

15th October 2008

MARKET ANNOUNCEMENT

In accordance with Australian Accounting Standards, Mariner Financial Limited (MFI) has deconsolidated Mariner Treasury Limited (MTL) (Receivers and Managers Appointed) and, after consulting with the Company's auditors, believes that Mariner German Property Trust (MGPT) and Mariner Japan Property Trust (MJPT) should also be deconsolidated. This follows the receipt of updated valuations for the assets of MGPT and MJPT which showed an aggregate decrease of \$18.5 million from the value represented in the 30 June 2008 accounts.

These revaluations have resulted in deficiencies in MGPT and MJPT increasing to a combined amount of \$21.5m. As outlined in MFI's full year accounts for June 2008 the Directors of MFI have advised it will no longer support MTL. Given the current valuations and the nature of the arrangements between MFI on the one hand and MTL and the two Trusts and external lenders on the other hand, the Directors do not believe that MFI is exposed to any further risks and benefits associated with the ownership of these two trusts.

As MFI had fully written off its equity investment in MGPT and MJPT as at 30 June 2008, the only impact of the reduction in value and the deconsolidation is a reduction in the net assets by \$0.9 million for the group from \$63.8 million as disclosed in the 30 June 2008 balance sheet to \$62.9 million (NTA 25 cents per share). The deconsolidation has also a significant impact on the presentation of the gross assets and liabilities of the consolidated Mariner Financial group. The pro-forma balance sheet attached summarises the reduction in gross assets and liabilities resulting from the deconsolidation.



WEB Ireland
EXECUTIVE CHAIRMAN
MARINER FINANCIAL LIMITED

Mariner Financial Limited and Controlled Entities
Balance Sheet
As At 30 June 2008

	Consolidated MFL Accounts as reported with 30 June results	Proforma 30 June 2008 Balance Sheet following deconsolidation of MTL, German & Japan Trusts
	\$ '000	\$ '000
Current assets		
Cash and cash equivalents	18,351	16,161
Loans and other receivables	31,077	31,077
Work in Progress	2,524	2,524
Financial assets at fair value through profit or loss	23,197	23,197
Assets classified as held for sale	148,133	0
Investments in equity accounted investees	21,385	21,385
Other assets	205	205
Total current assets	<u>244,872</u>	<u>94,549</u>
Non-current assets		
Receivables	1,243	1,243
Investments in subsidiaries	0	0
Property, plant and equipment	1,044	1,044
Investment property	0	0
Other assets	1,223	1,223
Total non-current assets	<u>3,510</u>	<u>3,510</u>
Total assets	<u>248,382</u>	<u>98,059</u>
Current liabilities		
Payables	4,520	3,978
Loans and borrowings	31,008	17,009
Financial liabilities at fair value through profit or loss	1,568	1,568
Liabilities classified as held for sale	123,703	0
Current tax liabilities	0	0
Provisions	459	459
Total current liabilities	<u>161,258</u>	<u>23,014</u>
Non-current liabilities		
Loans and borrowings	13,272	2,109
Financial liabilities at fair value through profit or loss	9,989	9,989
Deferred tax liabilities	0	0
Total non-current liabilities	<u>23,261</u>	<u>12,098</u>
Total liabilities	<u>184,519</u>	<u>35,112</u>
Net assets	<u>63,863</u>	<u>62,947</u>
Equity		
Share Capital	125,591	125,591
Reserves	(2,906)	(2,906)
Accumulated losses	(58,822)	(59,738)
Total equity	<u>63,863</u>	<u>62,947</u>