

VIENTO
DIRECT PROPERTY

ABN 51 095 920 648 AFSL 224663

2007/08

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

Level 19, Riparian Plaza 71 Eagle Street Brisbane QLD 4000

BUSINESS OFFICE

Level 3, 11 Queens Road Melbourne VIC 3004
Telephone (03) 9866 7019 Facsimile (03) 9866 7029
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INDEPENDENT COMPLAINTS RESOLUTION SERVICE

Financial Industry Complaints Service Limited
(ABN 64 068 901 904)
31 Queen Street Melbourne VIC 3000
PO Box 579 Collins Street West VIC 8007
Telephone (Toll Free) 1800 335 405 Facsimile (03) 9621 2291
E-mail fics@fics.asn.au
www.fics.asn.au

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:

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

Hand deliveries to:
Melbourne Business office.
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, Kevin Mumford, 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:

Financial Industry Complaints Service Limited
PO Box 579 Collins Street West VIC 8007
Phone: 1800 335 405

**HENLEY BROOK SYNDICATE
ARSN 114 592 040**

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**HENLEY BROOK SYNDICATE
ARSN 114 592 040**

**REVIEW OF OPERATIONS
FOR THE YEAR ENDED 30 JUNE 2008**

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 Australians Securities and Investments Commission.

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

The valuation of the properties purchased by the Syndicate was updated on the 1 December 2007. The GST inclusive market value of the properties increased from \$13.8m to \$24.3m.

The project is to subdivide the property into approx 417 residential lots inclusive of 11 rural lots and one unit site.

The project is approximately 24 months behind the Public Disclosure Document time guide. These delays have been a direct result of planning and re-zoning delays due to a shortage of resources at local and state department levels in Western Australia.

This delay has 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.

A positive result from this demand is that there have been increases in the ultimate selling prices of the subdivided residential lots. This has been reflected in the value increase in the vacant land of 35% in one year, and 76% from original purchase price.

The developers in the Swan Urban Growth Corridor have joined together and lobbied the WA Planning Commission (WAPC) to have them approve the first stage in the development. Our application for early release was lodged on the 13th June 2008. The application was for development approval for 122 lots. We were the first developer in our sub region to apply for an early release.

Assuming approval is received we would expect to be in a position to break ground early in the new calendar year.

Work is continuing to complete the Swan Urban Growth area District (Regional) Plan to facilitate the development of the further stages of the project.

**HENLEY BROOK SYNDICATE
ARSN 114 592 040**

**DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2008**

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 2008 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:

Name and Qualifications	Age	Experience and Special responsibilities
M Kluge BAppSc, MSc (London) Appointed as Director 31 October 2007	51	Managing Director of the parent company Viento Group Ltd. Has over 24 years experience in the funds management industry, including 14 years at Suncorp and the last 8 as General Manager of Investments.
S A Barrett MBA, Assoc Dip Bus Mgt, DFS(FP), RE Agts Rep, MAICD Director since 4 September 2003.	39	Has 15 years experience in the Investment and Finance industries. She is Head of Marketing and Distribution for the Viento Group Ltd group of companies.
A Micelotta Director since 26 June 2006.	43	Is a licensed real estate agent with over 15 years experience in the commercial real estate industry. He is Head of Property for the Viento Group Ltd group of companies.
R C Nichevich FCA, FAICD Resigned as Director 31 October 2007.	60	Extensive experience in management and chartered accounting. He is a Non-Executive Director of the parent company, Viento Group Ltd.

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 19, Riparian Plaza, 71 Eagle Street, Brisbane. The register of investors is located at the office of the Responsible Entity at 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 predominately residential lots with some rural residential lots over approximately 9 stages to be progressively completed and sold over the next four to five years. The Syndicate has no employees.

**HENLEY BROOK SYNDICATE
ARSN 114 592 040**

**DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2008**

Operating Results

The Syndicate incurred a net loss of \$92,982 (2007 loss of \$40,879) for the year ended 30 June 2008 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 2008 is discussed in the Review of Operations 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:

	2008	2007
	No. of units	No. of units
Units on issue as at 30 June	11,000,000	11,000,000
	\$	\$
Value of the Syndicate's net assets as at 30 June	9,055,852	9,148,834

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

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 2008.

Fees paid to the Responsible Entity

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

	2008	2007
	\$	\$
Viento Property Limited		
Compliance fees	24,000	30,000
Reimbursable expenditure paid or payable	13,520	5,218
	<hr/> 37,520	<hr/> 35,218
Viento Group Ltd		
Accounting and registry fees	35,000	35,000
Viento Capital Limited		
Loan arrangement, loan establishment and underwriting fees	-	-
	<hr/> 72,520	<hr/> 70,218

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.

**HENLEY BROOK SYNDICATE
ARSN 114 592 040**

**DIRECTORS' REPORT (cont.)
FOR THE YEAR ENDED 30 JUNE 2008**

The Syndicate had total assets with a book value of \$15,685,672 (2007: \$15,472,400) at 30 June 2008. The basis of valuation of the Syndicate's principal asset, land held for resale is detailed in note 1 (a) to 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

The loan facility was increased to \$8 million and the term extended to 31 March 2009. The facility fee was increased from 0.9% to 1.15% from 1 August 2008.

Other than the loan facility mentioned above, 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 447 residential lots over 9 stages, and to be progressively completed and sold over the next 4 to 5 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.

**HENLEY BROOK SYNDICATE
ARSN 114 592 040**

**DIRECTORS' REPORT (cont.)
FOR THE YEAR ENDED 30 JUNE 2008**

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 2008 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.



M Kluge
Director
Viento Property Limited

Dated this 23rd day of September 2008
Brisbane, Queensland

HENLEY BROOK SYNDICATE
ARSN 114 592 040

INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2008

	Notes	2008 \$	2007 \$
Revenue			
Rental income		21,212	22,990
Interest		<u>24,921</u>	<u>70,835</u>
Total revenue		46,133	93,825
Expenses			
Administration expenses	2	<u>(139,115)</u>	<u>(134,704)</u>
Loss from continuing operations		(92,982)	(40,879)
Finance costs – distributions to unitholders			
Decrease in net assets attributable to unitholders - liability		<u>92,982</u>	<u>40,879</u>
Net profit attributable to unitholders		<u><u>-</u></u>	<u><u>-</u></u>

The accompanying notes form part of these financial statements.

**HENLEY BROOK SYNDICATE
ARSN 114 592 040**

**BALANCE SHEET
AS AT 30 JUNE 2008**

	Notes	2008 \$	2007 \$
Current Assets			
Cash and cash equivalents	10(a)	29,746	532,224
Trade and other receivables	3	15,243	6,194
Inventories	4	1,564,068	-
Total Current Assets		1,609,057	538,418
Non-Current Assets			
Inventories	4	14,076,615	14,669,783
Other non-current assets	3	-	264,199
Total Non-Current Assets		14,076,615	14,933,982
Total Assets		15,685,672	15,472,400
Current Liabilities			
Trade and other payables	6	379,820	73,566
Borrowings	7	6,250,000	-
Total Current Liabilities		6,629,820	73,566
Non-Current Liabilities			
Borrowings	7	-	6,250,000
Total Non-Current Liabilities		-	6,250,000
Total Liabilities (excluding net assets attributable to unitholders)		6,629,820	6,323,566
Net Assets Attributable to Unitholders – Liability	8	9,055,852	9,148,834

The accompanying notes form part of these financial statements.

**HENLEY BROOK SYNDICATE
ARSN 114 592 040**

**STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS
LIABILITY FOR THE YEAR ENDED 30 JUNE 2008**

	Note	2008 \$	2007 \$
Total net assets attributable to unitholders - liability at the beginning of the period		9,148,834	9,189,713
Increase / (Decrease) in net assets attributable to unitholders liability		(92,982)	(40,879)
Transactions with unitholders in their capacity as unitholders:		-	-
Total net assets attributed to unitholders – liability at the end of the period	8	9,055,852	9,148,834

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 2008**

	Note	2008 \$	2007 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		23,171	29,853
Payments to suppliers		(307,726)	(304,396)
Interest received		24,921	70,835
Other expenses paid		-	11,575
Finance costs		<u>(507,043)</u>	<u>(454,654)</u>
Net cash flows from operating activities	10b	<u>(766,677)</u>	<u>(646,787)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
(Payment)/reduction of security deposits		<u>264,199</u>	<u>403,680</u>
Net cash flows from investing activities		<u>264,199</u>	<u>403,680</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		-	-
Proceeds from units issued		-	-
Payment for syndication costs		-	-
Payment for loan establishment costs		<u>-</u>	<u>-</u>
Net cash flows from financing activities		<u>-</u>	<u>-</u>
Net (decrease)/increase in cash and cash equivalents		(502,478)	(243,107)
Cash and cash equivalents at 1 July		<u>532,224</u>	<u>775,331</u>
Cash and cash equivalents at 30 June	10a	<u>29,746</u>	<u>532,224</u>

The accompanying notes form part of these financial statements.

**HENLEY BROOK SYNDICATE
ARSN 114 592 040**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**

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 2008.

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.

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 balance sheet and later recognised as an expense in the income statement.

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

**HENLEY BROOK SYNDICATE
ARSN 114 592 040**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**

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

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 income statement 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.

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 income statement 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.

**HENLEY BROOK SYNDICATE
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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**

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

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 unitholders. 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 unitholders. Accordingly the Syndicate has no equity and the distributions paid and payable to unitholders are classified as a finance cost in the income statement, while distributions payable are classified as a payable in the balance sheet.

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.

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 income statement.

i) Finance Costs

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

Finance costs (excluding distributions to unitholders), 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 unitholders.

**HENLEY BROOK SYNDICATE
ARSN 114 592 040**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**

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

j) Distributions and taxation (cont)

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

k) Accounting estimates and judgments

Critical accounting estimates and judgments

The Directors of the Responsible Entity evaluate estimates and judgments incorporated in the financial report based on the historical knowledge and the best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Syndicate and Responsible Entity.

l) Comparative Figures

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

	Note	2008	2007
		\$	\$
2. EXPENSES			
Administration Expense			
Accounting fees		27,000	27,000
Compliance fees		24,000	25,825
Custodian fees		50,000	50,000
Other administration expenses		38,115	31,879
Total expenses		139,115	134,704
3. TRADE AND OTHER RECEIVABLES			
Current			
Accrued income		1,697	3,835
Prepayments		5,501	400
GST receivable		8,045	1,959
		15,243	6,194
Past due but not impaired			
As of 30 June 2008 the fund had past due but not impaired trade receivables. These relate to a number of customers for whom there is no recent history of default. The aging analysis of these trade receivables is as follows:			
Up to 3 months		-	-
3 to 6 months		-	-
		-	-
Non-Current			
Security Deposits		-	264,199
		-	264,199

HENLEY BROOK SYNDICATE
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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

	Note	2008 \$	2007 \$
4. INVENTORIES			
Current			
Land held for resale at cost		1,564,068	-
Non-Current			
Land held for resale at cost		<u>14,076,615</u>	<u>14,669,783</u>
	5	<u>15,640,683</u>	<u>14,669,783</u>
5. LAND HELD FOR RESALE			
Cost of acquisition		12,500,000	12,500,000
Development costs capitalised		1,787,575	1,323,717
Borrowing and finance costs capitalised		<u>1,353,108</u>	<u>846,066</u>
		<u>15,640,683</u>	<u>14,669,783</u>

Non-current land held for resale 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 447 residential lots over 9 stages, and to sell the lots over the next 4 to 5 years.

The acquisition of the land was funded by a combination of third party finance (\$6.25 million) with National Australia Bank Limited and unitholder contributions (\$1 million).

		2008 \$	2007 \$
6. TRADE AND OTHER PAYABLES			
Current			
Accounts payable		94,524	17,526
Other creditors and accruals		285,296	55,740
GST payable		-	300
		<u>379,820</u>	<u>73,566</u>
		2008	2007
		\$	\$
7. INTEREST BEARING LIABILITIES			
Current			
<i>Secured</i>			
Bank bill facility		<u>6,250,000</u>	-
		<u>6,250,000</u>	-
Non Current			
<i>Secured</i>			
Bank bill facility		-	6,250,000
		-	<u>6,250,000</u>

The Syndicate has a \$7.25 million cash advance facility with National Australia Bank Limited. The interest only, non recourse bank bill matures on 31 August 2008. The loan is secured by a first registered mortgage over the land held for resale. The interest rate on the facility was 7.28% as at the balance date, and a line fee of 0.9% per annum is payable. It is expected that once development commences that this loan will be transferred to a Development loan.

**HENLEY BROOK SYNDICATE
ARSN 114 592 040**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**

	2008 \$	2007 \$
8. NET ASSETS ATTRIBUTABLE TO UNITHOLDERS - LIABILITY		

Net assets attributable to unitholders- liability consist of:

Net contributions by unitholders	11,000,000	11,000,000
Syndicate establishment expenses	(1,796,790)	(1,796,790)
Cumulative retained loss from operations	(147,358)	(54,376)
Closing balance	9,055,852	9,148,834

	2008 No. of units	2007 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 commitments for capital expenditure or any contingent liabilities at 30 June 2008.

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:

	2008 \$	2007 \$
Cash on hand	29,746	532,224

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

	2008 \$	2007 \$
Net loss	(92,982)	(40,879)
<i>Non-cash flows in profit for the period</i>		
<i>Changes in assets and liabilities:</i>		
Decrease/(Increase) in receivables	(3,849)	27,578
Decrease/(Increase) in prepaid expenses	(5,101)	14,277
Decrease/(Increase) in land held for resale	(970,900)	(607,201)
Decrease/(Increase) in other assets	-	-
Increase/(Decrease) in trade and other payables	306,155	(40,562)
Cash flows from operations	(766,677)	(646,787)

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c) Loan facilities

Loan facilities	7,250,000	6,250,000
Amount utilised	<u>(6,250,000)</u>	<u>(6,250,000)</u>
Unused loan facilities	<u>1,000,000</u>	<u>-</u>

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 unitholders, in addition to derivatives, cash and cash equivalents, net assets attributed to unitholders, 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 minimize 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			Non- Interest Bearing \$	Total \$
			Within Year \$	1 to 5 Years \$	Over 5 Years \$		
2008							
Financial Assets:							
Cash – Operating	6.2%	29,745	-	-	-	-	29,745
Term Deposit (current)		-	-	-	-	-	-
Receivables		-	-	-	-	15,143	15,143
		<u>29,745</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,143</u>	<u>44,888</u>
Financial Liabilities:							
Payables		-	-	-	-	(379,720)	(379,720)
Long term borrowings	7.28%	-	(6,250,000)	-	-	-	(6,250,000)
		<u>-</u>	<u>(6,250,000)</u>	<u>-</u>	<u>-</u>	<u>(379,720)</u>	<u>(6,629,720)</u>
Net financial assets/(liabilities)		<u>29,745</u>	<u>(6,250,000)</u>	<u>-</u>	<u>-</u>	<u>(364,577)</u>	<u>(6,584,832)</u>

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	Weighted Average Effective Interest Rate %pa	Floating Interest Rate \$	Fixed interest maturing in or re priced at			Non- Interest Bearing \$	Total \$
			Within Year \$	1 to 5 Years \$	Over 5 Years \$		
2007							
Financial Assets:							
Cash – Operating	5.95%	532,224	-	-	-	-	532,224
Term Deposit (current)	6.20%	-	-	264,199	-	-	264,199
Receivables	-	-	-	-	-	5,793	5,793
		<u>532,224</u>	<u>-</u>	<u>264,199</u>	<u>-</u>	<u>5,793</u>	<u>802,216</u>
Financial Liabilities:							
Payables	-	-	-	-	-	(73,566)	(73,566)
Long term borrowings	6.61%	-	(6,250,000)	-	-	-	(6,250,000)
		<u>-</u>	<u>(6,250,000)</u>	<u>-</u>	<u>-</u>	<u>(73,566)</u>	<u>(6,323,566)</u>
Net financial assets/(liabilities)		<u>532,224</u>	<u>(6,250,000)</u>	<u>264,199</u>	<u>-</u>	<u>(67,773)</u>	<u>(5,521,350)</u>

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 balance sheet 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 review on prospective tenants, and
- Ensuring that transactions are undertaken with a large number of counterparties in different locations.
- 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.

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

	2008	2007
	\$	\$
Less than 6 months	379,720	73,566
6 months to 1 year	-	-
1 year to 5 years	-	-
Over 5 years	-	-
	<u>379,720</u>	<u>73,566</u>

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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 2008, the effect on profit and equity as a result of changes in the interest rate, with all other variables remaining constant would be as follows:

	2008	2007
	\$	\$
Change in profit		
- Increase in interest rate by 2%	(125,000)	(125,000)
- Decrease in interest rate by 2%	125,000	125,000
Change in Equity		
- Increase in interest rate by 2%	(125,000)	(125,000)
- Decrease in interest rate by 2%	125,000	125,000

12 CAPITAL MANAGEMENT

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

The fund's debt and capital includes financial liabilities, supported by financial assets.

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

The directors manage the fund's capital by assessing the fund'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 fund since the prior year. The strategy is to maintain the funds gearing ratio between 30-70%.

The gearing ratios for the year ended 30 June 2008 and 30 June 2007 are as follows:

	Notes	2008	2007
		\$	\$
Total borrowings	7	6,250,000	6,250,000
Less cash and cash equivalents	10(a)	<u>(29,746)</u>	<u>(532,224)</u>
Net Debt		6,220,254	5,717,776
Net assets attributable to unit holders	8	<u>9,055,852</u>	<u>9,148,834</u>
Total capital		<u>15,276,106</u>	<u>14,866,610</u>
Gearing ratio		41%	38%

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13. SEGMENT INFORMATION

The Syndicate operates solely in the business of residential property subdivision within Australia.

14. AUDITOR'S REMUNERATION

	2008	2007
	\$	\$
<i>Remuneration of the auditor of the Syndicate for:</i>		
- Audit and review of the financial reports	8,500	4,850
- Other services (compliance audit)	3,300	3,200
	<u>11,800</u>	<u>8,050</u>

15. 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 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:

Mr M Kluge	Director (appointed 31 October 2007)
Mr R C Nichevich	Director (resigned 31 October 2007)
Ms S Barrett	Director
Mr T Micelotta	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.

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15. RELATED PARTY DISCLOSURES (cont)

b) Responsible Entity's fees and other transactions

	2008	2007
	\$	\$
Viento Property Limited		
Compliance fees paid or payable	24,000	30,000
Reimbursable expenditure paid or payable	13,520	5,218
	37,520	35,218

	2008	2007
	\$	\$
Viento Group Ltd		
Accounting and registry fees	35,000	35,000
	72,520	70,218

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 2008

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
Diamond Family Superannuation Fund a related entity of Mr J S Diamond	Director of Parent Entity	50,000	0.45%	50,000

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30 June 2007

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	<u>110,000</u>	1.00%	<u>110,000</u>
Diamond Family Superannuation Fund a related entity of Mr J S Diamond	Director of Parent Entity	<u>50,000</u>	0.45%	<u>50,000</u>

16 ACCOUNTING STANDARDS

The following Australian Accounting Standards have been issued or amended and are applicable to the fund but are not yet effective and have not been adopted in the preparation of the financial statements at reporting date.

AASB 2007-3 Amendments to Australian Accounting Standards makes amendments to AASB 5 *Non-current Assets Held for Sale and Discontinued Operations*, AASB 6 *Exploration for and Evaluation of Mineral*, AASB 102 *Inventories*, AASB 107 *Cash Flow Statements*, AASB 119 *Employee Benefits*, AASB 127 *Consolidated and Separate Financial Statements*, AASB 134 *Interim Financial Reporting*, AASB 136 *Impairment of Assets*, AASB 1023 *General Insurance Contracts* and AASB 1038 *Life Insurance Contracts*. AASB 2007-3 is applicable for annual reporting periods beginning on or after 1 January 2009, and relates to disclosure requirements of AASB114 *Segment Reporting* due to the issuing of AASB 8: *Operating Segments*. These amendments will involve changes to segment reporting. However, there will be no direct impact on the financial report as the fund does not fall within the scope of AASB 8.

AASB 8 *Operating Segments* makes amendments to AASB 114 *Segment Reporting*. AASB 2008 is applicable for annual reporting periods beginning on or after 1 January 2009 These amendments will involve changes to segment reporting. However, there will be no direct impact on the financial report as the fund does not fall within the scope of AASB 8.

AASB 2007-6 Amendments to Australian Accounting Standards makes amendments to AASB 1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards*, AASB 101 *Presentation of Financial Statements*, AASB 107 *Cash Flow Statements*, AASB 111 *Construction Contracts*, AASB 116 *Preoperty Plant and Equipment*, AASB 138 *Intangible Assets*. AASB 2007-6 is applicable for annual reporting periods beginning on or after 1 January 2009. This amendment will require the capitalisation of all borrowing costs directly to the acquisition, construction or production of a qualifying asset. However, there will be no direct impact to the amounts included in the fund as it already capitalises borrowing costs related to qualifying assets.

The revised AASB 123 *Borrowing Costs* has removed the option to expense all borrowing costs. This amendment will require the capitalisation of all borrowing costs directly to the acquisition, construction or production of a qualifying asset. However, there will be no direct impact to the amounts included in the fund as it already capitalises borrowing costs related to qualifying assets.

AASB 2007-8 Amendments to Australian Accounting Standards makes amendments to AASB 101 *Presentation*

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16. Accounting Standards (cont)

of Financial Statements and is applicable for annual reporting periods beginning on or after 1 January 2009. This amendment requires the presentation of a statement of comprehensive income.

The revised AASB 101 *Presentation of Financial Statements* is applicable for annual reporting periods beginning on or after 1 January 2009. This amendment requires the presentation of a statement of comprehensive income.

17. SUBSEQUENT EVENTS

The loan facility was increased to \$8 million and the term extended to 31 March 2009. The facility fee was increased from 0.9% to 1.15% from 1 August 2008.

Other than the loan facility mentioned above, 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.

**HENLEY BROOK SYNDICATE
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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 7 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 2008 and of its performance for the period ended on that date.
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.



M Kluge
Director
Viento Property Limited

Dated this 23rd day of September 2008
Brisbane, Queensland

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 2008, 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.

WHK HORWATH PERTH AUDIT PARTNERSHIP



SEAN MCGURK
Principal

Perth, WA

Dated this 23rd day of September 2008

INDEPENDENT AUDIT REPORT TO THE UNIT HOLDERS OF HENLEY BROOK SYNDICATE

We have audited the accompanying financial report of the Henley Brook Syndicate (the Syndicate), which comprises the balance sheet as at 30 June 2008, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration.

Directors' Responsibility for the Financial Report

The Directors of the Responsible Entity, Viento Property Ltd, (the Directors) are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101: Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards (IFRS) ensures that the financial report, comprising the financial statements and notes, complies with IFRS.

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. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance 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 judgment, 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 and fair presentation of the financial report 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. We confirm that the independence declaration required by the Corporations Act 2001, provided to the directors of Viento Property Ltd as the Responsible Entity for the Henley Brook Syndicate are in the same terms as this auditor's report.

Auditor's Opinion

In our opinion, the financial report of the Henley Brook Syndicate is in accordance with the Corporations Act 2001 including:

- a) i. giving a true and fair view of the Syndicate's financial position as at 30 June 2008 and of their performance for the year ended on that date; and
- ii. complying with Australian Accounting Standards (including Australian Accounting Interpretations) and the Corporations Regulations 2001.
- b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

WHK HORWATH PERTH AUDIT PARTNERSHIP



SEAN MCGURK
Principal

Perth, WA

Dated this 23rd day of September 2008

Total Financial Solutions

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