

**Mariner Bridge Investments Limited  
and Controlled Entities**  
(formerly Mariner Wealth Management Limited)  
ABN 16 088 267 190

Interim Financial Report  
Half-Year ended 31 December 2006

**Mariner Bridge Investments Limited and Controlled Entities  
(formerly Mariner Wealth Management Limited)**

**ABN 16 088 267 190**

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# **Mariner Bridge Investments Limited and Controlled Entities** **(formerly Mariner Wealth Management Limited)**

**ABN 16 088 267 190**

## **Directors' Report**

The Directors present their report together with the consolidated financial report of the Mariner Bridge Investments Limited ("the Company") consolidated entity, being the Company and its controlled entities, for the half-year ended 31 December 2006 and the review report thereon.

### **DIRECTORS**

The directors of the Company at any time during or since the end of the financial period are:

| <b>Directors Name</b>          | <b>Period of Directorship</b> |                          |
|--------------------------------|-------------------------------|--------------------------|
| <b>Executive Directors</b>     |                               |                          |
| W.E.B. Ireland                 | Appointed 20 September 1999   | Resigned 26 October 2006 |
| M.G. Phillips                  | Appointed 29 August 2006      |                          |
| I.Y.L. Lee                     | Appointed 26 October 2006     |                          |
| <b>Non-Executive Directors</b> |                               |                          |
| G.J. Wilson                    | Appointed 25 June 1999        | Resigned 26 October 2006 |
| J.J. Gosse                     | Appointed 16 August 1999      | Resigned 26 October 2006 |
| I.R. Ingram                    | Appointed 4 February 2005     |                          |
| A.J. Brown                     | Appointed 13 May 2005         | Resigned 26 October 2006 |
| P.H. Lewis                     | Appointed 26 October 2006     |                          |
| M.E.J. Perry                   | Appointed 26 October 2006     |                          |

### **PRINCIPAL ACTIVITY**

Prior to 26 October 2006, the Company was known as Mariner Wealth Management Limited and pursued a strategy of investing in start-up funds management businesses as a listed Pooled Development Fund. Following a strategic review and recommendation of the Board, Shareholders approved a number of resolutions on 26 October, 2006 resulting in the Company adopting a strategy of investing in structured finance transactions and changing its name to Mariner Bridge Investments Limited. The Company ceased to be a Pooled Development Fund on 15 November, 2006.

### **Review and results of operations**

Investment operations during the period resulted in an operating profit after tax of \$127,000 (2005: Loss of \$118,555).

The resolutions approved in the General Meeting on 26 October, 2006 also included the consolidation of the Company's shares on issue on the basis of one share for every five shares on issue, the raising of \$125 million in new equity capital and the establishment of a Director and Employee Share Scheme.

Asset backing for each ordinary share at 31 December 2006 amounted to 121.15 cents per share (30 June 2006 restated: 120.55 cents per share).

Since October, 2006, the Company has focussed on equity and debt investments in structured finance transactions in the core asset classes of property, infrastructure, fixed income and leases over tangible assets.

### **Investments**

In the period from 26 October, 2006 to 31 December, 2006 the Company invested predominantly in aircraft leasing, provided secured loans to Australian businesses and made equity and subordinated investments in securitisation programs located in Australia and the United States.

**Mariner Bridge Investments Limited and Controlled Entities**  
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**Directors' Report**

**Other Investments**

Shares in unlisted investments were written down to Nil or sold as foreshadowed in the Company's Prospectus dated 27 October, 2006. This included the write down of the investment in Inter Financial Holdings which resulted in an unrealised loss of \$650,000 after tax.

**Matters subsequent to end of financial period**

Subsequent to the end of the financial period, the Company has issued 5,450,000 ordinary shares pursuant to the Director and Employee Share Scheme at an issue price of \$1.25 per share. The Share Scheme was approved by shareholders on 26 October, 2006 and includes holding lock restrictions on the shares.

No other matters have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Company, the results of the operations, or the state of affairs of the Company in future financial periods, other than that included in this report under the review and results of operations.

**Rounding of Amounts**

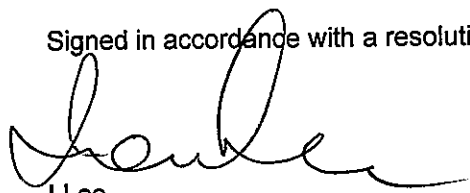
The consolidated entity is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with the Class Order, amounts in the financial report have been rounded off to the nearest thousand dollars, unless otherwise stated.

**Lead auditor's independence declaration under Section 307C of the Corporations Act 2001**

The lead auditor's independence declaration is set out on page 3 and forms part of the directors' report for the half-year ended 31 December 2006.

Dated at Sydney this 22nd day of February 2007

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



I Lee  
Chairman



***Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001***

To: the directors of Mariner Bridge Investments Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2006 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.

A handwritten signature in black ink, appearing to read 'AD', written over the printed name 'Andrew Dickinson'.

KPMG

Andrew Dickinson  
*Partner*

Sydney

22 February 2007

**Mariner Bridge Investments Limited and Controlled Entities**  
**(formerly Mariner Wealth Management Limited)**  
**Consolidated Interim Income Statement**  
**For the half-year ended 31 December 2006**

|  |      | <b>Consolidated</b>              |                                  |
|--|------|----------------------------------|----------------------------------|
|  | Note | <b>31 Dec<br/>2006<br/>\$000</b> | <b>31 Dec<br/>2005<br/>\$000</b> |
| <b>Revenue from ordinary activities</b>          |      |                                  |                                  |
| Fees   |      | 292                              | -                                |
| Interest income                                  |      | 2,001                            | 272                              |
| Dividend income                                  |      | -                                | 29                               |
| Gain on sale of trading assets                   |      | -                                | 15                               |
| Fair value gains                                 |      | 309                              | -                                |
| Gain on sale of available for sale investments   |      | -                                | 122                              |
|  |      | <hr/>                            | <hr/>                            |
| <b>Total operating revenue</b>                   |      | <b>2,602</b>                     | <b>438</b>                       |
| <b>Operating expenses</b>                        |      |                                  |                                  |
| Administration                                   |      | (90)                             | -                                |
| Borrowing  |      | (95)                             | -                                |
| Employment                                       |      | (952)                            | -                                |
| Legal and Professional Fees                      |      | (128)                            | -                                |
| Related Party Fees                               |      | (178)                            | -                                |
| Realised loss on trading assets                  |      | (11)                             | (61)                             |
| Unrealised loss on available for sale assets     |      | (650)                            | -                                |
| Other expenses from ordinary activities          |      | (42)                             | (500)                            |
|  |      | <hr/>                            | <hr/>                            |
| <b>Total operating expenses</b>                  |      | <b>(2,146)</b>                   | <b>(561)</b>                     |
| <b>Profit/(loss) before income tax</b>           |      | <b>456</b>                       | <b>(123)</b>                     |
| Income tax (expense)/benefit                     | 5    | <hr/> <b>(329)</b>               | <hr/> <b>4</b>                   |
| <b>Net profit/(loss) for the period</b>          |      | <hr/> <b>127</b>                 | <hr/> <b>(119)</b>               |
|  |      | <hr/>                            | <hr/>                            |
|  |      | <b>Cents</b>                     | <b>Cents<br/>(restated)</b>      |
| <b>Basic earnings / (loss) cents per share</b>   | 12   | 0.37                             | (1.64)                           |
| <b>Diluted earnings / (loss) cents per share</b> | 12   | 0.37                             | (1.48)                           |

The income statement is to be read in conjunction with the notes to the financial statements set out on pages 8 to 18.

**Mariner Bridge Investments Limited and Controlled Entities**  
**(formerly Mariner Wealth Management Limited)**

**Consolidated Interim Statement of changes in equity**

**For the half-year ended 31 December 2006**

**31 December 2006**

|   | Share<br>Capital<br>\$000 | Available<br>for Sale<br>Investments<br>Reserve<br>\$000 | Hedge<br>Reserve<br>\$000 | Capital<br>Profits<br>Reserve<br>\$000 | Retained<br>earnings<br>\$000 | Total<br>\$000 |
|---|---------------------------|--|---------------------------|--|-------------------------------|----------------|
| Balance at 1 July 2006                  | 9,110                     | 16   | -                         | 462                                    | (686)                         | 8,902          |
| Total recognised income and expense     | -                         | -  | -                         | -                                      | 127                           | 127            |
| Movement from reserves                  |                           | (16)   |                           | (462)                                  | 478                           | -              |
| Shares issued, net of transaction costs | 120,982                   | -  | -                         | -                                      | -                             | 120,982        |
| Share based payments, net of tax        | 87                        | -  | -                         | -                                      | -                             | 87             |
| Cash flow hedges, net of tax            | -                         | -  | 4                         | -                                      | -                             | 4              |
| <b>Balance at 31 December 2006</b>      | <b>130,179</b>            | <b>-</b>   | <b>4</b>                  | <b>-</b>                               | <b>(81)</b>                   | <b>130,102</b> |

**31 December 2005**

|                                     | Share<br>Capital<br>\$000 | Available<br>for Sale<br>Investments<br>Reserve<br>\$000 | Hedge<br>Reserve<br>\$000 | Capital<br>Profits<br>Reserve<br>\$000 | Retained<br>earnings<br>\$000 | Total<br>\$000 |
|-------------------------------------|---------------------------|--|---------------------------|--|-------------------------------|----------------|
| Balance at 1 July 2005              | 8,909                     | -  | -                         | -                                      | (66)                          | 8,843          |
| Total recognised income and expense | -                         | -  | -                         | -                                      | (119)                         | (119)          |
| Shares issued                       | 201                       | -  | -                         | -                                      | -                             | 201            |
| <b>Balance at 31 December 2005</b>  | <b>9,110</b>              | <b>-</b>   | <b>-</b>                  | <b>-</b>                               | <b>(185)</b>                  | <b>8,925</b>   |

The statement of changes in equity is to be read in conjunction with the notes to the financial statements set out on pages 8 to 18.

**Mariner Bridge Investments Limited and Controlled Entities**  
**(formerly Mariner Wealth Management Limited)**  
**Consolidated Interim Balance Sheet**  
**As at 31 December 2006**

|   |             | <b>Consolidated</b>              |                                  |
|---|-------------|----------------------------------|----------------------------------|
|   | <b>Note</b> | <b>31 Dec<br/>2006<br/>\$000</b> | <b>30 Jun<br/>2006<br/>\$000</b> |
| <b>Current assets</b>   |             |                                  |                                  |
| Cash and cash equivalents   | 6           | 25,744                           | 7,168                            |
| Trade and other receivables   |             | 1,208                            | 90                               |
| Trading assets  |             | -                                | 56                               |
| Available for sale investments                                      | 7           | 44,285                           | 1,531                            |
| Financial instruments at fair value                                 |             | 490                              | -                                |
| Other assets  |             | 174                              | 4                                |
| <b>Total current assets</b>   |             | <b>71,901</b>                    | <b>8,849</b>                     |
| <b>Non current assets</b>   |             |                                  |                                  |
| Loans and receivables   | 8           | 59,504                           | -                                |
| Deferred tax assets   |             | 380                              | -                                |
| Property plant & equipment  |             | 86                               | -                                |
| Investments accounted for using the equity method                   |             | -                                | 200                              |
| <b>Total non current assets</b>                                     |             | <b>59,970</b>                    | <b>200</b>                       |
| <b>Total assets</b>   |             | <b>131,871</b>                   | <b>9,049</b>                     |
| <b>Current liabilities</b>  |             |                                  |                                  |
| Payables  |             | 1,044                            | 147                              |
| Provisions  |             | 13                               | -                                |
| <b>Total current liabilities</b>                                    |             | <b>1,057</b>                     | <b>147</b>                       |
| <b>Non current liabilities</b>                                      |             |                                  |                                  |
| Deferred tax liabilities  |             | 712                              | -                                |
| <b>Total non current liabilities</b>                                |             | <b>712</b>                       | <b>-</b>                         |
| <b>Total liabilities</b>  |             | <b>1,769</b>                     | <b>147</b>                       |
| <b>Net assets</b>   |             | <b>130,102</b>                   | <b>8,902</b>                     |
| <b>Equity</b>   |             |                                  |                                  |
| Issued capital  | 10          | 130,179                          | 9,110                            |
| Retained losses   |             | (81)                             | (686)                            |
| Reserves  | 11          | 4                                | 478                              |
| <b>Total equity attributable to the shareholders of the company</b> |             | <b>130,102</b>                   | <b>8,902</b>                     |

The balance sheet is to be read in conjunction with the notes to the financial statements set out on pages 8 to 18.



**Mariner Bridge Investments Limited and Controlled Entities**  
**(formerly Mariner Wealth Management Limited)**

**Consolidated Interim Statement of cash flows**

**For the half-year ended 31 December 2006**

|   | <b>Consolidated</b>              |                                  |
|---|----------------------------------|----------------------------------|
|   | <b>31 Dec<br/>2006<br/>\$000</b> | <b>31 Dec<br/>2005<br/>\$000</b> |
| <b>Cash flows from operating activities</b>                 |                                  |                                  |
| Dividends received  | -                                | 29                               |
| Interest received   | 1,436                            | 272                              |
| Payments to suppliers and employees                         | (466)                            | (155)                            |
| Income tax refund/(paid)                                    | 4                                | (4)                              |
| <b>Net cash from operating activities</b>                   | <u>974</u>                       | <u>142</u>                       |
| <b>Cash flows from investing activities</b>                 |                                  |                                  |
| Payment for available for sale investments                  | (43,420)                         | (865)                            |
| Loans and receivables advanced                              | (60,260)                         | -                                |
| Proceeds from sale of trading assets                        | -                                | 58                               |
| Proceeds from sale of available for sale investments        | 300                              | 319                              |
| <b>Net cash from investing activities</b>                   | <u>(103,380)</u>                 | <u>(488)</u>                     |
| <b>Cash flows from financing activities</b>                 |                                  |                                  |
| Proceeds from exercise of options                           | -                                | 202                              |
| Proceeds from the issue of ordinary share capital           | 125,000                          | -                                |
| Proceeds from borrowings                                    | 11,117                           | -                                |
| Payments for issue costs                                    | (4,018)                          | -                                |
| Repayment of loans  | (11,117)                         | -                                |
| <b>Net cash from financing activities</b>                   | <u>120,982</u>                   | <u>202</u>                       |
| <b>Net increase/(decrease) in cash and cash equivalents</b> | 18,576                           | (145)                            |
| <b>Cash and cash equivalents at 1 July</b>                  | 7,168                            | 7,842                            |
| <b>Cash and cash equivalents at 31 December</b>             | <u>25,744</u>                    | <u>7,697</u>                     |

The statement of cash flows is to be read in conjunction with the notes to the financial statements set out on pages 8 to 18.

# **Mariner Bridge Investments Limited and Controlled Entities (formerly Mariner Wealth Management Limited)**

## **Notes to the consolidated interim financial report**

### **For the half-year ended 31 December 2006**

#### **1 Reporting Entity**

Mariner Bridge Investments Limited is a company domiciled in Australia. The consolidated interim financial report of the Company as at and for the six months ended 31 December 2006 comprises the Company and its subsidiaries (together referred to as the "consolidated entity") and the consolidated entity's interests in associates and jointly controlled entities.

The consolidated annual financial report of the consolidated entity as at and for the year ended 30 June 2006 is available upon request from the Company's registered office at Level 40, Chifley Tower, 2 Chifley Square, Sydney NSW 2000 or at [www.marinerfunds.com.au](http://www.marinerfunds.com.au).

#### **2 Statement of compliance**

The consolidated interim financial report is a general purpose financial report which has been prepared in accordance with AASB 134: Interim Financial Reporting and the Corporations Act 2001.

The consolidated interim financial report does not include all of the information required for a full annual financial report, and should be read in conjunction with the consolidated annual financial report of the consolidated entity as at and for the year ended 30 June 2006.

This consolidated interim financial report was approved by the Board of Directors on 21 February 2007.

The consolidated entity is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with the Class Order, amounts in the financial report have been rounded off to the nearest thousand dollars, unless otherwise stated.

#### **3 Significant accounting policies**

Except as described below, the accounting policies applied by the consolidated entity in this consolidated interim financial report are the same as those applied by the consolidated entity in its consolidated financial report as at and for the year ended 30 June 2006.

##### **(a) Basis of consolidation**

###### **(i) Subsidiaries**

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. In the Company's financial statements, investments in subsidiaries are carried at cost.

##### **(b) Foreign currency**

###### **(i) Foreign currency transactions**

Transactions in foreign currencies are translated to the respective functional currencies of group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the foreign exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

# Mariner Bridge Investments Limited and Controlled Entities (formerly Mariner Wealth Management Limited)

## Notes to the financial statements

### For the half-year ended 31 December 2006

(i) Foreign currency transactions (continued)

Foreign currency differences arising on retranslation are recognised in profit or loss.

**(c) Derivative financial instruments**

The consolidated entity is exposed to changes in interest rates and equity prices from its activities. The consolidated entity holds foreign exchange swaps to hedge its foreign currency risk.

Embedded derivatives are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative are not closely related, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and the combined instrument is not measured at fair value through profit or loss. Derivatives are recognised initially at fair value; attributable transaction costs are recognised in profit or loss when incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

*Fair value hedges*

For fair value hedges, the change in fair value of the hedging derivative, and the hedged risk of the hedged item, is recognised in the income statement within Revenue from ordinary activities.

*Cash flow hedges*

A fair valuation gain or loss associated with the effective portion of a derivative designated as a cash flow hedge is recognised initially in Shareholders' Equity within the cash flow hedge reserve. Amounts from the cash flow hedge reserve are transferred to the profit and loss when the cash flows on the hedged item are recognised in profit and loss. Gains and losses resulting from cash flow hedge ineffectiveness are recorded in the profit and loss. This represents the amount by which changes in the cash flow of the hedging derivative differ from changes (or expected changes) in the cash flow of the hedged item. If for reasons other than the derecognition of the hedged item, cash flow hedge accounting ceases, the cumulative gains or losses are amortised to the remaining term of the original hedge. Where the hedged item is derecognised, the cumulative gain or loss is recognised immediately in the profit and loss.

Hedge ineffectiveness is recognised in the income statement "Net gain or loss on financial instruments at fair value".

**(d) Loans and Receivables**

Receivables are carried at amortised cost using the effective interest method less impairment losses. The collectibility of debts is assessed at reporting date and where required specific provision is made for any doubtful accounts.

**(e) Taxation**

Effective, 1 July 2006 the entity is taxed at the ordinary company tax rate of 30%.

# **Mariner Bridge Investments Limited and Controlled Entities (formerly Mariner Wealth Management Limited)**

## **Notes to the financial statements**

### **For the half-year ended 31 December 2006**

#### **(e) Taxation (continued)**

##### ***Tax consolidation***

The Company is head entity of the tax consolidated group comprising all the Australian wholly owned subsidiaries. The entities entered into a tax sharing and funding agreement effective 1 July 2006.

Under the terms of this agreement current tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax consolidated group are recognised in the separate financial statements of the members of the tax consolidated group by reference to the carrying amounts of assets and liabilities in the separate financial statements of each entity and the tax values applying under consolidation.

Any current tax liabilities (or assets) and deferred tax assets arising from unused tax losses of the subsidiaries is assumed by the head entity in the tax consolidated group and are recognised as amounts payable/(receivable) to/(from) other entities in the tax consolidated group in conjunction with any tax funding arrangement amounts. Any difference between these amounts is recognised by the Head entity and members as an equity contribution or distribution.

The Company recognises deferred tax assets arising from unused tax losses of the tax-consolidated group to the extent that it is probable that future taxable profits of the tax-consolidated group will be available against which the asset can be utilised.

Any subsequent period adjustments to deferred tax assets arising from unused tax losses as a result of revised assessments of the probability of recoverability is recognised by the head entity only.

##### ***Nature of tax funding arrangements and tax sharing arrangements***

The head entity, in conjunction with other members of the tax-consolidated group, has entered into a tax funding arrangement which sets out the funding obligations of members of the tax-consolidated group in respect of tax amounts. The tax funding arrangements require payments to/from the head entity equal to the current tax liability/(asset) assumed by the head entity and any tax-loss deferred tax asset assumed by the head entity, resulting in the head entity recognising an inter-entity receivable (payable) equal in amount to the tax liability (asset) assumed. The inter-entity receivables (payables) are at call.

Contributions to fund the current tax liabilities are payable as per the tax funding arrangement and reflect the timing of the head entity's obligation to make payments for tax liabilities to the relevant tax authorities.

The contribution amount arising under the tax funding arrangement is charged to the Company through the intercompany account.

#### **(f) Revenue recognition**

Revenues are recognised at fair value of the consideration received net of the amount of goods and services tax (GST) payable to the taxation authority. Exchanges of goods or services of the same nature and value without any cash consideration are not recognised as revenues. Revenue is recognised on an accruals basis.

# **Mariner Bridge Investments Limited and Controlled Entities (formerly Mariner Wealth Management Limited)**

## **Notes to the financial statements**

### **For the half-year ended 31 December 2006**

#### **(f) Revenue recognition (continued)**

##### ***Interest revenue***

Interest revenue is recognised as it accrues, taking into account the effective yield on the financial asset.

##### ***Sale of non-current assets***

The gross proceeds of non-current asset sales are recognised as revenue at the date control of the asset passes to the buyer, usually when an unconditional contract of sale is signed.

The gain or loss on disposal is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal (including incidental costs).

##### ***Dividends***

Revenue is recognised in the income statement on the day which the relevant investment is first quoted on an "ex-basis". Dividend revenue is recognised net of any franking credits.

Revenue from distributions from controlled entities is recognised by the company when they are declared by the controlled entities.

Revenue from dividends from associates and other investments is recognised when dividends are received.

Dividends received out of pre-acquisition reserves are eliminated against the carrying amount of the investment and not recognised in revenue.

##### ***Rent***

Rental revenue for operating leases is recognised on a straight line basis over the term of the lease, except where an alternative basis is more representative of the pattern of service rendered through the provision of the leased premises. Lease incentives granted are recognised as an integral part of the total rental income.

##### ***Recoverable outgoings***

Recovery of outgoings as specified in lease agreements are accrued on an estimated basis and adjusted when the actual amounts are invoiced to the respective tenants.

#### **(g) Provisions for impairment**

The adoption of AASB 139 Financial Instruments: Recognition and Measurement and AASB 136 Impairment of Assets has had a substantial impact on the measurement and recognition of impairment of financial and non-financial assets.

##### ***Financial assets***

Financial assets, excluding derivative assets and assets at fair value through the Income Statement, are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. A financial asset or portfolio of financial assets is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more loss events that occurred after the initial recognition of the asset and prior to the balance sheet date ("a loss event") and that loss event or events has had an impact on the estimated future cash flows of the financial asset or the portfolio that can be reliably estimated. If any such indication exists, the asset's carrying amount is written down to the asset's estimated recoverable amount.

# **Mariner Bridge Investments Limited and Controlled Entities (formerly Mariner Wealth Management Limited)**

## **Notes to the financial statements**

### **For the half-year ended 31 December 2006**

#### **(g) Provisions for impairment - (continued)**

##### ***Loans, advances and other receivables***

The Company assesses at each balance date whether there is any objective evidence that individual loans, advances and other receivables or portfolios of these financial assets are impaired. Objective evidence is required that assets are impaired and includes observable data about the occurrence of loss events.

If there is objective evidence that an impairment loss on loans, advances and other receivables has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the expected future cash flows (excluding future credit losses that have not been incurred), discounted at the financial asset's original effective interest rate. Short-term balances are not discounted.

#### **(h) Director and Employee Share Scheme**

In October 2006 Shareholders approved the establishment of the Director and Employee Share Scheme (the Share Scheme or Employee Shares) to enable Directors, employees and contractors to acquire shares in the Company.

The Board has approved the issue of 5,450,000 shares under the Share Scheme. Entitlement to the Employee Shares will vest in equal proportions over a period of up to three years from the date of commencement by the Director or employee.

As at 31 December 2006, none of the Employee Shares have vested. The fair value of options granted is recognised as an employee expense with a corresponding increase in equity. This fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options granted is measured using the binominal options pricing model taking into account the terms and conditions upon which the options were granted.

The Share Scheme involves participants effectively borrowing from the Company to subscribe for the Employee Shares. The loans are limited recourse and interest free and initially 75% of the cash value of dividends will be applied towards part repayment of the loan. Other than dividends, there is no payment of cash by the Company to participants. The Employee shares will be subject to a Holding Lock until 12 months has elapsed after the date on which vesting conditions are satisfied and the loan is repaid in full.

#### **4 Estimates**

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. These accounting policies have been consistently applied.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

**Mariner Bridge Investments Limited and Controlled Entities**  
**(formerly Mariner Wealth Management Limited)**

**Notes to the financial statements**

**For the half-year ended 31 December 2006**

|                   | 31 December<br>2006 | 31 December<br>2005 |
|-------------------|---------------------|---------------------|
|                   | \$000               | \$000               |
| <b>5 Taxation</b> |                     |                     |

The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax accounts as follows

**Income Tax Expense/(Benefit)**

|  |            |            |
|--|------------|------------|
| Prima facie income tax expense/(benefit) at 30%  | 137        | -          |
| Prima facie income tax (benefit)/expense at 25% on non-pooled development funds activities | -          | (14)       |
| Prima facie income tax (benefit)/expense at 15% on pooled development funds activities     | -          | (10)       |
| Deferred tax asset on capital loss not recognised  | 195        | -          |
| Over-provision for income tax in prior periods   | (3)        | -          |
| Franking credit gross up   | -          | 1          |
| Deferred Tax Asset not brought to account  | -          | 10         |
| Non deductible expenses at 15%   | -          | 9          |
|  | <u>329</u> | <u>(4)</u> |

|      | <b>Consolidated</b>          |                          |
|------|------------------------------|--------------------------|
| Note | 31 December<br>2006<br>\$000 | 30 June<br>2006<br>\$000 |

**6 Cash and cash equivalents**

|               |               |              |
|---------------|---------------|--------------|
| Cash at Bank  | 1,259         | 168          |
| Term deposits | 521           | 7,000        |
| 11am deposits | 23,964        | -            |
|               | <u>25,744</u> | <u>7,168</u> |

**7 Available for sale investments**

|   |               |              |
|---|---------------|--------------|
| Shares in unlisted investments, at fair value                 | -             | 666          |
| Floating rate notes, issued by related party, at fair value   | 865           | 865          |
| Investment in collateralised debt obligations - at fair value | 43,420        | -            |
|   | <u>44,285</u> | <u>1,531</u> |

**Mariner Bridge Investments Limited and Controlled Entities**  
**(formerly Mariner Wealth Management Limited)**

**Notes to the financial statements**

**For the half-year ended 31 December 2006**

|  | Note | Consolidated<br>31 December<br>2006<br>\$000 | 30 June<br>2006<br>\$000 |
|--|------|--|--------------------------|
| <b>8 Loans and receivables</b>   |      |  |                          |
| Loans – secured  |      | 60,260                                       | -                        |
| Less: capitalised establishment fees   | 9    | (756)  | -                        |
|  |      | <u>59,504</u>                                | <u>-</u>                 |
| Remaining maturity:  |      |  |                          |
| - Repayable on demand or on short notice   |      | -  | -                        |
| - 1 year or less but not on demand   |      | 9,634  | -                        |
| - 5 years or less but over one year  |      | 23,882                                       | -                        |
| - over 5 years   |      | 25,988                                       | -                        |
|  |      | <u>59,504</u>                                | <u>-</u>                 |
| <b>9 Deferred income</b>   |      |  |                          |
| Capitalised establishment fees   |      | 829  | -                        |
| Less: Amounts recognised in the income statement   |      | (73)   | -                        |
|  |      | <u>756</u>                                   | <u>-</u>                 |
| <b>10 Contributed equity</b>   |      |  |                          |
| <b>a) Issued and Paid-up Capital</b>   |      |  |                          |
| 107,454,880 (30 June 2006: 36,924,398) ordinary shares fully paid  |      | <u>130,179</u>                               | <u>9,110</u>             |
| <b>b) Movement in Ordinary Share Capital</b>   |      |  |                          |
| Opening balance 1 July 2006  |      | 9,110  | 8,908                    |
| Employee share plan  |      | 87   | -                        |
| Issue of 52,000,000 ordinary shares on 31 October 2006 at \$1.25 per share   |      | 65,000                                       | -                        |
| Issue of 42,600,000 ordinary shares on 31 October 2006 at \$1.25 per share   |      | 53,250                                       | -                        |
| Issue of 5,400,000 ordinary shares on 14 November 2006 at \$1.25 per share   |      | 6,750  | -                        |
| Issue Costs  |      | (4,018)                                      | -                        |
| Issue of 806,397 ordinary shares from the conversion of options at \$0.25 per share which expired on 1 December 2005 |      | -  | 202                      |
| Closing balance 31 December 2006   |      | <u>130,179</u>                               | <u>9,110</u>             |

The resolutions approved in the General Meeting on 26 October, 2006 included the consolidation of the Company's shares on issue on the basis of one share for every five shares on issue. As a result 36,924,398 ordinary shares of \$0.25 each were converted into 7,384,880 ordinary shares of \$1.25 each.



**Mariner Bridge Investments Limited and Controlled Entities**  
**(formerly Mariner Wealth Management Limited)**

**Notes to the financial statements**

**For the half-year ended 31 December 2006**

|   | <b>Consolidated</b>                   |  |
|---|---------------------------------------|--|
|   | <b>31 December<br/>2006<br/>\$000</b> | <b>30 June<br/>2006<br/>\$000</b>                    |
| <b>11 Reserves</b>  |                                       |  |
| Capital Profits Reserve   | -                                     | 463  |
| Hedge Reserve, net of tax   | 4                                     | -  |
| Available for Sale Investment Reserve   | -                                     | 16   |
|   | <u>4</u>                              | <u>478</u>   |
|   | <b>31 December<br/>2006<br/>cents</b> | <b>31 December<br/>2005<br/>cents<br/>(restated)</b> |
| <b>12 Earnings/(loss) per share</b>   |                                       |  |
| Basic earnings/(loss) per share   | 0.37                                  | (1.64)   |
| Diluted earnings/(loss) per share   | 0.37                                  | (1.48)   |
| <br>Net profit/(loss) after tax used in the calculation of basic<br>earning per share and diluted earnings per share: | <br><u>127</u>                        | <br><u>(119)</u>                                     |
| <br>Weighted average number of shares used as the<br>denominator:   | <br><b>No.</b>                        | <br><b>No.<br/>(restated)</b>                        |
| Number for basic earnings per share   |                                       |  |
| Ordinary shares   | <u>34,418,576</u>                     | <u>7,384,880</u>                                     |
| Number for diluted earnings per share   |                                       |  |
| Ordinary shares   | 34,418,576                            | 7,384,880  |
| Effect of share options on issue  | -                                     | -  |
|   | <u>34,418,576</u>                     | <u>7,384,880</u>                                     |

**Mariner Bridge Investments Limited and Controlled Entities**  
**(formerly Mariner Wealth Management Limited)**

**Notes to the financial statements**

**For the half-year ended 31 December 2006**

**13 Financial instrument disclosure**

**(a) Financial assets & liabilities**

The consolidated entity's exposure to interest risk and weighted average effective interest rates at the reporting date for classes of financial assets and liabilities are set out below. All financial assets and liabilities are shown according to the contractual maturity dates whichever date is earlier.

|  | Note | Weighted average interest rate % | Floating interest rate \$000 | Fixed interest repricing in: |                    |                            | Non-interest bearing \$000 | Total \$000    |
|--|------|----------------------------------|------------------------------|------------------------------|--------------------|----------------------------|----------------------------|----------------|
|  |      |                                  |                              | 1 year or less \$000         | 1 to 5 years \$000 | Greater than 5 years \$000 |                            |                |
| <b>31 December 2006</b>                          |      |                                  |                              |                              |                    |                            |                            |                |
| <b>Financial assets</b>                          |      |                                  |                              |                              |                    |                            |                            |                |
| Cash and cash equivalents                        | 6    | 6.35%                            | 25,744                       | -                            | -                  | -                          | -                          | 25,744         |
| Receivables and other assets                     |      |                                  | -                            | -                            | -                  | -                          | 1,872                      | 1,872          |
| Loans & Receivables Available for sale           | 8    | 17.00%                           | 59,504                       | -                            | -                  | -                          | -                          | 59,504         |
| Investments                                      | 7    | 8.70%                            | 865                          | -                            | -                  | -                          | 43,420                     | 44,285         |
| Investment accounted for using the equity method |      |                                  | -                            | -                            | -                  | -                          | -                          | -              |
|  |      |                                  | <u>86,113</u>                | <u>-</u>                     | <u>-</u>           | <u>-</u>                   | <u>45,292</u>              | <u>131,405</u> |
| <b>Financial liabilities</b>                     |      |                                  |                              |                              |                    |                            |                            |                |
| Trade and other creditors                        |      |                                  | -                            | -                            | -                  | -                          | 1,057                      | 1,057          |
|  |      |                                  | -                            | -                            | -                  | -                          | 1,057                      | 1,057          |
| Net financial assets/ (liabilities)              |      |                                  | <u>86,113</u>                | <u>-</u>                     | <u>-</u>           | <u>-</u>                   | <u>44,235</u>              | <u>130,348</u> |
| <b>30 June 2006</b>                              |      |                                  |                              |                              |                    |                            |                            |                |
| <b>Financial assets</b>                          |      |                                  |                              |                              |                    |                            |                            |                |
| Cash and cash equivalents                        |      | 5.97%                            | 7,166                        | -                            | -                  | -                          | -                          | 7,168          |
| Trade and other receivables                      |      |                                  | -                            | -                            | -                  | -                          | 90                         | 90             |
| Trading assets                                   |      |                                  | -                            | -                            | -                  | -                          | 56                         | 56             |
| Available for sale investments                   |      | 9.59%                            | 865                          | -                            | -                  | -                          | 666                        | 1,531          |
| Investment accounted for using the equity method |      |                                  | -                            | -                            | -                  | -                          | 200                        | 200            |
|  |      |                                  | <u>8,033</u>                 | <u>-</u>                     | <u>-</u>           | <u>-</u>                   | <u>1,012</u>               | <u>9,045</u>   |
| <b>Financial liabilities</b>                     |      |                                  |                              |                              |                    |                            |                            |                |
| Trade and other creditors                        |      |                                  | -                            | -                            | -                  | -                          | 147                        | 147            |
|  |      |                                  | -                            | -                            | -                  | -                          | 147                        | 147            |
| Net financial assets/ (liabilities)              |      |                                  | <u>8,033</u>                 | <u>-</u>                     | <u>-</u>           | <u>-</u>                   | <u>866</u>                 | <u>8,898</u>   |

**Mariner Bridge Investments Limited and Controlled Entities  
(formerly Mariner Wealth Management Limited)**

**Notes to the financial statements**

**For the half-year ended 31 December 2006**

**13 Financial instrument disclosure (continued)**

**(b) Derivative contracts**

At 31 December 2006 the consolidated entity's holdings in derivatives were as stated below.

|                               | Expiration | Underlying                    | Net fair value<br>(assets)<br>\$'000 | Net fair value<br>(liabilities)<br>\$'000 |
|-------------------------------|------------|-------------------------------|--------------------------------------|---|
| <b>On balance sheet</b>       |            |                               |                                      |   |
| <b>As at 31 December 2006</b> |            |                               |                                      |   |
| Foreign exchange swaps        |            |                               |                                      |   |
|                               | Jan-07     | Available for sale investment | 2                                    | -   |
|                               | Jan-07     | Available for sale investment | 5                                    | -   |
|                               | Feb-07     | Available for sale investment | 6                                    | -   |
|                               | Feb-07     | Available for sale investment | 8                                    | -   |
|                               | Feb-07     | Available for sale investment | 145                                  | -   |
|                               | Apr-07     | Available for sale investment | 17                                   | -   |
|                               | May-07     | Available for sale investment | 13                                   | -   |
| As at 31 December 2006        |            |                               | <u>196</u>                           | <u>-</u>                                  |
| As at 30 June 2006            | -          | -                             | <u>-</u>                             | <u>-</u>                                  |

**14 Related party disclosure**

**Ultimate holding company**

The Company was formerly controlled by Mariner Financial Limited which owned 47% of the issued capital. Following the issue of ordinary shares in October and November 2006, the shareholding of Mariner Financial Limited was reduced to 18.1% and it no longer controls the Company.

**Related parties**

During the half-year ended 31 December 2006 the Company incurred management fees of \$178,255 (2005: \$59,216).

Mariner Financial Limited advanced the consolidated entity \$11,117,043 during the period as a loan which was repaid on 26 October 2006.

**Directors and key management personnel**

There were no transactions with directors and key management personnel for the half year to 31 December 2006.

**Employee Share Scheme**

In October 2006 Shareholders approved the establishment of the Director and Employee Share Scheme (the Share Scheme or Employee Shares) to enable Directors, employees and contractors to acquire shares in the Company.

# **Mariner Bridge Investments Limited and Controlled Entities**

## **(formerly Mariner Wealth Management Limited)**

### **Notes to the financial statements**

#### **For the half-year ended 31 December 2006**

##### **Employee Share Scheme (continued)**

The Board has approved the issue of 5,450,000 shares under the Share Scheme. Entitlement to the Employee Shares will vest in equal proportions over a period of up to three years from the date of commencement by the Director or employee.

As at 31 December 2006, none of the Employee Shares have vested. The granted fair value is \$464,380. The amortisation expense recognised in the financial report for the period ended 31 December 2006 was \$87,108 and the amount recognised in the issued capital was \$87,108.

The Share Scheme involves participants effectively borrowing from the Company to subscribe for the Employee Shares. The loans are limited recourse and interest free and initially 75% of the cash value of dividends will be applied towards part repayment of the loan. Other than dividends, there is no payment of cash by the Company to participants. The Employee shares will be subject to a Holding Lock until 12 months has elapsed after the date on which vesting conditions are satisfied and the loan is repaid in full.

#### **15 Segment reporting**

The Company operates in the investment sector, investing in infrastructure, property, fixed income and leasing.

**Mariner Bridge Investments Limited and Controlled Entities  
(formerly Mariner Wealth Management Limited)**

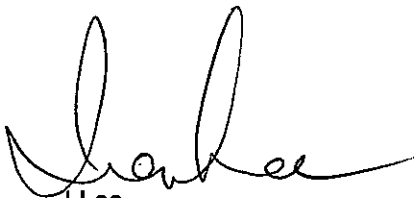
**Directors' declaration**

In the opinion of the directors of Mariner Bridge Investments Limited ("the Company"):

1. (a) the financial statements as set out on pages 4 to 18, are in accordance with the Corporations Act 2001, including:
  - (i) giving a true and fair view of the financial position of the consolidated entity as at 31 December 2006 and of its performance, as represented by the results of operations and cash flows for the half-year ended on that date; and
  - (ii) complying with Australian Accounting Standards, including *AASB 134 Interim Financial Reporting* and the Corporations Regulations 2001; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Dated at Sydney this 22<sup>nd</sup> day of February 2007

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



I Lee  
Chairman



## **Independent auditor's review report to the members of Mariner Bridge Investments Limited**

We have reviewed the accompanying interim financial report of Mariner Bridge Investments Limited, which comprises the consolidated interim balance sheet as at 31 December 2006, income statement, statement of changes in equity and cash flow statement for the half-year ended on that date, a statement of accounting policies and other explanatory notes 1 to 15 and the directors' declaration set out on pages 4 to 19 of the consolidated entity comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

### *Directors' Responsibility for the Financial Report*

The directors of the company are responsible for the preparation and fair presentation of the interim financial report in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of interim 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.

### *Auditor's Responsibility*

Our responsibility is to express a conclusion on the interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2006 and its performance for the half-year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Mariner Bridge Investments Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



*Conclusion*

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of Mariner Bridge Investments Limited is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2006 and of its performance for the half-year ended on that date; and
- (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001.

KPMG

Andrew Dickinson  
Partner

Sydney

22 February 2007