

## Full Year Results to 30 June 2008

16 September 2008

Mariner Financial Limited (ASX: MFI) announces a first half profit of \$2.2 million (up from \$2.1 million in Dec half 2006) normalised to exclude the mark-to-market effect of the shareholding in Keybridge Capital Limited (ASX:KBC). Including the unrealised mark-to-market effect of KBC the net loss after tax is (\$13.9) million. NTA per share is 47 cents as at 31 December 2007.

Mariner Financial Limited (ASX: MFI) achieved a normalised net profit after tax of \$0.7m prior to booking \$71.3m in one-off asset write downs and revaluations on a number of its investments. After all adjustments, the Company reported a net loss after tax of \$65.3m for the financial year.

The reported loss includes the following adjustments:

- \$37.2m                      The sale of Keybridge Capital Limited (realised)
- \$ 2.9m                      The sale of Mariner Pipeline Trust units (realised)
- \$31.2m                      Other assets (unrealised)

Subsequent to year end, these and other asset sales have resulted in all bank debt with recourse to the Company being repaid.

### Significant Market Turmoil

The past 12 months have seen a great deal of unanticipated upheaval in the financial markets:

- The global credit crisis and equity market volatility
- Increasing difficulty in securing credit and debt financing of assets
- Loss of business confidence

This market deterioration has greatly impeded the Company's ability to create a satisfactory long term scalable business operation. This business model is not sustainable in the current environment.

Importantly, the Directors believe Mariner's current market price does not truly reflect the underlying net asset value within the business. This is currently estimated at 26 cents per share and does not include:

- additional value from realisable management rights to Mariner's \$1.2b in assets and funds under management
- profit share entitlements from various funds
- current transactions in progress.

## **Directors Review**

The group's assets significantly exceed its liabilities. The Company is a going concern and accordingly intends to conduct an orderly process of asset sales to convert investments to cash.

Mariner's Directors have reviewed the Company's operations and, given the continuing volatile market conditions, are proposing to undertake the following actions:

- An orderly program for the disposal of assets including the management rights to a number of investment trusts, with the view to returning these assets to cash. Mariner is already in discussion with several interested parties in relation to these assets.
- Once all sales are completed Mariner will look for methods to return value to shareholders.
- The disposal of these assets has no bearing on the investments of the underlying investment trusts managed by Mariner Financial Limited.
- Sale of its Beyond International Limited share holding (settled 11 September 2008). The proceeds have been used to retire all corporate bank debt.
- Immediate implementation of a significant cost cutting program including operational and business cost reductions across the group.
- Completion of existing transactions

The Company has six operating divisions that will be offered for sale:

- Mariner Land Limited - Property development group
- Mariner Mortgage Management Limited - Manager of the mortgage trust
- Management rights to the listed Mariner American Property Trust and all property syndications.
- EcoPoint Management Limited - Operator of Mariner Coastal Investment Trust
- Mariner Credit Corporation
- Mariner Treasury Limited - Owner of German and Japan property portfolio.

Mariner will report on the asset sales as and when they occur.

## **Proposed Recapitalisation**

Mariner has previously announced that it was speaking to investor groups on a proposed recapitalisation of the Company. Discussions relating to recapitalisation are continuing and any agreement relating to the recapitalisation will be announced in due course.

**Full Financial Accounts:** available at [www.marinerfunds.com.au](http://www.marinerfunds.com.au)

### **Contacts:**

Investors: Mariner Investor Services 1800 009 963

Shareholders: Brent Cubis, Chief Financial Officer

Bill Ireland, Managing Director: 02 9238 0750

Brent Cubis, Chief Financial Officer: 02 9238 0750

Media: Andrew Johnstone: 0413 77 2454