

Appendix 4E

Preliminary final report

1. Details of reporting period

Name of Entity	Viento Group Limited
ABN	79 000 714 054
Financial Year Ended	30 June 2012
Previous Corresponding Period	30 June 2011

2. Results for announcement to the market

				\$'000
Revenues from ordinary activities <i>(continuing operations only)</i>	Up	17%	to	\$2,583
Profit from ordinary activities after tax attributable to members	down	28%	to	\$700
Net profit for the period attributable to members	down	28%	to	\$700
		Amount Per Security		Franked Amount Per Security
Final Dividend		Nil		Nil
Interim Dividend		Nil		Nil
Previous Corresponding Period		Nil		Nil
Record Date for Determining Entitlements	Not Applicable			

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

Revenue from ordinary activities does not include \$4.112 million profit from discontinued operations attributable to the sale of the Viento property business completed on 26 June 2012.

Profit from ordinary activities includes \$4.112 million profit from discontinued operations and a \$2.150 million loss on disposal of controlled entities.

See the Statement of Comprehensive Income below.

3. Consolidated Statement of Comprehensive Income

See attached.

4. Consolidated Statement of Financial Position

See attached.

5. Consolidated Statement of Cash Flows

**VIENTO GROUP LIMITED & CONTROLLED ENTITIES
PRELIMINARY FINAL REPORT
30 JUNE 2012**

See attached.

6. Dividends

A dividend has not been declared for the year ended 30 June 2012.

7. Dividend reinvestment plans

There are no dividends reinvestment plans in place.

8. Consolidated retained earnings

See attached Statement of Changes in Equity.

9. Net tangible asset backing

	30 June 2012	30 June 2011
Net tangible backing per ordinary security	25.3 cents	24.0 cents

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

On 26 June 2012 Viento Group sold 100% of its investment, being all of the shares in its subsidiaries Viento Property Limited and Viento Property Services Pty Ltd.

In May 2012 Viento Group incorporated a new subsidiary company, Viento Contracting Services Pty Ltd to focus on providing construction services to the civil and mining industries. Viento Contracting Services commenced civil contracting operations in the Pilbara on 1 July 2012.

In May 2012 Viento Group incorporated a new subsidiary company, Viento Utility Services Pty Ltd to focus on providing utilities to the civil and mining industries.

11. Details of associate and joint venture entities

No changes

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

See notes.

13. Foreign entities

Not applicable.

14. Commentary on results for period

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 is a write down of \$884,000 (2011:204,000) in the carrying value of the forestry assets on Kangaroo Island.

SALE OF BUSINESS

The Company sold its commercial funds management business for a \$1.9 million gross profit and enabled the freeing up of a further \$1.1 million of capital invested in this part of the business.

NEW EQUITY RAISED

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

PROPERTY DIVISION

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

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 a key driver for the future 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 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 (August 2012). These new businesses provide a comprehensive network of contractors and suppliers to the bulk mining industry.

Our focus in the next year will also include finding a solution to realising the value of our forestry assets on Kangaroo Island and to developing our Constance Range iron ore investment.

15. Audit/Review Status

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

<input type="checkbox"/> The accounts have been audited	<input type="checkbox"/> The accounts have been subject to review
<input type="checkbox"/> The accounts are in the process of being audited or subject to review	<input checked="" type="checkbox"/> The accounts have not yet been audited or reviewed

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

The accounting treatment in relation to Constance Range, the basis of the 2011 audit qualification will continue to be the basis of a qualified audit opinions during 2012 in relation to this balance.

16. Details of Annual General Meeting

Date	Expected to be Thursday, 22 November 2012
Place	TBC
Time	TBC



Rob Nichevich
Director

29 August 2012

**VIENTO GROUP LIMITED & CONTROLLED ENTITIES
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2012**

CONSOLIDATED GROUP

		2012	<u>Restated</u> 2011	2011
	<i>no</i>	\$000	\$000	\$000
	<i>te</i>			
Revenue	1	2,583	2,204	2,204
Profit from discontinued operations after tax	2	4,112	599	599
Loss on disposal of controlled entity	2	(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 and doubtful debts expense		(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		-	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)		1.28	1.99	3.06
Diluted earnings per share (cents per share)		1.27	1.98	3.03

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

	Note	CONSOLIDATED GROUP		
		2012 \$000	<u>Restated</u> 2011 \$000	2011 \$000
Current Assets				
Cash and cash equivalents		4,558	2,731	2,731
Trade and other receivables		2,461	3,120	3,120
Financial assets		1,732	1,865	1,865
Other current assets		517	221	221
Total Current Assets		9,268	7,937	7,937
Non Current Assets				
Trade and other receivables		340	1,370	1,370
Financial assets		3,204	569	569
Plant and equipment	4	5,995	122	122
Biological assets	3	1,180	1,952	1,952
Deferred tax assets		2,454	3,056	3,056
Intangible assets		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		3,242	696	696
Short-term provisions		45	58	58
Other current liabilities		64	25	25
Loans and borrowings	5	1,035	-	-
Total Current Liabilities		4,386	779	779
Non Current Liabilities				
Loans and borrowings	5	1,284	-	-
Deferred tax liabilities		913	1,190	674
Long-term provisions		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		22,256	20,236	20,236
Reserves		1,565	1,477	1,477
Accumulated Losses		(7,968)	(8,668)	(8,152)
Total Equity		15,853	13,045	13,561

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

		\$000	\$000	\$000	\$000	\$000
		Share Capital Ordinary	Share Based Payments Reserve	Financial Assets Reserve	Accumulat ed losses	Total
CONSOLIDATED GROUP	<i>Note</i>					
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		-	-	-	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

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

	NOTE	CONSOLIDATED GROUP	
		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)
		<hr/>	<hr/>
Net cash provided by operating activities		2,291	191
		<hr/>	<hr/>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for purchase of:			
– Plant and equipment	4	(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	2	1,624	-
		<hr/>	<hr/>
Net cash used in investing activities		(4,928)	(156)
		<hr/>	<hr/>
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)
		<hr/>	<hr/>
Net cash provided by financing activities		4,464	598
Net increase in cash held		1,827	633
Cash at the beginning of the year		2,731	2,098
		<hr/>	<hr/>
Cash at the end of the year		4,558	2,731
		<hr/> <hr/>	<hr/> <hr/>

**VIENTO GROUP LIMITED & CONTROLLED ENTITIES
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 JUNE 2012**

CONSOLIDATED GROUP	
2012	2011
\$000	\$000

1. REVENUE

Sales Revenue		
– Subdivision Settlement Fees	2,007	-
– Management Fees	140	208
– Interest Received	407	276
– Other Revenue	29	1,720
Total Revenue	<u>2,583</u>	<u>2,204</u>

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'.

VIENTO GROUP LIMITED & CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

2. CONTROLLED ENTITIES

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	<u>43</u>
Total costs	<u>276</u>
Net cash proceeds	<u>1,624</u>

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

VIENTO GROUP LIMITED & CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

3. BIOLOGICAL ASSETS

	2012	CONSOLIDATED GROUP
	\$000	2011
		\$000
At net market value:		
Opening balance	1,952	1,985
Acquisitions	-	-
Maintenance, rent and insurance	112	171
Fair value decrement	(884)	(204)
Closing balance	<u>1,180</u>	<u>1,952</u>

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

(a) 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; and
- (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.
- (vi) Load vessel costs of \$20.99/Green Metric Ton (GMT) have been included into the valuation. This cost represents a 12% return on a \$30 million investment by the Port Manager in relation to the construction of an export facility.

(b) 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.

(c) 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.

**VIENTO GROUP LIMITED & CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**

	CONSOLIDATED GROUP	
	2012	2011
	\$000	\$000
4. PLANT AND EQUIPMENT		
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	2011
	\$000	\$000

5. 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 rates 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.