VIENTO PROPERTY

ABN 51 095 920 648 AFSL 224663

2010/11

FINANCIAL REPORT

Henley Brook Syndicate

ARSN 114 592 040   ABN 83 848 124 457

CORPORATE DIRECTORY

THE MANAGER & ISSUER

Viento Property Limited
ABN 51 095 920 648 AFSL No. 224663

REGISTERED OFFICE & ADMINISTRATION ADDRESS

Level 3, 11 Queens Road Melbourne VIC 3004
Telephone: (03) 9866 7019 Facsimile: (03) 9866 7029
Toll Free: 1300 55 55 05
www.vientogroup.com

COMPLAINTS INFORMATION

Viento Property Limited is committed to fair and prompt dealings with all complaints and welcomes suggestions for service improvement.

Investors in Viento Property Limited products are entitled to make an oral or written complaint. If you wish to make a complaint, please contact:

Complaints Officer
Viento Property Limited
Locked Bag 105 South Melbourne VIC 3205

Hand deliveries to:
Level 3, 11 Queens Road Melbourne VIC 3004
Phone: 1300 55 55 05

If you make a complaint:

- Your complaint will be recorded in the Manager's complaints register and acknowledged in writing;
- Progress in dealing with your complaint will be monitored by the Manager's Complaints Officer;
- The Complaints Officer for Viento Property Limited, must deal with the complaint within 60 days and then notify you in writing of any action taken or proposed to resolve the complaint and of details of the external complaints resolution procedure; and
- If you are not satisfied with the outcome, you may take your complaint to the independent complaints service listed below, without prejudice to other avenues of redress

INDEPENDENT COMPLAINTS RESOLUTION SERVICE

Financial Ombudsman Service
(ABN 64 068 901 904)
GPO Box 3, Melbourne VIC 3001
Telephone: 1300 78 08 08
Facsimile: (03) 9613 6399
E-mail: info@fos.org.au
www.fos.org.au

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HENLEY BROOK SYNDICATE

ARSN 114 592 040

REVIEW OF OPERATIONS
FOR THE YEAR ENDED 30 JUNE 2011

The Henley Brook Syndicate was created by a deed dated 2 June 2005 (as amended) ("the Constitution"). The Constitution and Compliance Plan dated 2 June 2005 have been lodged with the Australian Securities and Investments Commission.

The Syndicate commenced on 22 December 2005 following the acquisition of lots 349 and 350 Park Road, Henley Brook, Western Australia.

The properties owned by the Syndicate were independently revalued in June 2011. The market value of the properties increased from $24 million to $30.025 million (GST exclusive).

The project is to subdivide the property into approximately 550 residential lots.

The project is approximately five years behind the Public Disclosure Document time guide. These delays have been a direct result of planning and re-zoning setbacks due to a shortage of resources at local and state departments in Western Australia. Such delays have been experienced throughout the residential property market in Western Australia with the overwhelming number of development applications being placed with local councils which are not equipped for this level of activity.

Construction commenced in May 2011 and stage 1 settlements are expected to begin in September 2011.

Outlook

The residential property market in Western Australia has continued to be resilient through the economic downturn. Prices have remained solid and the syndicate pre-sales have shown that there is strong demand for residential lots in the Henley Brook estate. Stage 1 and stage 2 lots are fully sold out. Stage 3 is expected to commence sales and construction in the 2012 financial year.

Statistics published by Urban Development Institute of Australia show West Australian residential lot sales, in the four weeks to 18 June 2011, has commenced a gentle upward trend, after bottoming in mid-March 2011. Despite this trend monthly sales rates are below budget. The economic climate and lack of confidence is reflected in subdued demand. Directors are active in addressing this issue.

RESPONSIBLE ENTIY REPORT
FOR THE YEAR ENDED 30 JUNE 2011

Report by Directors of the Responsible Entity

The Directors of Viento Property Limited (ABN 51 095 920 648), the Responsible Entity of Henley Brook Syndicate ("the Syndicate"), present their report together with the Financial Report of the Syndicate for the year ended 30 June 2011 and the auditor's report thereon.

Responsible Entity

Viento Property Limited ("the Responsible Entity") has been the responsible entity since establishment of the Syndicate on 2 June 2005.

The Directors of Viento Property Limited in office at any time during or since the end of the period are:

R Nichevich
D Wright
K Murphy (resigned 31 August 2010)
S Heffernan

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

The registered office of the Responsible Entity is Level 3, 11 Queens Road, Melbourne, Victoria.

Principal Activities

The Syndicate is a registered managed investment scheme domiciled in Australia. The Syndicate owns Lots 349 and 350 Park Road, Henley Brook, Western Australia (the Property).

The Property is to be subdivided into predominantly residential lots with some rural residential lots to be progressively completed and sold over the next two to three years.

The Syndicate has no employees.

Operating Results

The Syndicate incurred a net loss of $143,055 (2010: loss of $134,993) for the year ended 30 June 2011 from continuing operations.

There were no distributions paid or payable in respect of the financial year.

Review and results of operations

The review of operations for the year ended 30 June 2011 is discussed in the Responsible Entity Report contained on page 2 of this report.

Units on Issue

The movement of the units on issue of the Syndicate for the year was as follows:

	2011 No. of units	**2010 No. of units**
Units on issue as at 30 June 2011	11,000,000	11,000,000
	$	**$**
Value of the Syndicate's net assets as at 30 June 2011	8,691,734	8,834,789

The basis for the valuation of the Syndicate's assets is disclosed in Note 1 to the financial statements.

RESPONSIBLE ENTITY REPORT
FOR THE YEAR ENDED 30 JUNE 2011

Interests of the Responsible Entity and Associates

The Responsible Entity and its associates did not hold any units in the Syndicate as at 30 June 2011.

Fees paid to the Responsible Entity

The following fees were paid or payable to Viento Property Limited (Responsible Entity) and Viento Group Limited (Parent Company) out of syndicate property during the financial year.

	2011 $	2010 $
Viento Property Limited		
Compliance fees	28,020	27,200
Reimbursable expenditure paid or payable	4,974	4,782
	32,994	31,982
Viento Group Limited		
Accounting and registry fees	40,820	39,600
Interest on loan from Viento Group Limited	2,056	-
	75,870	71,582

State of Affairs

The Henley Brook Syndicate was created by a deed dated 2 June 2005 (“the Constitution”).

The Syndicate was formed to purchase Lots 349 and 350 Park Road, Henley Brook, Western Australia. The funding for the Syndicate consisted of 11,000,000 $1.00 units and a cash advance facility of $6,250,000 with the National Australia Bank Limited. The Syndicate commenced operations on 22 December 2005.

The Syndicate had total assets with a book value of $24,806,564 (2010: $17,968,398) at 30 June 2011. The basis of valuation of the Syndicate’s principal asset, land held for resale is detailed in note 1 (a) of the financial statements.

Proceedings on Behalf of a Company

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

Events Subsequent to Balance Date

There are no matters or circumstances that have arisen since the end of the financial year which have significantly affected or may significantly affect the operations of the Syndicate, the results of those operations or the state of affairs of the Syndicate in subsequent financial years.

Likely Developments

The Syndicate will continue to run and subdivide the Property into approximately 550 residential lots to be progressively completed and sold over the next 2 to 3 years.

The Syndicate’s constitution dated 2 June 2005 (“the Constitution”), states that the Syndicate will terminate on the 10th anniversary of the first issue of Units under the Product Disclosure Statement or on the occurrence of events referred to in the Corporations Act.

Environmental Issues

The Syndicate's operations are not regulated by any significant environmental regulation under a law of the Commonwealth, State or Territory legislation.

The Syndicate's operations by their nature (land subdivision) have an impact on the local environment. Therefore, the Syndicate obtains all required legal approvals prior to the commencement of any works which may impact the environment.

Indemnities and Insurance Premiums for Officers or Auditor

During or since the end of the financial year no insurance premiums have been paid out of the Syndicate's assets in relation to insurance cover for the Responsible Entity, its officers and employees, the Compliance Committee or auditors of the Syndicate.

Under the Constitution the Responsible Entity, including its directors and officers, is entitled to be indemnified out of the Syndicate's assets for any loss, damage, expense or other liability, incurred by it in properly performing or exercising any of its powers, duties or rights in relation to the Syndicate. This right of indemnity does not apply to the extent any loss, damage or costs are attributable to a breach of trust where the Responsible Entity failed to show the degree of care and diligence required of a trustee.

The Responsible Entity has paid premiums in respect of a contract insuring persons who are or have been a director or secretary of the Responsible Entity and includes any other person who is concerned, or takes part, in the management of the Responsible Entity. The liabilities include costs and expenses that may be incurred in defending civil proceedings that may be brought against the officers in their capacity as officers of the Responsible Entity or a related body corporate. The insurance contract prohibits the disclosure of the amount of the premium and the nature of the liability insured.

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

Auditor's Independence Declaration

The auditor's independence declaration for the period ended 30 June 2011 has been received and can be found on page 25 of the financial report.

Signed in accordance with a resolution of the Board of Directors of Viento Property Limited.

D.Wright

Damian Wright
Director
Viento Property Limited

Dated this 07th day of October 2011
Melbourne, Victoria

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2011

	Notes	2011 $	2010 $
Revenue			
Rental income		1,620	3,897
Interest		-	687
Total revenue		1,620	4,584
Expenses			
Administration expenses	2	(144,675)	(139,577)
Loss from continuing operations		(143,055)	(134,993)
Finance costs – distributions to unit holders		-	-
Net Profit / (Loss)		(143,055)	(134,993)
Other Comprehensive Income		-	-
Change in Net Assets Attributable to unit holders		(143,055)	(134,993)
Net profit attributable to unit holders		-	-

The accompanying notes form part of these financial statements.

HENLEY BROOK SYNDICATE
ARSN 114 592 040

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2011

	Notes	2011 $	2010 $
Current Assets			
Cash and cash equivalents	10(a)	23,946	11,485
Trade and other receivables	3	327,823	70,783
Inventories	4	6,536,100	2,235,766
Total Current Assets		6,887,869	2,318,034
Non-Current Assets			
Inventories	4	17,918,695	15,650,364
Total Non-Current Assets		17,918,695	15,650,364
Total Assets		24,806,564	17,968,398
Current Liabilities			
Trade and other payables	6	763,073	257,681
Borrowings	7	15,351,757	8,875,928
Total Current Liabilities		16,114,830	9,133,609
Total Liabilities (excluding net assets attributable to unit holders		16,114, 830	9,133,609
Net Assets Attributable to Unit Holders – Liability	8	8,691,734	8,834,789

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS LIABILITY FOR THE YEAR ENDED 30 JUNE 2011

	Note	2011 $	2010 $
Total net assets attributable to unit holders - liability at the beginning of the period		8,834,789	8,969,782
(Decrease) in net assets attributable to unit holders liability		(143,055)	(134,993)
Transactions with unit holders in their capacity as unit holders:		-	-
Total net assets attributed to unit holders – liability at the end of the period	8	**8,691,734**	**8,834,789**

The accompanying notes form part of these financial statements.

HENLEY BROOK SYNDICATE
ARSN 114 592 040

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2011

	Note	2011	2010
		$	$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		7,315	9,609
Payments to suppliers		(5,093,991)	(513,830)
Interest received		1,620	687
Other expenses paid		-	-
Finance costs		(1,314,341)	(587,854)
Net cash flows from operating activities	10(b)	(6,399,397)	(1,091,388)
CASH FLOWS FROM INVESTING ACTIVITIES			
(Payment)/reduction of security deposits		-	-
Net cash flows from financing activities		-	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		6,411,858	1,086,102
Proceeds from units issued		-	-
Payment for syndication costs		-	-
Payment for loan establishment costs		-	-
Net cash flows from financing activities		6,411,858	1,086,102
Net (decrease) in cash and cash equivalents		12,461	(5,286)
Cash and cash equivalents at 1 July		11,485	16,771
Cash and cash equivalents at 30 June	10(a)	**23,946**	**11,485**

The accompanying notes form part of these financial statements.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The Syndicate is a registered managed investment scheme under the *Corporations Act 2001*. The Financial Report of the Syndicate is for the year ended 30 June 2011.

Basis of Preparation

The Henley Brook Syndicate is a registered managed investment scheme established and domiciled in Australia.

The Financial Report is a general purpose financial report prepared in accordance with Accounting Standards, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board and 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 statements and notes also comply with International Financial Reporting Standards. 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 accrual basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Statement of Compliance

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (‘AIFRS’). Compliance with AIFRS ensures that the financial report, comprising of the financial statements and notes thereto, complies with International Financial Reporting Standards.

The following is a summary of the significant accounting policies adopted by the Syndicate in the preparation of the Financial Report.

Going concern

Despite having net current liabilities of $9,226,961 the financial statements have been prepared on a going concern basis. Subject to ongoing bank funding, the Directors of the Responsible Entity are satisfied that the Henley Brook Property Syndicate will be able to meet its commitments, realise its assets, and discharge its liabilities in the ordinary course of business.

The finance facility is subject to renewal on 31 December 2011 and is classified as current. The Directors of the Responsible Entity expect this facility to be renewed or alternative third party finance obtained. The Syndicate has substantial assets available which may be sold as proceeds towards loan facilities if required. Any liquidity risk that may arise from the loan facility renewal process is mitigated by the relatively liquid nature of the land. The sell down of assets is subject to demand for the property.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Accounting Policies

a) Acquisitions of Development Property

The acquisition cost of development property represents the contract purchase price of the property, including non-recoverable GST (if any) calculated under the margin scheme, plus the additional costs associated with the acquisition, including stamp duty and legal fees.

b) Inventory of Development Property

AASB 102 "Inventories" prescribes the measurement of inventories (including development property for sale), including the amount to be initially recognised as an asset in the Statement of Financial Position and later recognised as an expense in the Statement of Comprehensive Income.

Inventories are measured at the lower of cost or net realisable value on an item by item basis. Net realisable % is the net amount an entity expects to realise from the sale of inventory in the ordinary course of business.

The costs of inventories includes the cost of acquisition, development and holding costs such as borrowing cost, rates and taxes until the point of time that the property is ready for sale. Borrowing costs and other holding cost incurred after completion of development are expensed. Profits are only brought to account upon completion of the development project, when the unconditional contracts of sale is settled, with the substantial risks and rewards being passed to the purchaser.

Attributing the cost of inventory to individual inventory items is to be done on a specific identification basis where the items are not ordinarily interchangeable and are produced and segregated separately. In other instances the attribution of the costs of inventories to inventory items may be done using either the first in first out or weighted average cost methods.

Upon sale of an item of inventory the carrying amount of that item is recognised as an expense in the Statement of Comprehensive Income in the period in which the related revenue is recognised.

c) Sales of Development Property

Revenue and expenses on development projects will be recognised in accordance with AASB 102 "Revenue". In accordance with this standard, revenue is not recognised until a number of conditions have been satisfied, including the transfer to the buyer of the significant risks and rewards of ownership. Revenue will not be recognised on the sale of the land until settlement occurs.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

d) Revenue and expenses

Revenue
Lease income from operating leases is recognised as income on a systematic basis which is representative of the time pattern in which the benefit is derived from the lease. Lease income includes gross rental revenue and recoverable outgoings.

Interest income is recognised in the Statement of Comprehensive Income using the effective interest rate method.

Other income is recognised on an accruals basis, which is when the Syndicate becomes entitled to receive it.

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

Expenses
Expenses are brought to account on an accrual basis.

e) 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 ('ATO'). 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 are shown inclusive of GST. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability.

GST is included in the Statement of Cash Flows on a gross basis. The GST components of cash flows arising from investing and financing activities, which are recoverable from, or payable to, the ATO are classified as operating cash flows.

f) Financial instruments

Financial instruments are initially measured at cost on transaction date, which includes transactions costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below:

Financial liabilities and equity
Financial liabilities and equity instruments issued by the Syndicate are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

Issued Units
As the Syndicate has a fixed termination date a contractual obligation exists for the Syndicate to deliver cash or another financial asset to the unit holders. AASB 132: Financial Instruments: Presentation therefore requires the issued units and retained profits to be classified as a financial liability, titled net assets attributable to unit holders. Accordingly the Syndicate has no equity and the distributions paid and payable to unit holders are classified as a finance cost in the Statement of Comprehensive Income, while distributions payable are classified as a payable in the Statement of Financial Position.

Bank borrowings
Interest-bearing bank loans and overdrafts are initially recognised at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest rate method.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

g) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

h) Impairment of assets

At each reporting date, the Responsible Entity reviews the carrying values of its 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 carrying value over its recoverable amount is expensed to the Statement of Comprehensive Income.

i) Finance Costs

Finance costs – distribution to unit holders, represents amounts distributed to unit holders based upon their unit holding during the financial year and are recognised when a distribution is declared by the Syndicate.

Finance costs (excluding distributions to unit holders), are recognised using the effective interest rate applicable to the respective financial liability.

j) Distributions and taxation

Under current income tax legislation the Syndicate is not subject to income tax as its taxable income (including assessable realised capital gains) is distributed in full to the unit holders.

The Syndicate will fully distribute its taxable income in accordance with the Syndicate constitution and applicable taxation legislation, to the unit holders who are presently entitled to the income under the constitution.

k) Comparative Figures

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

2. EXPENSES

	Note	2011 $	2010 $
Administration Expense			
Accounting fees		31,315	30,400
Compliance fees		28,020	27,200
Custodian fees		45,000	45,000
Other administration expenses		40,340	36,977
Total expenses		144,675	139,577

3. TRADE AND OTHER RECEIVABLES

	Note	2011 $	2010 $
Current			
Accrued income		-	-
Prepayments		180,919	63,468
GST receivable		146,904	7,315
		327,823	70,783

4. INVENTORIES

	Note	2011 $	2010 $
Current			
Work in progress at cost		6,536,100	2,235,766
Non-Current			
Work in progress at cost		17,918,695	15,650,364
	5	24,454,795	17,886,130

5. WORK IN PROGRESS

	Note	2011 $	2010 $
Cost of acquisition		12,500,000	12,500,000
Development costs capitalised		8,223,263	2,968,939
Borrowing and finance costs capitalised		3,731,532	2,417,191
		24,454,795	17,886,130

Work in progress relates to land acquired by the Henley Brook Syndicate. The property comprises two adjoining titles having an area of approximately 40.6 hectares. The project is to subdivide the property into approximately 550 residential lots over 9 stages, and to sell the lots over the next 3 to 4 years.

The acquisition of the land was funded by a combination of third party finance ($6.25 million) with National Australia Bank Limited and unit holder contributions ($11 million).

	2011 $	2010 $
6. TRADE AND OTHER PAYABLES		
Current		
Accounts payable	705,279	197,882
Other creditors and accruals	57,794	59,799
	763,073	257,681

7. INTEREST BEARING LIABILITIES		
Current		
Secured		
Bank bill facility	15,287,786	8,875,928
Loan from Viento Group Limited	63,971	-
	15,351,757	8,875,928

The Syndicate has a $21.8 million Development loan facility with the National Australia Bank Limited. The loan facility matures on 31 December 2011. The loan is secured by a first registered mortgage over the land held for resale. The interest rate on the facility was 7.36% as at the balance date plus a facility fee of 2.5% per annum and a 1.5% activation fee on the amount drawn.

The Bill Facility is secured by a first registered mortgage over the land held for resale and the whole of the assets of the Syndicate.

The loan from Viento Group Limited is an unsecured related party loan received from Viento Group Limited to meet short term financing requirements. The loan attracts interest of 4.65% pa which is the CBA CDA interest rate. Viento Group Limited is the parent entity of the Responsible Entity (Viento Property Ltd) of the Henley Brook Syndicate.

	2011 $	2010 $
8. NET ASSETS ATTRIBUTABLE TO UNITHOLDERS - LIABILITY		
Net assets attributable to unit holders- liability consist of:		
Net contributions by unit holders	11,000,000	11,000,000
Syndicate establishment expenses	(1,796,790)	(1,796,790)
Cumulative retained loss from operations	(511,476)	(368,421)
Closing balance	8,691,734	8,834,789

	2011 No. of units	2010 No. of units
11,000,000 units issued on 22 December 2005 at $1.00 each	11,000,000	11,000,000

All units in the Syndicate are of the same class and carry equal rights. Each unit confers upon the holder of that unit an undivided interest in the assets of the Syndicate in the proportion that the unit bears to the total number of units on issue. A unit does not entitle the holder to any particular asset or any particular part of the assets of the Syndicate.

9. COMMITMENTS AND CONTINGENT LIABILITIES

There were no contingent liabilities as at 30 June 2011.

Capital Expenditure Commitments

Capital Expenditure Commitments contracted for:	**2011 $**	**2010 $**
Capital Expenditure Projects	2,339,849	-
Payable:		
Not later than 12 months	2,339,849	-
Between12 months and 5 years	-	-
Greater than 5 years	-	-
	2,339,849	-

10. NOTES TO THE STATEMENT OF CASH FLOWS

a) Cash at Bank

Cash at the end of the financial period as shown in the statement of cash flows is comprised of:

	2011 $	**2010 $**
Cash on hand	23,946	11,485

b) Reconciliation of Net Profit to Net Cash Flows from Operations

Net loss	(143,055)	(134,993)
Non-cash flows in profit for the period		
Changes in assets and liabilities:		
Decrease/(Increase) in receivables	(139,589)	(1,379)
(Increase) in prepaid expenses	(117,451)	(15,655)
(Increase) in land held for resale	(6,568,665)	(1,124,953)
Increase/(Decrease) in trade and other payables	569,364	185,592
Cash flows from operations	(6,399,397)	(1,091,388)

c) Loan facilities

Loan facilities	21,800,000	9,200,000
Amount utilised	(15,287,786)	(8,875,928)
Unused loan facilities	(6,512,214)	324,072

Refer to Note 7 for further details on the loan facilities.

11. FINANCIAL INSTRUMENTS AND RISKS MANAGEMENT

Financial instruments of the Syndicate comprises of investments in financial assets for the purpose of generating a return on the investment made by the unit holders, in addition to derivatives, cash and cash equivalents, net assets attributed to unit holders, and other financial instruments such as trade debtors and creditors, which arrive directly from operations. The Syndicate's investments are classified as at fair value through profit and loss.

The Syndicate is exposed to interest rate risk, credit risk and liquidity risk arising from financial instruments it holds. The syndicate overall risks management program seek to minimise potential adverse effect on the distributable earnings of the fund and are managed through a process of ongoing identification, measurement and monitoring. The Syndicate uses derivatives financial instruments to hedge interest risk exposure.

The risk management policies adopted by the Syndicate to manage these risks are discussed as follows:

a) Interest Rate Risk

The Syndicate's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, is as follows:

	Weighted Average Effective Interest Rate %pa	Floating Interest Rate $	Fixed interest maturing in or re priced at Within Year $	1 to 5 Years $	Over 5 Years $	Non-Interest Bearing $	Total $
2011							
Financial Assets:							
Cash – Operating	0.1%	23,946	-	-	-	-	23,946
Receivables		-	-	-	-	322,008	322,008
		23,946	-	-	-	322,008	345,954
Financial Liabilities:							
Payables		-	-	-	-	(763,073)	(763,073)
Long term borrowings	10.9%	(63,971)	(15,287,786)	-	-	-	(15,351,757)
		(63,971)	(15,287,786)	-	-	(763,073)	(16,114,830)
Net financial assets/(liabilities)		(40,025)	(15,287,786)	-	-	(441,065)	(15,768,876)
2010							
Financial Assets:							
Cash – Operating	0.1%	11,485	-	-	-	-	11,485
Receivables		-	-	-	-	70,783	70,783
		11,485	-	-	-	70,783	82,268
Financial Liabilities:							
Payables		-	-	-	-	(257,681)	(257,681)
Long term borrowings	9.4%	-	(8,875,928)	-	-	-	(8,875,928)
		-	(8,875,928)	-	-	(257,681)	(9,133,609)
Net financial assets/(liabilities)		11,485	(8,875,928)	-	-	(186,898)	(9,051,341)

11. FINANCIAL INSTRUMENTS AND RISKS MANAGEMENT (cont'd)

b) Credit Risk

Credit risk arises from the potential failure of counterparties to meet their obligations under the financial contracts. The fund is exposed to credit risks on its cash balance, receivables and financial assets. The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount, net of any provisions for doubtful debts of those assets, as disclosed in the Statement of Financial Position and notes to the financial statements.

Concentrations of credit risk are minimised primarily by:

- Ensuring counterparties, together with the respective credit limits, are approved, and
- Ensuring that transactions are undertaken with a large number of counterparties in different locations, and
- Cash and cash equivalents are held with high credit quality financial institutions.

As such, the Syndicate does not have a concentration of credit risk that arises from an exposure to a single counterparty. Furthermore, the Syndicate does not have a material exposure to a group of counterparties, which are expected to be affected similarly by changes in economic or other conditions.

c) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities. The instruments entered into by the Syndicate were selected to ensure sufficient funds would be available to meet the ongoing cash requirement of the fund.

A Development loan has been approved and signed with the National Australia Bank Limited with a limit of $21 million upon the satisfaction of conditions precedent including pre-sales and appropriate statutory approvals.

d) Trade and other payable are expected to be paid as follows:

	2011 $	2010 $
Less than 6 months	763,073	257,681
6 months to 1 year	-	-
1 year to 5 years	-	-
Over 5 years	-	-
	763,073	257,681

e) Sensitivity Analysis

The fund has performed a sensitivity analysis relating to its exposure to interest rate risk at balance date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in these risks.

Interest Rate Sensitivity Analysis:

At 30 June 2011, there would be no effect on profit and equity as a result of changes in the interest rates. This is because all interest incurred is capitalised to inventory.

	2011 $	2010 $
Change in profit		
- Increase in interest rate by 2%	-	-
- Decrease in interest rate by 2%	-	-
Change in Equity		
- Increase in interest rate by 2%	-	-
- Decrease in interest rate by 2%	-	-

11. FINANCIAL INSTRUMENTS AND RISKS MANAGEMENT (cont'd)

f) Market Risk

The Syndicate has exposure to movement in land prices and this creates a market risk. As mentioned in the Review of Operations the fund has the ability to commence and defer the stages of the development in order to optimize the return to unit holders.

Statistics published by Urban Development Institute of Australia show West Australian lot sales, in the four weeks to 18 June 2011, has commenced a gentle upward trend, after bottoming in mid-March 2011.

12. CAPITAL MANAGEMENT

The directors control the capital of the Syndicate in order to maintain a good debt-to-equity ratio and to ensure that the Syndicate can fund its operations and continue as a going concern.

The Syndicate's debt and capital includes financial liabilities that are supported by financial assets.

The bank requires the Syndicate to maintain a loan to security value ratio of 65%.

The directors manage the Syndicate's capital by assessing the Syndicate's financial risks and adjusting its capital structure in response to changes in these risks and in the market. This includes the management of debt levels.

There have been no changes in the strategy adopted by management to control the capital of the Syndicate since the prior year. The strategy is to maintain the funds gearing ratio between 30-70%.

The gearing ratios are as follows:

	Notes	2011 $	2010 $
Total borrowings	7	15,287,786	8,875,928
Less cash and cash equivalents	10(a)	(23,946)	(11,485)
Net Debt		15,263,840	8,864,443
Net assets attributable to unit holders	8	8,691,734	8,834,789
Total capital		23,955,574	17,699,232
Gearing ratio		64%	50%

13. AUDITOR'S REMUNERATION

	2011 $	2010 $
Remuneration of the auditor of the Syndicate for:		
- Audit and review of the financial reports	11,500	10,500
- Other services (compliance audit)	4,500	4,100
	16,000	14,600

14. RELATED PARTY DISCLOSURES

The Responsible Entity of the Henley Brook Syndicate is Viento Property Limited (ABN 51 095 920 648). Viento Property Limited is a wholly owned subsidiary of Viento Group Limited (ABN 79 000 714 054), an Australian public company listed on the Australian Stock Exchange (Code: VIE).

a) Remuneration of Directors and Key Management Personnel

The Syndicate does not employ personnel in its own right. However it is required to have an incorporated Responsible Entity to manage the activities of the Syndicate and this is considered the Key Management Personnel ('KMP').

The Directors and Executives of the Responsible Entity are KMP of that entity and their names are:

R Nichevich	Executive Director
D Wright	Executive Director
S Heffernan	Executive Director
K Murphy (resigned 31 August 2010)	Executive Director

The Responsible Entity is entitled to a management fee which is calculated as a proportion of gross asset value and a proportion of net profit.

No compensation is paid directly by the Syndicate to directors or to any of the KMPs of the Responsible Entity.

Since the end of the financial year, no Director or KMP of the Responsible Entity has received or become entitled to any benefit because of a contract made by the Responsible Entity with a Director or KMP, or with a firm of which the Director or KMP is a member, or with an Entity in which the Director or KMP has a substantial interest.

Loans to Directors and Key Management Personnel of the Responsible Entity

The Syndicate has not made, guaranteed or secured, directly or indirectly, any loans to the Directors and KMP or their personally-related entities at any time during the reporting period.

Other Transactions with Directors and Key Management Personnel of the Responsible Entity

From time to time Directors and KMP or their personally-related entities, may buy or sell units in the Syndicate. These transactions are subject to the same terms and conditions as those entered into by other Syndicate investors.

Apart from those details disclosed in this note, no Director or KMP has entered into a contract for services with the Responsible Entity and there were no contracts involving Directors or KMP subsisting at end of period.

14. RELATED PARTY DISCLOSURES (cont'd)

b) Responsible Entity's fees and other transactions

	2011 $	2010 $
Viento Property Limited		
Compliance fees paid or payable	28,020	27,200
Reimbursable expenditure paid or payable	4,974	4,782
	32,994	31,982
Viento Group Ltd		
Accounting and registry fees	40,820	39,600
Interest on loan	2,056	-
	42,876	39,600
	75,870	71,582
Total related party payable balance outstanding at year end	81,512	21,045

Included in the total related party payable balance outstanding in 2011 is $63,971 relating to the loan from Viento Group Limited. Refer to note 7 for further details.

c) Related Party Transactions

All transactions with related parties are conducted on normal commercial terms and conditions.

Units in the Syndicate held by Related Parties

Details of holdings in the Syndicate by related parties is set out below. No other related parties held units in the Syndicate during the year.

30 June 2011 Entity	Relationship	Unit holding $	Interest Held %	Units issued
Deluge Holdings Pty Ltd a director related entity of Mr R C Nichevich	Director of Responsible Entity	90,000	0.82%	90,000
Koy Pty Ltd a director related entity of Mr R C Nichevich	Director of Responsible Entity	110,000	1.00%	110,000

30 June 2010				
Deluge Holdings Pty Ltd a director related entity of Mr R C Nichevich	Director of Responsible Entity	90,000	0.82%	90,000
Koy Pty Ltd a director related entity of Mr R C Nichevich	Director of Responsible Entity	110,000	1.00%	110,000

15. ACCOUNTING STANDARDS

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 Syndicate has decided not to early adopt. A discussion of those future requirements and their impact on the Syndicate is as follows:

AASB 9: Financial Instruments (December 2010) (applicable for annual reporting periods commencing on or after 1 January 2013).

This Standard is applicable retrospectively and includes revised requirements for the classification and measurement of financial instruments, as well as recognition and derecognition requirements for financial instruments. The Syndicate has not yet determined any potential impact on the financial statements.

AASB 1053: Application of Tiers of Australian Accounting Standards and AASB 2010–2: Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements [AASB 1, 2, 3, 5, 7, 8, 101, 102, 107, 108, 110, 111, 112, 116, 117, 119, 121, 123, 124, 127, 128, 131, 133, 134, 136, 137, 138, 140, 141, 1050 & 1052 and Interpretations 2, 4, 5, 15, 17, 127, 129 & 1052] (applicable for annual reporting periods commencing on or after 1 July 2013).

AASB 1053 establishes a revised differential financial reporting framework consisting of two tiers of financial reporting requirements for those entities preparing general purpose financial statements:

- Tier 1: Australian Accounting Standards; and
- Tier 2: Australian Accounting Standards – Reduced Disclosure Requirements.

Tier 2 of the framework comprises the recognition, measurement and presentation requirements of Tier 1, but contains significantly fewer disclosure requirements. The following entities are required to apply Tier 1 reporting requirements (ie full IFRS):

- for-profit private sector entities that have public accountability; and
- the Australian Government and state, territory and local governments.

Since the Syndicate is a for-profit private sector entity that has public accountability, it does not qualify for the reduced disclosure requirements for Tier 2 entities.

AASB 2009–12: Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052] (applicable for annual reporting periods commencing on or after 1 January 2011).

This Standard makes a number of editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRSs by the IASB. The amendments are not expected to impact the Syndicate.

AASB 2010–5: Amendments to Australian Accounting Standards [AASB 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 & 1038 and Interpretations 112, 115, 127, 132 & 1042] (applicable for annual reporting periods beginning on or after 1 January 2011).

This Standard makes numerous editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRSs by the IASB. However, these editorial amendments have no major impact on the requirements of the respective amended pronouncements.

New Accounting Standards for Application in Future Periods (cont'd)

AASB 2010–7: Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127] (applies to periods beginning on or after 1 January 2013).

This Standard makes amendments to a range of Australian Accounting Standards and Interpretations as a consequence of the issuance of AASB 9: Financial Instruments in December 2010. Accordingly, these amendments will only apply when the entity adopts AASB 9.

As noted above, the Syndicate has not yet determined any potential impact on the financial statements from adopting AASB 9

16. SUBSEQUENT EVENTS

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material nature likely, in the opinion of the Responsible Entity, to affect significantly the operations of the Syndicate, the results of those operations, or the state of affairs of the Syndicate in future financial years.

DIRECTORS' DECLARATION

The directors of Viento Property Limited, the Responsible Entity of the Henley Brook Syndicate, declare that:

1. The financial statements and notes, as set out on pages 6 to 23 are in accordance with the *Corporations Act 2001*, and:

   (a) comply with Australian Accounting Standards and the *Corporations Regulations 2001*;

   and

   (b) give a true and fair view of the Syndicate's financial position as at 30 June 2011 and of its performance for the period ended on that date.

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

2. In the directors' opinion there are reasonable grounds to believe that the Syndicate will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors of the Responsible Entity.

D. Wright

Damian Wright
Director
Viento Property Limited

Dated this 07th day of October 2011
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 Henley Brook Syndicate for the year ended 30 June 2011, 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

SEAN MCGURK
Partner

Signed at Perth, 7 October 2011

INDEPENDENT AUDIT REPORT TO THE UNIT HOLDERS OF HENLEY BROOK SYNDICATE

We have audited the accompanying financial report of Henley Brook Syndicate (the Syndicate), which comprises the statement of financial position as at 30 June 2011, the statement of comprehensive income, the statement of cash flows and the statement of changes in net assets attributable to unitholders for the year then ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the Responsible Entity for the Fund.

Directors' Responsibility for the Financial Report
The directors of the Responsible Entity, Viento Property Limited, 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 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.

Auditor's Independence Declaration
In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Crowe Horwath

Opinion
In our opinion:

(a) the financial report of the Henley Brook Syndicate is in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the syndicate's financial position as at 30 June 2011 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 financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

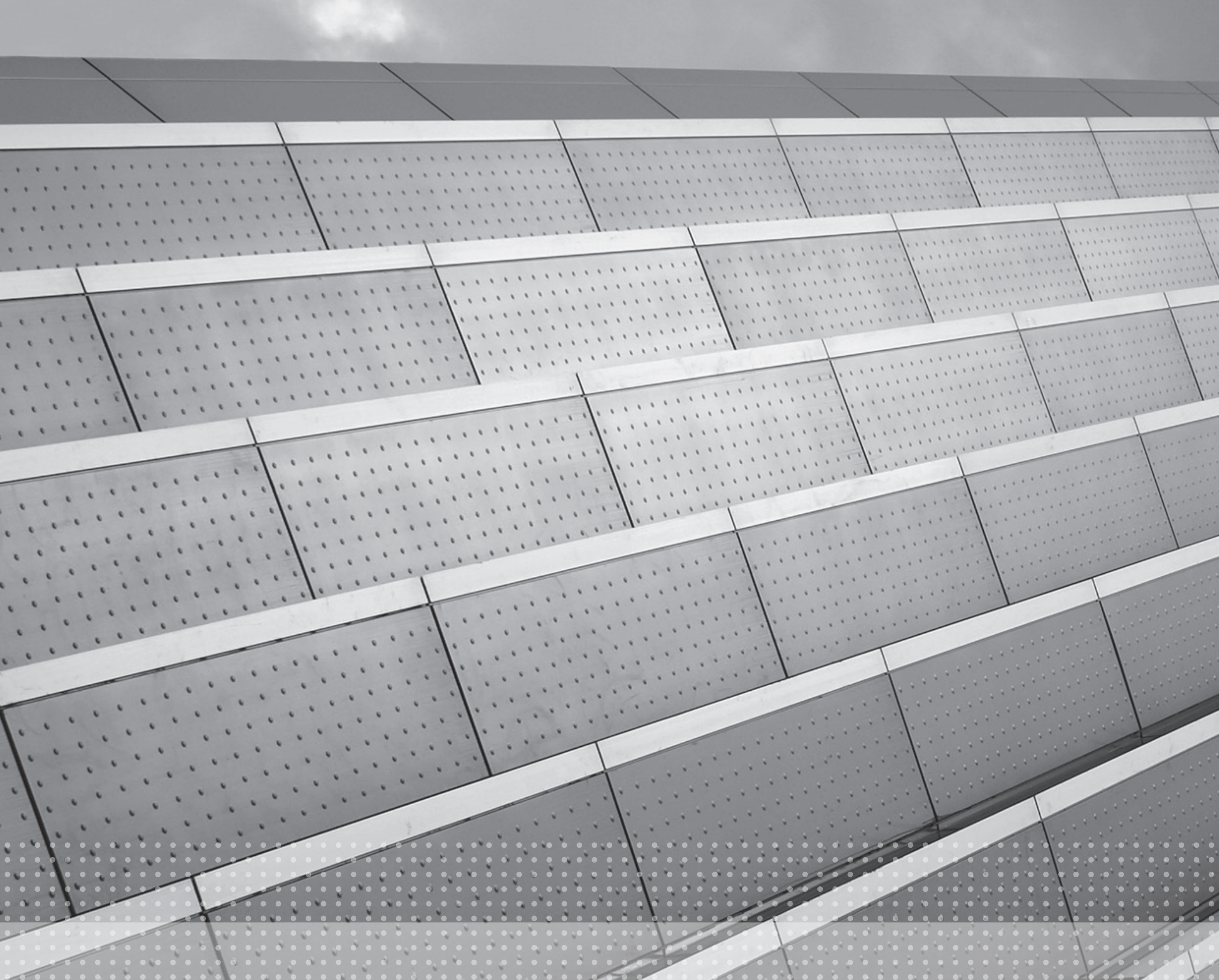
Crowe Horwath Perth

CROWE HORWATH PERTH

Sean McGurk

SEAN MCGURK
Partner

Signed at Perth, 7 October 2011



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