

Mariner Bridge Investments Limited

Annual Report 2007



Financial Calendar

EVENT DATES FOR FINANCIAL YEAR 2008

Annual general meeting.....	Wednesday 28 November 2007
Financial year 2008 half year results announced	Thursday 14 February 2008
Ex-dividend share trading starts.....	Thursday 28 February 2008
Record date for interim dividend	Wednesday 5 March 2008
Interim dividend paid	Wednesday 19 March 2008
Financial year 2008 annual results announced	Thursday 7 August 2008
Ex-dividend share trading starts.....	Thursday 21 August 2008
Record date for final dividend	Wednesday 27 August 2008
Final dividend paid	Thursday 25 September 2008
Annual general meeting.....	Wednesday 8 October 2008

The Company reserves the right to change these dates.

Mariner Wealth Management Limited changed its name to Mariner Bridge Investments Limited in October 2006.

This Annual Report (including the Financial Statements) is for the Company up to 30 June 2007. During the period it changed its name from Mariner Wealth Management Limited to Mariner Bridge Investments Limited (on 26 October 2006). To facilitate comprehension, the Company is referred to as Mariner Bridge Investments or the Company throughout the Annual Report.

THE REGISTERED OFFICE OF MARINER BRIDGE INVESTMENTS LIMITED IS:

Level 26, 259 George Street
Sydney NSW 2000

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Chairman's Report

I am pleased to present the first Annual Report for Mariner Bridge Investments Limited ("Mariner Bridge Investments").

We have achieved much in the short period since 26 October 2006 when the Company adopted a new business strategy of investing in structured finance transactions. This past year has seen the Company report an inaugural \$4.1 million net profit after tax and a first dividend of 2.3 cents per ordinary share, fully franked.

I believe your Company is well positioned for strong growth over the next two to three years. We have in place a high quality executive team, a committed and experienced Board and a range of transaction partners capable of generating a strong flow of high quality transactions for the Company.

To date we have built an investments portfolio that is well spread across the target asset classes of property, infrastructure, fixed income and leasing. The portfolio is also geographically diverse with investments in Australia, Asia, Europe and the United States. These investments have underpinned profitability in 2007 and will contribute to the growth we expect over the next two to three years.

Investments in residential mortgage securitisation markets in the United States, which represent less than 9% of the Company's investment portfolio, have impacted on the Company's profitability in the current financial year. Until the market stabilises, there is a risk that there could be further negative impact on short term profits. The Company is committed to managing and reducing these investments, as a percentage of its overall investment portfolio.

We are focussed on developing best practice corporate governance and risk management processes. The Board and its Committees regularly review the Company's policies and modifies them to promote ongoing improvements in our business model and risk management practices.

During the year your Board has worked tirelessly in support of management in implementing the new business strategy.

Mariner Bridge Investments' management team, led by Mark Phillips, has done an excellent job in the formative stages of the Company, albeit in the face of some challenging market conditions. I commend the team on delivering this year's results and initiating and building relationships with transaction partners who will underpin future growth.

I am confident that Mariner Bridge Investments has the people, business model and pipeline of transactions to deliver sustainable growth in earnings per share for shareholders.

On behalf of the Board and management, we thank you for your support and look forward to communicating further with you as we grow Mariner Bridge Investments' business.



Irene Lee
Chairman

In Brief

Mariner Bridge Investments is a financial services company that invests in structured finance transactions.

Our business model has the following key features:

- We are an absolute return investor seeking returns on investment above 15% per annum.
- We will grow earnings per share by utilising the scalability of our operating costs, the leverage facilitated by our permanent equity base and the investment upsides present in many of our transactions and, in the medium term, by developing fee income businesses.
- We increase our transaction flow and reduce risk by developing mutually beneficial transaction partnerships with originators expert in our target asset classes.
- We aim to be flexible and speedy in our decision-making for new investments, whilst maintaining a consistent and robust risk management framework.
- We seek to diversify our investments portfolio by asset class, counterparty and location.



Aviation

In aviation, the Company made four senior and mezzanine loans secured by in excess of 30 individual jet aircraft. The majority of these aircraft are leased for periods of at least 3 years.

Managing Director's Report

Mariner Bridge Investments is a financial services company that invests in structured finance transactions. In essence, the Company invests in, or lends to, transactions backed by real assets, financial assets or cashflow, in the following target asset classes:

- Property, with our current focus being residential and commercial real estate in Australia.
- Infrastructure, with our activities being directed initially towards renewable electricity in Europe and the industrial water industry in the US.
- Fixed Income, which includes our securitisation investments, as well as a range of well secured senior and subordinated loans.
- Leasing, principally focused at the present time on aircraft and shipping.

Mariner Bridge Investments has been operating in its current form since 26 October 2006. In the eight months to 30 June 2007, we completed 30 investments totalling \$264 million spread across our target asset classes.

Our strategy and approach provides the Company with a competitive edge which allows us to attract transactions that achieve an investments portfolio that:

- delivers high income and capital growth;
- offers strong cashflows; and
- has a short to medium average life.

ACHIEVEMENTS IN 2007

Over the year to 30 June 2007, Mariner Bridge Investments achieved the following:

- Net profit after tax of \$4.1 million.
- A final dividend of 2.3 cents per share fully franked.
- Total investment income of \$21.5 million, representing an effective pre tax return on average investments of 21% per annum.
- Total investments of \$264 million.
- New equity raisings of \$247 million and committed debt facilities of \$130 million.

INVESTMENT PERFORMANCE

The majority of the Company's investments have performed very strongly during the year. Our shipping and aircraft investments, in particular, have benefited from continuing robust conditions in those markets.

The strength of the overall investments portfolio is best summarised by the high return on average investments, before provisioning, of 21% per annum.

The quality of our investment income is evident from the proportion of income which is receivable in the short-term as cash. In the year to June 2007, this proportion was 76%, a high figure for Mariner Bridge Investments at this stage of its development.

SECURITISATION INVESTMENTS

The Company has investments in securitisation programs which have suffered from the deterioration in the US home loan market.

The results to 30 June 2007 include provisions for possible losses against these investments of \$10.4 million. Subsequent to 30 June 2007, these provisions have been increased by approximately \$5 million. The strength of the investments portfolio means that this additional provision can be absorbed without impacting the Company's expected earnings in the 2008 financial year.

Whilst the decision to invest in the US securitisation market was founded on a deliberate medium-term strategy and was done in partnership with a high quality US financial services firm, it was, in hindsight, an error. The Company's due diligence did not uncover the severity of the emerging difficulties in the US home loan market. These investments, in the main, were made in the formative stages of the Company's new business strategy. We are confident that the risk management and board approval processes now applied for the assessment of transactions would avoid such an error being made today.

We are not looking to increase our investments in the US securitisation market. They currently represent less than 9% of our total investments and this percentage will fall as the total portfolio continues to grow.

Managing Director's Report

CAPITAL MANAGEMENT

As at 30 June 2007 Mariner Bridge Investments' total assets of \$280 million were financed by shareholders' funds of \$263 million, drawings under corporate debt facilities of \$10 million and cash and working capital of \$7 million.

The Company's shareholders funds increased during the year as a result of an initial equity raising of \$121 million in October 2006 and a second equity raising of \$126 million in May 2007. The second equity raising comprised an institutional placement and a two-for-seven non-renounceable rights issue. Mariner Bridge Investments was also successful in arranging committed debt facilities of an initial amount of \$80 million with Commonwealth Bank, St. George Bank and BankWest. These committed facilities were increased in April 2007 to \$130 million.

Mariner Bridge Investments' policy is to hedge all material interest rate and currency exposures. The majority of the Company's investments are denominated in US Dollars, being the currency of the Company's shipping and aircraft transactions. The Company also has investments denominated in Euro. The principal investment amount plus the base level of earnings from the investment are fully hedged back to Australian dollars.

DIVIDEND POLICY

The Company's policy is to pay six monthly dividends to shareholders which represent a full payout of its net profit after tax. Some of the Company's offshore investments may give rise to income which is not subject to taxation in Australia. Whilst this will be beneficial to the after-tax earnings of the Company, it may reduce the ability to pay fully franked dividends. If this were to occur we may consider not distributing as dividends the unfranked component of our net profit.

OUTLOOK

The Company is fortunate to have secured an experienced and committed executive team and Board. We have also developed a range of transaction partnerships that are capable of generating a strong flow of high returning investments.

Should the US home loan market continue to deteriorate, this may lead to further provisioning against our securitisation investments. This may reduce profitability in the short term. This notwithstanding, we are confident that the Company's people and our business approach will enable us to source attractive investments and achieve strong earnings per share growth over the next two to three years.

We are also very optimistic regarding the ability of the Company to grow profits and earnings per share sustainably over the longer term.



Mark Phillips
Managing Director

Property

In property, the Company made six senior and mezzanine loans secured against residential projects and rural and commercial properties in Australia and the US.



Board of Directors



IRENE LEE

Appointed Executive Chairman of Mariner Bridge Investments Limited in October 2006.

Irene Lee has an extensive background in the finance industry. Over the past 20 years she has held senior positions in investment banking and funds management in the UK, the US and Australia. Previously, Irene was an executive director of Citicorp Investment Bank, Head of Corporate Finance at Commonwealth Bank of Australia and CEO of Sealcorp Holdings Limited. She was also formerly a non-executive director of Record Investments Limited, MFL, Beyond International Limited, Record Funds Management Limited and BioTech Capital Limited.

She is presently a non-executive director of QBE Insurance Group Limited, Ten Network Holdings Limited and ING Bank (Australia) Limited. She is also a member of the Takeovers Panel, the Advisory Council of JPMorgan Australia Limited and the Executive Council of the University of Technology Sydney, Faculty of Business and is a Trustee of the Art Gallery of NSW.



MARK PHILLIPS

Appointed Managing Director of Mariner Bridge Investments Limited in August 2006.

Mark Phillips has 25 years' experience in financial markets with expertise in building and managing portfolios of loans, investments and tradeable instruments and developing new businesses. Before joining Mariner Financial Limited, Mark was the Managing Director of Record Investments Limited for over four years where he played a key role in building the company's market capitalisation from under \$200 million to over \$1.5 billion. Prior to this, Mark was employed by Commonwealth Bank of Australia for 20 years in various roles, including Chief Dealer – Interest Rate Swaps, Head of Long End Trading, Head of Quantitative Analysis, Head of Equity Finance, Head of Property Finance and Head of Government Finance. He has been a director of Interlink Roads Pty Limited (operator of the M5 Motorway in Sydney) and a director of ASB Bank Limited in New Zealand. Mark joined Mariner Financial Limited in March 2006 and was appointed Managing Director of Mariner Bridge Investments in August 2006.



IAN INGRAM

Appointed Non-Executive Director of Mariner Bridge Investments Limited in February 2005.

Ian Ingram is an investment banker with over 25 years' experience in international financial markets. He was formerly a Vice President of Morgan Guaranty Trust Company of New York (Morgan) based at different times in Morgan's London, New York and Sydney offices and finally an Executive Director and the Head of Mergers and Acquisitions at JPMorgan Australia Limited based in Sydney.

Ian left Morgan after approximately nine years in 1986 to form his own corporate advisory and investment group, which included Australian Assets Corporation Limited (the former name of Mariner Financial Limited) and Claridge Capital Limited (the former name of Beyond International Limited).

Ian is currently Chairman of Beyond International Limited and Deputy Chairman of Mariner Financial Limited as well as Chairman of Sealion Capital PLC and various private venture capital and investment companies. Ian is resident in London.

Board of Directors



PHILIP LEWIS

Appointed Non-Executive Director of Mariner Bridge Investments Limited in October 2006.

Philip Lewis has over 25 years' experience in law and investment banking. Philip practised law for seven years before undertaking a 17 year career in investment banking at Credit Suisse Group and its predecessor organisations.

At Credit Suisse Group, Philip was instrumental in building the structured debt/asset backed securities business and financial institutions franchise and played a major role in a number of landmark transactions, particularly in the financial services industry. Philip has also participated in merger and acquisition, capital markets and advisory transactions across mining, food, transport, real estate and various other sectors. Philip is also a non-executive director of Reedy Lagoon Corporation Ltd.



MICHAEL PERRY

Appointed Non-Executive Director of Mariner Bridge Investments Limited in October 2006.

Michael has 30 years' experience in merchant banking, primarily project financing infrastructure projects in Australia, South East Asia and the UK. He was executive director in charge of project finance at both Capel Court Pty Limited and Citibank Australia, and a non-executive director of the companies formed to develop the Gateway Bridge in Brisbane, the Yulara Township in central Australia and the electricity interconnector between Tasmania and the Australian mainland.

In 1985, he established his own business to advise on such projects as the Sydney Harbour Tunnel and Sydney's M2 Tollway. He has held a number of government posts, such as Chairman of the NSW taskforce to establish guidelines for private sector development of infrastructure and Chairman of the Australian Council for Infrastructure Development, the peak industry body in Australia.

He has been a non-executive board member of the Development Australia Fund, the Basslink Development Board and Record Investments Limited. He is currently retained by a number of major local and international companies involved in banking, insurance and manufacturing.



Infrastructure

In infrastructure, the Company invested in the largest wind farm in Germany and made loans to a water business in the US and a pipeline company in Australia.

Risk Management

The management of risk is critical to Mariner Bridge Investments. The Company has implemented a multi-layered approach to risk management, which includes the components described below.

The risk management policies and procedures will be reviewed by the Board on an annual basis and where necessary will be modified to promote ongoing improvements in the Company's business model and risk management practices.

FINANCIAL YEAR ENDED 30 JUNE 2007 – RISK MANAGEMENT

The following risk management framework was in place for the financial year ended 30 June 2007.

Board of Directors

The Board of Mariner Bridge Investments has primary approval discretion over each investment made by the Company. It also reviews and approves all of the Company's policies recommended by the Audit, Finance and Risk Committee. Proposed new investments are analysed and developed initially by Mariner Bridge Investments' deal originators, Chief Investment Officer, Chief Financial Officer and Managing Director. A detailed investment evaluation report is then presented to the Board, which considers the potential investment prior to any commitment being made.

Audit, Finance and Risk Committee (AFRC)

Details on the Company's AFRC are contained in Corporate Governance section 4.2.

Risk Management

The Board has adopted a Risk Management Policy. The policy establishes guidelines and procedures addressing:

- Strategic risk
- Operational risk
- Legal and regulatory compliance risk
- Reputation risk
- Credit risk
- Market risk
- Equity risk
- Liquidity risk

Transactional Risk Management

The Board has adopted a Transactional Risk Management Policy. The policy documents a set of guidelines and procedures for the analysis of transactional risks and management of transactional and portfolio risks.

The Transaction Guidelines include the following components:

- Transaction Strategy
- Return Objectives
- Market Risk Policy
- Investment Timeframe
- Portfolio Concentration Guidelines
- Approval Authorities
- Risk Identification, Analysis and Evaluation
- Due Diligence
- Transaction Monitoring and Review

Risk Management

(A) Transaction Strategy

Mariner Bridge Investments is an investor in structured finance transactions. Its strategy is to make equity and debt investments in structured finance transactions focusing on the target asset classes of property, infrastructure, fixed income and leasing.

(B) Return Objectives

Mariner Bridge Investments seeks investments which on a risk-adjusted basis provide an attractive rate of return.

(C) Market Risk Policy

Mariner Bridge Investments will ensure all material interest rate and currency risks arising within a transaction are hedged and that documentation in accordance with AIFRS for all hedging is in place.

(D) Investment Timeframe

For each investment, the preferred timeframes until the Company receives, in cash, its accrued income and return of its capital are less than three years for accrued income and less than five years for return of capital.

(E) Portfolio Concentration Guidelines

Transaction exposures will be assessed and managed against the following Portfolio Concentration Guidelines. It is anticipated that, in the first 12 to 18 months of the life of Mariner Bridge Investments, there may be deviations from these guidelines as the portfolio grows.

Risk Factor	Maximum % of Investment
Single Asset (eg single property or single aircraft)	7.5%
Single Counterparty	
• Primary Counterparty (eg lessee)	7.5%
• Grouped Transaction	25%
• Secondary Counterparty (eg asset managers (excluding MFL))	30%
Single Asset Class / Industry (eg passenger aircraft)	
• Cash	No limit
• Asset / Industry Class	30%
Country (being the domicile of the asset, the manager or the currency)	
• Australia, the United States of America and countries using the Euro currency	No limit
• Other OECD Countries	25%
• Non OECD Countries	5%

(F) Approval Authorities

Primary approval authority rests with the Board, which approves the majority of investments undertaken. A limited power of delegation is granted to individuals for new transactions and small increases in existing transactions. Other than minor amounts, such approvals are reported to the Board.

Risk Management

(G) Risk Identification, Analysis and Evaluation

Mariner Bridge Investments management will review all transaction proposals presented to the Company.

In analysing each transaction, management will identify all material risks, analyse risks that have been identified and evaluate the acceptability of each risk. Those transactions which are considered attractive will be presented to the Board for consideration.

Transactions presented to the Board will be accompanied by a formal transaction proposal document.

(H) Due Diligence

Management is to undertake extensive due diligence on each transaction prior to financial close.

(I) Transaction Monitoring and Review

A transaction management plan is prepared for each investment.

This plan ensures that all administrative and risk management tasks which are required to be undertaken over the life of the investment are identified, diarised and allocated to a responsible person.

Each transaction is reviewed at least annually by management. The results of each review are presented to the first Board meeting immediately following the review.

Corporate Governance

Mariner Bridge Investments and the Board of Directors are committed to achieving and demonstrating the highest standards of accountability and transparency and see the continued development of a cohesive set of corporate governance policies as fundamental to the successful growth of the Company.

A description of the Company's main corporate governance practices is set out below.

1. ASX CORPORATE GOVERNANCE COUNCIL RECOMMENDATIONS

1.1 Overview of recommendations and relevant sections of report

Mariner Bridge Investments has developed its corporate governance policies and practices having regard to the ASX Corporate Governance Council's Principles and Recommendations. The table below sets out the relevant Principles and Recommendations and indicates whether the Company currently complies with each Recommendation. The Principles and Recommendations operate on an 'if not why not' basis, and accordingly, the Company has explained any aspects of non-compliance in Section 1.2 below.

In addition, the Company is taking steps to comply with the revised Principles and Recommendations which were released on 2 August 2007, and has voluntarily disclosed in this Corporate Governance Statement those aspects of the Company's corporate governance policies and practices that already meet the revised standards.

Principles and Recommendations	Relevant section(s)	Comply?
Principle 1 – Lay solid foundations for management and oversight		
1.1 Formalise and disclose the functions reserved to the Board and those delegated to management.	2.1	✓
Principle 2 – Structure the Board to add value		
2.1 A majority of the Board should be independent Directors.	1, 3.1	X
2.2 The chairperson should be an independent Director.	1, 3.1	X
2.3 The roles of chairperson and chief executive officer should not be exercised by the same individual.	1	✓
2.4 The Board should establish a Nomination Committee.	4.4	✓
2.5 Provide the information indicated in Guide to reporting on Principle 2.	1, 3.1, 3.3, 4.4, 5.2	✓
Principle 3 – Promote ethical and responsible decision-making		
3.1 Establish a code of conduct to guide the Directors, the chief executive officer (or equivalent), the chief financial officer (or equivalent) and any other key executives as to: 3.1.1 the practices necessary to maintain confidence in the Company's integrity; and 3.1.2 the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.	5.3	✓
3.2 Disclose the policy concerning trading in Company securities by Directors, officers and employees.	5.4	✓

Corporate Governance

Principles and Recommendations		Relevant section(s)	Comply?
Principle 4 – Safeguard integrity in financial reporting			
4.1	Require the chief executive officer (or equivalent) and the chief financial officer (or equivalent) to provide written sign-off regarding the integrity of the Company's financial reports.	6.1	✓
4.2	The Board should establish an Audit Committee.	4.2	✓
4.3	Structure the Audit Committee so that it consists of: <ul style="list-style-type: none"> • only non-executive Directors; • a majority of independent Directors; • an independent chairperson, who is not chairperson of the Board; and • at least three members. 	4.2	✓
4.4	The Audit Committee should have a formal charter.	4.2	✓
4.5	Provide the information indicated in Guide to reporting on Principle 4.	4.2, 3.3, 6.2	✓
Principle 5 – Make timely and balanced disclosure			
5.1	Establish written policies and procedures designed to ensure compliance with ASX Listing Rules disclosure requirements and to ensure accountability at a senior management level for that compliance.	5.5	✓
Principle 6 – Respect the rights of shareholders			
6.1	Design and disclose a communications strategy to promote effective communication with shareholders and encourage effective participation at general meetings.	5.5	✓
6.2	Request the external auditor to attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.	6.2	✓
Principle 7 – Recognise and manage risk			
7.1	The Board or appropriate Board Committee should establish policies on risk oversight and management.	See Risk Management Statement	✓
7.2	The chief executive officer (or equivalent) and the chief financial officer (or equivalent) should provide sign-off regarding the Company's risk management and internal compliance and control systems.	6.1	✓
Principle 8 – Encourage enhanced performance			
8.1	Disclose the process for performance evaluation of the Board, its Committees and individual Directors, and key executives.	3.4	✓
8.2	Provide the information indicated in Guide to reporting on Principle 8.	3.4	✓

Corporate Governance

Principles and Recommendations	Relevant section(s)	Comply?
Principle 9 – Remunerate fairly and responsibly		
9.1 Provide disclosure in relation to the Company's remuneration policies to enable investors to understand: (i) the costs and benefits of those policies; and (ii) the link between remuneration paid to Directors and key executives and corporate performance.	4.3	✓
9.2 The Board should establish a Remuneration Committee.	4.3	✓
9.3 Clearly distinguish the structure of non-executive Directors' remuneration from that of executives.	4.3	✓
9.4 Ensure that payment of equity-based executive remuneration is made in accordance with thresholds set in plans approved by shareholders.	4.3	✓
9.5 Provide the information indicated in Guide to reporting on Principle 9.	3.3, 4.3	✓
Principle 10 – Recognise the legitimate interests of stakeholders		
10.1 Establish and disclose a code of conduct to guide compliance with legal and other obligations.	5.3	✓

1.2 Explanation for departures from Recommendations 2.1, 2.2

Recommendation 2.1 of the ASX Corporate Governance Council states: 'A majority of the Board should be independent directors.' From 26 October 2006 to the date of this Annual Report, the Board had five Directors comprising two Non-Executive Directors independent of Mariner Bridge Investments, being Philip Lewis and Michael Perry, one Non-Executive Director being Ian Ingram and two Executive Directors, being Irene Lee, the Company's Executive Chairman, and Mark Phillips, the Company's Managing Director. Independent Directors do not comprise the majority of the Board. The composition of the Mariner Bridge Investments' Board and the independence of its Directors are discussed further below.

Recommendation 2.2 of ASX Corporate Governance Council states: 'The chairperson should be an independent director.' From 26 October 2006 until the date of this Annual Report, Irene Lee is the Executive Chairman of Mariner Bridge Investments. As such, Mariner Bridge Investments does not have an independent Chairman.

The Board believes that its non-compliance with these two recommendations does not impact adversely on its ability to make decisions that are in the best interests of all its shareholders. The Company has structured its Board to ensure it can exercise independent judgement in relation to business dealings through:

- appointing Independent Directors as the Chairs of the Audit, Finance and Risk and Remuneration Committees;
- adopting and implementing processes to manage any conflicts of interest that may arise through the Code of Corporate Conduct and Board Charter; and
- ensuring that the majority of Directors are Non-Executive Directors.

The Board believes that it is in the best interests of the Company to have a five person Board in the Company's first year of business. The Company intends that as its investments portfolio expands and it becomes evident where specific industry sector knowledge will add value to the overall Board's skills, qualifications and

Corporate Governance

experience, additional Independent Non-Executive Directors will be appointed. This will ensure that the Company has a majority of Independent Non-Executive Directors over time.

The Board also believes that it is in the best interests of the Company that Irene Lee be the Executive Chairman given her skills, expertise, reputation and relationships with transaction partners.

2. ROLE OF THE BOARD

2.1 Relationship between Board and management

The Directors are responsible to the shareholders for the performance of the Company and seek to balance sometimes competing objectives in the best interests of the Company as a whole. Their focus is to enhance the interests of shareholders and other key stakeholders and to ensure the Company is managed effectively.

The primary role of the Board is to promote the long term growth and success of Mariner Bridge Investments through:

- approving management's strategic direction and performance objectives;
- monitoring financial performance;
- reviewing and ratifying systems of risk management, internal compliance and control and legal compliance to ensure appropriate compliance frameworks and controls are in place;
- ratifying remuneration policies and practices;
- selecting, appointing and reviewing the performance of the Executive Chairman, Managing Director and senior executives; and
- monitoring and ensuring compliance with best practice corporate governance requirements, the Corporate Code of Conduct and ethical standards and policies.

The Board is responsible for the corporate governance of Mariner Bridge Investments.

The relationship between the Board and senior management is important to the management of the Company's affairs and the implementation of corporate strategy.

Implementation of approved policies and business strategy is formally delegated by the Board to the Managing Director and senior executives.

2.2 Chairman and Managing Director

The Chairman is responsible for leading the Board, ensuring that Board activities are organised and conducted efficiently and for ensuring Directors are briefed appropriately for meetings. The Managing Director is responsible for implementing Mariner Bridge Investments' strategies and policies. The Board Charter specifies that these are separate roles to be undertaken by separate people.

The Managing Director is responsible for the day-to-day functions of the Company. The Managing Director is also responsible for recommending policy and strategy to the Board.

3. COMPOSITION OF THE BOARD

3.1 Guidelines on Composition

The Company's Governance Framework and Board Charter set out the following guidelines in relation to Board composition:

- the Board is to comprise both Executive and Non-Executive Directors with a majority of Non-Executive Directors, who are independent, to ensure that the Board can bring, and be perceived to bring, quality judgements, free of bias, to all issues;
- if the chair is not an Independent Director, the Independent Directors will appoint one of their number as a 'lead director' to monitor and report to them on issues falling within the normal purview of a Non-Executive Chair;
- the Board Committees will be determined by the Board with a view to having a majority of Non-Executive Independent Directors;
- the Board will implement a process for assessing the size, effectiveness and contribution of the Board as a whole, and the Committees of the Board.

The Board has adopted specific principles in relation to Directors' independence. These provide that an Independent Director is a Non-Executive Director who:

- is independent of management;
- is free of any business or other relationship which could materially interfere with, or could reasonably be perceived to, materially interfere with, the Director's ability to act in the best interests of the Company;
- is not a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company;
- within the last three years has not been employed in an executive capacity by the Company or another group entity, or been a Director after ceasing to hold any such employment;
- within the last three years not a principal of a material professional advisor or a material consultant to the Company or another group entity or an employee materially associated with the service provided;
- is not a material supplier or customer of the Company or a controlled entity, or an officer of or otherwise associated directly or indirectly with a material supplier or customer; and
- has no material contractual relationship with the Company or a controlled entity other than as a Director of the Company.

Currently, the Company is not complying with its internal guidelines for Board composition in relation to having a majority of Independent Non-Executive Directors. The Company believes that not having a majority of Independent Non-Executive Directors at the present time does not impact adversely on its ability to make decisions that are in the best interests of all its shareholders. As the Company expands it is intended that additional Independent Non-Executive Directors will be appointed.

Details of the members of the Board, including their relevant skills, qualifications, experience and time in office are set out in the Directors' Report on page 29.

Corporate Governance

As at the date of this report, there are three Non-Executive Directors, two of whom are deemed independent, under the principles set out above, and two Executive Directors. Although a Non-Executive Director, Ian Ingram would be deemed to be non-independent as a result of his appointment as the common director between Mariner Bridge Investments and Mariner Financial Limited, a substantial shareholder of Mariner Bridge Investments.

3.2 Term of Office

The Company's Director Tenure Policy, which apply to all Directors except the Managing Director, specifies that one-third of the Directors must retire at the end of every Annual General Meeting (AGM) and that the maximum term for a Director is 10 years (in the absence of exceptional circumstances).

3.3 Commitment

The Board met 25 times during the year. Full details of Directors' attendance at Board and Committee meetings are set out in the Directors' Report on page 32.

It is the Company's practice to allow its Executive Directors to accept appointments outside the Company only with prior approval of the Board.

The commitments of Non-Executive Directors are considered by the Nominations Committee prior to a Director's appointment to the Board of the Company and are reviewed each year as part of the annual performance assessment.

Prior to appointment or being submitted for re-election, each Non-Executive Director is required to specifically acknowledge that they have and will continue to have the time available to discharge their responsibilities to the Company.

3.4 Performance Review

The Nominations Committee is responsible for annually reviewing the Board's role, the processes of the Board and Board Committees, the Board's performance and each Director's performance.

The first performance review of the Board and Directors will be completed after 31 October 2007, when the Company will have been operating for 12 months under its new business strategy.

A performance review of the executive team was completed for the period to 30 June 2007. The performance review included an assessment of the key areas of transaction sourcing and closing, risk and return management, operational and financial management, stakeholder management and team contribution. The performance review was conducted by the Managing Director, discussed with the relevant executive and reviewed by the Remuneration Committee.

4. BOARD COMMITTEES

4.1 Introduction

Concurrent with the change in business strategy in October 2006, the Board established an Audit, Finance and Risk Committee and Nominations Committee and reconstituted the Remuneration Committee.

Committees of the Board that met during the year are the Audit, Finance and Risk and the Remuneration Committees. The Nomination Committee did not meet during the year. As noted above, details of each Director's attendance at Committee meetings during the year are set out in the Directors' Report on page 32.

Each comprises a majority of Non-Executive Directors. Each Committee structure and membership is reviewed on an annual basis.

Each Committee has its own written charter setting out its role and responsibilities, composition, structure, membership requirements and the manner in which the Committee is to operate.

Minutes of Committee meetings are tabled at the immediately subsequent Board meeting. Additional requirements for specific reporting by the Committees to the Board are addressed in the charter of the individual committees.

4.2 Audit, Finance and Risk Committee (AFRC)

From 1 July 2006 to 26 October 2006, the Company was of a size that the Directors considered it appropriate that the Board perform the function of an Audit Committee. The Board established an AFRC on 9 November 2006 and from that date to 30 June 2007, the AFRC consisted of the following Non-Executive Directors:

Michael Perry – Chair
Ian Ingram
Philip Lewis

The AFRC members have appropriate financial expertise and all members have a working knowledge of the financial services industry in which the Company operates. Further information on the qualifications of each AFRC member are set out in the Directors' Report on pages 30 to 31.

The AFRC operates in accordance with a separate charter. The main responsibilities of the Committee are to:

- review, assess and approve the half-year financial report and the annual report;
- assist the Board in reviewing the effectiveness of the Company's risk management and internal compliance and control systems;
- recommend to the Board the appointment, removal and remuneration of the external auditor, and review the terms of its engagement, and the scope and quality of the audit;
- consider the independence and competence of the external auditors on an ongoing basis;
- monitor the Company's financial management, including management of the Company's funding, hedging, liquidity and insurance coverage; and
- report to the Board on matters relevant to the AFRC's roles and responsibilities.

In fulfilling its responsibilities, the AFRC:

- receives regular reports from management and the external auditor;
- invites the external auditor to participate in the AFRC meetings; and
- meets separately with the external auditor at least twice a year without the presence of management.

The AFRC has authority, within the scope of its responsibilities, to seek any information it requires from any employee or external party. The Committee's charter is reviewed annually and updated as necessary.

Corporate Governance

4.3 Remuneration Committee

As at 30 June 2007, the Remuneration Committee consisted of the following Non-Executive Directors:

Philip Lewis – Chair
Ian Ingram
Michael Perry

The Remuneration Committee advises the Board on remuneration policies and practices generally, and makes specific recommendations on remuneration packages and other terms of employment for Executive Directors, senior executives and Non-Executive Directors.

Each member of the senior executive team signs a formal employment contract at the time of their appointment covering a range of matters including their duties, rights and responsibilities.

The Committee having regard to personal and corporate performance, contribution to long term growth and relevant comparative information reviews executive remuneration and other terms of employment annually. As well as a base salary, remuneration packages include superannuation, retirement and termination entitlements, performance-related bonuses and fringe benefits. Executives are also eligible to participate in the Mariner Bridge Investments Limited Director and Employee Share Plan. Information relating to this plan is set out in the Directors' Report, note 19 to the financial statements.

Further information on Directors' and executives' remuneration is set out in the Remuneration Report included in the Directors' Report.

The Company does not provide additional schemes for retirement benefits (other than superannuation) for Non-Executive Directors.

4.4 Nominations Committee

As at 30 June 2007, the Nominations Committee consisted of all of the Company's Directors:

Irene Lee – Chair
Ian Ingram
Philip Lewis
Michael Perry
Mark Phillips

The main responsibility of the Committee is to review the membership of the Board having regard to present and future needs of the Company and to make recommendations on Board composition and appointments.

The Nominations Committee is responsible for:

- identifying and recommending to the Board, nominees for membership of the Board, including the managing director;
- identifying and assessing the necessary and desirable competencies and characteristics for Board membership and regularly assessing the extent to which those competencies and characteristics are represented on the Board;

- developing and implementing processes to identify and assess necessary and desirable competencies and characteristics for Board members;
- ensuring succession plans are in place to maintain an appropriate balance of skills on the Board and reviewing those plans; and
- recommending the removal of Directors.

The terms of engagement of new Non-Executive Directors are set out in a formal letter of appointment. Induction and ongoing training is provided for Non-Executive Directors.

The Nominations Committee oversees the process for selecting and appointing new Directors. As part of this process, the Nominations Committee considers the current and desired skills, experience and knowledge represented on the Board and undertakes an assessment of the potential director's suitability against a range of criteria including whether the potential director:

- (i) has the necessary skills, experience and knowledge to perform their duties and responsibilities as a director;
- (ii) is able to devote the time necessary to perform their duties and responsibilities;
- (iii) is sufficiently independent in accordance with the ASX Corporate Governance Council's definition of independence materiality thresholds; and
- (iv) is able to work with the other members of the board.

5. KEY GOVERNANCE POLICIES

5.1 Conflicts of Interest

Entities connected with Ian Ingram had business dealings with Mariner Bridge Investments and its subsidiaries during the financial year, as described in note 19 to the financial statements.

5.2 Independent Professional Advice

Directors and Board committees have the right, in connection with their duties and responsibilities, to seek independent professional advice at the Company's expense.

5.3 Code of Conduct

Mariner Bridge Investments has developed a Corporate Code of Conduct (Code), which has been endorsed by the Board and applies to Mariner Bridge Investments and to all Directors and employees.

The Code requires that, at all times, all Mariner Bridge Investments personnel act with the utmost integrity, objectivity and in compliance with the letter and the spirit of both the law and Company policies. The Code expects that each Director and senior executive will report promptly and in good faith any actual or suspected violation of the standards, requirements or expectations set out in the Code and encourage other officers or employees to do the same. The Code requires that all reports of any violation or unethical behaviour must be thoroughly investigated, the rules of natural justice are observed and appropriate disciplinary action is taken if the allegation is substantiated.

Corporate Governance

5.4 Share Trading Policy

The purchase and sale of Mariner Bridge Investments securities by Directors and employees is only permitted during the calendar month following the release of the half-yearly and annual financial results to the market and following the annual general meeting and if the individual has first informed the Chairman or Managing Director or, in the case of the Chairman, the Chair of the AFRC.

The Share Trading Policy also provides guidelines for Directors and employees to purchase or sell:

- listed securities of another entity if he or she does not have information that he or she knows, or ought reasonably to know, is inside information in relation to those securities; or
- Company shares which are the subject of a prevailing product disclosure statement or a prospectus at any time if the Director or employee is not subject to insider trading and has informed the Chairman or Managing Director or, in the case of the Chairman, the Chair of the AFRC.

The Share Trading Policy also sets out the Company's position regarding hedging of vested and unvested Mariner Bridge Investments securities. The Policy relevantly provides that:

- Directors and senior executives are prohibited from entering into hedging transactions in relation to securities that have not yet vested, or that are held subject to a holding lock or restriction on dealing under an employee share plan operated by the Company;
- clearance must be obtained from an approving officer prior to entering into a hedging transaction in relation to vested securities; and
- notification of any hedging transaction must be made in accordance with the Policy.

The Directors are satisfied that no Director or employee has entered into hedging arrangements in relation to unvested Company securities and the Group has complied with its policies on ethical standards, including trading in securities.

5.5 Continuous Disclosure and Shareholder Communication

The Managing Director and the Company Secretary have been appointed as the persons responsible for communications with the Australian Securities Exchange (ASX). This role includes responsibility for ensuring compliance with the continuous disclosure requirements in the ASX Listing Rules and overseeing and coordinating information disclosure to ASX, analysts, brokers, shareholders, the media and the public.

The Company has policies and procedures on information disclosure that focus on continuous disclosure of any information concerning the Company and its controlled entities that a reasonable person would expect to have a material effect on the price of the Company's securities.

The Company considers the Annual General Meeting as the central forum to effectively communicate with shareholders and provide them with access to information and, accordingly, the Company's Communications Policy encourages shareholder participation at the Annual General Meeting and other general meetings and requires the Chairman of a general meeting to allow adequate time to address any queries or questions put by shareholders. The Company seeks to provide a copy of its annual report and all shareholder communication and corporate information through electronic means. Shareholders may elect to receive a hard copy of the annual report and shareholder communication by mail. Company announcements, media briefings, details of Company meetings, press releases and financial reports are available on the Company's website www.marinerbridge.com.au.

6. CORPORATE REPORTING

6.1 Management Certifications

The Managing Director and Chief Financial Officer have made the following certifications to the Board in relation to the year ended 30 June 2007:

- the Company's financial reports are complete and present a true and fair view, in all material respects, of the financial position and performance of Mariner Bridge Investments and the consolidated entity and have been prepared in accordance with all relevant accounting standards; and
- the statement above is founded on a sound system of internal control and risk management which implements the policies adopted by the Board and that the Company's risk management and internal control is operating efficiently and effectively in all material respects.

The Company's risk management policies and procedures are set out in the Risk Management Statement on pages 11 to 13.

6.2 External Auditor

The Company's policy is to appoint an external auditor who clearly demonstrates quality and independence. The performance of the external auditor is reviewed annually. KPMG has been the external auditor since 18 October 2005.

The AFRC will periodically invite the incumbent auditor and other top tier audit firms to submit proposals for the provision of statutory audit, taxation and GST services to the Company. The AFRC will assess proposals on the basis of the firms' understanding of the Company's business and its needs, their capacity for proactive and positive contribution to the efficiency and effectiveness of Mariner Bridge Investments' business operations and the demonstrated knowledge and teamwork of the audit teams.

The Company sought such proposals in July 2007 and following assessment of the proposals reaffirmed KPMG as auditor.

The Company complies with Auditor transition rules. The lead partner of KPMG for the Company's audit will rotate from the audit team after the June 2010 audit.

An analysis of fees paid to the external auditor, including a breakdown of fees for non-audit services, is provided in note 21 to the financial statements. It is the policy of the external auditor to provide to the Audit, Finance and Risk Committee an annual declaration of its independence. The external auditor will also attend the Annual General Meeting and will be available to answer shareholder questions about the conduct of the audit and the preparation and content of the Auditor's Report.

Shipping

In shipping, the Company made four investments in eight bulk and tanker vessels, all of which are chartered for periods of 4 to 6 years to shipping companies with sound financial positions.



Directors' Report

Your Directors present their report on the Group consisting of Mariner Bridge Investments Limited and the entities it controlled as at the end of, or during, the year ended 30 June 2007.

DIRECTORS

The Directors of the Company at the date of this Report are:

Irene Lee
Mark Phillips
Ian Ingram
Philip Lewis
Michael Perry

Ian Ingram was a Director of Mariner Bridge Investments Limited during the whole of the financial year and continues in office up to the date of this Report.

Mark Phillips was appointed as Director on 29 August 2006 and continues in office at the date of this Report.

Irene Lee, Philip Lewis and Michael Perry were appointed as Directors on 26 October 2006 and continue in office at the date of this Report.

Bill Ireland, Geoff Wilson, Julian Gosse and Andrew Brown were Directors from the beginning of the financial year until their resignation on 26 October 2006.

PRINCIPAL ACTIVITIES

During the year, the principal activity of the Group was investment in structured finance transactions. The Group's investments typically take the form of a debt and/or equity investment.

Prior to 26 October 2006, the Company was known as Mariner Wealth Management Limited and followed a strategy of investing in start-up funds management businesses as a listed Pooled Development Fund. 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.

With the exception of the change in strategy adopted in October 2006, there have been no other significant changes in the nature of the activities of Mariner Bridge Investments Limited during the period to 30 June 2007.

DIVIDENDS – MARINER BRIDGE INVESTMENTS LIMITED

Dividends paid to shareholders during the financial year were as follows:

Final ordinary dividend for the year ended 30 June 2006	Nil	Nil
Interim ordinary dividend for the year ended 30 June 2007	Nil	Nil
	Nil	Nil

Since the end of the financial year the Directors have recommended the payment of a final ordinary dividend of 2.3 cents per fully paid share to be paid on 14 September 2007 out of current year profits available to the Company at 30 June 2007.

Directors' Report

The Company's dividend policy is to fully distribute approximately 100% of net profit after tax to shareholders. The Company is subject to the Australian corporate income tax rate of 30% and expects to generate franking credits to pay dividends that are franked (either partially or wholly).

REVIEW OF OPERATIONS AND RESULTS

Mariner Bridge Investments Limited is an investor in structured finance transactions, primarily in four target asset classes, being property, infrastructure, fixed income and leasing. As at 30 June 2007, total investments were \$264 million. The asset classes which comprised Mariner Bridge Investments Limited's portfolio as at 30 June 2007 are summarised in the following table:

Investments at 30 June	2007 \$millions
Property	36.4
Infrastructure	23.2
Fixed Income – Other	54.5
Fixed Income – US Securitisation	35.4
Leasing	114.4
	263.9

Mariner Bridge Investments Limited's portfolio of investments grew strongly during the year ended 30 June 2007, across each of its target asset classes. Notable investments made during the year included:

- In property, the Company invested in transactions involving in excess of nine separate residential, commercial or rural properties in Australia and the US.
- In infrastructure, the Company invested in a wind energy project in Europe and a water project in the US.
- In leasing, the Company acquired part interests in eight ships, four commercial aircraft and a portfolio of 20 leased aircraft. The Company also provided a secured corporate loan to an ASX listed entity to acquire a portfolio of second-hand aircraft and aircraft parts and completed its first investment in a portfolio of small ticket equipment leasing transactions.
- In fixed income, the Company provided four senior secured loans to businesses in different industries, as well as one well secured subordinated loan.
- During the year, the Company invested in seven different US Securitisation programs. These investments have performed poorly and have been written down to a level which is 26% below the original face value. At 30 June 2007, the Company's investments in the US Securitisation market represented 13% of the Company's total portfolio. This percentage will reduce as the total investment portfolio grows over time. Refer Matters Subsequent to the End of the Financial Year.

It is a feature of Mariner Bridge Investments' operations that it maintains an investment portfolio that has a range of maturities typically from six months to five years which contributes to the ongoing availability of cash flow. In the year ending 30 June 2007, investments totalling \$47 million were repaid.

Mariner Bridge Investments Limited's net profit for the year ended 30 June 2007 was \$4.1 million. Basic and diluted earnings were 5.49 cents per share and 5.32 cents per share, respectively.

Directors' Report

A summary of the consolidated revenues and results of the Company for the year ended 30 June 2007 is set out below:

(\$millions)	2007	2006
Investment and Interest Income ¹	15.8	0.6
Fees	1.8	–
Net Gain on embedded upsides	4.7	–
Impairment provision	(10.4)	–
Total Income	11.9	0.6
Operating Expenses	(4.7)	(0.8)
Earnings before Interest and Tax (EBIT)	7.2	(0.2)
Borrowing Costs	(1.8)	–
Profit before Tax	5.4	(0.2)
Income Tax Expense	(1.3)	–
Net Profit After Tax (NPAT)	4.1	(0.2)
Average Investment Balances	158.0	–
Effective Pre-Tax Return on Average Investments (per-annum, pre-impairment provision)	21.3%	–
Average Borrowings	20.7	–
Average Cost of Borrowing	7.43%	–

¹ Includes equity accounted profits.

Average investments in the year to 30 June 2007 were \$158 million. The effective pre-tax return on investments, on average across the portfolio excluding provision, was 21.3% per annum.

The strong interest and fee income, coupled with the inclusion of embedded upsides in a number of the Group's investments, have been partially offset by a provision of \$10.4 million for potential loss of future earnings related to each of the seven US Securitisation investments.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

During the financial year ended 30 June 2007 shareholders approved the adoption of a new business strategy which commenced on 26 October 2006.

The Company has also announced its intention to seek shareholder approval to change the Company's name to Mariner Bridge Investments Limited. The Directors believe that the 'Mariner Bridge Investments Limited' name reflects a natural evolution of the Company's branding as it expands its business. The Directors also believe that a change in corporate name will reduce any confusion that may exist between the Company and its 14.2% shareholder, Mariner Financial Limited. The change in name will not change the activities of the Company.

Directors' Report

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Mariner Bridge Investments Limited will continue to manage its investment in Fixed Income – US Securitisation investments. Concurrent with the release of the result, the Company announced that in response to anticipated flow-on impacts from recent actions by rating agencies the Company will further write-down the US Securitisation investments by approximately \$5 million. The Company expects the additional provision will be offset by higher income from other investments, including the realisation of profits from the sale of investments.

No other matter or circumstance has arisen since 30 June 2007 that has significantly affected, or may significantly affect the:

- (a) consolidated entity's operations in future financial years;
- (b) results of those operations in future financial years; or
- (c) consolidated entity's state of affairs in future financial years.

ENVIRONMENTAL REGULATION

The operations of the consolidated entity are not subject to any particular or significant environmental regulation under Commonwealth, State or Territory Law.

INFORMATION ON DIRECTORS

IRENE LEE

BA, Smith College, Massachusetts, US; Barrister-at-Law, Honourable Society of Gray's Inn, London

Experience and Expertise

Irene Lee has an extensive background in the finance industry. Over the past 20 years she has held senior positions in investment banking and funds management in the UK, the US and Australia. Previously, Irene was an executive director of Citicorp Investment Bank, Head of Corporate Finance at Commonwealth Bank of Australia and CEO of Sealcorp Holdings Limited.

Other Current Directorships

QBE Insurance Group Limited
Ten Network Holdings Limited
ING Bank (Australia) Limited

Former Directorships in last three years

Mariner Financial Limited
Record Investments Limited
Record Funds Management Limited
Beyond International Limited
BioTech Capital Limited

Special Responsibilities

Executive Chairman of Mariner Bridge Investments Limited since 26 October 2006.



Directors' Report

Interests in Shares and Options

1,642,467 Direct
1,000,000 Indirect

MARK PHILLIPS

BComm (Honours), MComm, University of New South Wales

Experience and Expertise

Mark Phillips has 25 years' experience in financial markets with expertise in building and managing portfolios of loans, investments and tradeable instruments and developing new businesses.

Other Current Directorships

Nil

Former Directorships in Last Three Years

Mariner Financial Limited
Record Investments Limited
Record Funds Management Limited

Special Responsibilities

Managing Director of Mariner Bridge Investments Limited since 29 August 2006.

Interests in Shares and Options

3,000,000 Direct
390,000 Indirect

IAN INGRAM

BA, University of New South Wales; BSc (Econ) (Honours), University of London; Barrister-at-Law, Honourable Society of Lincoln's Inn, London

Experience and Expertise

Ian Ingram is an investment banker with over 25 years' experience in international financial markets.

Other Current Directorships

Beyond International Limited
Mariner Financial Limited

Former Directorships in Last Three Years

Mariner Retirement Solutions

Special Responsibilities

Member of Nominations Committee
Member of Audit, Finance & Risk Committee
Member Remuneration Committee

Directors' Report

Interests in Shares and Options

200,000 Direct

PHILIP LEWIS

BEd, LLB, Sydney University

Experience and Expertise

Philip Lewis has over 25 years' experience in law and investment banking. Philip practised law for seven years before undertaking a 17 year career in investment banking at Credit Suisse Group and its predecessor organisations.

Other Current Directorships

Reedy Lagoon Corporation Ltd

Former Directorships in Last Three Years

Nil

Special Responsibilities

Chairman Remuneration Committee
Member Nominations Committee
Member Audit, Finance & Risk Committee

Interests in Shares and Options

328,572 Direct
185,715 Indirect

MICHAEL PERRY

BComm, University of New South Wales

Experience and Expertise

Michael Perry has 30 years' experience in merchant banking, primarily project financing infrastructure projects in Australia, South-East Asia and the United Kingdom.

Other Current Directorships

Nil

Former Directorships in Last Three Years

Record Investments Limited
Development Australia Fund

Special Responsibilities

Chairman Audit, Finance & Risk Committee
Member Nominations Committee
Member Remuneration Committee

Directors' Report

Interests in Shares and Options

200,000 Direct
285,715 Indirect

COMPANY SECRETARY

The Company Secretary is Karen McGregor, who was appointed to the position on 10 November 2006. Karen also holds the position of Chief Financial Officer. Before joining Mariner Bridge Investments Limited in 2006, Karen worked with Commonwealth Bank of Australia for 10 years and has worked with Leighton Holdings Limited and HongkongBank of Australia Limited.

MEETINGS OF DIRECTORS

In addition to scheduled meetings of the Board, the Company has an Audit, Finance & Risk Committee, Remuneration Committee and Nominations Committee. The numbers of meetings of the Board of Directors and of each Committee held during the year ended 30 June 2007, and the numbers of meetings attended by each Director, were:

Board	Number of Meetings Attended	Number of Meetings Held during the Time the Directors Held Office during the Financial Year
Irene Lee – Chairman**	23	23
Mark Phillips	24	24
Ian Ingram	21	25
Philip Lewis	23	23
Michael Perry	21	23
Bill Ireland*	2	2
Andrew Brown	1	2
Julian Gosse	1	2
Geoff Wilson	1	2

** Appointed as Chairman 26 October 2006.

* Resigned as Chairman 26 October 2006.

Audit, Finance & Risk Committee	Number of Meetings Attended	Number of Meetings Held during the Time the Directors Held Office during the Financial Year
Michael Perry – Chair*	5	5
Ian Ingram	5	5
Philip Lewis	5	5

* Appointed as Chairman 27 October 2006.

Directors' Report

Remuneration Committee	Number of Meetings Attended	Number of Meetings Held during the Time the Directors Held Office during the Financial Year
Philip Lewis – Chairman*	1	1
Ian Ingram	1	1
Michael Perry	1	1

* Appointed as Chairman 27 October 2007.

NOMINATIONS COMMITTEE

The Nominations Committee did not meet during the year.

REMUNERATION REPORT

Details of Mariner Bridge Investments Limited's remuneration policies and the remuneration of Directors and executives of the Company are contained in the Remuneration Report.

The Remuneration Report is included as part of the Directors' Report.

NON-AUDIT SERVICES

The Company may decide to employ its auditor (KPMG) on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or the consolidated entity are important.

Details of the amounts paid or payable to the auditor for audit and non-audit services provided during the year are set out below.

The Board of Directors has considered the position and, in accordance with the advice received from the Audit, Finance and Risk Committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001*.

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 40.

Directors' Report

During the year to 30 June 2007 the following fees were paid to the auditor of the parent entity, its related practices and non-related audit firms:

	Consolidated	
	2007 \$	2006 \$
<i>Audit Services</i>		
KPMG		
– audit and review of financial reports	106,000	18,553
– tax services	42,918	6,300
– other non-audit services	68,182	–
	217,100	24,853

The Company engaged KPMG to provide due diligence services in relation to the Company's equity raising in May 2007. These fees are included in the table above.

This report is made in accordance with a resolution of directors.



Irene Lee

Executive Chairman

Sydney, 8 August 2007

Remuneration Report

PRINCIPLES USED TO DETERMINE THE NATURE AND AMOUNT OF REMUNERATION – AUDITED

The policies described below have been applied for the financial year ending 30 June 2007.

The Group's remuneration policies are designed to align the remuneration of the key management team with the interests of the shareholders by including performance-related bonuses and participation in the Director and Employee Share Plan.

The Remuneration Committee, consisting of Non-Executive Directors, advises the Board on remuneration policies and practices generally, and makes specific recommendations on remuneration packages and other terms of employment for all key management personnel.

Remuneration and other terms of employment for the key management team are reviewed annually by the Remuneration Committee, having regard to the performance goals set at the start of the year, results of the annual appraisal process and relevant comparative information on market compensation levels. As well as a base salary, remuneration packages include superannuation, termination entitlements, performance-related bonuses and fringe benefits. Directors and management are eligible to participate in the Mariner Bridge Investments Limited Director and Employee Share Plan (the 'Share Scheme').

Remuneration packages are set at levels that are intended to attract and retain a management team capable of managing the Group's operations and achieving the Company's strategic objectives. The Board undertakes an annual review of its performance and that of the Board committees.

Remuneration and other terms of employment for the key management team are formalised in service agreements.

(A) Fixed Remuneration

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

(B) Performance Linked Remuneration

Performance linked remuneration is designed to reward key management personnel for meeting or exceeding their financial and personal objectives. At the end of each financial year the Remuneration Committee will review and approve, on the recommendation of the Managing Director, the total remuneration of the key management team. The Remuneration Committee will recommend to the Board for approval each Executive Director's total remuneration.

(C) Non-Executive Directors

Fees and payments to Non-Executive Directors reflect the demands which are made on, and the responsibilities of the Directors. Non-Executive Directors' fees and payments are reviewed annually by the Board. Remuneration of Non-Executive Directors is determined by the Board within the maximum amount approved by shareholders from time to time. At a General Meeting held on 26 October 2006, a shareholder resolution was passed approving an increase in total fees payable to Directors (other than the Managing Director) from \$200,000 to \$350,000 per annum.

Payments to Directors include compulsory superannuation entitlements. In addition to fees, Directors may participate in the Share Scheme.

Performance-related bonuses are not payable to Non-Executive Directors.

(D) Executive Remuneration from 1 July 2006

The Company's approach to remuneration is designed to align staff and shareholder interests as well as to optimise short and long term shareholder returns.

The remuneration policy has three components:

- Base or fixed remuneration;
- Short term, annual incentive or performance aligned pay (STI); and
- Long term equity-based incentives (LTI).

The Company's remuneration framework is aimed at containing total remuneration cost (of the above three components) whilst appropriately rewarding executives for superior levels of financial performance against the Company's overall objectives and goals.

Base Remuneration

Base or fixed remuneration takes into consideration the individual's role and market conditions.

STI

Key management participate in a general bonus scheme and their STI is calculated as a percentage of their base remuneration. The actual amount of STI paid to these executives for the year to 30 June 2007 reflect outcomes against the Company's overall objectives and goals for period from 26 October 2006 to 30 June 2007.

LTI

The Company uses LTI, in the form of the issue of shares under the Share Scheme, as a mechanism to further align the long term interests of executives with shareholders and to facilitate the retention of key executives. On 26 October 2006, the Company's shareholders approved the allocation of up to 5,600,000 shares to Directors and Employees under the Share Scheme. On 17 June 2007, the Board approved the allocation of an additional 300,000 shares under the Share Scheme. The Company's Board will determine the maximum amount of equity under the program to be issued at the start of each financial year and the majority of this will be allocated to individual executives broadly in line with their past contribution and potential. LTI allocations can also be made to Directors, subject to shareholder approval first being obtained.

The LTI equity will vest progressively over a three year period.

(E) Details of Remuneration

Details of the remuneration of each Director of the Company and the named key management executives are set out in the following tables. The cash bonus is dependent on the satisfaction of performance conditions as set out in section (B) Performance linked Remuneration above. All other elements of remuneration are not directly related to performance.

Remuneration Report

Aggregate Key Management Personnel Compensation by Category

	Short Term		Post-employment	Share-based Payments	Termination Benefits	Vehicle	Total
	Cash Salary and Fees	Cash Bonus	Super-annuation	Value of Shares Granted			
	\$	\$	\$	\$	\$	\$	\$
2007	973,515	328,000	79,495	476,102	–	–	1,857,112
2006	298,695	–	20,132	–	–	–	318,827

Non-Executive Directors of Mariner Bridge Investments Limited

Name	Short Term		Post-employment	Share-based Payments	Termination Benefits	Other Long Term	Total
	Cash Salary and Fees	Cash Bonus	Non-monetary Benefits	Value of Shares Granted			
	\$	\$	\$	\$	\$	\$	\$
2007							
Ian Ingram	45,894	–	–	–	16,445	–	62,339
Philip Lewis	40,000	–	–	3,600	38,880	–	82,480
Michael Perry	40,000	–	–	3,600	38,880	–	82,480
Geoff Wilson*	8,333	–	–	187	–	–	8,520
Julian Gosse*	8,173	–	–	–	–	–	8,173
Andrew Brown*	8,333	–	–	–	–	–	8,333
2006							
Geoff Wilson	22,936	–	–	2,064	–	–	25,000
Matthew Kidman**	6,938	–	–	624	–	–	7,562
Julian Gosse	25,000	–	–	–	–	–	25,000
Andrew Brown	25,000	–	–	–	–	–	25,000
Ian Ingram	22,936	–	–	2,064	–	–	25,000

* Resigned 26 October 2006.

** Resigned on 15 November 2005.

Remuneration Report

Executive Directors and Key Management of Mariner Bridge Investments Limited

Name	Cash Salary and Fees \$	Short Term Cash Bonus \$	Non-monetary Benefits \$	Post-employment Super-annuation \$	Share-based Payments Value of Shares Granted \$	Termination Benefits \$	Other Long Term \$	Total \$
2007								
Irene Lee	79,999	–	–	7,200	82,223	–	–	169,422
Mark Phillips	358,042	–	–	35,708	185,260	–	–	579,010
Bill Ireland**	8,333	–	–	–	–	–	–	8,333
Karen McGregor	197,333	152,000	–	16,514	30,745	–	–	396,592
Ian Pike	179,075	176,000	–	12,686	83,669	–	–	451,430
2006								
Bill Ireland	25,000	–	–	–	–	–	–	25,000
Martin Baker*	170,885	–	–	15,380	–	–	–	186,265

* Resigned 3 March 2006.

** Resigned 26 October 2006.

SERVICE AGREEMENTS

Remuneration and other terms of employment for all key management personnel are formalised in service agreements. Each of these agreements provide for the provision of performance-related cash bonuses and participation, when eligible, in the Share Scheme. Other major provisions of the agreements relating to remuneration are set out below.

Mark Phillips

Managing Director

- Term of agreement – commencing 1 November 2006, with an option to terminate with three months' notice after a term of three years.
- Base annualised salary, inclusive of superannuation, for period to 30 June 2007 of \$393,750 to be reviewed annually by the Remuneration Committee.
- Annual bonus to be established at the discretion of the Remuneration Committee, based on the performance appraisal process described above.
- Payment of termination benefit is at the discretion of the Remuneration Committee.

Remuneration Report

Karen McGregor

Chief Financial Officer and Company Secretary

- Term of agreement – commencing 16 October 2006, with no fixed term.
- Base annualised salary, inclusive of superannuation, for period to 30 June 2007 of \$213,847 to be reviewed annually by the Remuneration Committee.
- Annual bonus to be established at the discretion of the Remuneration Committee, based on the performance appraisal process described above.
- Payment of termination benefit is at the discretion of the Remuneration Committee.

Ian Pike

Chief Investment Officer

- Term of agreement – commencing 11 December 2006, with no fixed term.
- Base salary, inclusive of superannuation, for the year ended 30 June 2007 of \$191,761 to be reviewed annually by the Remuneration Committee.
- Annual bonus to be established at the discretion of the Remuneration Committee based on the performance appraisal process described above.
- Payment of termination benefit is at the discretion of the Remuneration Committee.

No key management personnel resigned during the period.

INDEMNITIES AND INSURANCE

In addition to the amounts disclosed for remuneration of Directors and key management, Mariner Bridge Investments Limited pays a premium each year in respect of a contract insuring directors, secretaries, senior managers and employees of the entity. In accordance with normal commercial practice, disclosure of the premium payable under, and the nature of the liabilities covered by, the insurance contract is prohibited by a confidentiality clause in the contract.

Auditor's independence declaration



10 Shelley Street
Sydney NSW 2000
PO Box H67
Australia Square 1213
Australia

ABN: 51 194 660 183
Telephone: +61 2 9335 7000
Facsimile: +61 2 9335 7001
DX: 1056 Sydney
www.kpmg.com.au

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 audit for the financial year ended 30 June 2007 there have been:

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


KPMG
KPMG
Andrew Dickinson
Partner
Sydney
8 August 2007

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Liability limited by a scheme approved under Professional Standards Legislation.

Independent Audit report



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

Report on the financial report and AASB 124 remuneration disclosures contained in Directors' report

We have audited the accompanying financial report of Mariner Bridge Investments Limited (the Company), which comprises the balance sheets as at 30 June 2007, and the income statements, statements of changes in equity and cash flow statements for the year ended on that date, significant accounting policies and other explanatory notes set out on pages 48 to 75 and the directors' declaration set out on page 76 of the Group comprising the Company and the entities its controlled at the year's end or from time to time during the financial year.

As permitted by the Corporations Regulations 2001, the Company has disclosed information about the remuneration of directors and executives ("remuneration disclosures"), required by the Australian Accounting Standard AASB 124 *Related Party Disclosures*, under the heading "Remuneration Report" set out on pages 35 to 39 of the Director's report and not in the financial report. We have audited these remuneration disclosures.

Directors' responsibility for the financial report

The directors of the Company 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 2(a), the directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial report of the Group, comprising the financial statements and notes, complies with International Financial Reporting Standards.

The directors of the Company are also responsible for the remuneration disclosures contained in the Directors' report

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. Our responsibility is also to express an opinion on the remuneration disclosures contained in the Director's report based on our audit.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report and the remuneration disclosures contained in the Director's report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report and the remuneration disclosures contained in the Director's 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 and the remuneration disclosures contained in the Director's 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 and the remuneration disclosures contained in the Director's report.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Corporations Act 2001 and Australian Accounting Standards (including the Australia Accounting Interpretations), a view which is consistent with our understanding of the Company's and the Group's financial position, and of its performance and whether the remuneration disclosures are in accordance with the Australian Accounting Standard AASB 124.

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

Auditor's opinion

In our opinion:

(a) the financial report of Mariner Bridge Investments Limited is in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the Company's and the Group's financial position as at 30 June 2007 and of its performance for the financial year ended on that date; and

(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.

(b) the financial report of the Group also complies with International Financial Reporting Standards as disclosed in note 2(a).

Auditor's opinion on AASB 124 remuneration disclosures continued in the director's report

In our opinion, the remuneration disclosures that are contained in sections A to E of the Remuneration report in the Directors' Report comply with the Australian Accounting Standard AASB 124 *Related Party Disclosure*.


KPMG
KPMG
Andrew Dickinson
Partner

Sydney
8 August 2007

Financial Statements

Income Statements

Mariner Bridge Investments Limited and controlled entities (formerly Mariner Wealth Management Limited)

For the year ended 30 June 2007

	Notes	Consolidated		The Company	
		2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Revenue and income					
Fees		1,836	–	1,657	–
Interest income	5	14,681	520	13,785	520
Dividend income		14	29	1,706	29
Gain on sale of trading assets		–	15	–	15
Unrealised gain on embedded derivatives designated at fair value through profit or loss		4,659	–	4,533	–
Impairment expenses	9, 11	(10,420)	–	(10,420)	–
Net gain from foreign currency translations		983	–	22	–
Share of profit in equity accounted investees	13	126	–	–	–
Net gain/(loss) on sale of available for sale investments		(54)	33	(54)	33
Other income		104	–	–	–
		11,929	597	11,229	597
Expenses					
Administration expenses		(549)	–	(526)	–
Borrowing costs		(1,807)	–	(1,808)	–
Employment costs		(3,338)	(345)	(3,338)	(345)
Legal and professional fees		(386)	(305)	(387)	(305)
Other expenses		(402)	(103)	(402)	(103)
		(6,482)	(753)	(6,461)	(753)
Profit/(loss) before income tax					
		5,447	(156)	4,768	(156)
Income tax expense	6(a)	(1,353)	(1)	(790)	(1)
Net profit/(loss) for the year					
		4,094	(157)	3,978	(157)
Basic earnings/(loss) cents per share					
	18	5.49	(0.43)		
Diluted earnings/(loss) cents per share					
	18	5.32	(0.43)		

The income statements are to be read in conjunction with the notes to the financial statements.

Balance Sheets

Mariner Bridge Investments Limited and controlled entities (formerly Mariner Wealth Management Limited)

As at 30 June 2007

	Notes	Consolidated		The Company	
		2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Current assets					
Cash and cash equivalents	7(a)	8,436	7,168	8,436	7,168
Trade and other receivables	8	1,581	90	1,581	90
Trading assets		–	56	–	56
Available-for-sale investments		–	666	–	666
Loans and receivables (net)	9	20,712	–	17,000	–
Other assets		485	2	485	2
Current tax assets	6(a)	–	2	–	2
Total current assets		31,214	7,984	27,502	7,984
Non-current assets					
Held to maturity investment	10	865	865	865	865
Available-for-sale investments (net)	11	13,219	–	13,219	–
Loans and receivables (net)	9	174,153	–	177,818	–
Derivative assets	12	8,333	–	7,760	–
Deferred tax assets	6(d)	6,286	–	6,311	–
Property, plant and equipment		18	–	18	–
Investment in associate	13	46,584	200	46,457	200
Other assets		–	–	1	–
Total non-current assets		249,458	1,065	252,449	1,065
Total assets		280,672	9,049	279,951	9,049
Current liabilities					
Payables	14	1,796	147	1,729	147
Current tax liabilities	6(a)	5,375	–	4,836	–
Provisions		75	–	75	–
Total current liabilities		7,246	147	6,640	147
Non-current liabilities					
Loans and borrowings	15	10,500	–	10,500	–
Total non-current liabilities		10,500	–	10,500	–
Total liabilities		17,746	147	17,140	147
Net assets		262,926	8,902	262,811	8,902
Equity					
Share capital	16	258,697	9,110	258,697	9,110
Retained earnings/(loss)		3,871	(686)	3,756	(686)
Reserves	17	358	478	358	478
Total equity		262,926	8,902	262,811	8,902

The balance sheets are to be read in conjunction with the notes to the financial statements.

Statements of Changes in Equity

Mariner Bridge Investments Limited and controlled entities
(formerly Mariner Wealth Management Limited)

For the year ended 30 June 2007

	Notes	Share capital \$'000	Available- for-sale investments reserve \$'000	Share- based payment reserve \$'000	Hedging reserve \$'000	Capital profits reserve \$'000	Retained earnings/ (losses) \$'000	Total \$'000
2007								
<i>The Company and its Consolidated Entities</i>								
Balance at 1 July 2006		9,110	16	–	–	462	(686)	8,903
Total profit for the year		–	–	–	–	–	4,094	4,094
Movement from reserves		–	(16)	–	–	(462)	462	(16)
Shares issued	16	255,005	–	–	–	–	–	255,005
Offer related costs	16	(5,418)	–	–	–	–	–	(5,418)
Share-based payments	17	–	–	226	–	–	–	226
Cash flow hedges, net of tax	17	–	–	–	132	–	–	132
Balance at 30 June 2007		258,697	–	226	132	–	3,871	262,926
<i>The Company</i>								
Balance at 1 July 2006		9,110	16	–	–	462	(686)	8,904
Total profit for the year		–	–	–	–	–	3,978	3,978
Movement from reserves		–	(16)	–	–	(462)	462	(16)
Shares issued	16	255,005	–	–	–	–	–	255,005
Offer related costs	16	(5,418)	–	–	–	–	–	(5,418)
Share-based payments	17	–	–	226	–	–	–	226
Cash flow hedges, net of tax	17	–	–	–	132	–	–	132
Balance at 30 June 2007		258,697	–	226	132	–	3,756	262,811
2006								
<i>The Company and its consolidated entities</i>								
Balance at 1 July 2005		8,908	–	–	–	462	(529)	8,841
Total losses for the year		–	–	–	–	–	(157)	(157)
Movement from reserves		–	16	–	–	–	–	16
Shares issued	16	202	–	–	–	–	–	202
Balance at 30 June 2006		9,110	16	–	–	463	(686)	8,902
<i>The Company</i>								
Balance at 1 July 2005		8,908	–	–	–	462	(529)	8,841
Total losses for the year		–	–	–	–	–	(157)	(157)
Movement from reserves		–	16	–	–	–	–	16
Shares issued	16	202	–	–	–	–	–	202
Balance at 30 June 2006		9,110	16	–	–	463	(686)	8,902

The statements of changes in equity are to be read in conjunction with the notes to the financial statements.

Consolidated Statements of Cash Flows

Mariner Bridge Investments Limited and controlled entities
(formerly Mariner Wealth Management Limited)

For the year ended 30 June 2007

	Notes	Consolidated		The Company	
		2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Cash flows from operating activities					
Fees received		2,112	–	1,949	–
Interest received		18,249	491	15,639	491
Payments to suppliers and employees		(3,787)	(704)	(3,764)	(704)
Establishment fee on loan facility		(558)	–	(558)	–
Interest payment on loan facility		(1,497)	–	(1,497)	–
Net income tax refund received (tax paid)		2	(3)	2	(3)
Net cash from operating activities	7(b)	14,521	(216)	11,771	(216)
Cash flows from investing activities					
Dividends received		14	29	14	29
Trust distribution received		–	–	1,692	–
Purchase of property, plant and equipment		(21)	–	(21)	–
Payment for investments in US Securitisations		(48,294)	–	(48,294)	–
Payment for other investments		–	(865)	–	(865)
Loans and receivables advanced net of FX hedging gains and sale or repayment of investments		(176,575)	–	(142,792)	–
Loans advanced to related parties		–	–	(32,723)	–
Proceeds from sale of trading assets		–	57	–	57
Proceeds from sale of available-for-sale investments		388	319	386	319
Payment for investments in associates		(46,967)	(200)	(46,967)	(200)
Net cash from investing activities		(271,455)	(660)	(268,705)	(660)
Cash flows from financing activities					
Proceeds from exercise of options		–	202	–	202
Proceeds from the issue of ordinary share capital		255,232	–	255,232	–
Proceeds from borrowings		10,500	–	10,500	–
Payments for issue costs		(7,530)	–	(7,530)	–
Net cash from financing activities		258,202	202	258,202	202
Net increase/(decrease) in cash and cash equivalents		1,268	(674)	1,268	(674)
Cash and cash equivalents at the beginning of the year		7,168	7,842	7,168	7,842
Cash and cash equivalents at the end of the year	7(a)	8,436	7,168	8,436	7,168

The consolidated statements of cash flows are to be read in conjunction with the notes to the financial statements.

Notes to the Financial Statements

1. REPORTING ENTITY

Mariner Bridge Investments Limited (the Company) is a company domiciled in Australia. The consolidated financial report of the Company as at and for the year ended 30 June 2007 comprises the Company and its subsidiaries (together referred to as the 'Group') and the Group's interests in associates and jointly controlled entities.

The consolidated Annual Financial Report of the Group as at and for the year ended 30 June 2007 is available upon request from the Company's registered office at Level 40, Chifley Tower, 2 Chifley Square, Sydney NSW 2000 or at www.marinerbridge.com.au.

2. BASIS OF PREPARATION

(a) Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (AASB) (including Australian Accounting Interpretations) adopted by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*. The Consolidated Financial Report of the Group also complies with the IFRS and interpretations adopted by the International Accounting Standards Board.

The financial statements were approved by the Board of Directors on 8 August 2007.

(b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following which are measured at fair value:

- derivative financial instruments through profit and loss;
- loans and receivables through profit and loss; and
- available-for-sale financial assets.

The methods used to measure fair values are discussed further in note 4.

(c) Functional and presentation currency

These consolidated financial statements are presented in Australian dollars, which is the Company's functional currency and the functional currency of the majority of the Group.

The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and, in accordance with that Class Order, all financial information presented in Australian dollars has been rounded to the nearest thousand unless otherwise stated.

(d) Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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 and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

- note 9 – Loans and receivables
- note 11 – Available-for-sale investments
- note 23 – Financial assets and liabilities

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently by the Group entities. Certain comparative amounts have been reclassified to conform to the current year's presentation detailed in note 24.

Notes to the Financial Statements

(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.

(ii) Associates and joint ventures (equity accounted investees)

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Joint ventures are those entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions. Associates and joint ventures, including partnerships but excluding investments in venture capital organisation, are accounted for using the equity method (equity accounted investees).

The consolidated financial statements include the Group's share of the income and expenses of equity accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases. When the Group's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest (including any long term investments) is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

In the Company's financial statements, investments in joint venture entities are carried at cost.

(iii) Transactions eliminated on consolidation

Intra-group balances, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee.

Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment. Gains and losses are recognised when the contributed assets are consumed or sold by the equity accounted investees or, if not consumed or sold by the equity accounted investee, when the Group's interest in such entities is disposed of.

(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. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the period. 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. Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments or a financial liability designated as a hedge of the net investment in a foreign operation.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Foreign currency (continued)

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Australian dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Australian dollars at exchange rates at the dates of the transactions.

Foreign currency differences are recognised directly in equity as foreign currency translation reserve.

(c) Financial instruments

(i) Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, loans and receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs, except as described below. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

A financial instrument is recognised if the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Regular way purchases and sales of financial assets are accounted for at trade date, that is the date that the Group commits itself to purchase or sell the asset. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on

demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Accounting for finance income and expense is discussed in note 3(g).

Held-to-maturity investments

If the Group has the positive intent and ability to hold debt securities to maturity, then they are classified as held-to-maturity. Held-to-maturity investments are measured at amortised cost using the effective interest method, less any impairment losses.

Available-for-sale financial assets

Available-for-sale financial assets, subsequent to initial recognition are measured at fair value and changes therein, other than impairment losses and foreign exchange gains and losses on available-for-sale monetary items, are recognised as a separate component of equity. When an investment is derecognised, the cumulative gain or loss in equity is transferred to profit or loss.

Financial assets at fair value through profit or loss

Investments in venture capital organisation, upon initial recognition, are designated as at fair value through profit or loss with changes in fair value recognised in profit or loss in the period of change.

Loans and receivables

Loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses. The collectability of debts is assessed at reporting date and where required specific provision is made for any doubtful debts.

Other financial liabilities

Other financial liabilities comprise loans, borrowings and other payables being measured at amortised cost using the effective interest method.

Notes to the Financial Statements

(ii) Derivative financial instruments

The Group holds derivative financial instruments to hedge its foreign currency exposures. 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.

Cash flow hedges

Changes in the fair value of the derivative hedging instrument designated as a cash flow hedge are recognised directly in equity to the extent that the hedge is effective. To the extent that the hedge is ineffective, changes in fair value are recognised in profit or loss.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognised in equity remains there until the forecast transaction occurs. When the hedged item is a non-financial asset, the amount recognised in equity is transferred to the carrying amount of the asset when it is recognised. In other cases the amount recognised in equity is transferred to profit or loss in the same period that the hedged item affects profit or loss.

Fair value hedge

Changes in fair value of derivative hedging instrument are recognised in profit or loss and the gain or loss on the hedged item attributable to the hedged risk shall adjust the carrying amount of the hedged item and be recognised in profit or loss.

Separable embedded derivatives

Changes in the fair value of separable embedded derivatives are recognised immediately in profit or loss.

(iii) Share capital

Ordinary shares

Incremental costs directly attributable to issue of ordinary shares and share options are recognised as a deduction from equity, net of any related income tax benefit.

Dividends

Dividends are recognised as a liability in the period in which they are declared.

(d) Impairment of financial assets

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its current fair value.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in profit or loss. Any cumulative loss in respect of an available-for-sale financial asset recognised previously in equity is transferred to profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost and available-for-sale financial assets that are debt securities, the reversal is recognised in profit or loss. For available-for-sale financial assets that are equity securities, the reversal is recognised directly in equity.

Notes to the Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Employee benefits

(i) Defined contribution superannuation funds

Obligations for contributions to defined contribution superannuation funds are recognised as an expense in profit or loss when they are due.

(ii) Short term benefits

Liabilities for employee benefits for wages, salaries, annual leave and sick leave represent present obligations resulting from employees' services provided to reporting date and are calculated at undiscounted amounts based on remuneration wage and salary rates that the Group expects to pay as at reporting date including related on-costs, such as workers compensation insurance and payroll tax. Non-accumulating non-monetary benefits, such as medical care, housing, cars and free or subsidised goods and services, are expensed based on the net marginal cost to the Group as the benefits are taken by the employees.

A provision is recognised for the amount expected to be paid under short term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(iii) Long service leave

A liability for long service leave is recognised, and is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using interest rates on national government guaranteed securities with terms to maturity that match, as closely as possible, the estimated future cash outflows.

(iv) Share-based payment transactions

The fair value of options granted to employees in relation to the employee share scheme is recognised as an employee expense, with a corresponding increase in equity, over the period in which the shares vest.

(f) Fees

Fee revenue from services rendered is recognised in profit or loss in proportion to the stage of completion of the transaction at the reporting date.

(g) Finance income and expenses

Finance income comprises interest income on funds invested, dividend income, gains on the disposal of available-for-sale financial assets, changes in the fair value of financial assets at fair value through profit or loss, foreign currency gains, and gains on hedging instruments that are recognised in profit or loss. Interest income is recognised as it accrues, using the effective interest method. Dividend income is recognised on the date that the Group's right to receive payment is established, which in the case of quoted securities is the ex-dividend date. Dividend revenue is recognised net of any franking credits.

Finance expenses comprise interest expense on borrowings, foreign currency losses, changes in the fair value of financial assets at fair value through profit or loss, impairment losses recognised on financial assets, and losses on hedging instruments that are recognised in profit or loss. All borrowing costs are recognised in profit or loss using the effective interest method.

(h) Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Notes to the Financial Statements

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Effective 1 July 2006, the entity is taxed at the ordinary company tax rate of 30%.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that they probably will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

(i) 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 27 October 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 are 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.

(ii) 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Income tax (continued)

(ii) Nature of tax funding arrangements and tax sharing arrangements (continued)

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.

(i) Goods and services tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the Australian Taxation Office (ATO) is included as a current asset or liability in the balance sheet.

Cash flows are 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.

(j) Earnings per share

(i) Basic earnings per share

Basic earnings per share is determined by dividing the net profit/(loss) after income tax attributable to members of the Company by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(k) Segment reporting

Segment information is presented in respect of the Group's business segments. The primary format and business segments are based on the Group's management and internal reporting structure. Segment results, assets and liabilities include items directly attributable to a segment.

(i) Business segments

The Group comprises the following main business segments:

- Property
- Infrastructure
- Fixed Income – US Securitisations
- Fixed Income – Other
- Leasing
- Other

(ii) Geographical segments

The Group has investments located in four geographic regions:

- Australia
- United States
- Europe
- Asia

Notes to the Financial Statements

(I) New standards and interpretations not yet adopted

The following standards, amendments to standards and interpretations have been identified as those which may impact the entity in the period of initial application. They are available for early adoption at 30 June 2007, but have not been applied in preparing this financial report:

- AASB 7 *Financial Instruments: Disclosures* (August 2005) replaces the presentation requirements of financial instruments in AASB 132. AASB 7 is applicable for annual reporting periods beginning on or after 1 January 2007, and will require extensive additional disclosures with respect to the Group's financial instruments and share capital.
- AASB 2005-10 *Amendments to Australian Accounting Standards* (September 2005) makes consequential amendments to AASB 132 *Financial Instruments: Disclosure and Presentation*, AASB 101 *Presentation of Financial Statements*, AASB 114 *Segment Reporting*, AASB 117 *Leases*, AASB 133 *Earnings per Share*, AASB 139 *Financial Instruments: Recognition and Measurement*, AASB 1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards*, AASB 4 *Insurance Contracts*, AASB 1023 *General Insurance Contracts* and AASB 1038 *Life Insurance Contracts* arising from the release of AASB 7. AASB 2005-10 is applicable for annual reporting periods beginning on or after 1 January 2007 and is expected to only impact disclosures contained within the consolidated financial report.
- AASB 2007-3 *Amendments to Australian Accounting Standards* arising from AASB 8 makes amendments to AASB 107 *Cash Flow Statements*, AASB 119 *Employee Benefits*, AASB 127 *Consolidated and Separate Financial Statements*, AASB 134 *Interim Financial Reporting*, AASB 136 *Impairment Assets*. AASB 2007-3 is applicable for annual reporting periods beginning on or after 1 January 2009 and must be adopted in conjunction with AASB 8 *Operating Segments*. This standard is only expected to impact disclosures contained within the financial report.
- Interpretation 10 *Interim Financial Reporting and Impairment* prohibits the reversal of an impairment loss recognised in a previous interim period in respect of goodwill, an investment in an equity instrument or a financial asset carried at cost. Interpretation 10 will become mandatory for the Group's 2008 financial statements, and will apply to goodwill, investments in equity instruments, and financial assets carried at cost prospectively from the date that the Group first applied the measurement criteria of AASB 136 and AASB 139 respectively (i.e. 1 July 2004 and 1 July 2005, respectively).
- AASB 2007-2 *Amendments to Australian Accounting Standards* arising from AASB Interpretation 12 makes amendments to AASB 117 *Leases*, AASB 118 *Revenue*, AASB 121 *The Effects of Changes in Foreign Exchange Rates*, AASB 127 *Consolidated and Separate Financial Statement*, AASB 131 *Interest in Joint Ventures*, and AASB 139 *Financial Instruments: Recognition and Measurement*. AASB 2007-2 is applicable for annual reporting periods beginning on or after 1 January 2008.

Notes to the Financial Statements

4. DETERMINATION OF FAIR VALUES

A number of the Group's accounting policies and disclosures require the determination of fair value for financial assets. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(i) Investments in Fixed Income – US Securitisations

Fair value is calculated based on the present value of future principal and interest cash flows, discounted at the appropriate rate of interest.

(ii) Derivatives

The fair value of forward exchange contracts is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate.

(iii) Share-based payment transactions

The fair value of employee share options is measured using the Black-Scholes formula.

Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

	Consolidated		The Company	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
5. INTEREST INCOME				
Interest income on current held-to-maturity investments	89	316	89	316
Interest income on investments in fixed income	3,551	–	3,551	–
Interest income on bank deposits	881	204	877	204
Interest on loans and advances – third parties	10,160	–	8,222	–
Interest on loans and advances – related parties	–	–	1,046	–
	14,681	520	13,785	520

Notes to the Financial Statements

	Consolidated		The Company	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
6. INCOME TAX EXPENSE				
(a) Recognised in the income statement				
Current tax expense (refund)				
Current period	(5,375)	2	(4,836)	2
	(5,375)	2	(4,836)	2
Deferred tax income				
Offer costs	(464)	–	(464)	–
Provision for impairment	3,126	–	3,126	–
Deferred income	626	–	601	–
Unrealised FX gains and losses	2,049	–	2,060	–
Fair value of embedded derivative assets	(1,436)	–	(1,398)	–
Other	121	(3)	121	(3)
	4,022	(3)	4,046	(3)
Total income tax expense	(1,353)	(1)	(790)	(1)
(b) Reconciliation between tax-expense and pre-tax net profit				
Profit for the period	4,094	(157)	3,979	(157)
Total income tax expense	(1,353)	(1)	(790)	(1)
Profit excluding income tax	5,447	(156)	4,769	(156)
Prima facie income tax calculated at 30% (2006: 25% and 15% on non-pooled and pooled development fund activities respectively) on the profit on ordinary activities	(1,634)	(29)	(1,431)	(29)
Non-deductible expenses	(2)	–	–	–
Related party transactions	–	–	807	–
Tax exempt income	449	–	–	–
Franking credits received	(2)	–	(2)	–
Other permanent differences	(164)	28	(164)	28
	(1,353)	(1)	(790)	(1)

Notes to the Financial Statements

	Consolidated		The Company	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
6. INCOME TAX EXPENSE (continued)				
(c) Income tax recognised directly in equity				
Gain on cash flow hedging instruments	(57)	–	(57)	–
Offer costs	2,322	–	2,322	–
	2,265	–	2,265	–
(d) Recognised deferred tax assets and (liabilities)				
Legal fees from restructure	(1)	–	–	–
Offer costs	1,858	–	1,858	–
Provision for impairment	3,126	–	3,126	–
Deferred income	626	–	601	–
Net unrealised foreign exchange gains and losses	2,049	–	2,060	–
Fair value of embedded derivative assets	(1,436)	–	(1,398)	–
Employee expenses	33	–	33	–
Accrued fee expense	20	–	20	–
Employee share plan	68	–	68	–
Cash flow hedge	(57)	–	(57)	–
	6,286	–	6,311	–
7. CASH AND CASH EQUIVALENTS				
(a) Cash and cash equivalents				
Cash at bank	8,380	168	8,380	168
Term deposits	–	7,000	–	7,000
11am deposits	56	–	56	–
	8,436	7,168	8,436	7,168

The weighted average interest rate for cash as at 30 June 2007 is 6.20% per annum (2006: 5.97% per annum).

Notes to the Financial Statements

	Consolidated		The Company	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
(b) Reconciliation of cash flow from operating activities				
Cash flows from operating activities				
Profit/(loss) for the period	4,094	(157)	3,978	(157)
Adjustments for:				
Depreciation	3	–	3	–
Non-cash adjustment – interest accrued	(4,371)	–	(6,727)	–
Non-cash adjustment – net of fees received and accrued	253	–	268	–
Non-cash adjustment – embedded derivative income	(4,659)	–	(4,532)	–
Non-cash adjustment – tax expense	1,353	–	790	–
Non-cash adjustment – employee and other expenses	1,533	–	1,533	–
Non-cash adjustment – impairment expenses	10,420	–	10,420	–
Non-cash loss on fair value of financial instruments	7,501	89	7,517	89
Non-cash joint venture profit share	(126)	–	–	–
Cash adjustment – establishment fees on loan facility	(483)	–	(483)	–
Realised (gain)/loss on sale of investment	(596)	(137)	(596)	(137)
Dividends	(14)	(29)	(14)	(29)
Operating profit before changes in working capital and provisions	14,908	(234)	12,157	(234)
Increase/(decrease) in payables	(126)	101	(126)	101
(Increase) in trade and other receivables	(266)	(79)	(266)	(79)
	14,516	(212)	11,765	(212)
Interest paid	3	(1)	4	(1)
Income taxes paid	2	(3)	2	(3)
Net cash from operating activities	14,521	(216)	11,771	(216)

Notes to the Financial Statements

	Consolidated		The Company	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
8. TRADE AND OTHER RECEIVABLES				
Interest receivables from loans	679	–	679	–
Interest receivables from investments	23	–	23	–
Funding fees receivables from loans	24	–	24	–
Receivable from sale of investment	552	–	552	–
Other receivables	303	90	303	90
	1,581	90	1,581	90
9. LOANS AND RECEIVABLES				
Loans and receivables	200,581	–	200,452	–
Deferred income	(2,086)	–	(2,004)	–
Less: allowance for impairment expenses	(3,630)	–	(3,630)	–
	194,865	–	194,818	–
Current assets				
Property	20,712	–	17,000	–
Less: allowance for impairment expenses	–	–	–	–
	20,712	–	17,000	–
Non-current assets				
Loans to related parties	–	–	33,769	–
Property	15,462	–	–	–
Infrastructure	5,000	–	5,000	–
Fixed income – US Securitisation	25,078	–	25,078	–
Fixed income – Other	53,779	–	53,779	–
Leasing	80,550	–	65,826	–
Less: allowance for impairment expenses	(3,630)	–	(3,630)	–
	176,239	–	179,822	–
Allowance for impairment				
Opening balance	–	–	–	–
Impairment loss for the year	(3,630)	–	(3,630)	–
Balance at 30 June 2007	(3,630)	–	(3,630)	–

Notes to the Financial Statements

	Consolidated		The Company	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
10. HELD-TO-MATURITY INVESTMENT				
Non-current asset				
Held to maturity investment	865	865	865	865

Held to maturity investment consists of an investment in Mariner Floating Rate Notes being an unsecured note issued by Mariner Treasury Ltd with coupon payments at quarterly intervals. The coupon rate applied is based on the Bank Bill Swap rate plus 4.0%

	Consolidated		The Company	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
11. AVAILABLE-FOR-SALE INVESTMENTS				
Investment in US Securitisations	20,009	–	20,009	–
Less: allowance for impairment expenses	(6,790)	–	(6,790)	–
	13,219	–	13,219	–
Allowance for impairment				
Opening balance	–	–	–	–
Impairment loss for the year	(6,790)	–	(6,790)	–
Balance at 30 June 2007	(6,790)	–	(6,790)	–

Notes to the Financial Statements

12. DERIVATIVE ASSETS

Consolidated

Type of Contract	Expiration	Underlying	Notional value of contracts outstanding \$'000	Fair value of contracts (assets) \$'000
30 June 2007				
<i>Hedging instruments</i>				
Forwards	July to September 2007	Foreign currency (Euro)	10,290	121
Forwards	July to September 2007	Foreign currency (\$US)	62,086	513
Forwards	October 2007 to January 2013	Foreign currency (\$US)	119,775	3,040
			192,151	3,674
Embedded derivatives*	n/a	n/a	n/a	4,659
Total derivative assets				8,333

Company

Type of Contract	Expiration	Underlying	Notional value of contracts outstanding \$'000	Fair value of contracts (assets) \$'000
30 June 2007				
Forwards	July to September 2007	Foreign currency (Euro)	10,290	122
Forwards	July to September 2007	Foreign currency (\$US)	48,949	311
Forwards	October 2007 to January 2013	Foreign currency (\$US)	104,479	2,668
			163,718	3,101
Embedded derivatives*	n/a	n/a	n/a	4,659
Total derivative assets				7,760

* The Company earns equity style success fees which are classified as embedded derivatives. These derivatives are included in unrealised gain on embedded derivatives designated at fair value through profit and loss and had a fair value of \$4.659 million in the income statement at year end.

Notes to the Financial Statements

13. INVESTMENT EQUITY ACCOUNTED INVESTEE

Summary financial information for equity accounted investees, adjusted for the percentage ownership held by the Group:

	Consolidated		The Company	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Investment shares and convertible notes in associates	–	200	–	200
Bridge Infrastructure Capital Pty Limited [#]	–	–	–	–
Profit on joint venture in BIC equity accounted	126	–	–	–
	126	200	–	200
Additional investment in BIC made by way of loans	46,458	–	46,457	–
	46,584	200	46,457	200

[#] Share in capital of less than \$52 is rounded down to zero.

2007	Assets \$'000	Liabilities \$'000	Net Assets \$'000	Revenues \$'000	Expenses \$'000	Net Profit \$'000	Profit Share \$'000
Bridge Infrastructure Capital Pty Limited joint venture	154,146	(153,867)	279	7,339	(7,086)	253	126
	154,146	(153,867)	279	7,339	(7,086)	253	126

	Consolidated		The Company	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
14. PAYABLES				
Loan facility interest expense	4	–	4	–
Employment-related expenditure	1,447	64	1,448	64
Professional fees payables	106	10	106	10
Other fees payables	217	2	149	2
Trade creditors	22	71	22	71
	1,796	147	1,729	147

Notes to the Financial Statements

15. LOANS AND BORROWINGS

Consists of a loan facility arrangement between the Company and the Commonwealth Bank of Australia, St. George Limited and Bank of Western Australia Limited. Total facility available is \$130,000,000 (2006: nil) with \$10,500,000 drawn down as at 30 June 2007.

	Consolidated		The Company	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
16. CONTRIBUTED EQUITY				
(a) Issued and paid-up capital				
169,848,654 (30 June 2006: 36,924,398) ordinary shares fully paid	258,697	9,110	258,697	9,110

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy is entitled to one vote, and upon a poll each share is entitled to one vote.

(b) Movement in ordinary share capital

Opening balance 1 July 2006	9,110	8,908	9,110	8,908
Issue of 52,000,000 ordinary shares on 31 October 2006 at \$1.25 per share	65,000	–	65,000	–
Issue of 5,400,000 ordinary shares on 14 November 2006 at \$1.25 per share	6,750	–	6,750	–
Issue of 42,600,000 ordinary shares on 27 November 2006 at \$1.25 per share	53,250	–	53,250	–
Issue of 806,397 ordinary shares from the conversion of options at \$0.25 per share which expired on 1 December 2005	–	202	–	202
Issue of 16,925,232 ordinary shares on 14 May 2007 at \$2.30 per share	38,928	–	38,928	–
Issue of 37,075,918 ordinary shares on 14 June 2007 at \$2.00 per share	74,152	–	74,152	–
Issue of 8,462,616 ordinary shares on 14 June 2007 at \$2.00 per share	16,925	–	16,925	–
Issue costs incurred to the year ended 30 June 2007	(5,418)	–	(5,418)	–
Closing balance 30 June 2007	258,697	9,110	258,697	9,110

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.

Notes to the Financial Statements

(c) Share issued not paid

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.

As at 30 June 2007, the Board had approved the issue of 5,900,000 shares under the Share Scheme (2006: nil). Entitlement to the Employee Shares will vest in equal proportions over a period of up to three years.

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 have lapsed after the date on which vesting conditions are satisfied and the loan is repaid in full.

The number of issued shares adjusted for the Employee Shares is 175,748,654.

	Consolidated		The Company	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
17. RESERVES				
Available-for-Sale Investments Reserve	–	16	–	16
Cash Flow Hedge Reserve, net of tax	132	–	132	–
Share-based Payment Reserve	226	–	226	–
Capital Profits Reserve	–	462	–	462
	358	478	358	478

Available-for-Sale (AFS) Investments reserve

The AFS Investments reserve comprises the cumulative net change in the fair value of available-for-sale financial assets until the investment is derecognised.

Cash flow Hedge Reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

Share-based Payment Reserve

The share-based payment reserve comprises the amortised costs of the granted fair value of the Share Scheme.

Notes to the Financial Statements

18. EARNINGS PER SHARE

Basic earnings per share

The calculation of consolidated basic earnings per share at 30 June 2007 was based on the profit attributable to ordinary shareholders of \$4.09 million (2006: \$157,000 loss) and a weighted average number of ordinary shares outstanding of 74.5 million.

	Consolidated	
	2007 \$'000	2006 \$'000
Profit attributable to ordinary shareholders		
Net profit/(loss) attributable to ordinary shareholders	4,094	(157)
	No. '000	No. '000
Weighted average number of ordinary shares		
<i>in thousands of shares</i>		
Weighted average number of ordinary shares at 30 June	74,504	36,584

Diluted earnings per share

The calculation of consolidated diluted earnings per share at 30 June 2007 was based on profit attributable to ordinary shareholders of \$4.09 million (2006: \$157 thousand loss) and a weighted average number of ordinary shares outstanding after adjustment.

	Consolidated	
	2007 \$'000	2006 \$'000
Profit attributable to ordinary shareholders (diluted)		
Net profit (loss) attributable to ordinary shareholders (diluted)	4,094	(157)
	No. \$'000	No. \$'000
Weighted average number of ordinary shares (basic)	74,504	36,584
Effect of share options on issue	2,464	–
Weighted average number of ordinary shares (diluted) at 30 June	76,968	36,584

The average market value of the Company's shares for purposes of calculating the dilutive effect of share options was based on quoted market prices for the period that the options were outstanding.

Notes to the Financial Statements

19. RELATED PARTY DISCLOSURE

Directors and key management personnel

The Company has transferred the detailed remuneration disclosures (including key management personnel disclosures) to the Directors' Report. The information can be found in the Remuneration Report on pages 35 to 39.

The names of persons who were key management personnel of the Group and the Company at any time during the financial year are as follows:

Non-Executive Directors

Ian Ingram (Non-Executive Director)
Philip Lewis (Non-Executive Director) (Appointed 26 October 2006)
Michael Perry (Non-Executive Director) (Appointed 26 October 2006)
Geoff Wilson (Non-Executive Director) (Resigned 26 October 2006)
Julian Gosse (Non-Executive Director) (Resigned 26 October 2006)
Andrew Brown (Non-Executive Director) (Resigned 26 October 2006)

Executive Directors

Irene Lee (Executive Chairman) (Appointed 26 October 2006)
Mark Phillips (Managing Director) (Appointed 29 August 2006)
Bill Ireland (Executive Chairman) (Resigned 26 October 2006)

Other key management

Karen McGregor (Chief Financial Officer and Company Secretary)
Ian Pike (Chief Investment Officer)
Martin Baker (Executive) (Resigned 3 March 2006)

(a) Details of remuneration

Details of the remuneration of key management personnel are set out in the Remuneration Report on page 37.

Notes to the Financial Statements

19. RELATED PARTY DISCLOSURE *(continued)*

Directors and key management personnel *(continued)*

(b) Equity instrument disclosures relating to key management personnel movements in shareholdings including equity instruments granted as compensation via the Mariner Bridge Investments Limited Director and Employee Share Plan

The numbers of shares in the Company held during the financial year by key management personnel of the Group, including their personally-related entities is set out below. This includes shares provided as remuneration from the Mariner Bridge Investments Limited Director and Employee Share Plan.

Name 2007	Balance at beginning of the financial year No.	Granted as Compensation during the year No.	Vested during the Year (but subject to 12 month holding lock) No.	Net other change No.	Balance at end of the financial year No.
Non-Executive Directors					
Ian Ingram	–	200,000	–	–	200,000
Philip Lewis	–	200,000	–	314,287	514,287
Michael Perry	–	200,000	–	285,715	485,715
Geoff Wilson*	–	–	–	–	–
Julian Gosse*	–	–	–	–	–
Andrew Brown*	–	–	–	–	–
Executive Directors					
Irene Lee	–	1,000,000	–	1,642,467	2,642,467
Mark Phillips	–	3,000,000	1,000,000	390,000	3,390,000
Bill Ireland*	–	–	–	–	–
Other key management personnel					
Karen McGregor	–	150,000	–	64,929	214,929
Ian Pike	–	400,000	–	114,285	514,285
		5,150,000	1,000,000	2,811,683	7,961,683

* Resigned 26 October 2006.

No shares were forfeited by any of the key management personnel included in the table above and no terms of equity-settled share-based payments have been altered or modified by the issuing entity during the reporting period.

There were no share-based payments issued to executives of the Company in the prior financial year.

For further details in regards to the terms and conditions of the shares granted under the Director and Employee Share Plan, refer to note 16(c).

Notes to the Financial Statements

(c) Other transactions with key management personnel

Mariner Bridge Investments Limited has undertaken transactions with Mariner Financial Limited (MFL). All transactions with MFL are made on an arm's length basis.

On 26 October 2006, the Company and MFL executed a binding heads of agreement setting out the working relationship between the two parties. The heads of agreement was restated in more formal terms in the service agreement dated 1 May 2007. During the year ended 30 June 2007, the Group incurred fees of \$409,225 (2006: \$305,574) in relation to the service agreement.

During the year ended 30 June 2007, the Group made loans totalling \$20,000,000 to two projects ultimately owned by MFL. One loan was repaid on 5 April 2007. As at 30 June 2007, a loan of \$5,000,000 was outstanding. Loans totalling \$11,117,043 were provided by MFL to the Group and were repaid on 26 October 2006. Ian Ingram is a Non-Executive Director of the Company and deputy chairman of MFL.

Apart from the details disclosed in this note, no key management personnel have entered into a material contract with the Company or the consolidated entity since the end of the previous financial year and there were no material contracts involving key management personnel interests existing at year end.

Employee share scheme

As at 30 June 2007, 5,900,000 Employee Shares have been issued. Of this total, 1,000,000 Employee Shares have vested and these shares are subject to a 12 month holding lock which matures on 6 March 2008. The granted fair value of the Employee Shares is \$699,329. The amortisation expense recognised in the financial report for the period ended 30 June 2007 was \$226,469 and the amount recognised in the share-based payment reserve was \$226,469.

The movement during the reporting period in the number of ordinary shares in the Group held, directly, indirectly or beneficially, by Directors and key management, including their related parties, is as follows:

	Number of Employee Shares granted during the year	Grant date	Fair value at grant date (\$)	Exercise price (\$)	Expiry date	Number of Employee Shares vested during 2007
Directors						
Irene Lee	1,000,000	25 August 2006	82,223	1.25	26 October 2009	–
Mark Phillips	3,000,000	18 August 2006	185,260	1.25	6 March 2009	1,000,000
Ian Ingram	200,000	25 August 2006	16,445	1.25	26 October 2009	–
Philip Lewis	200,000	27 September 2006	38,880	1.25	26 October 2009	–
Michael Perry	200,000	27 September 2006	38,880	1.25	26 October 2009	–
	4,600,000		361,688			1,000,000

Notes to the Financial Statements

19. RELATED PARTY DISCLOSURE (continued)

Employee share scheme (continued)

	Number of Employee Shares granted during the year	Grant date	Fair value at grant date (\$)	Exercise price (\$)	Expiry date	Number of Employee Shares vested during 2007*
Management personnel						
Ian Pike	400,000	5 October 2006	83,669	1.25	11 December 2009	–
Kyle Richardson	225,000	17 June 2007	80,511	2.27	30 November 2009	–
Matthew Davis	225,000	17 June 2007	80,511	2.27	30 November 2009	–
Karen McGregor	150,000	5 October 2006	30,745	1.25	1 November 2009	–
Edward Mytkowski	150,000	5 October 2006	30,481	1.25	16 October 2009	–
David Stefanoff	150,000	5 October 2006	31,724	1.25	3 January 2010	–
	1,300,000		337,641			–

No shares were granted in 2006.

* Shares remain subject to a 12 month holding lock period after vesting.

20. SEGMENT REPORTING

30 June 2007

Business segments	Property \$'000	Infra- structure \$'000	Fixed income – US Securitisation \$'000	Fixed income – Other \$'000	Leasing \$'000	Other operations \$'000	Consolidated \$'000
Net revenues	2,140	1,145	(7,144)	3,667	9,376	911	10,095
Fee income	527	22	–	693	431	161	1,834
Total segment revenues	2,667	1,167	(7,144)	4,360	9,807	1,072	11,929
Expenses	–	–	–	–	–	(6,482)	(6,482)
Profit/(loss) for the period	2,667	1,167	(7,144)	4,360	9,807	(5,410)	5,447
Segment assets	36,377	23,228	35,392	54,507	114,362	16,807	280,672
Segment liabilities	–	–	–	–	–	17,746	17,746
Net assets	36,377	23,228	35,392	54,507	114,362	(939)	262,926

Notes to the Financial Statements

30 June 2006

Business segments	Property \$'000	Infra- structure \$'000	Fixed income – US Securitisation \$'000	Fixed income – Other \$'000	Leasing \$'000	Other operations \$'000	Consolidated \$'000
Interest revenues	–	–	–	–	–	520	520
Other revenues	–	–	–	–	–	77	77
Total segment revenues	–	–	–	–	–	597	597
Expenses	–	–	–	–	–	(753)	(753)
Profit for the period	–	–	–	–	–	(156)	(156)
Segment assets	–	–	–	–	–	9,049	9,049
Segment liabilities	–	–	–	–	–	147	147
Net assets	–	–	–	–	–	8,902	8,902

	Consolidated		The Company	
	2007 \$	2006 \$	2007 \$	2006 \$
21. AUDITOR'S REMUNERATION				
Auditors of the Company				
<i>KPMG Australia:</i>				
Audit and review of the financial reports	106,000	18,553	106,000	18,553
Tax services	42,918	6,300	42,918	6,300
Other non-audit services	68,182	–	68,182	–
	217,100	24,853	217,100	24,853

22. COMMITMENTS FOR EXPENDITURE

Loan commitments

The Board has approved a number of loans and investments that are not fully drawn at year end. The balance of the undrawn loans and investments is approximately \$92.0 million at 30 June 2007 (2006: \$nil).

Relocation and fitout commitments

The Board has also approved the expenditure of up to \$900,000 to internalise accounting and related services and relocate to new premises during 2007. Most of this expenditure is of a capital nature and will be depreciated over a five year period.

23. FINANCIAL INSTRUMENTS

Exposure to interest rate, currency and credit risk arises in the normal course of the Group's business. Derivative financial instruments are used to hedge exposure to fluctuations in foreign exchange rates and interest rates.

Interest rate risk

At 30 June 2007, the Group's floating rate exposure on its committed credit facilities were unhedged. The Group will monitor exposure under the committed credit facilities and enter into interest rate swaps to achieve an appropriate mix of fixed and floating exposure within the Group's transaction risk management policy and having regard to the underlying loan and investment cash flows.

Foreign currency risk

The Group is exposed to foreign currency risk on sales, purchases and loan assets that are denominated in a currency other than the Australian dollar. The currencies giving rise to this risk are primarily US dollars and Euros.

The Group uses forward exchange contracts to hedge the foreign currency risk in loan and investment assets denominated in a foreign currency. At any point in time the Group also aims to hedge 100% of the estimated foreign currency interest on those loan and investment assets over the appropriate period of the underlying loan or investment. Where necessary, the forward exchange contracts are rolled over at maturity.

The Group's investments in foreign currencies at the balance sheet date was as follows:

Carrying amount of foreign currency exposures in Australian dollar equivalent

	2007 \$'000	2006 \$'000
US dollars	172,328	–
Euros	16,309	–
	188,637	–

Credit risk

Management has a transaction risk management policy in place which provides a framework for the assessment of credit risk on loan and investment assets at least annually. Management formally calculates a provision for doubtful debts in accordance with the accounting policy set out in note 3(d) where evidence of impairment exists. Throughout the financial year, provisions may be recognised in the event of an adverse credit event occurring.

Transactions involving derivative financial instruments are with counterparties who have sound credit ratings. Management does not expect any counterparty to fail to meet its obligations.

At the reporting date there were no significant concentrations of credit risk. The exposure to credit risk is represented by the carrying amount of each financial asset, including derivatives in the balance sheet.

Notes to the Financial Statements

Liquidity risk

The Group seeks to manage liquidity risk by maintaining sufficient cash and committed credit lines. In addition, the Group maintains an investment portfolio that has a range of maturities typically from six months to five years which contributes to the ongoing availability of cash flow.

Forecast transactions

The Group classifies its forward exchange contracts hedging forecast transactions as cash flow hedges.

Recognised assets and liabilities

The fair value of forward exchange contracts used as hedges of monetary assets in foreign currencies at 30 June 2007 was \$3.674 million (2006: \$nil) for the Group and \$3.1 million (2006: \$nil) for the Company, recognised in derivative assets.

Effective interest rates and repricing analysis

In respect of income-earning financial assets and interest-bearing financial liabilities, the following tables indicate their weighted average effective interest rates at the reporting date and the periods in which they mature or, if earlier, reprice.

Consolidated	Notes	Weighted average interest rate %	Floating interest rate \$'000	Fixed interest maturing in:		Greater than five years \$'000	Non-interest bearing \$'000	Total \$'000
				One year or less \$'000	One to five years \$'000			
30 June 2007								
<i>Financial assets</i>								
Cash and cash equivalent	7(a)	6.20%	8,436	–	–	–	–	8,436
Trade and other receivables	8		–	–	–	–	1,581	1,581
Held-to-maturity investments	10	10.27%	865	–	–	–	–	865
Loans and receivables	9	13.55%	14,758	3,712	165,438	10,957	–	194,865
Available-for-sale investments	11	14.36%	13,219	–	–	–	–	13,219
Derivative assets	12		–	–	–	–	8,333	8,333
Investment in associates	13	12.44%	–	–	46,584	–	–	46,584
			37,278	3,712	212,022	10,957	9,914	273,883
<i>Financial liabilities</i>								
Payables	14		–	–	–	–	1,797	1,797
Loans and borrowings	16	7.43%	10,500	–	–	–	–	10,500
			10,500	–	–	–	1,797	12,297
Net financial assets			26,778	3,712	212,022	10,957	8,117	261,586

Notes to the Financial Statements

23. FINANCIAL INSTRUMENTS (continued)

Effective interest rates and repricing analysis (continued)

Consolidated	Notes	Weighted average interest rate %	Floating interest rate \$'000	Fixed interest maturing in:			Non-interest bearing \$'000	Total \$'000
				One year or less \$'000	One to five years \$'000	Greater than five years \$'000		
30 June 2006								
<i>Financial assets</i>								
Cash and cash equivalent	7(a)	5.97%	7,168	–	–	–	–	7,168
Trade and other receivables	8		–	–	–	–	90	90
Trading assets			–	–	–	–	56	56
Financial asset at fair value through profit or loss	10	9.59%	865	–	–	–	666	1,531
			8,033	–	–	–	812	8,845
<i>Financial liabilities</i>								
Trade and other creditors			–	–	–	–	147	147
			–	–	–	–	147	147
Net financial assets			8,033	–	–	–	665	8,698

	Consolidated		The Company	
	2007 Reclassified \$'000	2006 Previous \$'000	2007 Reclassified \$'000	2006 Previous \$'000
24. RECLASSIFICATION OF COMPARATIVE AMOUNTS				
Available-for-sale investments	–	865	–	865
Held-to-maturity investments	865	–	865	–

25. GROUP ENTITIES

Ultimate parent company

The ultimate parent of the Group is Mariner Bridge Investments Limited, incorporated in Australia.

Significant subsidiaries	Country of incorporation	Ownership interest	
		2007	2006
Bridge Property Investments Pty Limited	Australia	100	–
Pacific Bridge Cyprus Limited	Cyprus	100	–
Bridge Financial Pty Limited	Australia	100	–
MB Finance Pty Limited	Australia	100	–
Mariner Bridge Investments Trust	Australia	100	–

Notes to the Financial Statements

26. CONTINGENCIES

There are no contingent assets and contingent liabilities as at the 30 June 2007.

27. EVENTS SUBSEQUENT TO THE REPORTING DATE

Mariner Bridge Investments Limited's objective is to continue to reduce the investment in Fixed Income – US Securitisations as a percentage of the total investment portfolio. Subsequent to balance date, the Company announced that in response to anticipated flow-on impacts from recent actions by rating agencies the Company will further write down the US Securitisation investments by approximately \$5.0 million. The Company expects that the additional provision against income can be accommodated without affecting overall profit expectations for the 2008 financial year.

No other matter or circumstance has arisen since the reporting date which would have a material effect on the Group's financial statements as at 30 June 2007.

Directors' Declaration

- 1 In the opinion of the Directors of Mariner Bridge Investments Limited (the Company):
 - (a) the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Company's and the Group's financial position as at 30 June 2007 and of their performance for the financial year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*;
 - (b) the financial report also complies with International Financial Reporting Standards as disclosed in note 2(a);
 - (c) the remuneration disclosures that are contained in the Remuneration Report in the Directors' Report comply with the Australian Accounting Standard AASB 124 *Related Party disclosures*; and
 - (d) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
- 2 The Directors have been given the declarations required by section 295A of the *Corporations Act 2001* from the Managing Director and Chief Financial Officer for the financial year ended 30 June 2007.

Signed in accordance with a resolution of the Directors:



Irene Y L Lee

Executive Chairman

Sydney, 8 August 2007

Shareholder Information

The shareholder information set out below was applicable as at 30 August 2007.

DISTRIBUTION OF EQUITY SECURITIES

Range	Total holders	Shares	% of issued Shares
1–1,000	219	125,707	0.07
1,001–5,000	1,123	3,505,397	1.99
5,001–10,000	947	7,078,820	4.03
10,001–100,000	1,633	42,331,495	24.09
100,001 and over	140	122,707,235	69.82
Total	4,062	175,748,654	100.00

LARGEST SHAREHOLDERS

The names of the 20 largest holders of ordinary shares are listed below as at 30 August 2007:

Name	Number held	% of issued units
Mariner Securities Limited	24,994,286	14.22
UBS Nominees Pty Ltd	15,305,639	8.71
Queensland Investment Corporation	6,854,443	3.90
HSBC Custody Nominees (Australia) Limited	6,168,569	3.51
Australian Executor Trustees Limited	5,356,630	3.05
Quotidian No 2 Pty Limited	4,568,731	2.60
Citicorp Nominees Pty Limited <CFS Futures Leaders Fund A/C>	4,297,957	2.45
Citicorp Nominees Pty Limited <CFS Developing Companies A/C>	3,496,460	1.99
JPMorgan Nominees Australia Limited	3,230,066	1.84
The Myer Family Company Pty Ltd	3,085,715	1.76
Mr Mark Phillips	3,000,000	1.71
National Nominees Limited	2,163,193	1.23
Bond Street Custodians Limited <Macquarie Smaller Co's A/C>	2,160,864	1.23
Citicorp Nominees Pty Limited	2,052,224	1.17
Invia Custodian Pty Limited <Black A/C>	1,709,467	0.97
M F Custodians Ltd	1,646,048	0.94
Invia Custodian Pty Limited <WAM Capital Limited A/C>	1,259,443	0.72
Dr Rodney James Hayden	1,103,143	0.63
UBS Wealth Management Australia Nominees Pty Ltd	1,070,723	0.61
ANZ Nominees Limited <Income Reinvest Plan A/C>	1,046,147	0.60

Shareholder Information

SUBSTANTIAL HOLDERS

Shareholder	Number of shares	%
Mariner Securities Limited	24,994,286	14.22%

VOLUNTARY ESCROW

Directors and key management personnel participated in the Company's equity raising in May 2007. The ordinary shares acquired in the rights issue which relate to the Share Scheme total 707,143 ordinary shares and are subject to voluntary escrow. The escrow period for those shares ends on 15 June 2008.

MARKETABLE PARCELS

The number of holders holding less than a marketable parcel of 309 shares (\$1.62 on 30 August 2007) is 53.

VOTING RIGHTS

On a show of hands, at a General Meeting of Mariner Bridge Investments, every member present at a meeting in person or by proxy has one vote and, upon a poll, each member has one vote for each ordinary share held.

SHAREHOLDER ENQUIRIES

Shareholders with enquiries about their shareholdings should contact Mariner Bridge Investments' share registry, Link Market Services Limited, by telephone on 1800 992 613.

CHANGE YOUR ADDRESS?

If you change your address, please promptly notify our share registry in writing. Please quote your Shareholder Reference Number and your old address as added security.

INVESTOR INFORMATION

Mariner Bridge Investments maintains a website at www.marinerbridge.com.au where company information is available and a service for any queries is provided. For any further queries, please contact the Company on +61 2 9321 9000.

ONLINE RECEIPT OF THE ANNUAL REPORT AND SHAREHOLDER INFORMATION

Mariner Bridge Investments makes its Annual Report available online. The Company encourages shareholders to receive all other shareholder information including notices of all Annual General Meetings online. Shareholders who prefer to receive a hard copy of the Annual Report, or all other shareholder information by mail, should advise the share registry in writing.

LISTING

Mariner Bridge Investments Limited ordinary shares are quoted on the Australian Securities Exchange (ASX Code: MBR).

UNQUOTED EQUITY SECURITIES

There are 5,900,000 shares issued under the Share Scheme which are unquoted. These are described in the Directors' Report.

Corporate Directory

REGISTERED OFFICE

Level 26
259 George Street
Sydney NSW 2000
T +61 2 9321 9000
F +61 2 9321 9090
www.marinerbridge.com.au

SHARE REGISTRY

Link Market Services Limited
Level 12
680 George Street
Sydney NSW 2000
T (within Australia): 1800 992 613
T (outside Australia): +61 2 8280 7746
www.linkmarketservices.com.au

MARINER BRIDGE INVESTMENTS LIMITED

Level 26, 259 George Street,
Sydney NSW 2000

T +61 2 9321 9000

F +61 2 9321 9090

abn 16 088 267 190

www.marinerbridge.com.au

