VIENTO

ANNUAL REPORT 2012

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VIENTO

Introduction

Company Overview

Established in 2001, Viento Group Limited is an ASX-listed company specialising in mining services and unlisted investments. Our experienced management and solid team of resources and investment professionals are committed to maximising returns to investors and shareholders.

Following a detailed review during the 2011/12 Financial Year the Board resolved to adopt a new Strategic Plan to sell the commercial funds management business and focus the company on the mining services industry.

During the year the commercial funds management business was sold to Denison Group for a gross profit of $1.9m. As part of the transaction Denison recapitalised the primary fund for the benefit of the unit holders. This recapitalisation has enabled repayment of Bank debt and provision of capital for capital works.

Viento has retained the management of the West Australian based residential subdivision property syndicates. These syndicates are trading well considering the lethargy in the residential property markets.

Change of focus

With a new focus on mining services the Board has changed to include expertise in the mining services industry. Management has been able to work with expertise at both the Board level and major shareholder level. This expertise is essential to the success of the company.

The group strategy is to have an integrated mining services business providing civil contracting services to the mining industry primarily in the Pilbara region of Western Australia. The company has established Viento Contracting Pty Ltd, Viento Utilities Pty Ltd and has invested $1 million in Mineworks Group Pty Ltd.

During the course of the year significant capital has been raised to fund the new business. This capital has been deployed to purchase plant for ultimate use in the mining civil contracting services.
In the meantime the plant has been seconded to the company's subsidiary Mineworks.

Mineworks Group Pty Ltd

Mineworks is an established business supplying workshop services, labour hire and plant hire and are currently undertaking a number of service contracts.

Viento Mining Services Pty Ltd

Viento Mining Services (VMS) is a new subsidiary operating in the Viento Group of companies.

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

The directors of Viento Group identified an opportunity in the market for hire of large mining equipment and has committed to this services with a view to grow the division to provide a full range of mining services.

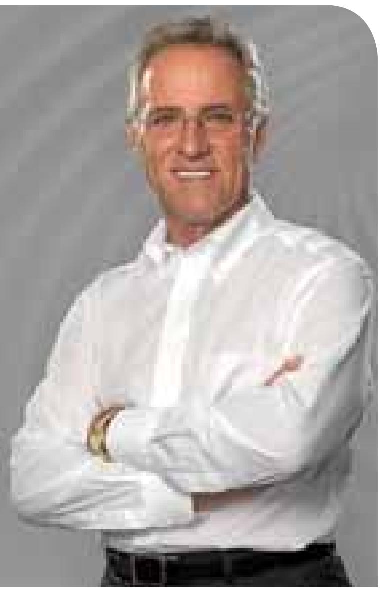
Viento Contracting Services Pty Ltd and Viento Utility Services Pty Ltd

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

VCS commenced civil contracting operations in the Pilbara on 1 July 2012. Viento Utilities will be in business from the beginning of September 2012.

We are looking forward to participating in the mining industry and providing our shareholders with a satisfactory return on their investment.

Chairman's **Report**



Dear Shareholder,

The company has been able to deliver a satisfactory return to its shareholders during the last financial year. One of the primary measures of performance is the share price and therefore the value of an investors' interest in the company.

A review of the period from the 1 July 2011 to the 30 June 2012 shows that the share price has increased from 13.5c per share to 37c per share on substantially increased volume. The capitalisation of the company has increased from $7.3 million to $23.2 million over the same period.

The strategic decision to invest our funds and efforts into the mining services business has seen a significant number of new shareholders added to the register and has enabled all existing shareholders that wished to sell to realise their shares.

Viento will be participating in the infrastructure and mining contracting industry for bulk commodities through its various subsidiary companies. These companies are Viento Mining Services Pty Ltd, Viento Contracting Services Pty Ltd, Viento Utility Services Pty Ltd and Mineworks Group Pty Ltd.

Implementing the Strategic Plan included the sale of its commercial funds management business for a $1.9 million and enabled the freeing up of a further $1.1 million of capital invested in this division. We have retained the management of the residential subdivision syndicates as they are based in Western Australia and have the expertise to manage them profitably for the investors and the company.

As part of the implementation of the strategy we welcomed Mr John Silverthorne to the Board and the company issued 8.75 million new shares in a placement that raised $2.187 million. The placement was heavily oversubscribed.

Mr Silverthorne brings a wealth of experience and contacts in the civil contracting and mining industry in the Pilbara region of Western Australia in particular. Mr Silverthorne established the company NRW Limited in 1994. The company is a pre-eminent civil contractor in meeting the Mining and Infrastructure requirements of the mining industry in the Pilbara region of Western Australia. NRW is now an ASX listed company with a market capitalisation of in excess of $800 million.

The expertise provided by the directors and their contacts has enabled the company to source the best of the industry for each of its new businesses. These new businesses together with the acquisition of a majority equity interest in Mineworks Group provide a comprehensive network of contractors and suppliers to the bulk mining industry. We are conscious of the apparent slow down in investment in the mining industry and its impact on the mining services industry. As a small, efficient and nimble operator we see ourselves as a niche operator able to successfully compete in the market.

The 2012 financial year result of $700,000 after tax are satisfactory considering a non-cash write down of our biological assets of $884,000 and the work and costs involved in the change of strategic direction.

Our focus in the next year will be on establishing our mining services business, find solutions to realising the value of our forestry assets on Kangaroo Island and to developing our Constance Range iron ore investment. Recent work undertaken on both the forestry and iron ore assets are positive.

Our expectations are for another successful and profitable year and an improvement on 2012.

In selling the commercial funds management business we are in the process of closing the Melbourne office and have found it necessary to retrench all but two of our staff. It was with regret that we undertook this step as the performance and effort of our Melbourne team was exceptional.

A special thanks to all of our people for their efforts and support during the year. The banking support has been appreciated for the syndicate facilities and in enabling the seamless transition as a result of the sale. The company's Board has been very supportive and involved in the transition, and are expected to be more involved in the future. Thank you for your efforts.

To our many new shareholders, we welcome you to a new and exciting future. To our new partners and new staff we look forward to developing a great team dedicated to delivering solid returns to our shareholders.

Robert Nichevich
EXECUTIVE CHAIRMAN

Your directors present their report on Viento Group Limited and its controlled entities for the financial year ended 30 June 2012.

GROUP STRATEGY OVERVIEW

The strategic decision to invest our funds and efforts into the mining services business has seen the company dispose of its commercial funds management business. Viento has retained the management of the residential subdivision syndicates as they are based in Western Australia and we have the expertise to manage them profitably for the investors and the company.

Viento will be participating in the infrastructure and mining contracting industry for bulk commodities through its various subsidiary companies. These companies are Viento Mining Services Pty Ltd, Viento Contracting Services Pty Ltd, Viento Utility Services Pty Ltd and Mineworks Group Pty Ltd.

The Company sold its commercial funds management business for a $1.9 million and enabled the freeing up of a further $1.1 million of capital invested in this part of the business. The sale of its wholly owned subsidiaries Viento Property Limited and Viento Property Services Pty Ltd to Denison Funds Management Limited resulted in net sale proceeds of $1.624 million.

During the year the Company successfully raised $2.187 million in new equity during the year through the issue of 8.75 million new shares.

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

OPERATING RESULTS FOR THE YEAR

The consolidated profit of the group after providing for income tax amounted to $700,000 (2011: $966,000), revenue excluding discontinued operations for the year was $2,583,000 (2011: $2,204,000) and profit before tax was $1,009,000 (2011: $1,062,000). Included in the result for the year is a write down of $884,000 in the carrying value of the forestry assets on Kangaroo Island.

PROPERTY DIVISION

Overview

As previously stated the commercial funds management business was disposed of during the 2012 financial year for $1.9 million.

Viento has retained the management of the residential subdivision syndicates that are based in Western Australia. Viento intends to manage these two syndicates through to completion.

Property Subdivision Syndicates

The Group currently administers two residential property subdivision syndicates.

Viento Property Ltd was replaced as the responsible entity of two property subdivision syndicates as part of the business sale. Primary Securities Limited has been appointed as the new responsible entity for both the Southern River Syndicate and Henley Brook Syndicate. 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 prices of 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.

During the year development of the first two stages at Southern River was completed with settlements of lot sales in stage three commencing in August 2012. There are eight stages proposed in the development.

Henley Brook completed settlements of the first two stages during 2012 financial year. Settlements from stage three commenced in August 2012. This project is expected to have 12 stages to be completed at six monthly intervals.

The market for residential subdivisions is showing signs of improvement as a result of the reductions in interest rates and the continuing growth in Western Australia.

FORESTRY ASSETS

Viento continues to hold interests in forestry investment products that the Group marketed in its 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 forestry assets was subject to an independent revaluation at 30 June 2012, resulting in a net revaluation decrement of $772,000 (2011: decrement $33,000). The value of the forestry assets at 30 June 2012 was $1.180 million (2011: $1.952 million). The Statement of Comprehensive income amount of $884,000 (2011: $204,000) includes current year expenditure written off.

The Group owns 370 hectares of forestry assets on Kangaroo Island, with investors in the Viento forestry scheme owning a further 330 hectares. The investments have been valued assuming that an export facility will be available on Kangaroo Island prior to the scheduled harvest in 2015, as we believe Kangaroo Island has forestry plantations significant enough to support a commercially viable export facility.

There are an estimated 17,500 hectares of plantations of both Tasmanian Blue Gums (14,000) and pine (3,500) on Kangaroo Island. 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 $20 million on current forecasts.

Over the period since the group first planted Tasmanian Blue Gums on the island annual growth has been in the range of 15 to 24 mean annual increment per hectare 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.

However without the development of an export facility the forestry assets will be worth considerably less as sawn timber.

EXPLORATION DIVISION

Viento Group's wholly owned subsidiary, Qld Iron Pty Ltd is the holder of a 70% joint venture interest in the Constance Range iron ore exploration project in North West Queensland. A valuation of the project was completed valuing the asset at $1.72m. This valuation has been taken up in the financial statements through the profit and loss. The asset comprises 310mt of hematite ore grading 51%Fe of which Qld Iron Pty Ltd is entitled to 70%.

Viento is the manager of the joint venture with all costs borne by the joint ventures pro rata. Costs are minimal at this point in the project development. To assist with future development, the company has entered into a non-binding association with neighbouring mining groups to form the Constance Range Iron Ore Alliance. This group has exploration rights over approximately 2,300 square kilometres of leases.

COMPLIANCE

There were no significant compliance breaches reported to ASIC for the VDPF and the five property syndicates during the 2011/12 year. 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 are completing their audit of the syndicates.

The Group's compliance regime and risk management systems aimed to ensure the business had a strong regulatory focus to benefit all stakeholders. As the commercial funds management business was sold during the year, the compliance function has been transferred to the purchaser from 26 June 2012.

FINANCIAL POSITION

The net assets of the consolidated group have increased from $13.045 million at 30 June 2011 to $15.853 million at 30 June 2012. The cash position of $4.6 million has increased compared to that of the previous year ($2.7 million).

FUTURE DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES

The strategic decision to invest our funds and efforts into the mining services business has led to board changes to include expertise in the mining services industry. Management has been able to leverage the expertise at both the Board and major shareholder level. This expertise is essential to the success of the Group.

The Group's strategy is to have an integrated mining services business providing civil contracting services to the mining industry primarily in the Pilbara region of Western Australia. The Group has commenced operations of Viento Mining Services Pty Ltd, established Viento Contracting Pty Ltd, Viento Utilities Pty Ltd and has invested $1 million in Mineworks Group Pty Ltd. These new businesses together with the acquisition of a majority equity interest in Mineworks Group provide a comprehensive network of contractors and suppliers to the bulk mining industry.

Our focus in the next year will be on establishing a foothold in the new mining services business, find solutions to realising the value of our forestry assets on Kangaroo Island and to developing our Constance Range iron ore investment. Recent work undertaken on both the forestry and iron ore assets are positive.

VIENTO MINING SERVICES   VIENTO CONTRACTING SERVICES   VIENTO UTILITY SERVICES   MineworksGroup   QLDIRON

DIRECTORS

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

Mr Robert Nichevich
Mr Ray King (resigned 28 August 2012)
Mr Shane Heffernan
Mr John Farrell
Mr John Silverthorne (appointed 21 March 2012)

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

COMPANY SECRETARY

The company secretary is Mr Damian Wright, B.Comm, CPA, ACSA, ACIS. Damian was appointed to the position of Company Secretary on 15 December 2009. He has over 17 years' experience in the financial services industry. He has held roles as Company Secretary and Director of the Group's subsidiaries from January 2009.

PRINCIPAL ACTIVITIES

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

- Development, marketing and management of direct property investment products;
- Purchase of fleet of mining equipment for use in the mining services industry and to provide construction services to the civil and mining industries;
- The ongoing management of agribusiness investment product.

There were changes in the nature of the consolidated group's principal activities during the financial year to include commencement of the provision of services to the mining services industry.

OPERATING RESULTS

The consolidated profit of the consolidated group after providing for income tax amounted to $700,000 (2011: profit of $966,000). Revenue for the year excluding discontinued operations amounted to $2.583 million (2011: $2.204 million).

DIVIDENDS

No recommendation has been made for payment of a dividend for the year ended 30 June 2012.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There were changes in the state of affairs of the consolidated group during the financial year. The changes include commencement of the provision of services to the mining services industry and the exit of the commercial funds management business.

AFTER BALANCE DATE EVENTS

On 31 July 2012 Viento Group announced that it had finalised the agreement to invest $1million into Mineworks Group Pty Ltd for an ownership of 62.5% of the company on 1 August 2012. Mineworks is an established mining services company operating in Western Australia specialising in plant hire and maintenance, labour hire and contracting services. Viento has the right to increase its share of equity of Mineworks to 70% as at 30 June 2013 and further buy the balance of the company from the Gallop family after two full years of operation.

On the 15 August 2012 the company advised that it has established Viento Utility Services Pty Ltd to provide infrastructure and asset management services for utilities in the resource and energy sectors.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the consolidated group, the results of those operations or the state of affairs of the consolidated group in future financial years.

FUTURE DEVELOPMENTS

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

ENVIRONMENTAL ISSUES

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

INFORMATION ON DIRECTORS

Mr Robert Nichevich FCA, FAICD	**Executive Chairman**
Experience 	Director since November 1987. Mr Nichevich has held the positions of Managing Director from 1992 to July 2007, Executive Chairman from November 2005 to November 2007, non-executive director from November 2007 to December 2008 and has been re-appointed as Executive Chairman since December 2008. Robert is a Chartered Accountant with extensive financial management experience and a twenty year track record of working for the Group transitioning the business from its beginnings in mining and exploration through to its foray into property funds management and now is managing its transition into mining services.
Interest in Shares and Options	10,860,000 ordinary shares 1,800,000 options
Directorships held in other listed entities	Robert has not served as a director of any other listed companies, other than that noted, as at the reporting date or in the past three years.
Mr Ray King B.Ec (Hons)	**Director (Independent non-executive)** resigned 28 August 2012
Experience 	Director since November 2007. Ray has spent 18 years in the financial services industry in a range of investment advisory roles. He is currently a partner at Mercer Investments. Prior to this role Ray was Managing Director of Sovereign Investment Research providing specialist investment advice and management consulting to institutional investors on alternative asset classes and investments. He has also held roles as a manager of asset consulting services at Towers Perrin before moving to Head of Wholesale Business at Industry Fund Services, where he managed the investment advisory services to a range of major industry superannuation funds and several corporate and public sector superannuation funds and authorities. Ray commenced his career in market research with Broken Hill Proprietary Co Ltd, before moving into a principal economist role with Australia Post. He was then appointed to chief economist roles at both Telecom Australia and the State Electricity Commission of VIC, before becoming director of financial policy & operations for the Victorian State Department of Management and Budget/Treasury.
Interest in Shares and Options	100,000 ordinary shares
Directorships held in other listed entities	Ray has no other directorships in any other listed companies as at the reporting date or in the past three years.
Mr Shane Heffernan FAPI, Assoc Dip Vals, Licensed Real Estate Agent	**Executive Director**
Experience 	Director since December 2010. Shane has been a director of Viento subsidiaries including the responsible entity Viento Property Ltd and Viento Property Services Pty Ltd for the period until disposal of those entities. Shane has over 30 years' experience in real estate and property related professions. Formerly a Director of Raine & Horne Victoria (now Savills), he is currently Managing Director of real estate consultancy, Tranzact Property. Shane holds tertiary qualifications in Real Estate and Valuations. He is a Licensed Real Estate Agent (No. 003478L) and a Fellow of the Australian Property Institute.
Interest in Shares and Options	Nil 100,000
Directorships held in other listed entities	Shane has no other directorships in any other listed companies as at the reporting date or in the past three years.

Mr John Farrell	Director (non-executive)
Experience 	Director since 12 May 2011. John has significant management experience in the property sector, particularly sourcing land for subdivision developments, construction and investment. His previous roles include founding Managing Director of Oceanfast Limited, a world class yacht builder, and Managing Director of VDM Group Limited, an international consulting, construction and contracting group.
Interest in Shares and Options	10,487,568 shares through Hanscon Holdings (indirect interest) 1,800,000 options plus 1,800,000 options through Hanscon Holdings (indirect interest)
Directorships held in other listed entities	John has no other directorships in any other listed companies as at the reporting date or in the past three years.

Mr John Silverthorne	Appointed as a **non-executive Director** on 21 March 2012
Experience	John has over 33 years' experience in the earthmoving and resources industry. Maintaining key roles in a broad range of companies within the industry, he brings his passion and skill for business development to the board of Viento. John was one of the two founders and an original director of NRW Holdings Limited prior to it becoming an ASX listed company. NRW Holdings Limited is specialist mining services company. Currently a Member of Institute of Company Directors of Australia, WA Division, John has held high profile board roles with the Australian Manufacturing Council, the Australian Maritime Museum and the Australian Shipbuilders Association. John has significant management experience in the property sector, particularly sourcing land for subdivision developments, construction and investment. His previous roles include founding Managing Director of Oceanfast Limited, a world class yacht builder, and Managing Director of VDM Group Limited, an international consulting, construction and contracting group.
Interest in Shares and Options	10,739,914 1,800,000
Directorships held in other listed entities	John has no other directorships in any other listed companies as at the reporting date or in the past three years.

REMUNERATION REPORT (AUDITED)

This report details the nature and amount of remuneration for the key management personnel of Viento Group Limited. Key management personnel have authority and responsibility for planning, directing and controlling the activities of the Company and the Group. Key management personnel comprise the directors and executives of the Company including the executives receiving the highest remuneration.

Remuneration Policy

The remuneration policy of Viento Group Limited has been designed to align key management personnel objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific short term and, in certain circumstances, long term incentives based on key performance areas affecting the consolidated group's financial results. The Board of Viento Group Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best key management personnel to run and manage the consolidated group, as well as create goal congruence between directors, executives and shareholders.

The Board's policy for determining the nature and amount of remuneration for Board members and senior executives of the consolidated group is as follows:

The performance of key management personnel is measured against criteria agreed biannually with each key management person and is based on a combination of personal and corporate performance objectives. All bonuses and incentives must be linked to predetermined performance criteria. The Board may, however, exercise its discretion in relation to approving incentives, bonuses and options. Any changes must be justified by reference to measurable performance criteria. The policy is designed to attract the highest calibre of executives. Bonuses were paid in relation to the achievement of profit component for the 2011 financial year and are expected to be paid subsequent to year end to company staff based on the profit for the current year.

REMUNERATION REPORT (AUDITED) *continued*

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

The key management personnel receive a superannuation guarantee contribution as required by the government, which is currently 9%, and do not receive any other retirement benefits. Some individuals may choose to sacrifice part of their salary to increase payments towards superannuation.

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

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

The contracts for service between the company and key management personnel are on a continuing basis, the terms of which are not expected to substantially change in the immediate future. The employment conditions of the key management personnel are formalised in contracts of employment. Details of the key management personnel employment contracts are set out below.

The Board policy is to remunerate non-executive directors at market rates for time, commitment and responsibilities. The executive directors determine payments to the non-executive directors and review their remuneration as required, based on market practice, duties and accountability. Independent advice is sought when required. The maximum total remuneration limit for non-executive directors was set at $450,000 per annum at the 2007 Annual General Meeting and non-executive fees currently total $317,557 per annum. The directors are encouraged to hold shares in the company.

Fixed Remuneration

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

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

Performance Based Remuneration

Performance based remuneration includes short-term incentives and long-term incentives and is designed to reward key management personnel for meeting or exceeding their financial and personal objectives. The short-term incentive (STI) is an "at risk" bonus provided in the form of cash, while the long-term incentive (LTI) is provided in the form of options and or shares of Viento Group Limited.

Short-Term Incentive Bonuses

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

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

Long-Term Incentives

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

In November 2005, shareholder approval was obtained for specific Share Incentive Plans for key management personnel. Refer to Note 5 of the attached financial statements for details of the Share Incentive Plans and Note 10 for loans to directors and executives.

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

The Company performance element of short-term incentive bonuses is calculated in reference to the net profit of the Group. As noted in the table below, the Group made a profit in the current year. As a result, a staff bonus has been provided for in the financial statements and payment is to be made after year end.

REMUNERATION REPORT (AUDITED) *continued*

	2008	2009	2010	2011 Restated	2012
Revenue	$9.3m	$3.1m	$2.9m	$2.2m	$2.5m
Net Profit/(Loss)	$(2.2m)	$(8.5m)	$2.1m	$0.97m	$0.70m
Share Price at Year End	$0.200	$0.10	$0.11	$0.135	$0.37
Dividends Paid	-	-	-	-	-
Earnings Per Share	(4.65)	(16.04)	4.49	1.99	1.28

Key Management Personnel Remuneration

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

2012	Primary					Share Based Payment			
Key Management Personnel	Salaries & Fees $	Cash Bonus $	Non-cash Benefits* $	Superannuation Contributions $	Termination Benefits $	Options $ [2]	Share Incentive Plan $	Total $	Performance Related
Directors									
Mr Robert Nichevich	330,000	250,000	1,453	-	-	8,000	-	589,453	42%
Mr Shane Heffernan [3]	215,240	6,685	-	-	-	4,600	-	226,525	3%
Mr John Farrell	239,057	-	-	-	-	8,000	-	247,057	0%
Mr Ray King	50,000	-	-	-	-	-	-	50,000	0%
Mr John Silverthorne [1]	12,500	-	-	-	-	8,000	-	20,500	0%
	846,797	256,685	1,453	-	-	28,600	-	1,133,535	
Executives									
Mr D R Wright	184,225	23,587	3,520	15,775	-	6,463	-	233,570	10%
	184,225	23,587	3,520	15,775	-	6,463	-	233,570	
	1,031,022	280,272	4,973	15,775	-	35,063	-	1,367,105	

[1] Mr Silverthorne was appointed as Director effective 21 March 2012.

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

[3] Mr Heffernan has been employed in an executive capacity for the whole of the financial year and the payments include director fees for his Viento subsidiary directorships.

* Non-cash benefits relate to car parking benefit received.

REMUNERATION REPORT (AUDITED) *continued*

Key Management Personnel Remuneration

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

2011	Primary					Share Based Payment			
Key Management Person	Salaries & Fees $	Cash Bonus $	Non-cash Benefits* $	Superanuation Contributions $	Termination Benefits $	Options $	Share Incentive Plan $	Total $	Performance Related
Directors									
Mr R Nichevich	300,000	-	1,391	-	-	-	-	301,391	0%
Mr S Heffernan [1]	193,669	-	-	-	-	-	-	193,669	0%
Mr J Farrell [2]	39,500	-	-	-	-	-	-	39,500	0%
Mr R E King	50,000	-	-	-	-	-	-	50,000	0%
Mr G Young [3]	20,833	-	-	-	-	-	-	20,833	0%
	604,002	-	1,391	-	-	-	-	605,393	
Executives									
Mr K Murphy [4]	34,989	-	783	1,406	-	-	-	37,178	0%
Mr D Wright	164,373	-	2,426	14,794	-	5,400	-	186,993	0%
Ms J Wilson [5]	131,950	-	2,426	11,875	-	2,160	-	148,411	0%
	331,312	-	5,635	28,075	-	7,560	-	372,582	
	935,314	-	7,026	28,075	-	7,560	-	977,975	

[1] Mr Heffernan was appointed as Director effective 20 December 2010 under a service agreement with his private company Heffernan Property Group Pty Ltd. Mr Heffernan has been employed in an executive capacity for the whole of the financial year and the payments include director fees for his Viento subsidiary directorships.

[2] Mr Farrell was appointed as Director 12 May 2011 under a service agreement with his private company Farrell Consultants Pty Ltd.

[3] Mr Young resigned as Director effective 31 December 2010.

[4] Mr Murphy resigned effective 31 August 2010.

[5] Ms Wilson resigned effective 30 June 2011.

* Non-cash benefits relate to car parking benefit received.

REMUNERATION REPORT (AUDITED) *continued*

Options Issued as Part of Remuneration for the Year Ended 30 June 2012

During the financial year the company has granted a total of 5,500,000 options, for no consideration, over unissued ordinary shares of Viento Group Limited to four directors. Directors Mr Shane Heffernan received 100,000 options and Mr Robert Nichevich, Mr John Farrell and Mr John Silverthorne each received 1,800,000 options.

Director Options	Vested No.	Granted No.	Grant Date	Value per Option at Grant Date	Exercise Price	First Exercise Date	Last Exercise Date
S Heffernan options	100,000	100,000	11/11/11	$0.045	$0.15	11/11/11	30/06/14
Tranche A	-	1,800,000	14/06/12	$0.186	$0.25	01/07/13	30/06/15
Tranche B	-	1,800,000	14/06/12	$0.179	$0.40	01/07/14	30/06/16
Tranche C	-	1,800,000	14/06/12	$0.177	$0.60	01/07/15	30/06/17
	-	5,500,000					

The options issued above are not issued based on performance criteria, but are issued to increase goal congruence between key directors and company. All options were granted for nil consideration. The options vest on the first exercise date set out above.

Key Management Personnel Remuneration

During the financial year the company granted a total of 350,000 options, for no consideration, over unissued ordinary shares of Viento Group Limited to eight employees including non key management personnel.

Management Personnel	Vested No.	Granted No.	Grant Date	Value per Option at Grant Date	Exercise Price	First Exercise Date	Last Exercise Date
Viento Employees	350,000	350,000	27/07/11	$0.065	$0.15	27/07/11	26/07/14
	350,000	350,000					

The options issued above are not issued based on performance criteria, but are issued to increase goal congruence between key staff and company. All options were granted for nil consideration. The options vest on the first exercise date set out above. One of the above seven staff includes Mr D R Wright who holds the title of Chief Financial Officer and Company Secretary.

Key Management Personnel	Options Granted as Part of Remuneration $	Total Remuneration Represented by Options %	Options Exercised $	Options Lapsed $	Options Forfeited $	Total $
Mr D Wright	6,463	2.8	-	-	-	6,463
	6,463		-	-	-	6,463

Shares Issued on Exercise of Compensation Options

There were no options exercised during the year that were granted as compensation in prior periods.

REMUNERATION REPORT (AUDITED) *continued*

Employment Contracts of Key Management Personnel

Remuneration and other terms of employment for key management personnel employed at 30 June 2012 are formalised in employment or consultancy contracts. The major provisions of the contracts are set out below:

Mr R C Nichevich, Executive Chairman

- Service Agreement with Koy Pty Ltd.
- Term of Agreement – Commenced 1 July 2011 for 2 years.
- Base fee of $330,000 per annum
- Additional fee of $150,000 if the company achieves the 2012 Target. The 2012 Target is achieving a VWAP for at least 3 months during the year of $0.25 with a stretch target of $0.35 (additional fee of $100,000).
- Additional fee of $150,000 if the company achieves the 2013 Target. The 2013 Target is achieving a VWAP for at least 3 months during the year of $0.30 with a stretch target of $0.40 (additional fee of $100,000).
- If the Company terminates the Agreement on or after 1 July 2012 and before 30 June 2013 the company must pay the additional fee as if the target had been achieved.
- If the Company terminates the Agreement as outlined above the Company must pay Koy Pty Ltd a termination payment of $150,000.
- If the Agreement continues until the last day of the term the company will pay a one-off bonus of $50,000 in recognition of past services, unless the parties agree to an extended term.

Mr D R Wright, Chief Financial Officer & Company Secretary

- Term of Agreement – Commenced 14 March 2007 until termination.
- The annual base salary as at 30 June 2012 is $200,000, inclusive of statutory superannuation.
- Incentive payment dependant on performance and company profits.
- Payment in lieu of notice on early termination by employer, other than for gross misconduct, equal to 6 weeks base salary
- Six months termination in the event that there is a change of control of the company and/or the board and the position is abolished or changed.

Mr R King, Director (resigned 28 August 2012)

- Term of Agreement – Commenced November 2007 until termination.
- Directors fee of $50,000 per annum.

Mr J Farrell, Director

- Term of Agreement – Commenced 12 May 2011 until termination.
- Directors fee of $50,000 per annum plus a consultancy fee of $70,000 for the first year for finding developing and managing projects for the company plus a fee for new business to be negotiated on a project by project basis.

Mr S Heffernan, Executive Director

- Term of Agreement – Commenced 20 December 2010 until termination.
- Directors fee of $50,000 per annum plus executive consulting fees of $165,000 per annum including directorships of Viento subsidiaries.

Mr J Silverthorne, Director

- Term of Agreement – Commenced 21 March 2012 until termination.
- Directors fee of $50,000 per annum.

MEETINGS OF DIRECTORS

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

	Directors' Meetings	
Directors	**Number Eligible to Attend**	**Number Attended**
R Nichevich	23	23
R E King	23	23
S Heffernan	23	23
J C Farrell	23	15
N J Silverthorne	6	4

No separate committees met due to the current size and composition of the Board. Refer to the Corporate Governance Policy for further details.

INSURANCE OF DIRECTORS AND OFFICERS

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

INDEMNIFYING DIRECTORS AND OFFICERS

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

OPTIONS

At the date of this report, the unissued ordinary shares of Viento Group Limited under option are as follows:

Grant Date	Date of Expiry	Exercise Price	Number Under Option
26 August 2010	29 September 2013	$0.125	130,000
27 July 2011	30 June 2014	$0.15	310,000
14 June 2012	30 June 2015	$0.25	2,400,000
14 June 2012	30 June 2016	$0.40	2,400,000
14 June 2012	30 June 2017	$0.60	2,400,000
			7,640,000

PROCEEDINGS ON BEHALF OF THE COMPANY

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

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

NON-AUDIT SERVICES

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

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

Fees for non-audit services paid or payable to the external auditors for the year ended 30 June 2012 were nil.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration for the year ended 30 June 2012 has been received and can be found on page 20 of the directors' report.

ROUNDING OF AMOUNTS

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

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

ROBERT NICHEVICH
Director

Dated this 21st day of September 2012
Melbourne, Victoria

Crowe Horwath

AUDITOR'S INDEPENDENCE DECLARATION

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Viento Group Limited for the year ended 30 June 2012, I declare that, to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

(b) no contraventions of any applicable code of professional conduct in relation to the audit.

Crowe Horwath Perth

CROWE HORWATH PERTH

CYRUS PATELL
Partner

Signed in Perth, 21 September 2012

Crowe Horwath Perth is a WHK group Firm and a member of Crowe Horwath International, a Swiss verein.
Each member firm of Crowe Horwath is a separate and independent legal entity.

VIENTO GROUP LIMITED & CONTROLLED ENTITIES CORPORATE GOVERNANCE STATEMENT

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

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

Board of Directors

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

Roles and Functions of the Board and Senior Management
(ASX Corporate Governance Principles and Recommendations: 1.1)

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

The primary responsibilities of the Board are to:

- Validate and approve corporate strategy, the annual budget and financial plans;
- Appoint and assess the performance of the Executive Chairman and oversee succession plans for senior executives;
- Establish appropriate levels of delegation to the Executive Chairman;
- Monitor the performance of senior management and implementation of strategy and ensure that appropriate resources are available;
- Approve key executive appointments and review and approve executive remuneration;
- Monitor Board composition, Director selection and Board processes and performance;
- Oversee the Company and Group including review and ratification of systems of risk management, internal compliance and control, codes of conduct and legal compliance;
- Approve and monitor financial and other reporting;
- Monitor and influence the culture, reputation and ethical standards of the Company and Group;
- Report to and communicate with shareholders.

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

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

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

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

Executive Remuneration and Performance
(ASX Corporate Governance Principles and Recommendations: 1.2, 8.3)

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

These will include:

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

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

An evaluation of senior executives takes place bi-annually during the financial year in accordance with the Performance Evaluation Policy.

An evaluation of the Executive Chairman's performance as Chief Executive Officer was conducted during the financial year.

A summary of Viento Group Limited's Performance Evaluation Policy is available on its website.

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

Independence of Directors

(ASX Corporate Governance Principles and Recommendations: 2.1)

The Board considered Mr Ray King to be an independent as he was a non-executive Director who was not a member of management and who is free of any business or other relationship that could materially interfere with, or could reasonably be perceived to interfere with the independent exercise of his judgement. Mr Shane Heffernan acts as an executive director, Mr John Farrell and Mr John Silverthorne are both substantial shareholders who sit on the board of Viento Group which could be considered to impair their independence. A majority of the board are not independent.

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

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

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

During the financial year ended 30 June 2012, the Viento Group Limited Board comprised the following Directors:

Name	Position	First Appointed
Robert Nichevich	Executive Chairman and Chief Executive Officer	1987
Ray King	Independent Non-Executive Director, resigned 28 August 2012	2007
Shane Heffernan	Executive Director	2010
John Farrell	Non-Executive Director	2011
John Silverthorne	Non-Executive Director, appointed 21 March 2012	2012

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

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

For information on the skills, experience and expertise relevant to the position of each Director who is in office at the date of the annual report and their term of office are detailed in the Directors' report.

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

Chair should be Independent

(ASX Corporate Governance Principles and Recommendations: 2.2)

During the financial year the Company did not comply with Recommendation 2.2: The chairperson should be an independent director, for the reasons set out below.

Mr Robert Nichevich is the executive chairman of the Company. He is not considered independent due to his substantial shareholding in the Company.

No member of the Board may serve for more than three years or past the third annual general meeting following their appointment, whichever is the longer, without being re-elected by the shareholders. Prior to the Board proposing re-election of non-executive Directors, their performance will be evaluated by the Board to ensure that they continue to contribute effectively to the Board. Nominations for appointment to the Board are considered by the Nomination Committee and recommended to the Directors as a whole and with the objective to ensure that the Board comprises Directors with a mix of qualifications, experience and expertise which will assist the Board in fulfilling its responsibilities, as well as assisting the Company in achieving growth and delivering value to shareholders.

Role of Chairperson and Chief Executive Officer

(ASX Corporate Governance Principles and Recommendations: 2.3)

During the financial year the Company did not comply with Recommendation 2.3. The roles of the chairperson and chief executive officer should not be exercised by the same individual for the reasons set out below.

The role of the Chairman and Chief Executive Officer were exercised by the same individual, Mr Robert Nichevich. In light of the global economic crisis and in order to reduce costs and preserve the Company's cash position, the Board appointed the Chairman to also provide operational management to the Company. The Board will consider the appointment of separate Chairperson and Chief Executive Officer in the medium term.

The Executive Chairman's responsibilities as Chief Executive Officer include the overall operational, business management and financial performance of Viento Group Limited, whilst also managing the Group in accordance with the strategy, plans and policies approved by the Board to achieve agreed goals.

Board Remuneration and Performance Review

(ASX Corporate Governance Principles and Recommendations: 2.5)

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

The annual review includes consideration of the following measures:

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

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

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

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

There was a no formal performance review of the Board completed for the financial year by the Chairman, however the Chairman periodically meets with directors individually to discuss their duties and contribution to the function of the board.

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

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

Board Remuneration and Performance Review *continued*

The maximum aggregate remuneration approved by shareholders for non-executive Directors is $450,000 per annum. The Directors set the individual non-executive Directors fees within the limit approved by shareholders. The total fees paid to non-executive Directors during the reporting period were $317,557.

Code of Ethics and Conduct
(ASX Corporate Governance Principles and Recommendations: 3.1)

The Company has a Directors' Code of Conduct and a Corporate Code of Conduct which promote ethical and responsible decision-making by Directors and employees.

The Codes of Conduct set out the:

- Practices necessary to maintain confidence in the Company's integrity;
- Practices necessary to take into account legal obligations and expectations of stakeholders; and
- Responsibility and accountability of individuals for reporting and investigating unethical practices.

The Company's Directors' Code of Conduct and Corporate Code of Conduct are available on its website.

Securities Dealing Policy
The Company has a Securities Dealing Policy regarding Directors, employees and consultants trading in its securities. The policy defines the restrictions on Directors, employees and consultants from acting on material information until it has been released to the market and adequate time has been given for the information to be reflected in the security's prices.

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

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

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

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

The Company's Securities Dealing Policy is available on its website.

Diversity Policy
(ASX Corporate Governance Principles and Recommendations: 3.2, 3.3)

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

At 30 June 2012, 54% of the Group employees are women and 40% of senior management roles are filled by women. There are currently no female directors on the board.

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

Board Committees
(ASX Corporate Governance Principles and Recommendations: 2.4, 4.1, 4.2, 4.3, 8.1, 8.2)

The current size and composition of the Board, with an Executive Chairman and one independent non executive Director, and the operations of the Company, are not sufficient to establish Committees to assist the Board in fulfilling its duties and that would meet the requirements of all of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations.

During the financial year the Company established a Nominations and Corporate Governance Committee. The members of the committee comprise Mr Robert Nichevich, Mr Damian Wright (Viento Company Secretary) and Mr Max Fowles (Corporate Adviser). The Nomination and Corporate Governance Committee did not meet during the financial year, but has met since the completion of the financial year. The Nomination Committee does not comply with Recommendation 2.4: The Board should establish a nomination committee, as the committee does not consist of a majority independent directors and the Chairperson of the committee and is not an independent director.

However, in the future, should the size and composition of the Board and the operations of the Company warrant it, the Board will give consideration to the establishment of the following additional committees to meet the requirements of all of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations:

Audit Committee; and

Remuneration Committee.

During the financial year the Company did not comply with Recommendation 4.1: The Board should establish an audit committee, Recommendation 4.2: Structure the audit committee so that it consists of only non-executive Directors, consists of a majority of independent Directors, is chaired an independent chairperson who is not chairperson of the Board and has at least three members and Recommendation 4.3: The audit committee should have a formal charter and Recommendation 8.1 The Board should establish a remuneration committee, for the reasons set out above.

However, matters typically dealt with by the abovementioned committees and the functions of those committees are dealt with by the full Board.

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

Continuous Disclosure

(ASX Corporate Governance Principles and Recommendations: 5.1)

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

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

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

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

Communications with Shareholders

(ASX Corporate Governance Principles and Recommendations: 6.1)

The Company has a Shareholder Communications Policy which has been designed to promote effective communication with shareholders and encourage shareholder participation at annual general meetings. The Policy requires that shareholders are informed of all major developments that impact on the Company. The Executive Chairman has primary responsibility for communication with shareholders.

Information is communicated to shareholders through:

- distribution of the half-yearly and annual reports (in hardcopy when requested) via the Company's web site;
- disclosures and announcements made to the ASX, which are placed on the Company's website;
- notices and explanatory memoranda of annual general meetings and general meetings;
- occasional letters from the Executive Chairman to specifically inform shareholders of key matters of interest; and
- the Company's website, where all reports, ASX announcements and media releases are posted.

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

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

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

Recognise and Manage Risk

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

The Company has established policies for the oversight and management of material business risks.

The Board is responsible for approving and reviewing the Company's risk management policy. The Board has required management to design and implement a risk management and internal control system to manage the Company's material business risks.

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

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

Recognise and Manage Risk *continued*

The Board has required and management has reported to the Board on the effectiveness of the management of the Company's material business risks.

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

Management has reported to the Board as to the effectiveness of the Company's management of its material business risks.

The Board reviews the effectiveness of risk management and internal compliance and control on an annual basis.

A summary of the policies on risk management is available on the Company's website.

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2012

	Note	Consolidated Group		
		2012 $000	Restated 2011 $000	2011 $000
Revenue	2	2,583	2,204	2,204
Profit from discontinued operations after tax	14	4,112	599	599
Loss on disposal of controlled entity	14	(2,150)	-	-
Employee Benefits Expense		(1,024)	(538)	(538)
Professional Services Fees		(713)	(728)	(728)
Commission Expense		(363)	-	-
Occupancy Expense		(225)	(60)	(60)
Finance Expense		(12)	(6)	(6)
Administration Expense		(226)	(166)	(166)
Depreciation and Amortisation Expense		(11)	(17)	(17)
Change in fair values of biological assets	3	(884)	(204)	(204)
Bad & Doubtful Debts Expense	3	(78)	(22)	(22)
Profit before income tax expense		1,009	1,062	1,062
Income tax (expense)/benefit		(309)	(96)	420
Net profit for the year		700	966	1,482
Other comprehensive income				
Net revaluation of listed investments		27	(9)	(9)
Deferred tax movement	4	-	16	16
Other comprehensive income for the year net of tax		27	7	7
Total comprehensive income for the year		727	973	1,489
Profit attributable to:				
Members of the parent entity		700	966	1,482
Total comprehensive income attributable to:				
Members of the parent entity		727	973	1,489
Overall Operations				
Basic earnings per share (cents per share)	8	1.28	1.99	3.06
Diluted earnings per share (cents per share)	8	1.27	1.98	3.03
Continuing Operations				
Basic earnings per share (cents per share)		(6.21)	0.76	1.83
Diluted earnings per share (cents per share)		(6.20)	0.75	1.80
Discontinued Operations				
Basic earnings per share (cents per share)		7.49	1.23	1.23
Diluted earnings per share (cents per share)		7.47	1.23	1.23

The accompanying notes form part of these Financial Statements.

VIENTO GROUP LIMITED & CONTROLLED ENTITIES STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2012

		Consolidated Group		
	Note	2012 $000	Restated 2011 $000	2011 $000
Current Assets				
Cash and cash equivalents	9	4,558	2,731	2,731
Trade and other receivables	10	2,461	3,120	3,120
Financial assets	12	1,732	1,865	1,865
Other current assets	13	517	221	221
Total Current Assets		**9,268**	**7,937**	**7,937**
Non-Current Assets				
Trade and other receivables	10	340	1,370	1,370
Financial assets	12	3,204	569	569
Plant and equipment	15	5,995	122	122
Biological assets	16	1,180	1,952	1,952
Deferred tax assets	19	2,454	3,056	3,056
Intangible assets	17	14	14	14
Total Non-Current Assets		**13,187**	**7,083**	**7,083**
Total Assets		**22,455**	**15,020**	**15,020**
Current Liabilities				
Trade and other payables	18	3,242	696	696
Short-term provisions	20	45	58	58
Other current liabilities	21	64	25	25
Loans and borrowings	22	1,035	-	-
Total Current Liabilities		**4,386**	**779**	**779**
Non-Current Liabilities				
Loans and borrowings	22	1,284	-	-
Deferred tax liabilities	19	913	1,190	674
Long-term provisions	20	19	6	6
Total Non-Current Liabilities		**2,216**	**1,196**	**680**
Total Liabilities		**6,602**	**1,975**	**1,459**
Net Assets		**15,853**	**13,045**	**13,561**
Equity				
Issued capital	23	22,256	20,236	20,236
Reserves	24	1,565	1,477	1,477
Accumulated Losses		(7,968)	(8,668)	(8,152)
Total Equity		**15,853**	**13,045**	**13,561**

The accompanying notes form part of these financial statements.

VIENTO GROUP LIMITED & CONTROLLED ENTITIES STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2012

CONSOLIDATED GROUP	Share Capital Ordinary $000	Share Based Payments Reserve $000	Financial Assets Reserve $000	Accumulated Losses $000	Total $000
Balance at 30 June 2010	19,231	1,370	80	(9,634)	11,047
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	**20,236**	**1,390**	**87**	**(8,152)**	**13,561**
Restated					
Balance at 30 June 2010	19,231	1,370	80	(9,634)	11,047
Profit attributable to members of the parent entity (restated for tax adjustment*)	-	-	-	966	966
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	**20,236**	**1,390**	**87**	**(8,668)**	**13,045**
Balance at 30 June 2011	20,236	1,390	87	(8,668)	13,045
Profit attributable to members of the parent entity (restated for tax adjustment*)	-	-	-	700	700
Total other comprehensive income for the year	-	-	27	-	27
Exercise of options	20	-	-	-	20
Options issued as remuneration	-	61	-	-	61
Issue of share capital	2,050	-	-	-	2,050
Cancellation of shares	(50)	-	-	-	(50)
Balance at 30 June 2012	**22,256**	**1,451**	**114**	**(7,968)**	**15,853**

*Refer to note 1 for details of the tax restatement

The accompanying notes form part of these financial statements.

VIENTO GROUP LIMITED & CONTROLLED ENTITIES STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2012

		Consolidated Group	
	Note	2012 $000	2011 $000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		4,806	3,680
Payments to suppliers and employees		(2,907)	(3,550)
Interest received		404	66
Finance expenses paid		(12)	(5)
Net cash provided by operating activities	27	**2,291**	**191**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for purchase of:			
– Plant & equipment		(5,911)	(7)
– Forestry plantations		(112)	(171)
– Exploration costs		(45)	-
Loans to:			
– Related parties		(1,458)	-
Loans repaid by:			
– Related parties		974	22
– Proceeds from disposal of subsidiary	14	1,624	-
Net cash used in investing activities		**(4,928)**	**(156)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from shares:			
– Issuing shares (net of share issue costs)		2,050	953
– Exercise of options		20	9
Proceeds from borrowings		2,394	(364)
Net cash provided by financing activities		**4,464**	**598**
Net increase/(decrease) in cash held		**1,827**	**633**
Cash at the beginning of the year		**2,731**	**2,098**
Cash at the end of the year	9	**4,558**	**2,731**

The accompanying notes form part of these financial statements.

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

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

Basis of Preparation

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

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

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

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

Prior period tax error

During the 31 December 2011 half year reporting process, the Group identified a prior period error which required restatement of the 30 June 2011 financial statements.

The restatement relates to the taxation impact resulting from the revaluation of the Constance Range mining tenement during the year ended 30 June 2011.

The tax treatment adopted in the 30 June 2011 financial statements was on basis the revaluation was exempt from tax. However it has subsequently been determined that the transaction should have been included in the determination of deferred tax liabilities at 30 June 2011.

Had the Constance Range revaluation been correctly treated from a taxation perspective at 30 June 2011, this would have resulted in an increase in Tax Expense of $516,000 and an increase in Deferred Tax Liability of $516,000.

As a result the 30 June 2011 restated Profit after Tax is $966,000 (previously reported $1,482,000) and Net Assets is $13,045,000 (previously reported $13,561,000). There is no cash flow impact of this prior period error.

Accounting Policies

a) Principles of Consolidation

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

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

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

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

b) Business Combinations

Business combinations occur where control over another business is obtained and results in the consolidation of its assets and liabilities. All business combinations, including those involving entities under common control are accounted for by applying the purchase method.

The purchase method requires an acquirer of the business to be identified and for the cost of the acquisition and fair values of identifiable assets, liabilities and contingent liabilities to be determined as at the acquisition date, being the date that control is obtained. Cost is determined as the aggregate of fair values of assets given, equity issued and liabilities assumed in exchange for control together with costs directly attributable to the business combination. Any deferred consideration payable is discounted to present value using the entity's incremental borrowing rate.

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES continued

Accounting Policies continued

b) Business Combinations continued

Goodwill is recognised as the excess of cost of acquisition over the group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities acquired. If the net fair value of the identifiable assets, liabilities and contingent liabilities acquired is greater than cost of acquisition, the surplus is immediately recognised in profit or loss but only after a reassessment of the identification and measurement of the net assets required.

c) Income Tax

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income). The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or substantively enacted by the Statement of Financial Position date.

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

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

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

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

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

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

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

Tax Consolidation

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

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

Accounting Policies continued

d) Plant and Equipment

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

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets.

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

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

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

e) Leases

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

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

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

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

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

f) Financial Instruments

Recognition and Initial Measurement

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

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

Derecognition

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

Classification and Subsequent Measurement

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

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

(ii) Loans and receivables

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

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES continued

Accounting Policies continued

f) Financial Instruments continued

Classification and Subsequent Measurement continued

(iii) Available-for-sale financial assets

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

(iv) Financial liabilities

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

Fair value

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

Impairment

At each reporting date, the group assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged or significant decline in the value of the instrument is considered to determine whether impairment has arisen. Such impairment losses are recognised in the Statement of Comprehensive Income immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

g) Impairment of Assets

At each reporting date, the group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the Statement of Comprehensive Income. Non-financial assets, other than goodwill that suffered impairment, are reviewed for possible reversal of the impairment at each reporting date.

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

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

h) Interests in Joint Ventures

The Consolidated Group's share of the assets, liabilities, revenue and expenses of joint venture operations are included in the appropriate items of the consolidated financial statements. Details of the Consolidated Group's interests in joint ventures are shown in Note 11.

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

i) Intangibles

Goodwill

Goodwill and goodwill on consolidation are initially recorded at the amount by which the purchase price for a business or for an ownership interest in a controlled entity exceeds the fair value attributed to the interest in the net fair value of identifiable assets, liabilities and contingent liabilities at date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Trademarks

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

j) Biological Assets

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

Forestry plantations owned by the Consolidated Group are valued at fair value at each reporting date and the increment or decrement in the fair value between reporting periods is recognised in the Statement of Comprehensive Income. Fair value is determined annually by independent valuation.

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

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES continued

Accounting Policies continued

k) Employee Benefits

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. Those cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected cash flows.

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

Equity-settled Compensation

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

l) Provisions

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

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

m) Cash and Cash Equivalents

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

n) Revenue and Other Income

Revenue is measured at fair value of the consideration received or receivable. All revenue is stated net of the amount of goods and services tax (GST).

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

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

Completion fees and Incentive fees are revenue earned through the successful completion of a syndicate as applicable and as defined under the relevant PDS. These fees are recognised on completion of a syndicate.

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

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

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

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

o) Borrowing Costs

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

All other borrowing costs are recognised in the Statement of Comprehensive Income in the period in which they are incurred.

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES continued

Accounting Policies continued

p) Goods and Services Tax (GST)

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

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

q) Segment Accounting Policies

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

Whilst the group has forestry and exploration interests, the Group's main focus has been on property funds management (up until the sale on 26 June 2012), which is where it derives most of its income from. Furthermore, Viento Group Limited has no geographical segment disclosure as all of its operations are in Australia.

As the transaction volume of mining services, forestry and exploration interest is immaterial to the Group, the board of directors review consolidated results and the consolidated financial position of the group only.

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

r) Comparative Figures

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

s) Rounding of Amounts

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

t) Critical Accounting Estimates and Judgements

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

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

Key Estimates and Judgements - Impairment

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

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in Note 16 – Biological Assets.

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

Revaluation of Constance Range

During the prior year the directors revalued the Group's investment in the Constance Range Iron Ore Exploration Project. The revaluation was performed through the Statement of Comprehensive Income and is further disclosed in Note 2 - Revenue and Note - 12 Financial Assets. The revaluation is based on the results of an external valuation received and the intended distribution of Constance Range Pty Ltd in the form of a one for one dividend to shareholders.

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES continued

Accounting Policies continued

Recognition of tax losses

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

u) New Accounting Standards and Interpretations

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2011 affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods. However, the adoption of AASB 1054 Australian Additional Disclosures and AASB 2011-1 Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project enabled the removal of certain disclosures in relation to commitments and the franking of dividends.

v) New Accounting Standards for application in Future Periods

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods and which the Group has decided not to early adopt. A discussion of those future requirements and their impact on the Group is as follows:

AASB 2011-9 Amendments to Australian Accounting Standards –Presentation of Items of Other Comprehensive Income. This amendment changes the presentation of some items within Other Comprehensive Income (OCI): Items must be grouped together within OCI on the basis of whether they are potentially subsequently reclassifiable to profit and loss or not. Requires tax associated with OCI to be shown separately for each of these two groups. Periods beginning on or after 1 July 2012. Early adoption is permitted. This may result in reclassification of some items within Other Comprehensive Income. The future impact of this standard has not yet been quantified.

AASB 124 has been amended to remove the Australian specific requirement for Key Management Personnel Disclosures. There is unlikely to be a significant impact for most entities, since the Corporations Act 2001 requirements in this area are unchanged.

AASB 9 Financial Instruments standard is one of a series of amendments that are expected to eventually completely replace AASB 139. AASB 9 simplifies the classifications of financial assets into those to be carried at amortised cost and those to be carried at fair value – the 'available for sale' and 'held-to-maturity' categories no longer exists. AASB 9 also simplifies requirements for embedded derivatives and removes the tainting rules associated with held-to-maturity assets. The new categories of financial assets are: Amortised cost, Fair value through other comprehensive income and Fair Value through profit and loss. While the rules are less complex than those of AASB 139, the option to show equity instruments at cost has been largely removed, which is likely to lead to greater volatility within the income statement. The future impact of this standard has not yet been quantified.

AASB 10 Consolidated Financial Statements The standard introduces a single model of control, which is used to determine whether an investee must be consolidated. The future impact of this standard has not yet been quantified.

AASB 11 Joint Arrangements classifies all joint arrangements as either joint operations or joint ventures Joint operations exist where the parties have the right to their assets and the obligation for their liabilities under the arrangement. The future impact of this standard has not yet been quantified.

AASB 13 Fair Value Measurement. AASB 13 replaces the existing IFRS guidance on fair value measurement and disclosure. It applies whenever another standard permits or requires the use of fair value measurements. It sets out a fair value hierarchy for such measurements: The standard determines 'how to' rather than 'when' in respect of fair value measurements, and summarises the existing IFRS guidance in one place. The future impact of this standard has not yet been quantified.

AASB 119 Employee Benefits. The revisions to AASB 119 will change the accounting treatment for some defined benefit superannuation. The future impact of this standard has not yet been quantified.

AASB 127 Separate Financial Statements. ASB 127 has been amended to ensure consistency with the new requirements of AASB 10 Consolidated Financial Statements. It now deals only with the preparation of separate company financial statements but will have no impact for the Group as only consolidated statements are prepared.

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES continued

Accounting Policies continued

v) New Accounting Standards for application in Future Periods continued

AASB 128 Investments in Associates and Joint Ventures. AASB 128 has been amended to ensure consistency with the new requirements of AASB 10 Consolidated Financial Statements and AASB 11 Joint Arrangements. The standard sets out how the equity method of accounting is to be applied, defines "significant influence," and how impairment is to be tested for investments in associates or joint ventures. The future impact of this standard has not yet been quantified. The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods and which the Group has decided not to early adopt. A discussion of those future requirements and their impact on the Group is as follows:

AASB 2011-9 Amendments to Australian Accounting Standards –Presentation of Items of Other Comprehensive Income. This amendment changes the presentation of some items within Other Comprehensive Income (OCI): Items must be grouped together within OCI on the basis of whether they are potentially subsequently reclassifiable to profit and loss or not. Requires tax associated with OCI to be shown separately for each of these two groups. Periods beginning on or after 1 July 2012. Early adoption is permitted. This may result in reclassification of some items within Other Comprehensive Income. The future impact of this standard has not yet been quantified.

AASB 124 has been amended to remove the Australian specific requirement for Key Management Personnel Disclosures. There is unlikely to be a significant impact for most entities, since the Corporations Act 2001 requirements in this area are unchanged.

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AASB 10 Consolidated Financial Statements The standard introduces a single model of control, which is used to determine whether an investee must be consolidated. The future impact of this standard has not yet been quantified.

AASB 11 Joint Arrangements classifies all joint arrangements as either joint operations or joint ventures Joint operations exist where the parties have the right to their assets and the obligation for their liabilities under the arrangement. The future impact of this standard has not yet been quantified.

AASB 13 Fair Value Measurement. AASB 13 replaces the existing IFRS guidance on fair value measurement and disclosure. It applies whenever another standard permits or requires the use of fair value measurements. It sets out a fair value hierarchy for such measurements: The standard determines 'how to' rather than 'when' in respect of fair value measurements, and summarises the existing IFRS guidance in one place. The future impact of this standard has not yet been quantified.

AASB 119 Employee Benefits. The revisions to AASB 119 will change the accounting treatment for some defined benefit superannuation. The future impact of this standard has not yet been quantified.

AASB 127 Separate Financial Statements. ASB 127 has been amended to ensure consistency with the new requirements of AASB 10 Consolidated Financial Statements. It now deals only with the preparation of separate company financial statements but will have no impact for the Group as only consolidated statements are prepared.

AASB 128 Investments in Associates and Joint Ventures. AASB 128 has been amended to ensure consistency with the new requirements of AASB 10 Consolidated Financial Statements and AASB 11 Joint Arrangements. The standard sets out how the equity method of accounting is to be applied, defines "significant influence," and how impairment is to be tested for investments in associates or joint ventures. The future impact of this standard has not yet been quantified.

w) Trade and Other Receivables

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

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES continued

Accounting Policies continued

x) Trade and Other Payables

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

	Consolidated Group	
	2012 $000	**2011 $000**
2. REVENUE		
Sales Revenue		
– Subdivision Settlement Fees	2,007	-
– Management Fees	140	208
– Interest Received	407	276
– Other Revenue	29	1,720
Total Revenue	**2,583**	**2,204**

The above revenue includes only revenue from continuing operations. The revenue derived during the year from the property businesses that were disposed on 26 June 2012 is included in the profit from discontinued operations.

Subdivision fees relate solely to gross settlement proceeds received on the settlement of lot sales within the Henley Brook and Southern River subdivision projects.

2011 Other Revenue of $1,720,000 relates to the revaluation to 'fair value' of the group's investment in the Constance Range Iron Ore Exploration Project 'through the profit and loss'. Refer to Note 1f) accounting policy and Note 11, Interest in Joint Ventures.

	2012 $000	**2011 $000**
3. PROFIT/(LOSS) FOR THE YEAR		
(a) Expenses		
Depreciation of non-current assets		
– Plant and equipment	(38)	(58)
Bad and doubtful debts		
– Other debtors	(78)	(22)
Rental expense on operating leases		
– Minimum lease payments	(231)	(223)
Decrement in Tree valuation	(884)	(204)
(b) Income from continuing and discontinued operations		
Income from continuing operations attributable to owners of the parent	2,583	2,204
Income from discontinued operations attributable to owners of the parent	6,010	2,645

4. INCOME TAX (includes tax expense from disposal group)

	Consolidated Group		
	2012 $000	Restated 2011 $000	2011 $000
(a) The components of tax expense/(benefit) comprise:			
Current tax	-	-	-
Deferred tax	372	353	(163)
Under/(over) provision in respect of prior years	-	-	-
	372	353	(163)
(b) Prima facie tax payable on profit/(loss) from ordinary activities before income tax is reconciled to the income tax as follows:			
Prima facie tax payable on profit/(loss) from ordinary activities before income tax at 30% (2011: 30%)	303	318	318
	303	318	318
Add: Tax effect of:			
– other non-allowable items	125	8	8
– net capital gain (after recoupment of losses)	447	-	-
	572	8	8
Less: Tax effect of:			
– Discontinued operations	(568)	-	-
– Revaluations of assets	-	-	(516)
– Other net timing differences	61	48	48
– Current year (reinstatement)/write off DTA/DTL	(33)	-	-
– Recoupment of prior year tax losses/adjustments	(18)	(3)	(3)
– Current year capital losses recognised	(19)	(18)	(18)
Income tax (benefit)	372	353	(163)
Income tax (benefit) attributable to entity	**372**	**353**	**(163)**
(c) Component of deferred tax charged to other comprehensive income:			
Prior year understatement of tax benefit	-	16	16
	-	16	16

5. KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Key Management Personnel Compensation

	Consolidated Group	
	2012	2011
Short-Term Employee Benefits	1,317,941	942,340
Post Employment Benefits	16,514	28,075
Share Based Payments	35,063	7,560
	1,369,518	977,975

Key Management Personnel remuneration has been included in the Remuneration Report section of the Directors' Report.

(b) Option Holdings

Number of Options Held by Key Management Personnel

	Balance 01.07.11	Granted as Compensation	Options Exercised	Net Change Other	Balance 30.06.12	Total Vested 30.06.12	Total Exercisable 30.06.12	Total Unexercisable 30.06.12
Directors								
Mr S Heffernan	-	100,000	-	-	100,000	100,000	100,000	-
Mr R Nichevich	-	1,800,000	-	-	1,800,000	-	-	1,800,000
Mr J Farrell	-	1,800,000	-	-	1,800,000	-	-	1,800,000
Mr J Silverthorne	-	1,800,000	-	-	1,800,000	-	-	1,800,000
Other Key Management Personnel								
Mr D Wright	100,000	100,000	-	-	200,000	200,000	200,000	-
Ms J Wilson	40,000	-	-	(40,000)	-	-	-	-

	Balance 01.07.10	Granted as Compensation	Options Exercised	Net Change Other	Balance 30.06.11	Total Vested 30.06.11	Total Exercisable 30.06.11	Total Unexercisable 30.06.11
Directors								
Mr R King	300,000	-	-	(300,000)	-	-	-	-
Other Key Management Personnel								
Mr D Wright	20,000	100,000	(20,000)	-	100,000	100,000	100,000	-
Ms J Wilson	-	40,000	-	-	40,000	40,000	40,000	-

5. KEY MANAGEMENT PERSONNEL COMPENSATION continued

(c) Shareholdings

Number of Shares Held by Key Management Personnel

Key Management Personnel	Balance 30.06.11	Received as Compensation	Options Exercised	Net Change Other	Balance 30.06.12
Directors					
Mr R Nichevich	10,860,000	-	-	-	10,860,000
Mr J C Farrell [1]	-	-	-	10,487,568	10,487,568
Mr N J Silverthorne	-	-	-	10,739,914	10,739,914
Mr R E King	100,000	-	-	-	100,000
Other Key Management Personnel					
Mr D Wright	20,000	-	-	-	20,000

[1] Mr Farrell has an indirect interest through Hanscon Holdings.

Key Management Personnel	Balance 30.06.10	Received as Compensation	Options Exercised	Net Change Other	Balance 30.06.11
Directors					
Mr R Nichevich	10,860,000	-	-	-	10,860,000
Mr R King	100,000	-	-	-	100,000
Mr G Young [1]	50,000	-	-	(50,000)	-
Other Key Management Personnel					
Mr D Wright	-	-	20,000	-	20,000

[1] Mr Young resigned as Director effective 31 December 2010.

(d) Loans to Key Management Personnel

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

(e) Share Incentive Plans

At the annual general meeting held on 29 November 2005, shareholders approved a Share Incentive Plan for Mr Nichevich. The details of the Plans are as follows:

Maximum Number of Incentive Shares

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

- Mr R C Nichevich – 1,000,000 Incentive Shares

These maximum amounts include the Initial Entitlements referred to below.

Initial Entitlement and further incentive shares

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

- Mr R C Nichevich – 200,000 Incentive Shares on 19 December 2005 and a further 160,000 Incentive shares relating to achieving the earning condition for the 2005 financial year.
- No further entitlements were available or were earned this year (2011: nil).
- There are no further earn in entitlements still available.

5. KEY MANAGEMENT PERSONNEL COMPENSATION continued

(e) Share Incentive Plans continued

Termination Event

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

Restriction Period

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

Part 1

INITIAL ENTITLEMENTS

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

Part 2

FURTHER INCENTIVE SHARES

Mr Nichevich's Further Incentive Shares are no longer subject to any restriction periods due to the passage of time.

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

Loans

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

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

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

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

	Consolidated Group	
	2012 $000	2011 $000
6. AUDITOR'S REMUNERATION		
Remuneration of the auditor of the Consolidated group		
Crowe Horwath Perth		
– Auditing and reviewing the financial report	47	40
– Other regulatory audit services	-	-
	47	40
– Non-Audit Services	-	-
Total	47	40

	Consolidated Group		
	2012 $000	Restated 2011 $000	2011 $000
7. DIVIDENDS			
No dividends have been declared or paid in respect of the financial year ended 30 June 2012 (2011: nil).	-	-	-
8. EARNINGS PER SHARE			
(a) Reconciliation of earnings to profit			
Profit	700	966	1,482
Earnings used to calculate basic and dilutive EPS	700	966	1,482
	Number of Shares	Number of Shares	Number of Shares
(b) Weighted average number of ordinary shares outstanding during the year used in calculation of basic EPS	54,888,655	48,507,841	48,507,841
Weighted average number of options outstanding during the year used in the calculation of dilutive EPS	165,321	291,395	291,395
Weighted average number of ordinary shares outstanding during the year used in calculation of dilutive EPS	55,053,976	48,799,236	48,799,236
(c) Basic Earnings Per Share	1.28	1.99	3.06
Diluted Earnings Per Share	1.27	1.98	3.03

	2012	2011
9. CASH & CASH EQUIVALENTS		
Cash at bank and in hand	4,558	2,731
	4,558	2,731
Reconciliation of Cash		
Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the Statement of Financial Position as follows:		
Cash and cash equivalents	4,558	2,731

The Commonwealth Bank holds performance guarantees relating to the rental of the Melbourne office premises to the value of $24,640 (2011: $22,821) and Osborne Park office premises to the value of $41,568 (2011: Nil). The bank also holds a deposit for run off insurance related to the sale of the property business in the amount of $101,175 (2011: Nil). These amounts are held on term deposit with the bank and appear in the Statement of Financial Position under Other Current Assets.

	Note	Consolidated Group	
		2012 $000	2011 $000
10. TRADE & OTHER RECEIVABLES			
Current			
Term debtors	10(a)	14	15
Trade debtors	29(b)	266	1,100
Loan to VDPF Syndicate	10(b)	-	500
Loan to Southern River Syndicate	28(d)	685	300
Loan to Henley Brook Syndicate	28(d)	165	64
Other debtors		1,471	1,281
Less provision for doubtful debts		(140)	(140)
		1,331	1,141
		2,461	3,120
Non-Current			
Term debtors	10(a)	395	395
Less provision for doubtful debts		(192)	(65)
		203	330
Trade debtors	29(b)	-	94
Loan to VDPF Syndicate	10(b)	-	810
Other debtors		40	87
Key Management Personnel	10(c)	97	49
		340	1,370

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

Opening balance		205	259
Release of provision for impairment during the year		-	(54)
Receivables provided for during the year		127	-
Closing balance		332	205

Refer to Note 29 for an ageing analysis of trade and other receivables.

10. TRADE & OTHER RECEIVABLES continued

a) Term Debtors

To secure these debtors, a charge is held over the underlying assets. Where collection of the debtor is doubtful and the assessed value of the assets is less than the amount outstanding, a provision for doubtful debt is recognised for the shortfall. Interest rates are fixed at the time of entering into the contract and are 10% per annum (2011: 10%).

b) Loan to VDPF Syndicate

On 26 June 2012 Viento Group completed the sale of its property funds management business to Denison Funds Management. As part of the sale proceeds the remaining balance of the VDPF loan was repaid, an amount of $766,878. During 2011 Viento Group Ltd had entered into a loan agreement with the Viento Diversified Property Fund to allow the Fund to repay long overdue fees owing to Viento Property Limited. At June 2011 $1.3 million of trade debtors were included in the Loan to VDPF Syndicate in the parent entity.

c) Key Management Personnel Loans

Key Management Personnel	Balance at Beginning of Year $000	Balance at End of Year $000	Interest Charged $000	Interest not Charged $000	Provision for Impairment $000	Number of Individuals
2012	49	97	-	3	-	1
2011	40	49	-	2	-	1

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

The loans are interest free and are for a period of 7 years from the date of the first advance. The loans are secured by a share mortgage in favour of the Company over the shares. Recourse for the loans is limited to the proceeds from sale of the secured shares. Provision for impairment relates to the reduced available proceeds available to repay the loans from the on market sale of the shares in Viento Group Ltd (ASX code: VIE).

No repayments were made in the current year. The movement in loan balances reflects the change in value of the security which the Group holds over the loans.

At no stage during the year did any one individual have a loan in excess of $100,000. Interest not charged was calculated at the rate of 6% (2011: 6%).

11. INTEREST IN JOINT VENTURES

(a) Interest in Joint Ventures

A controlled entity, Qld Iron Pty Ltd (QIPL), is in joint venture with KBL Mining Ltd (KML) to develop the Constance Range iron ore deposits (the Project). Under the joint venture agreement, KML had a right to earn 30% equity in the Project by completing a pre-feasibility study. Under a supplementary agreement, dated 1 April 2008, KML completed the earning of its 30% equity by paying $250,000 in cash to QIPL. On 30 May 2010 KML waived its right to earn the additional 20% joint venture interest. Viento Group Limited continues to hold a 70% share of QIPL.

(b) Interest in Joint Venture Entities

The consolidated group has a 10% interest (2011: 10%) in the Cudgen Joint Venture, whose principal activity is to rezone and subsequently develop approximately 40 hectares of land into residential lots in Kingscliff, New South Wales. In February 2009 a recapitalisation agreement was entered into whereby loans made to the venture by existing parties were converted to capital and new investors contributed an additional $3.836m in return for an 80% interest. During 2012 the Group did not contribute anything to the joint venture and as such there has been no movement in the balance. The interest is considered recoverable and no provision for impairment has been made. Refer to note 12.

	Consolidated Group	
	2012 $000	**2010 $000**

12. FINANCIAL ASSETS

	2012 $000	2010 $000
Current Financial Assets Available for Sale	1,732	1,865
Non-Current Financial Assets Available for Sale	3,204	569
Total Financial Assets Available for Sale	4,936	2,434
Available for sale financial assets comprise:		
Listed investments, at fair value		
- shares in listed corporations	12	32
Unlisted investments, at fair value		
- units in property syndicates (Southern River Syndicate)	2,635	113
- units in Kingscliff land unit trust	89	89
- interest in Cudgen Joint Venture	480	480
- investment in Constance Range Exploration Project	1,720	1,720
	4,936	2,434

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

Impairment Losses

During the year the only negative movement in the above available for sale financial assets was for the revaluation of the listed company investment of $27,000 (2011: ($9,000)) which is included in other comprehensive income.

Increase in property syndicate investment

During the year Viento Group's investment in the Southern River Property Syndicate increased by $2,522,744. Viento Group Limited acquired an additional 3,154,480 units taking its total holdings in Southern River Syndicate to 3,297,907. The units were acquired from the VDPF syndicate (managed during the year by Viento Group Limited's subsidiary Viento Property Limited) in consideration for a major portion of its loan due to Viento Group Limited. The units were independently valued. No gain or loss was recorded on this transaction as the VDPF loan was reduced by the value of the syndicate units acquired.

Investment in Constance Range Exploration Project

During the prior year the asset was 'fair valued through the profit and loss' based on the results of an external valuation received and the likely distribution of the Qld Iron Pty Ltd in the form of a one for one dividend to shareholders.

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

	Consolidated Group	
	2012 $000	**2011 $000**

13. OTHER ASSETS

	2012 $000	2011 $000
Other Current Assets		
Prepayments	388	194
Security deposits	129	27
	517	221

14. CONTROLLED ENTITIES

	Country of Incorporation	Percentage Owned (%) 2012	Percentage Owned (%) 2011
(a) Controlled Entities			
Parent Entity			
Viento Group Limited	Aust		
Subsidiaries of Viento Group Limited			
Qld Iron (formerly Constance Range) Pty Ltd	Aust	100	100
Viento Mining Services (formerly QTIF) Pty Ltd	Aust	100	100
Viento Finance Pty Ltd	Aust	100	100
Viento Forestry Pty Ltd	Aust	100	100
Viento Global Properties Pty Ltd	Aust	100	100
Convex Alternative Strategies Pty Ltd	Aust	100	100
Viento Contracting Services Pty Ltd (est 2012)	Aust	100	-
Viento Utility Services Pty Ltd (est 2012)	Aust	100	-
Viento Property Limited*	Aust	-	100
Viento Property Services Pty Ltd*	Aust	-	100

*On 26 June 2012 Viento Group completed the sale of its wholly owned subsidiaries Viento Property Limited and Viento Property Services Pty Ltd. All entities have a financial year end of 30 June 2012.

b) Discontinued operations – sale of property funds business

On 20 April 2012 Viento Group announced the sale of its wholly owned subsidiaries Viento Property Limited and Viento Property Services Pty Ltd to Denison Funds Management Limited for the amount of $1.9 million ("the Discontinued Operations").

The net cash proceeds of the sale are as follows:

	$000
Sale price	1,900
Less Costs of sale	
– Advisory fee	127
– Legal fees	106
– Staff redundancy costs	43
Total costs	276
Net cash proceeds	1,624

14. CONTROLLED ENTITIES continued

By completing this sale on 26 June 2012 Denison acquired the management rights to the Viento Diversified Property Fund "the Fund", the Premiere Property Syndicate, the New Enterprise Property Syndicate and the Metro Property Syndicate "the Syndicates". The purpose of the sale was to enable new capital to be injected into the Fund and Syndicates and also to allow Viento to expand its interests to include mining services.

The Statement of Comprehensive Income "SCI" shows the post tax profit attributable to this discontinued operation for current (up to the date of sale) and the comparative years. The further analysis of this amount is shown below.

	2012 $000	2011 $000
Revenue from discontinued operations	1,960	2,645
Pre completion dividends received from discontinued operations	4,050	-
Expenses from discontinued operations	(1,835)	(1,789)
Pre tax profit from discontinued operations	4,175	856
Income tax expense	(63)	(257)
Post-tax profit attributable to discontinued operations	4,112	599
Sale Proceeds	1,900	-
Deconsolidation retained earnings of subsidiaries disposed of	(4,050)	-
Loss on disposal of controlled entities	(2,150)	-
Income tax benefit/(expense)	-	-
Net cash flows attributable to operating activities of discontinued operations	150	599
Net cash flows attributable to investing activities of discontinued operations	-	-
Net cash flows attributable to financing activities of discontinued operations	-	-

15. PLANT AND EQUIPMENT

	Consolidated Group	
	2012 $000	2011 $000
Plant and equipment at cost	6,272	370
Accumulated depreciation	(277)	(248)
Total plant and equipment	5,995	122
Movements in Carrying Amounts Movement in the carrying amounts for each class of plant and equipment between the beginning and the end of the current financial year		
Balance at the beginning of the year	122	173
Additions	5,911	7
Disposals	-	-
Depreciation expense	(38)	(58)
Carrying amount at the end of the year	5,995	122

	Consolidated Group	
	2012 $000	2011 $000
16. BIOLOGICAL ASSETS		
At net market value:		
Opening balance	1,952	1,985
Acquisitions	-	-
Maintenance, rent and insurance	112	171
Fair value decrement	(884)	(204)
Closing balance	1,180	1,952

(a) Nature of Asset

The company maintains ownership of Eucalyptus Globulus trees growing on 370 hectares (2011: 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 16 July 2012 by Mr David Geddes, BSc (For), AQIMM, MACFA, CPMgr, of Geddes Management Pty Ltd.

(b) Acquisitions

There were no acquisitions during the year (2011, zero).

(c) Assumptions used in the valuation

Significant assumptions made in determining the net market value of the plantation timber include:

i) The discount rate used in the valuation was 8.33% (2011: 9.1%);
ii) The inflation rate for Australia used was 1.6% (2011: 3.3%) and the risk free rate of return was 5.75% (2011: 5.75%);
iii) The valuation was conducted on a pre tax basis;
iv) It has been assumed that an export facility will be constructed on Kangaroo Island prior to the scheduled harvest in 2015 (2011: 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.
vi) Annual Management costs – these increased during the year reducing NPV valuation.

(e) Other Information

There are an estimated total of 17,500 hectares of plantations of both Tasmanian Blue Gums (14,000) and pine (3,500) on Kangaroo Island.

Over the period since the Company first planted Tasmanian Blue Gums on the island annual growth has been in the range of 15 to 24 mean annual increment per cubic metre representing a commercially sustainable growth rate.

	Consolidated Group	
	2012 $000	2011 $000

17. INTANGIBLE ASSETS

Goodwill		
Goodwill at cost	2,182	2,182
Accumulated impaired losses	(2,182)	(2,182)
Net carrying value	-	-
Trademarks		
Trademarks at cost	14	14
Accumulated impaired losses	-	-
Net carrying value	14	14
Total Intangibles	14	14

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

	Consolidated Group	
	2012 $000	2011 $000

18. TRADE & OTHER PAYABLES

Current		
Trade creditors	1,051	411
Sundry creditors and accruals	724	285
Sundry creditors and accruals	1,467	-
	3,242	696

19. TAX

	Consolidated Group		
	2012 $000	Restated 2011 $000	2011 $000
(a) Assets			
NON-CURRENT			
Deferred tax assets comprises:			
Provisions	156	123	123
Impairment of assets	508	587	587
Future income tax benefits of losses	1,686	2,226	2,226
Other	104	120	120
	2,454	3,056	3,056
Movements in deferred tax assets:			
Opening balance	3,056	2,798	2,798
Credited/(Charged) to Statement of Comprehensive Income	(602)	242	242
Current year – (charge)/credit to equity	-	16	16
Closing balance	2,454	3,056	3,056
(b) Liabilities			
NON-CURRENT			
Deferred tax liabilities comprise:			
Fair value gain adjustments	-	516	-
Reinstatement/(Write off) DTL to Statement of Comprehensive Income	913	674	674
	913	1,190	674
Movements in deferred tax liabilities:			
Opening balance	1190	595	595
Current year - charge/(credit) to Statement of Comprehensive Income	(277)	595	79
Closing balance	913	1190	674

	Consolidated Group 2012 $000	Consolidated Group 2011 $000
20. PROVISIONS		
Analysis of Total Provisions		
Current Provision for Valuations	-	10
Current Employee Benefits – Annual Leave	45	48
Total Current Provisions	45	58
Non-Current Employee Benefits – Long Service Leave	19	6
	64	64
Provision for Valuation		
Amount at the start of the year	10	11
Amount charged to the provision as an expense	-	11
Amount of provision utilised during the year	(10)	(12)
Closing balance of the provision	-	10
Employee Benefits Current – Annual Leave		
Amount at the start of the year	48	38
Amount charged to the provision as an expense	22	79
Amount of provision utilised during the year	(25)	(69)
Closing balance of the provision	45	48
Employee benefits non-current – long service leave		
Amount at the start of the year	6	9
Amount charged to the provision as an expense	13	(3)
Amount of provision utilised during the year	-	-
Closing balance of the provision	19	6
	64	64

	Consolidated Group 2012 $000	Consolidated Group 2011 $000
21. OTHER LIABILITIES		
Current		
Unearned Income	64	25

Unearned income relates to an annual management fee received upfront which is recognised on a straight line basis over the course of the year.

	Consolidated Group	
	2012 $000	2011 $000
22. LOANS AND BORROWINGS		
Current		
Secured bank loan	765	-
Insurance premium funding	270	-
	1,035	-
Non-Current		
Secured bank loan	1,284	-
	1,284	-

Insurance Premium Funding

During the year Viento Group Limited secured insurance premium funding to cover its annual insurance expenses. The facility is with Hunter Premium Funding and the interest rate applicable is fixed at 3.38% pa. The total premium financed was $270,000.

Secured bank loan

To facilitate the acquisition of its new mining fleet, Viento Mining Services Pty Ltd entered an Equipment Finance Agreement with the Commonwealth Bank. Two tranches of debt have been drawn and the interest rate on these loan contracts are fixed for 36 months at a rate of 7.42% ($458,000 principal) and 7.52% ($1,591,000 principal). An undrawn amount of $2,951,000 remains in place at 30 June 2012.

Security comprises a first ranking general security interest over the assets of Viento Mining Services Pty Ltd, guaranteed by Viento Group Limited, and an asset security interest relating to the assets purchased under the Agreement.

Viento is required to maintain a debt service coverage ratio of 1.4 times calculated as EBITDA divided by actual loan repayments.

	Consolidated Group	
	2012 $000	2011 $000
23. ISSUED CAPITAL		
Ordinary shares on issue 1 July	20,236	19,231
Shares issued for cash	2,186	956
Shares based payment	-	85
Exercise of share options	20	9
Share raising costs	(136)	-
Shares cancelled	(50)	(45)
Shares on issue at 30 June	22,256	20,236

Refer to Note 8 Earnings per share for details about the number of shares outstanding.
The company does not have authorised capital or par value in respect of its issued shares.

23. ISSUED CAPITAL continued

(a) Ordinary shares

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

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

During the year the number of shares outstanding changed as a result of several transactions including the $2,186,000 capital raising, and the $50,000 cancellation of shares held on escrow for a former employee for non-payment of their share loan.

(b) Partly paid shares

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

(c) Options

(i) For information relating to any share options issued to key management personnel during the financial year and the options outstanding at year-end, refer to Note 30.

(ii) For information relating to options issued, exercised and lapsed during the financial year and the options outstanding at year-end refer to Note 30.

24. RESERVES

Share Based Payment Reserve

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

Financial Assets Reserve

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

	Consolidated Group	
	2012 $000	**2011 $000**
25. CAPITAL AND LEASING COMMITMENTS		
Operating lease commitments		
Non-cancellable operating leases contracted for but not provided in the financial statements		
Payable:		
– not later than 12 months	70	240
– between 12 months and 5 years	225	326
– greater than 5 years	-	-
	295	566

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

In September 2011 Viento Group Limited assigned its Brisbane lease (expiring 1 September 2013), to KPMG in exchange for a once off payment of $144,000 being the fair value of the difference between market rental and the existing terms.

The Melbourne office lease expired during 2011 and since then has been on a month to month basis. During 2012 Viento signed a lease in Perth (expiring 27 September 2016) for the amount of $51,795 per annum net.

26. CONTINGENT LIABILITIES

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

The Commonwealth Bank holds performance guarantees relating to the rental of the Melbourne office premises to the value of $24,640 (2011: $22,821) and Osborne Park Office to the value of $41,568. The company has provided a deposit of $24,640 to the Bank as security in relation to the guarantee. In addition Viento Group has given a bank deposit in the amount of $101,175 to cover run off insurance relating to the sale of the Viento property businesses to Denison Funds Management.

27. CASH FLOW INFORMATION

	Consolidated Group	
	2012 $000	**2011 $000**
(a) Reconciliation of Cash Flow from Operations with the Profit after Income Tax		
Profit after income tax	700	1,482
Profit from the disposal of VPL and VPS in investing activities	(1,624)	-
Non-cash flows in profit		
Gain on revaluation on Constance Range	-	(1,720)
Fair value movement on biological assets	884	150
Depreciation	38	58
Impairment release	(48)	(43)
Doubtful debts	127	(54)
Employee benefits expense	282	31
Write down of receivable due in greater than 1 year	-	25
Changes in assets and liabilities		
(Increase) / decrease in receivables and other assets	(673)	224
Increase in payables and provisions	2,295	201
Increase / (decrease) in income tax balances	310	(163)
Cash flows from operations	2,291	191

28. RELATED PARTIES

(a) Parent entity

The parent entity within the group is Viento Group Limited.

(b) Key management personnel

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

(c) Associated entities

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

During the current year the group also acquired items of PP&E for Viento Mining Services from an associated entity Hanscon Holdings Pty Ltd "Hanscon".

	Consolidated Group	
	2012 $000	2011 $000
Loans to associated entities:		
Balance as at beginning of period	1,674	-
Loans advanced	1,458	3,157
Loan repayments received*	(2,282)	(1,483)
	850	1,674
Amounts recognised as revenue or expense:		
– Interest revenue**	231	211
Payments for the acquisition of PP&E from Hanscon		
– Payment for PP&E***	2,234	-

**Loan repayments received included amounts owing from the VDPF long term debtors and these amounts are included under operating cash flows in the Statement of Cash Flows. The balance of loans to associated entities are included within the balances in Note 10 receivables.*

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

**** Hanscon is a related entity to Viento due to being a major Viento Shareholder and being represented by director, John Farrell.*

(d) Balance and terms of loans to associated entities

	2012 $000	2011 $000	Applicable Interest Rate
Related Party:			
Viento Diversified Property Fund (VDPF)	-	1,310	9.00%
Southern River Property Syndicate	685	300	3.25%
Henley Brook Property Syndicate	165	64	3.25%
	850	1,674	

All amounts are owing to the parent entity Viento Group Ltd and are unsecured. The VDPF loan was a long term loan which was paid out on 26 June 2012 on the settlement of the sale of the property business to Denison Funds Management. The Syndicate loans are provided to meet short term financing requirements and interest is charged at the CBA CDA rate.

29. FINANCIAL RISK MANAGEMENT

(a) Financial Risk Management Policies

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

(i) Treasury Risk Management

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

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

(ii) Financial Risk Exposures and Management

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

Interest Rate Risk

The Group manages interest rate risk by fixing its debt and monitoring forecast cash flows. At 30 June 2012 the groups debt is fixed and therefore has no material exposure to changes in interest rates.

Liquidity Risk

The Group manages liquidity risk by monitoring forecast cash flows, restructuring financial arrangements and ensuring that adequate cash is available to meet its obligations.

	Weighted Average Effective Interest Rate		Fixed Interest Rate Maturing			
			Within 1 Year		1 to 5 Years	
	2012	2011	2012 $000	2011 $000	2012 $000	2011 $000
Consolidated group						
Financial assets						
Cash and cash equivalents	3.1%	3.9%	-	-	-	-
Receivables	3.25%	4.22%	-	15	-	1,743
Investments	-	-	-	-	-	-
Security deposits	3.25%	4.7%	28	27	-	-
Total Financial Assets			**28**	**42**	**-**	**1,743**
Financial liabilities						
Trade and sundry payables	-	-	-	-	-	-
Loans & Borrowings	7.06%	-	1,035	-	1,284	-
Total Financial Liabilities			**1,035**	**-**	**1,284**	**-**

29. FINANCIAL RISK MANAGEMENT continued

Credit Risk

At balance date the maximum exposure to credit risk to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the Statement of Financial Position and Notes to the financial statements.

The Group's principal exposure to financial instruments relates to receivables (mainly fees and recoverable expenses) from funds managed by Viento Property Limited.

(iii) Capital Management

Traditionally Management has used the capital of the group primarily to operate and grow a funds management business however with the sale of the property business management is now focused on using capital to develop the mining businesses.

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

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

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

(b) Financial Instruments

(i) Financial Instrument Composition and Maturity Analysis

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

Over 5 Years		Floating Interest Rate		Non-interest Bearing		Total	
2012 $000	2011 $000	2012 $000	2011 $000	2012 $000	2011 $000	2012 $000	2011 $000
-	-	4,558	2,731	-	-	4,558	2,731
-	-	850	364	2,315	2,430	3,165	4,552
-	-	-	-	3,215	2,434	3,215	2,434
-	-	-	-	-	-	28	27
-	**-**	**5,408**	**3,095**	**5,530**	**4,864**	**10,966**	**9,744**
-	-	-	-	3,239	696	3,239	696
-	-	-	-	-	-	2,319	-
-	**-**	**-**	**-**	**3,239**	**696**	**5,558**	**696**

29. FINANCIAL RISK MANAGEMENT continued

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

– Quoted prices in active markets for identical assets or liabilities (Level 1);

– Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2); and

– Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

	2012				2011			
	Level 1 $000	Level 2 $000	Level 3 $000	Total $000	Level 1 $000	Level 2 $000	Level 3 $000	Total $000
Financial Assets								
Listed Investments - shares in listed corporations	12	-	-	12	32	-	-	32
Unlisted investments, at FV - units in property syndicates	-	2,635	-	2,635	-	113	-	113
Unlisted investments, at FV - units in unlisted trust	-	-	89	89	-	-	89	89
Unlisted investments, at FV - interest in associates	-	-	2,200	2,200	-	-	2,200	2,200
	12	2,635	2,289	4,936	32	113	2,289	2,434

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

Included within level 2 hierarchy are units in an unlisted property trust managed by Viento. These valuations are based on the historic transaction value. No impairment is considered to exist and they have not been revalued as the units can not be redeemed until the completion of the syndicate. During the year Viento's holding in this trust increased as a result of a transaction with the Viento Diversified Property Fund to accept units in a subdivision in exchange for repayment of a loan owed to Viento Group.

Other than the investment in Constance Range Iron Ore Exploration project "the project" which has been fair valued to $1,720,000, Level 3 assets are carried at the value implied by their most recent transaction value. The project is carried at fair value based on a valuation received during 2011. They have been considered for impairment and none has been found to exist based on a combination of techniques including comparisons of recent similar asset sales, historic and recent external valuations as well as negotiations taking place at the date of this report.

Trade Debtors

Trade debtors are non-interest bearing and are generally received on 30 to 60 day terms. No provision for impairment loss has been recognised on trade debtors at balance date as management are satisfied that payment will be received in full.

The ageing analysis of trade debtors is as follows:

	Note	Consolidated Group	
The ageing analysis of trade debtors is as follows:		2012 $000	2011 $000
0 – 30 days		233	36
31 – 60 days		-	18
61 – 90 days*		-	246
91 days +*		33	894
Trade Debtors	10	266	1,194

* Considered past due but not impaired

29. FINANCIAL RISK MANAGEMENT continued

Trade Debtors

Trade creditors are non-interest bearing and are generally paid on 30 day terms.

	Consolidated Group	
The ageing analysis of trade creditors is as follows:	**2012 $000**	**2011 $000**
Less than 6 months	3,242	696
6 months to 1 year	-	-
1 to 5 years	-	-
Over 5 years	-	-
	3,242	696

(ii) Net Fair Values

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

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

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

(iii) Sensitivity Analysis – Interest Rate Risk

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

	Consolidated Group	
	2012 $000	**2011 $000**
Change in profit after tax		
– Increase in interest rate by 1%	54	49
– Decrease in interest rate by 1%	(54)	(49)
Change in equity		
– Increase in interest rate by 1%	54	49
– Decrease in interest rate by 1%	(54)	(49)

30. SHARE BASED PAYMENTS

On 27 July 2011 350,000 share options were granted to seven employees for no consideration, in one tranche of 350,000 options. The exercise price of these options is $0.15 and they are exercisable between 27 July 2011 and 30 June 2014.

On 14 November 2011 100,000 share options were granted to one director (Shane Heffernan) for no consideration, in one tranche of 100,000 options. The exercise price of these options is $0.15 and they are exercisable between 14 November 2011 and 30 June 2014.

On 14 June 2012 5,400,000 share options were granted to three directors of Viento for no consideration, in three tranches of 1,800,000 options. The exercise prices of these options is $0.25, $0.40 and $0.60 and they are exercisable between 1 July 2013 and 30 June 2017.

On 14 June 2012 1,800,00 share options were granted to Hanscon Holdings Pty Ltd (a related party with a shared director) of Viento for no consideration, in three tranches of 600,000 options. The exercise prices of these options is $0.25, $0.40 and $0.60 and they are exercisable between 1 July 2013 and 30 June 2017.

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

	Consolidated Group			
	2012		2011	
	Number of Options	Weighted Average Exercise Price $	Number of Options	Weighted Average Exercise Price $
Options outstanding at beginning of the year	250,000	0.125	700,000	0.87
Granted	7,650,000	0.456	270,000	0.125
Cancelled	-	-	-	-
Exercised	(135,000)	0.146	(80,000)	0.106
Expired	(125,000)	0.130	(640,000)	0.944
Outstanding at year-end	7,640,000	0.408	250,000	0.125
Exercisable at year-end	440,000	0.142	250,000	0.125

The options outstanding at 30 June 2012 had a weighted average exercise price of $0.408 and a weighted average remaining contractual life of 3 years. The weighted average exercise price of all options outstanding at 30 June 2011 was $0.125.

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

The weighted average fair value of options granted during the year was $0.179. The fair value was calculated using a Black-Scholes option pricing model applying the following inputs.

- Weighted average exercise price $0.456
- Weighted average life of the option 3 years
- Underlying share price $0.35
- Expected share price volatility 90%
- Risk free interest rate 2.39%.

31. PARENT ENTITY DISCLOSURES

	Consolidated Group	
	2012 $000	2011 $000
Current assets	9,574	2,315
Total assets	18,574	10,205
Current liabilities	3,276	502
Total liabilities	6,941	3,614
Total shareholders equity	11,633	6,591
Includes share based payment reserve	1,451	1,390
Includes financial asset reserve	9	(18)
Profit/(Loss) for the year	2,933	218
Total Comprehensive Income/(Loss) for the year	2,770	245

Details of any guarantees entered into by the parent entity in relation to the debts of its subsidiaries – Viento Group entered into an unlimited bank guarantees with the Commonwealth Bank to act as guarantor of the bank's loan to Viento Mining Services Pty Ltd, a wholly owned subsidiary of Viento Group Limited. The loan is for a period of three years.

Details of any contingent liabilities - Nil

Details of any contractual commitments for the acquisition of property, plant or equipment - Nil

32. AFTER BALANCE DATE EVENTS

On 31 July 2012 Viento Group announced that it had finalised the agreement to invest $1million into Mineworks Group Pty Ltd for an ownership of 62.5% of the company on 1 August 2012. Mineworks is an established mining services company operating in Western Australia specialising in plant hire and maintenance, labour hire and contracting services. Viento has the right to increase its share of equity of Mineworks to 70% as at 30 June 2013 and further buy the balance of the company from the Gallop family after two full years of operation.

On the 15 August 2012 the company advised that it has established Viento Utility Services Pty Ltd to provide infrastructure and asset management services for utilities in the resource and energy sectors.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the consolidated group, the results of those operations or the state of affairs of the consolidated group in future financial years.

VIENTO GROUP LIMITED & CONTROLLED ENTITIES DIRECTORS' DECLARATION

1. In the opinion of the directors of Viento Group Limited:

    a) the financial statements and notes, as set out on pages 25 to 57 are in accordance with the *Corporations Act 2001* including:

        i) give a true and fair view of the Group's financial position as at 30 June 2012 and of its performance for the financial year ended on that date; and

        ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

    b) the financial report also complies with International Financial Reporting Standards as disclosed in note 1.

    c) the remuneration disclosures that are contained in the Remuneration Report in the Directors Report comply with the *Corporations Act 2001* and the *Corporations Regulations 2001*.

    d) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

2. The directors have been given the declarations by the Executive Chairman and Chief Financial Officer required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the board of directors.

R NICHEVICH
Director

Dated this 21st day of September 2012

Crowe Horwath

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Report

We have audited the accompanying financial report of Viento Group Limited and its controlled entities (the consolidated entity), which comprises the consolidated statement of financial position as at 30 June 2012, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

Basis for Qualified Opinion

During the financial year ended 30 June 2011, a qualified opinion was issued on the basis that company's valuation of the investment in the Constance Range Iron ore Exploration Project (CRIOEP) differs from the cost model under AASB 6. Had the requirements under AASB 127 been correctly applied as well as the cost model under AASB 6, the revenue, profit before income tax, net assets and equity of the consolidated entity at 30 June 2011 would have reduced by $1.2 million (net of deferred tax). This has resulted in the opening balances in relation to the net assets and equity of the consolidated entity at 1 July 2011 being overstated by $1.2million.

Crowe Horwath Perth is a WHK Group Firm and a member of Crowe Horwath International, a Swiss verein. Each member firm of Crowe Horwath is a separate and independent legal entity.

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A WHK Group firm

Horwath

Horwath refers to Horwath International Association, a Swiss verein. Each member of the Association is a separate and independent legal entity.

This position remains unchanged since 30 June 2011. As a result, the accounting treatment adopted by the consolidated entity continues to be a departure from Australian Accounting Standards. Therefore, the net assets and equity of the consolidated entity remains misstated by $1.2 million (net of deferred tax) as at 30 June 2012.

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

(a) the financial report of the consolidated entity is in accordance with the Corporations Act 2001, including:

  (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2012 and of its performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and

(b) the consolidated financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 12 to 17 of the directors' report for the year ended 30 June 2012. The directors of the consolidated entity are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion
In our opinion, the Remuneration Report of the consolidated entity for the year ended 30 June 2012 complies with section 300A of the Corporations Act 2001.

Crowe Horwath Perth

CROWE HORWATH PERTH

Signed at Perth, 30 September 2011

CYRUS PATELL
Partner

VIENTO GROUP LIMITED (ABN 79 000 714 054) & CONTROLLED ENTITIES SHAREHOLDER INFORMATION AS AT 20 SEPTEMBER 2012

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

Distribution of Shareholdings

Range	Number of Holders	Number of Ordinary Shares	% of Issued Capital
1 – 1,000	270	79,671	0.13
1001 – 5,000	245	592,381	0.94
5,001 – 10,000	106	769,031	1.23
10,001 – 100,000	203	7,123,518	11.35
More than 100,001	49	54,184,971	86.35
Total	**873**	**62,749,572**	**100.00**

Unmarketable Parcels

The number of shareholders holding less than a marketable parcel is 336.

Twenty Largest Shareholders

Shareholder	Shares Held	% of Issued Capital
Koy Pty Ltd / Deluge Holdings Pty Ltd / Robert Nichevich	10,860,000	17.31
Mr Nicholas J Silverthorne & Mrs Maureen Silverthorne (The Silverthorne A/C)	10,739,914	17.12
Hanscon Holdings Pty Ltd	10,487,568	16.71
Vernon Finance Ltd	3,511,250	5.60
JP Morgan Nominees Australia Ltd	1,754,850	2.76
Mr Douglas A Brooks & Mrs Roma Brooks (Brooks Hire Service S/F A/C)	1,749,072	2.79
Botsis Super Pty Ltd (P & P Botsis S/F A/C)	1,630,043	2.60
Mr Brian N Bailey & Mrs Leonie J Bailey	1,396,303	2.23
John Michael Jones (Jones Security A/C)	1,000,000	1.59
Greatside Holdings Pty Ltd	1,000,000	1.59
Kyla Pty Ltd	534,000	0.85
Greenvale Enterprises Pty Ltd (Winebrook Village Unit A/C)	500,000	0.80
Robert William McNair (McNair Super Fund A/C)	500,000	0.80
Prime Plant Hire Pty Ltd (P & K Pearcey Trading A/C)	500,000	0.80
Mr Stephen Gary Palmer & Mrs Helen May Palmer (The Paf Super Fund A/C)	454,938	0.73
Geoffrey Silverthorne	447,722	0.71
Minnesota Holdings Pty Ltd (The Golding Super Fund A/C)	410,000	0.65
Alison Clohessy	400,000	0.64
Methuen Holdings Pty Ltd (PB Family A/C)	400,000	0.64
UBS Wealth Management Australia Nominees Pty Ltd	360,000	0.57
Top 20 holders of fully paid shares (grouped)	**46,520,774**	**77.49**

VIENTO GROUP LIMITED (ABN 79 000 714 054) & CONTROLLED ENTITIES SHAREHOLDER INFORMATION AS AT 20 SEPTEMBER 2012 continued

Substantial Shareholders

Shareholder	Shares Held	% of Issued Capital
Koy Pty Ltd / Deluge Holdings Pty Ltd / Robert Nichevich	10,860,000	17.31
Mr Nicholas J Silverthorne & Mrs Maureen Silverthorne (The Silverthorne A/C)	10,739,914	17.12
Hanscon Holdings Pty Ltd	10,487,568	16.71
Vernon Finance Ltd	3,511,250	5.60

Voting Rights

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

Options: No voting rights attach to the options.

UNQUOTED SECURITIES

Options

A total of 7,800,000 unlisted options are on issue. The tranches of unlisted options are as follows:

Exercise Date	Exercise Price	Number of Options	Option Holder
29-Sep-2013	$0.125	130,000	Viento Employees
30-Jun-2014	$0.150	350,000	Viento Employees
30-Jun-2014	$0.150	100,000	Viento Directors
30-Jun-2015	$0.400	160,000	Viento Employees
30-Jun-2015	$0.250	1,800,000	Viento Directors
30-Jun-2015	$0.250	600,000	Hanscon Holdings Pty Ltd
30-Jun-2016	$0.400	1,800,000	Viento Directors
30-Jun-2016	$0.400	600,000	Hanscon Holdings Pty Ltd
30-Jun-2017	$0.600	1,800,000	Viento Directors
30-Jun-2017	$0.600	600,000	Hanscon Holdings Pty Ltd

COMPANY INFORMATION

DIRECTORS

Robert Nichevich – Executive Chairman
Shane Heffernan – Non- Executive Director
John Farrell – Non-Executive Director
John Silverthorne – Non-Executive Director

COMPANY SECRETARY

D R Wright

REGISTERED OFFICE & ADMINISTRATION ADDRESS

Level 1
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Osborne Park WA 6017
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Facsimile: +61 8 9443 9980
Toll Free: 1300 555 505
Email: info@vientogroup.com

WEB PAGE

www.vientogroup.com

AUDITOR

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

BANKERS

Commonwealth Bank of Australia
1254 Hay Street
West Perth WA 6005

National Australia Bank
330 Collins Street
Melbourne VIC 3000

SHARE REGISTRY

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

STOCK EXCHANGE LISTING

Australian Securities Exchange (ASX Code: VIE)

VIENTO

ANNUAL REPORT
2012

Viento Group Limited
ABN 79 000 714 054

CONTACT

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