

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 2011
Previous Corresponding Period	30 June 2010

2. Results for announcement to the market

				\$'000
Revenues from ordinary activities	up	6.7%	to	\$3,129
Profit from ordinary activities after tax attributable to members	down	30%	to	\$1,482
Net profit for the period attributable to members	down	30%	to	\$1,482
<i>Percentage change is not provided as the previous corresponding period contains a net loss.</i>				
		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:

Revenue from ordinary activities does not include \$1.72 million in Other Revenue recognised on the revaluation of the Group's investment in the Constance Range Iron Ore Exploration Project, as this is not considered to be an 'ordinary activity'. However the reported profit and net profit figures above do include this \$1.72m of Other Revenue.

3. Consolidated Statement of Comprehensive Income

See attached.

4. Consolidated Statement of Financial Position

See attached.

5. Consolidated Statement of Cash Flows

See attached.

6. Dividends

A dividend has not been declared for the year ended 30 June 2011.

Shareholder approval was obtained at the AGM held on 30 November 2010 to “authorise the Directors to declare a dividend by distributing of all of the fully paid ordinary shares in Constance Range to the holders of ordinary shares of the Company on a one for one basis.” The directors have recommended a dividend by way of an in specie distribution of shares in Constance Range Pty Ltd the holder of a 70% interest in the Constance Range Iron Ore joint venture in the 2012 financial year.

The value of the dividend is expected to be 3.16 cents per share. No Record date has been set.

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 2011	30 June 2010
Net tangible backing per ordinary security	24.9 cents	23.3 cents

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

No changes.

11. Details of associate and joint venture entities

No changes.

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

See notes.

13. Foreign entities

Not applicable.

14. Commentary on results for period

The consolidated profit of the consolidated group after providing for income tax amounted to \$1,482,000 (2010 profit of \$2,123,000)

Total Revenue for the year was \$4,849,000 (2010: \$2,933,000). Total revenue includes a revaluation of Constance Range Pty Ltd, of \$1,720,000, expected to be distributed to shareholders as approved at the 30 November 2010 AGM.

The accounting treatment in relation to Constance Range and the in-specie distribution is currently the subject of discussion with our auditors.

The result includes the following items:

- Pre-tax profit \$1,319,000
- Net tax credit included in profit after tax of \$163,000

We start the new year with a streamlined operation with a predictable low cost base. The Balance Sheet is strong with Cash at Bank of \$2.731m and current receivables of \$3.12m and no debt.

Corporate activity

The cost and management distraction of recent Mariner Corporation Ltd corporate action and previous successful application to the takeover panel by Viento has had a significant impact on the company profitability during the year. The direct costs of this have been estimated at \$520,000. Mariner, a substantial shareholder with 8.9% of the company securities, firstly requisitioned a spill of the board in order to appoint their own representatives, and simultaneously made an application to the Takeovers Panel regarding purported breach of s 611 of the *Corporations Act*. Both of these actions by Mariner have been overwhelmingly unsuccessful. Since year end Mariner have launched a highly conditional takeover bid for the company.

Managed schemes

Viento continues to work with financiers on the Viento Diversified Property Fund (VDPF) following the closure of the Australian Monthly Income Fund managed by AXA. AXA loans account for approximately \$53m. The properties financed by AXA are valued at \$82.3m.

AXA requires Viento Group and VPL to arrange alternative finance in the near term for these properties. If unable to do so AXA requires the properties be put on the market for sale. Viento has appointed advisers to assist in the re-capitalisation of the VDPF to assist in managing the banking requirements and positioning the fund for future growth. We continue negotiations with alternative financiers.

Outlook

Current expectations show good company profitability going forward greatly helped by revenue from the subdivision business which has commenced subsequent to 30 June 2011. This revenue stream is expected to continue for the next 2-3 years.

The shareholder approved Constance Range in-specie distribution of Constance Range Pty Ltd is expected to occur during the 2012 financial year.

The board continues to evaluate its existing assets and activities.

The current board's strategic plan is to strengthen the company in three key areas, by:

- recapitalising the Viento Diversified Property Fund,
- developing our Subdivision Business, and
- diversifying into other activities which may include providing services to the mining industry.

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

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:

The accounting treatment in relation to Constance Range and the in-specie distribution is currently the subject of discussion with our auditors.

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, 24 November 2011

Place TBC

Time TBC



Rob Nichevich
Director

31 August 2011

VIENTO GROUP LIMITED & CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2011

	Notes	CONSOLIDATED GROUP	
		2011	2010
		\$000	\$000
Revenue	1	3,129	2,933
Other Revenue	1	1,720	-
Employee Benefits Expense		(1,662)	(1,718)
Professional Services Fees		(793)	(280)
Commission Expense		(125)	(149)
Occupancy Expense		(198)	(234)
Finance Expense		(30)	(6)
Administration Expense		(481)	(436)
Depreciation and Amortisation Expense		(58)	(78)
Increment (Decrement) in Forestry Plantations	3	(204)	107
Impairment Reversal		43	-
Bad & Doubtful Debts Expense		(22)	(115)
Profit/(Loss) Before Income Tax Expense		1,319	24
Income Tax (Expense)/Benefit		163	2,099
Profit/(Loss) for the year		1,482	2,123
Other comprehensive income			
Net revaluation of listed investments		(9)	59
Deferred tax movement		16	-
Other comprehensive income for the year net of tax		7	59
Total comprehensive income for the year		1,489	2,182
Profit attributable to:			
Members of the parent entity		1,482	2,123
Total comprehensive income attributable to:			
Members of the parent entity		1,489	2,182
Overall Operations			
Basic and Diluted earnings per share (cents per share)		3.1	4.49

**VIENTO GROUP LIMITED & CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 30 JUNE 2011**

		CONSOLIDATED GROUP	
		2011	2010
		\$000	\$000
Current Assets			
		2,731	2,098
		3,120	2,486
	2	1,865	154
		221	203
		<u>7,937</u>	<u>4,941</u>
Non Current Assets			
		1,370	1,839
	2	569	569
		122	173
	3	1,952	1,985
		3,056	2,798
		14	14
		<u>7,083</u>	<u>7,378</u>
		<u>15,020</u>	<u>12,319</u>
Current Liabilities			
		696	563
		58	49
		25	56
		<u>779</u>	<u>668</u>
Non Current Liabilities			
		674	595
		6	9
		<u>680</u>	<u>604</u>
		<u>1,459</u>	<u>1,272</u>
		<u>13,561</u>	<u>11,047</u>
Equity			
		20,236	19,231
		1,477	1,450
		(8,152)	(9,634)
		<u>13,561</u>	<u>11,047</u>

**VIENTO GROUP LIMITED & CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2011**

	\$000	\$000	\$000	\$000	\$000
	Share Capital Ordinary	Share Based Payments Reserve	Financial Assets Reserve	Accumulat ed losses	Total
CONSOLIDATED GROUP					
Balance at 30 June 2009	19,231	1,386	21	(11,757)	8,881
Profit attributable to members of the parent entity				2,123	2,123
Total other comprehensive income for the year			59		59
Cancellation of outstanding options		(16)			(16)
Balance at 30 June 2010	<u>19,231</u>	<u>1,370</u>	<u>80</u>	<u>(9,634)</u>	<u>11,047</u>
Profit attributable to members of the parent entity				1,482	1,482
Total other comprehensive income for the year			7		7
Exercise of options	9				9
Options issued as remuneration		20			20
Issue of share capital	1,041				1,041
Cancellation of shares	(45)				(45)
Balance at 30 June 2011	<u>20,236</u>	<u>1,390</u>	<u>87</u>	<u>(8,152)</u>	<u>13,561</u>

**VIENTO GROUP LIMITED & CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2011**

	CONSOLIDATED GROUP	
	2011	2010
	\$000	\$000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	3,705	2,337
Payments to suppliers and employees	(3,550)	(3,224)
Interest received	66	79
Finance expenses paid	(30)	(6)
Income tax (paid)/refunded	-	-
	<hr/>	<hr/>
Net cash provided by/(used in) operating activities	191	(814)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for purchase of:		
– Plant & equipment	(7)	(18)
– Forestry plantations	(171)	(153)
Loans to:		
– Other	-	4
Loans repaid by:		
– Other	22	-
	<hr/>	<hr/>
Net cash provided by/(used in) investing activities	(156)	(167)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net Proceeds from shares:		
– Issuing shares	953	-
– Exercise of options	9	-
Loans to related entities	(364)	-
	<hr/>	<hr/>
Net cash provided by financing activities	598	-
Net increase/(decrease) in cash held	633	(981)
Cash at the beginning of the year	2,098	3,079
	<hr/>	<hr/>
Cash at the end of the year	2,731	2,098
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**VIENTO GROUP LIMITED & CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

	CONSOLIDATED GROUP	
	2011	2010
	\$000	\$000
1. REVENUE		
Sales Revenue		
- Management Fee Income	2,318	2,305
- Other Fee Income	455	279
Total sales revenue	2,773	2,584
Other Revenue		
- Leasing Fee Revenue	80	146
- Interest Received	276	58
- Other Revenue	1,720	145
Total other income	2,076	349
Total Revenue	4,849	2,933

Other Revenue of \$1,720,000 relates to the revaluation of the group's investment in the Constance Range Iron Ore Exploration Project through profit and loss.

2. FINANCIAL ASSETS

Current Financial Assets Available for Sale	1,865	154
Non Current Financial Assets Available for Sale	569	569
Total Financial Assets Available for Sale	2,434	723

Available for sale financial assets comprise:

Listed investments, at fair value		
- shares in listed corporations	32	41
Unlisted investments, at fair value		
- units in property syndicates	113	113
- units in Kingscliff land unit trust	89	89
- interest in Cudgen Joint Venture	480	480
- investment in Constance Range Exploration Project	1,720	-
	2,434	723

**VIENTO GROUP LIMITED & CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

3. BIOLOGICAL ASSETS

	CONSOLIDATED GROUP	
	2011	2010
	\$000	\$000
At net market value:		
Opening balance	1,985	1,725
Acquisitions	-	-
Maintenance, rent and insurance	171	153
Market value increment/(decrement)	(204)	107
Closing balance	1,952	1,985

(a) Nature of Asset

The company maintains ownership of Eucalyptus Globulus trees growing on 370 hectares (2010: 370 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 19 August 2011 by Mr David Geddes, BSc (For), AQIMM, MACFA, CPMgr, of Geddes Management Pty Ltd.

(b) Acquisitions

There were no acquisitions during the year (2010, zero).

(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 9.1% (2010: 9.4%);
- (ii) the inflation rate for Australia used was 3.3% (2010:3.1%) and the risk free rate of return was 5.75% (2010: 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 (2009: 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) Achievement of woodchip prices – blue gum woodchip prices have been maintained in the last three years when many other commodities exported from Australia have significantly dropped in price as a result of global economic turmoil. However, in this period, in real terms, the price has been eroded by inflation. An oversupply of woodchip from Australia in the next few years could adversely impact prices.
- 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).

Over the period since the company first planted Tasmanian blue gums on the island annual growth has been in the range of 15 to 22 mean annual increment per cubic metre representing a commercially sustainable growth rate.