	-	45
Share of associates income tax expense/(benefit)	-	-
Share of associates loss after income tax	-	45
(c) Summarised Presentation of Aggregate Assets, Liabilities and Performance of Associates		
Current Assets	-	2,107
Non-Current Assets	-	-
Total Assets	-	2,107
Current Liabilities	-	2,188
Non-Current Liabilities	-	1,280
Total Liabilities	-	3,468
Net Liabilities	-	(1,361)
Revenues	-	17
Loss before income tax of associates	-	(1,451)

In April 2009 additional shares were acquired in both Viento Global Properties Pty Ltd and Convex Alternative Strategies Pty Ltd which increased the Groups interest to 100% and 62.5% respectively. As a result of the additional acquisition these entities are no longer classified as Associates but are now Controlled Entities.

In February 2009, a recapitalisation agreement was entered into for the Kingscliff Land Unit trust which resulted in the Group's ownership decreasing from 50% to 10%. As a result of the recapitalisation agreement the Kingscliff Land Unit Trust is no longer classified as an associate. The investment is recorded in Financial Assets under Unlisted Investments at Fair Value.

3. ASSOCIATED ENTITIES & JOINT VENTURES (CONT...)

(d) Interest in Joint Ventures

A controlled entity, Constance Range Pty Ltd (CRPL), is in joint venture with Kimberley Metals 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 CRPL. KML may elect to earn an additional 20% equity in the Project by completing a bankable feasibility study with a proposed budget of $5 million. Unless, and until, KML elects to earn an additional 20% equity in the Project both parties will contribute to development and construction costs on a pro rata basis.

(e) Interest in Joint Venture Entities

The consolidated group has a 10% interest (2008: 50%) 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. Details of the transaction were as follows:

	CONSOLIDATED GROUP	
	2009 $000	2008 $000
Initial Investment	200	-
Loans Advanced to Joint Venture	1,451	-
Total Amount Contributed/Converted to Equity	1,651	-
Additional Capital Contributed By New Investors (80%)	3,836	-
Adjusted Capital of Joint Venture (100%)	4,795	-
Viento Group Portion of Joint Venture (10%)	480	-
Loss on Investment	(1,171)	-

Following the recapitalisation agreement entered into in February 2009, the investment in the Joint Venture entity has been accounted for in the parent entity at fair value. Prior to the recapitalisation the proportional consolidation method was used as the Group exerted significant control over the entity. The consolidated group's share of assets employed in the Cudgen Joint Venture under the proportionate method were as follows:

	CONSOLIDATED GROUP	
	2009 $000	2008 $000
Current Assets	-	5,135
Non-Current Assets	-	-
Total Assets	-	5,135
Current Liabilities	-	5,944
Non-Current Liabilities	-	-
Total Liabilities	-	5,944
Revenues	-	1
Expenses	-	(1,008)
Profit/(loss) before income tax	-	(1,007)

4. BIOLOGICAL ASSETS

	CONSOLIDATED GROUP	
	2009	2008
	$000	$000
At net market value:		
Opening balance	1,649	1,471
Acquisitions	41	-
Maintenance, rent and insurance	82	76
Market value increment/(decrement)	(47)	102
Closing balance	1,725	1,649

(a) Nature of Asset

The company maintains ownership of Eucalyptus Globulus trees growing on 370 hectares (2008: 361 hectares) on Kangaroo Island, South Australia.

Plantation values are not static. Trees are capable of biological growth and will change in value over time as the trees mature. They will also change in value as woodchip prices change, or if growth or health of plantation trees are affected by various agricultural risks such as drought, fire and pest damage.

The net market value of the asset has been determined in accordance with an independent valuation carried out on 10 August 2009 by Mr David Geddes, BSc (For), AQIMM, MACFA, CPMgr, of Geddes Management Pty Ltd.

(b) Acquisitions

The Group acquired an additional 9 hectares of plantations during the year following forfeiture of a loan. The 9 hectares were held as security over the loan which reverted to the Group upon receipt of final dividend bankruptcy payment by the debtor.

(c) Assumptions

Significant assumptions made in determining the net market value of the plantation timber include:
(i) the discount rate used in the valuation was 9.14%;
(ii) the long term inflation rate for Australia used was 1.5% and the risk free rate of return was 5.75%;
(iii) the valuation was conducted on a pre tax basis; and
(iv) it has been assumed that an export facility will be constructed on Kangaroo Island prior to the scheduled harvest in 2015.
(v) Development of an export facility prior to the scheduled harvest date.

(d) Other Risks

i) Without the development of an export facility the value of the trees is negligible.
ii) Maintenance of projected growth rates until time of harvest – any period of projected drought can adversely impact on growth rates.
iii) The achievement of woodchip prices – blue gum woodchip prices have retained value in the last 12 months when many other commodities exported from Australia have significantly dropped in price as a result of global economic turmoil. An oversupply of woodchip from Australia in the next few years could adversely impact prices, but the pricing strength in the last 12 months and the "preferred product" status of blue gum woodchip, suggests little negativity in future woodchip pricing.
iv) Interest rates, inflation rates and bond rates all impact the discount rate used in valuation calculations. Any increase in the discount rate will adversely impact future tree values.
v) Harvesting and port handling costs – any increase in these costs will reduce future tree values.

(e) Other Information

There are an estimated 17,500 hectares of plantations of both Tasmanian Blue Gums (14,000) and pine (3,500). These plantations are estimated to produce over 3m cubic metres of wood chips over a ten year period. The value per annum of this production is estimated to be $30m.

Over the period since the company first planted Tasmanian blue gums on the island annual growth has been in the range of 18 to 25 mean annual increment per cubic metre representing a commercially sustainable growth rate.

The Directors believe that the existing plantations and the good growth of the plantations make a strong case for a commercial wood chipping operation to be developed on the Island. The cost of building a full port facility on the island is estimated to be no greater than $30m which based on the production rates above could be recovered one year into a ten year cutting plan.