



MARINER | WEALTH  
MANAGEMENT

INVESTORS IN FUNDS MANAGEMENT

# Mariner Wealth Management Limited

Annual Report 2006



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Mariner Wealth Management Limited (MWM) reported a net after-tax loss of \$157,000 in 2006.

During 2006, in line with its decision to take a more active role of identifying, assessing and investing in boutique funds management businesses in Australia, Mariner Wealth Management invested in Blue Ridge Investment Management Pty Ltd, a small independent fund manager specialising in Australian shares.

## Restructuring Initiatives

Despite three solid investments made by Mariner Wealth Management Limited to date, given the increasing competitiveness in the boutique funds management market, and the patient capital required to support these investments, the Board has reviewed its current strategy and has decided to put to shareholders that the Company redirect its focus to providing innovative asset warehouse and mezzanine debt financing facilities with a view to generating consistently high returns across a diversified portfolio. This will also involve the Company ceasing to be registered as a PDF under the Pooled Development Fund Act.

This new direction is reflected in a proposed change of the Company's name to Mariner Bridge Investments Limited (MBIL) together with a substantial capital raising of \$125 million, of which Mariner will contribute \$20 million and become the largest shareholder with ownership of approximately 15% of Mariner Bridge Investments Limited.

Existing shareholders will be offered the opportunity to participate in this capital raising.

It is envisaged that Mariner Bridge Investments Limited will work closely with Mariner Financial as a provider of financing for assets to be acquired by Mariner Financial, particularly in the areas of real estate and infrastructure. Mariner Bridge Investments Limited will establish its own product range and asset portfolio by working with independent parties requiring financing in the core asset classes of real estate, infrastructure, fixed income and leased equipment.

The Board proposes to invite Mark Phillips, previously Managing Director of Record Investments Limited, with his expertise in investment markets and investment management, to become Managing Director. It is also proposed to invite Irene Lee to become Executive Chairman of Mariner Bridge Investments Limited and to appoint a number of new independent directors who display the skills and experience appropriate to the new business direction. At the same time a number of the existing directors of Mariner Wealth Management Limited will be stepping down from the Board. Going forward, the Board of Mariner Bridge Investments Limited will be independent from Mariner Financial Limited.

I thank the existing Board of Mariner Wealth Management Limited for their efforts on behalf of the Company and, assuming the shareholders vote in favour of the proposed restructuring, wish Mark and Irene every success in their new roles.

The proposed changes present real growth opportunities for the Company, and I look forward to sharing our successes with you next year.

**W E B Ireland**  
Chairman



The directors present their report together with the financial report of Mariner Wealth Management Limited (the Company) for the year ended 30 June 2006 and the audit report thereon.

## DIRECTORS

The directors of Mariner Wealth Management Limited at any time during or since the end of the financial period are:

Director's Name	Period of Directorship
Mr W E B Ireland	Appointed 20 September 1999
Mr G J Wilson	Appointed 25 June 1999
Mr M J Kidman	Appointed 25 June 1999, resigned 15 November 2005
Mr J J Gosse	Appointed 16 August 1999
Mr I R Ingram	Appointed 4 February 2005
Mr A J Brown	Appointed 13 May 2005

The names of the directors in office at any time during or since the end of the year, and, their qualifications and experience are as follows:

### William E B Ireland – Chairman

Mr Ireland is Chairman (since 1 May 2006) and a substantial shareholder of Mariner Financial Limited. Mr Ireland also holds other company directorships of Mariner Financial Limited (since 2003, ASX: MFI) and associated companies and Mariner Retirement Solutions Limited (since 2003, ASX: MRT). Mr Ireland was formerly Managing Director of Challenger International Limited (1987 to 2003) and Chairman of BioTech Capital Limited (from 2000 to November 2005, ASX: BTC). Appointed 1999.

Interests in shares and options – Nil ordinary shares of Mariner Wealth Management Limited and options to acquire 250,000 ordinary shares which expired in December 2005.

### Geoffrey J Wilson – Director

Mr Wilson has a Bachelor of Science and a Graduate Management Qualification and has been in the investment industry for 24 years. Mr Wilson also holds other company directorships of Australian Stockbrokers Foundation Limited, Clime Capital Limited (since 2004), North Shore Heart Research Foundation, WAM Capital Limited (since 1999), Wilson Leaders Limited (since 2003) and Wilson Investment Fund Limited (since 2003). Appointed 1999.

Interests in shares and options – 3,145,772 ordinary shares of Mariner Wealth Management Limited and held 5,255,500 options to acquire ordinary shares which expired in December 2005.

### Matthew J Kidman – Director

Mr Kidman has a Bachelor of Economics & Law and was previously a finance reporter and investment editor with the *Sydney Morning Herald* for 4 years. Mr Kidman also holds other company directorships of WAM Capital Limited (since 1999), Wilson Leaders Limited (since 2003) and Wilson Investment Fund Limited (since 2002). Appointed 1999. Resigned 15 November 2005.

Interests in shares and options – Nil ordinary shares of Mariner Wealth Management Limited and held options to acquire 1,000,000 ordinary shares which expired in December 2005.

### Julian J Gosse – Director

Mr Gosse has extensive experience in banking and broking both in Australia and overseas and has been involved in the set-up, running and ownership of several small businesses. Mr Gosse also holds other company directorships of Clime Capital Limited (since 2004), ITL Limited (since 2003), Wilson Leaders Limited (since 2003) and Wilson Investment Fund Limited (since 2003). Mr Gosse resigned as Company Secretary on 25 July 2005. Appointed 1999.

Interests in shares and options – Nil ordinary shares of Mariner Wealth Management Limited, options to acquire 640,000 ordinary shares which expired in December 2005.

# Directors' Report

## Ian R Ingram – Director

Mr Ingram holds degrees in Arts, Economics and Law and has been in the investment industry for 30 years. Mr Ingram holds other company directorships of Mariner Financial Limited (since 1985, ASX: MFI) and associated companies, Beyond International Limited (since 1986, ASX: BYI) and Mariner Retirement Solutions Limited (since 1994, ASX: MRT). Appointed 2005.

Interests in shares and options – Nil ordinary shares of Mariner Wealth Management Limited and nil options to acquire ordinary shares.

## Andrew J Brown – Director

Mr Brown has a Bachelor of Arts (Economics) and 25 years experience in the Australian equity market as a stockbroker, corporate investor and funds manager. Mr Brown also holds other company directorships including Cheviot Bridge Limited (since 2003), Retail Star Limited, formerly G Retail Limited (2004 to 15 August 2006), Signature Brands Limited (subject to deed of arrangement, Director since 2004 until 18 July 2006), Snowball Group Limited (since 2003), Aequus Capital Limited formerly Hudson Securities Corporation Limited (since 2005), Fat Prophets Australia Fund Limited (since 2005) and Trent Capital Limited (since 2003). Appointed 2005.

Interest in shares and options – 1,730,194 ordinary shares of Mariner Wealth Management Limited and nil options to acquire further ordinary shares.

No other directors held office during the financial year.

## COMPANY SECRETARY

### Stephen Gilsenan

Mr Gilsenan was appointed to the position of Company Secretary on 28 June 2006. Mr Gilsenan has over 30 years financial and corporate administration experience in banking. His qualifications and memberships include Bachelor of Commerce (Accounting) from the University of New South Wales and ACA.

Date of appointment: 28 June 2006

Mr Thomas was appointed to the position of Company Secretary on 25 July 2005 and resigned on 28 June 2006.

Mr Thomas has over 35 years administration and financial management experience within stockbroking, investment banking and commerce. His qualifications and memberships include being a Certified Practising Accountant, Fellow of the Chartered Institute of Secretaries and Master of Business Administration.

## DIRECTORS' MEETING

Director	No. Held	No. Attended
Mr W E B Ireland	3	2
Mr G J Wilson	3	3
Mr M J Kidman*	2	2
Mr J J Gosse	3	3
Mr I R Ingram	3	2
Mr A J Brown	3	3

\*Mr Kidman did not attend any meetings after his resignation on 15 November 2005.

Considering the size of the Company, it is the directors' view that to delegate responsibilities to an Audit Committee is not required as the Board will perform this function. As such, all directors are active in monitoring and assessing the reliability of financial information and in determining policies relating to the basis of preparation of financial statements.

## CORPORATE GOVERNANCE STATEMENT

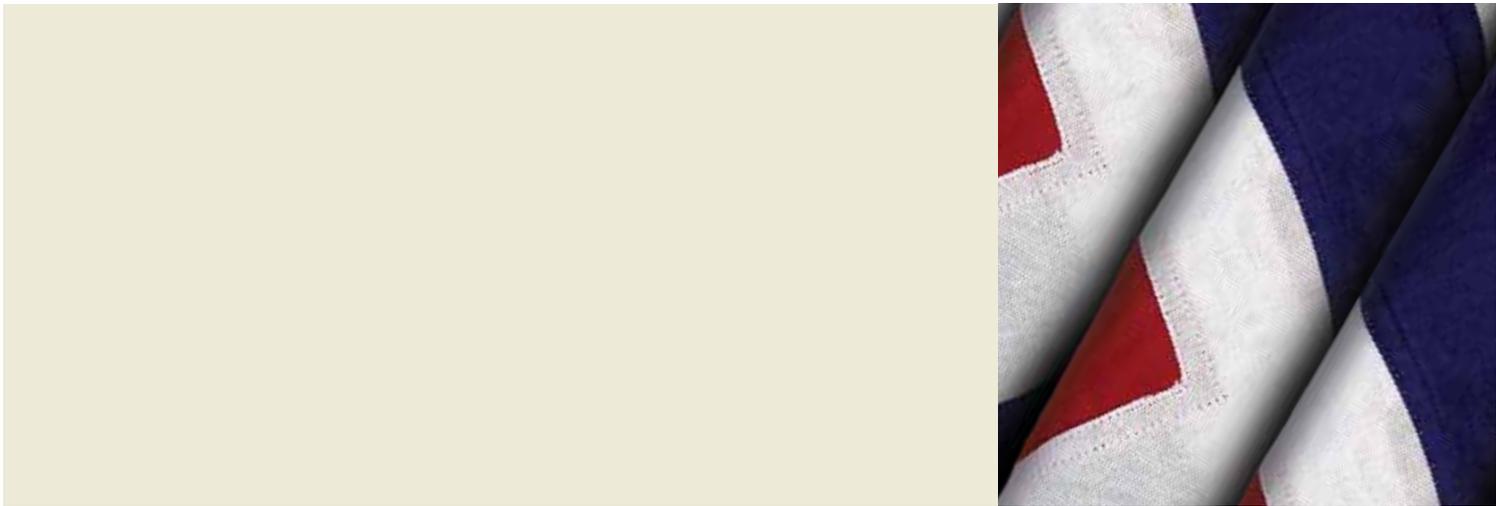
All the best practice recommendations of the Australian Stock Exchange Corporate Governance Council have been applied throughout the financial year, unless otherwise stated. These practices are dealt with under the following headings:

- Board of Directors and its Committees
- Composition of the Board
- Remuneration of Directors and Executives
- Ethical Standards
- The role of Shareholders
- Board's Policy on Dealing in Shares
- Independent Professional Advice and Access to Company Information
- Conflict of Interests
- Chairman and Chief Financial Officer Certification.

## Board of Directors and its Committees

The Board is responsible for the overall corporate governance of the Company including the strategic direction, establishing goals and monitoring the achievement of these goals.

Considering the size of the Company, it is the directors' view that delegating responsibilities to an Audit Committee is not required as the Board will perform this function. Therefore, the Company does not comply with ASX Recommendations 4.2 to 4.5.



All directors are actively involved in the establishment and maintenance of a framework of internal control, financial reporting practices and appropriate ethical standards for the Company and monitoring and assessing the quality and reliability of financial information. The directors liaise with and review the performance of the external auditor. The auditor has been invited to attend this year's 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.

#### **Composition of the Board**

The Board comprises of the Chairman and four (previously five) Non-executive Directors who consider the composition of the Board and appointment of new directors. The Board identifies suitable candidates to fill vacancies as they arise. The performance of each director is reviewed by the Chairman periodically. At every annual general meeting, one-third of the directors must retire from office and be eligible for re-election. Shareholder approval is required on the composition of the Board.

#### **Remuneration of Directors and Executives**

The maximum total remuneration of the directors of the Company has been set at \$200,000 per annum to be divided amongst them in such proportions as they agree. The scope of the Company's operations and the frequency of Board meetings are principal determinants of the fee level. Refer to Remuneration Report on page six for more information.

The Board is responsible for reviewing the compensation arrangements for all Company executives. This includes incentive schemes, share option schemes, superannuation, retirement and termination entitlements, fringe benefits and professional indemnity and liability insurance policies.

The Board has not established a Remuneration Committee, and in this regard the Company does not comply with ASX Recommendation 9.2.

At this stage the Company's remuneration policy does not link payment of salary or fees to performance. Performance related incentives are being considered by the Board.

The nature and amount of each element of fee or salary of each director and officers of the Company are included in the Remuneration Report on page six of the Directors' Report.

#### **Ethical Standards**

The Board aims to ensure that all directors act with the utmost integrity and objectivity and endeavour to enhance the reputation of the Company.

#### **The Role of Shareholders**

The Board of Directors aims to ensure that the shareholders are informed of all major developments affecting the Company's state of affairs. Information is communicated to shareholders through the Annual Financial Report and Half Year Financial Report lodged with the Australian Stock Exchange.

The Board encourages full participation of shareholders at the Annual General Meeting to ensure a high level of accountability and identification with the Company's strategy and goals.

#### **Board's Policy on Dealing in Shares**

Subject to the Board not being in possession of undisclosed price-sensitive information, directors may deal in shares of the Company when appropriate.

#### **Independent Professional Advice and Access to Company Information**

Each director has the right to access all relevant information and, subject to prior consultation with the Chairman, may seek independent professional advice at the Company's expense.

#### **Conflict of Interests**

In accordance with the *Corporations Act 2001* and the Company's Constitution, the directors must keep the Board advised on an ongoing basis of any interests that could potentially conflict with those of the Company. Where the Board believes that a significant conflict exists, the director concerned does not receive the relevant Board papers and is not present at the meeting whilst the item is considered.

# Directors' Report

## Chairman's Certification

The Chairman has provided to the Board written certification that in all material respects:

- the Company's financial statements present a true and fair view of the Company's financial condition and operational results and are in accordance with relevant accounting standards;
- the statement given to the Board on the Company's financial statements is founded on a sound system of risk management, internal compliance and control which implements the policies adopted by the Board; and
- the Company's risk management and internal compliance and control system is operating effectively given the size of the Company and the scope of activity within the past year.

## REMUNERATION REPORT

### (a) Remuneration of Specified Directors and Executives

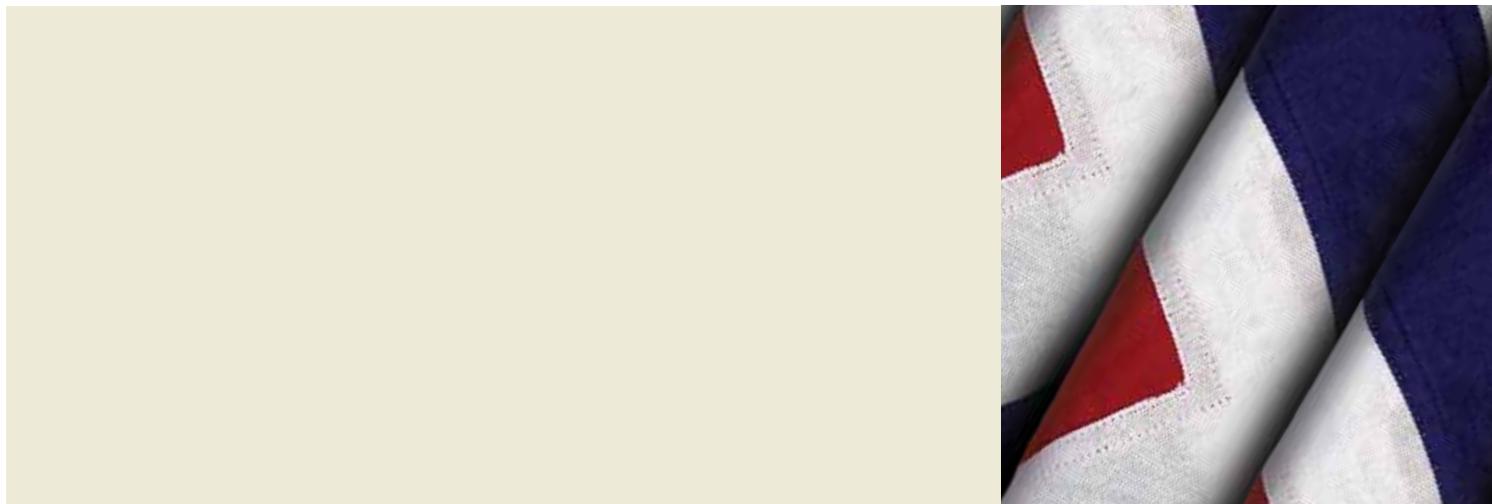
#### *Non-executive Directors*

The Board from time to time determines remuneration of Non-executive Directors within the maximum amount approved by the shareholders. Non-executive Directors are not entitled to any other remuneration.

Fees and payments to Non-executive Directors reflect the demands that are made on and the responsibilities of the directors and are reviewed annually by the Board. The Company determines the remuneration levels and ensures they are competitively set to attract and retain appropriately qualified and experienced directors.

Directors' base fees are presently \$200,000 per annum. Non-executive Directors do not receive bonuses nor are they issued options on securities. Directors' fees cover all main Board activities.

Key Management Personnel		Primary benefits Salary and fees \$	Post- employment Superannuation benefits \$	Total \$
<b>Specified directors</b>				
<i>Non-executive</i>				
Mr G J Wilson	<b>2006</b>	22,936	2,064	25,000
	2005	9,174	826	10,000
Mr M J Kidman	<b>2006</b>	6,938	624	7,562
(30 June 2005 to 15 November 2005)	2005	9,174	826	10,000
Mr J J Gosse	<b>2006</b>	25,000	–	25,000
	2005	18,349	1,651	20,000
Mr A J Brown	<b>2006</b>	25,000	–	25,000
(appointed 13 May 2005)	2005	4,223	380	4,603
Mr I R Ingram	<b>2006</b>	22,936	2,064	25,000
(appointed 4 February 2005)	2005	7,390	665	8,055
<i>Executive</i>				
Mr W E B Ireland (Chairman)	<b>2006</b>	25,000	–	25,000
	2005	18,349	1,651	20,000
Total specified directors	<b>2006</b>	127,810	4,752	132,562
	2005	66,659	5,999	72,658



		Primary benefits Salary and fees \$	Post-employment Superannuation benefits \$	Total \$
<b>Executive Officers (excluding directors)</b>				
Mr M Baker	2006	170,885	15,380	186,265
Executive Director (commenced 20 June 2005, resigned 3 March 2006)	2005	7,789	701	8,490
Total specified executives	2006	170,885	15,380	186,265
	2005	7,789	701	8,490

**(b) Equity Instrument Disclosures Relating to Directors**

As at 30 June 2006, the Company's directors held the following interests in the Company:

*Directors' Shareholdings*

Director	Position	Balance at 30 June 2005	Acquisitions	Disposals	Balance at 30 June 2006
Mr W E B Ireland	Chairman	-	-	-	-
Mr I R Ingram	Non-Executive Director	-	-	-	-
Mr G J Wilson	Non-Executive Director	4,193,772	-	1,048,000	3,145,772
Mr M J Kidman	Non-Executive Director	-	-	-	-
Mr J J Gosse	Non-Executive Director	-	-	-	-
Mr A J Brown	Non-Executive Director	1,485,881	244,313	-	1,730,194
		5,679,653	244,313	1,048,000	4,875,966

The directors have not during or since the end of the financial year been granted options over unissued shares or interests in shares of the Company as part of their remuneration.

# Directors' Report

## PRINCIPAL ACTIVITY

The principal activity of the Company for the majority of the year was investment in Australian small and medium enterprises. As a result of the General Meeting held on the 31 January 2005, the Company narrowed its investment focus to emerging funds management businesses.

### Review and results of operations

Investment operations during the year resulted in an operating loss after tax of \$157,431 (2005: Loss \$78,985).

Asset backing for each ordinary share at 30 June 2006 (calculated on 100% of market value less realisation costs and applicable tax) amounted to 24.11 cents per share (30 June 2005: 24.46c). The equivalent asset backing before tax was 24.11 cents per share (30 June 2005: 24.47c).

The Company has undergone significant change since 31 December 2005. Over the past year, the Board has considered closely the prospects and future directions of the Company given the ever increasing competitiveness of the funds management market and the gestation time of the current portfolio of investment and opportunities on offer in the market place and has decided to recommend to shareholders that the Company change its focus and raise additional capital by way of public offer, of which Mariner Financial Limited will make a strategic contribution. Existing shareholders will have the opportunity to participate in this capital raising.

Going forward with the additional capital the Company will focus on providing innovative asset warehouse financing to clients, and invest in structured debt products and in equity transactions.

## INVESTMENTS

### Blue Ridge Investment Management Pty Ltd (unlisted)

A boutique Australian equity fund manager. Mariner took a 35.06% stake in the business in February 2006 with an option to take its holding to 49.99%. The business is a start-up business currently with two employees and \$3 million under management.

### InterFinancial Holdings Pty Ltd (formerly Equity Capital Markets Ltd, unlisted)

InterFinancial financial services group specialises in equities research and corporate advice. The directors valued the holding at \$665,548. The former holding was in Equity Capital Markets and a merger between ECM and InterFinancial took place in June 2005.

### OneRail Ltd (unlisted)

OneRail provides a global rail reservation service. The Company originally invested \$250,000 in OneRail through the purchase of 250,000 shares at \$1.00 each. OneRail has failed to be profitable despite a further capital raising at 1c a share in 2004. The Company has written down its investment to zero.

### Ausam Energy Corporation (listed on the TSX Canadian Exchange)

The Company originally invested \$100,000 at 10c a share. The company listed on the TSX Venture Exchange in 2004 and conducted a 5 for 1 share consolidation resulting in the Company holding 200,000 shares. During the year 45,000 shares were disposed of realising a profit of \$14,768. As at 30 June 2006, the Company's investment in Ausam was approximately \$56,118.

## DIVIDENDS

No dividends were paid or declared during or since the end of the financial year.

## OPTIONS

At the date of this report, there are no unissued ordinary shares of the Company under option.

An option holder may participate in new issues of shares if the option has been exercised and shares allotted in respect of the option before the record date for determining entitlements to the issue. The Company must give seven business days notice to option holders of any new issue before the record date for determining entitlements to the issue in accordance with the ASX Listing Rules. Options do not carry dividend entitlements.



In February 2005, the Company issued 17,200,000 shares to Mariner Financial Limited at a price of 25 cents per share. This resulted in the Company raising \$4,300,000. As part of the capital raising, Mariner Financial Limited was issued 14,030,573 options with the same terms and conditions as that identified above. There were no issues of new shares as a result of options being exercised during the year.

#### **MATTERS SUBSEQUENT TO END OF FINANCIAL PERIOD**

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

#### **LEAD AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001**

The lead auditor's independence declaration is set out on page 10 and forms part of the Directors' Report for the year ended 30 June 2006.

Dated at Sydney this 28th day of August 2006.

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

A handwritten signature in black ink, appearing to read 'W E B Ireland', written in a cursive style.

**W E B Ireland**  
Chairman

# Auditor's Independence Declaration



## LEAD AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

To: The directors of Mariner Wealth Management Limited.

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2006 there have been:

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

KPMG

A handwritten signature in black ink, appearing to read 'A. Dickinson'.

**Andrew Dickinson**

Partner

Sydney

28 August 2006

# Income Statement

For the year ended 30 June 2006



	Notes	2006 \$	2005 \$
<b>Revenue from ordinary activities</b>			
Interest income		520,444	248,040
Dividend income		29,006	2,809
Gain on sale of trading assets		14,768	–
Gain on sale of available for sale investments		122,215	–
Unrealised gain/(loss) on trading assets		(89,332)	36,095
<b>Total operating income</b>		<b>597,101</b>	<b>286,944</b>
<b>Operating expenses</b>			
Employee expenses		(345,106)	(179,416)
Management fees		(305,574)	(82,236)
Other expenses		(102,755)	(106,337)
<b>Total operating expenses</b>		<b>(753,435)</b>	<b>(367,989)</b>
<b>Operating loss for the period before income tax</b>		<b>(156,334)</b>	<b>(81,045)</b>
Income tax (expense)/benefit	2(a)	(1,097)	2,060
<b>Net loss from ordinary activities after income tax</b>		<b>(157,431)</b>	<b>(78,985)</b>
<b>Total loss attributable to equity holders of the Company</b>		<b>(157,431)</b>	<b>(78,985)</b>
		<b>Cents</b>	<b>Cents</b>
Basic loss cents per share	12	(0.43)	(0.27)
Diluted loss cents per share	12	(0.43)	(0.27)

The income statement is to be read in conjunction with the notes to the financial statements set out on pages 15 to 25.

# Statement of Changes in Equity

For the year ended 30 June 2006



## 2005

	Share Capital	Retained Earnings	Total
	\$	\$	\$
Balance at 1 July 2004	4,608,709	12,631	4,621,340
Total recognised income and expense	–	(78,985)	(78,985)
Shares issued	4,300,000	–	4,300,000
<b>Balance at 30 June 2005</b>	<b>8,908,709</b>	<b>(66,354)</b>	<b>8,842,355</b>

## 2006

	Share Capital	Retained Earnings	Total
	\$	\$	\$
Balance at 1 July 2005	8,908,709	(66,354)	8,842,355
Total recognised income and expense	–	(157,431)	(157,431)
Available for sale investment reserve	–	15,857	15,857
Shares issued	201,600	–	201,600
<b>Balance at 30 June 2006</b>	<b>9,110,309</b>	<b>(207,928)</b>	<b>8,902,381</b>

The statement of changes in equity is to be read in conjunction with the notes to the financial statements set out on pages 15 to 25.

# Balance Sheet

As at 30 June 2006



	Notes	2006 \$	2005 \$
<b>Current assets</b>			
Cash and cash equivalents		7,167,532	7,841,758
Trade and other receivables	3	90,441	1,705
Trading assets	4	56,118	190,000
Available for sale investments	5	1,530,548	846,852
Other current assets	2(b)	4,098	8,067
<b>Total current assets</b>		<b>8,848,737</b>	<b>8,888,382</b>
<b>Non-current assets</b>			
Investments accounted for using the equity method	6	200,270	-
		200,270	-
<b>Total assets</b>		<b>9,049,007</b>	<b>8,888,382</b>
<b>Current liabilities</b>			
Payables	7	146,626	46,027
<b>Total current liabilities</b>		<b>146,626</b>	<b>46,027</b>
<b>Net assets</b>		<b>8,902,381</b>	<b>8,842,355</b>
<b>Equity</b>			
Contributed equity	8	9,110,309	8,908,709
Accumulated losses	10	(686,410)	(528,979)
Reserves	9	478,482	462,625
<b>Total equity</b>		<b>8,902,381</b>	<b>8,842,355</b>

The balance sheet is to be read in conjunction with the notes to the financial statements set out on pages 15 to 25.

# Statement of Cash Flows

For the year ended 30 June 2006



	Notes	2006 \$	2005 \$
<b>Cash flows from operating activities</b>			
Dividends received		29,006	2,809
Interest received		491,307	248,040
Payments for administration expenses		(704,273)	(395,101)
Income and withholding tax paid		(3,490)	(5,759)
<b>Net cash from operating activities</b>	11(b)	<b>(187,450)</b>	<b>(150,011)</b>
<b>Cash flows from investing activities</b>			
Payment for available for sale investments		(865,000)	–
Proceeds from sale of trading assets		57,518	–
Proceeds from sale of available for sale investments		319,376	–
Payment for investments in associates		(200,270)	–
<b>Net cash from investing activities</b>		<b>(688,376)</b>	<b>–</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares		–	4,300,000
Proceeds from exercise of options		201,600	–
<b>Net cash from financing activities</b>		<b>201,600</b>	<b>4,300,000</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(674,226)</b>	<b>4,149,989</b>
<b>Cash and cash equivalents at 1 July</b>		<b>7,841,758</b>	<b>3,691,769</b>
<b>Cash and cash equivalents at 30 June</b>	11(a)	<b>7,167,532</b>	<b>7,841,758</b>

The statement of cash flows is to be read in conjunction with the notes to the financial statements set out on pages 15 to 25.

# Notes to the Financial Statements

For the year ended 30 June 2006



## 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report was authorised for issue by the directors on 28 August 2006.

The significant accounting policies which have been adopted in the preparation of this report are:

### (a) Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards, Urgent Issues Group Interpretations adopted by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*. International Financial Reporting Standards (IFRSs) form the basis of Australian Accounting Standards (AASBs) adopted by the AASB, and for the purpose of this report are called Australian equivalents to IFRS (AIFRS) to distinguish from previous Australian GAAP. The financial reports of the Company also comply with IFRSs and interpretations adopted by the International Accounting Standards Board.

This is the Company's first financial report prepared in accordance with Australian Accounting Standards, being AIFRS and IFRS, and AASB 1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards* has been applied. An explanation of how the transition to AIFRS has affected the reported financial position, financial performance and cash flows of the Company is provided in Note 17.

### (b) Basis of preparation

The financial report is presented in Australian dollars.

The financial report is prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: derivative financial instruments, financial instruments held for trading, financial instruments classified as available for sale, and cash settled share based payment transactions.

The Company has elected to early adopt the following Accounting Standards and amendments:

- AASB 119 *Employee Benefits* (December 2004).
- AASB 2004-3 *Amendments to Australian Accounting Standards* (December 2004) amending AASB 1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards* (July 2004), AASB 101 *Presentation of Financial Statements* and AASB 124 *Related Party Disclosures*.
- AASB 2005-1 *Amendments to Australian Accounting Standards* (May 2005) amending AASB 139 *Financial Instruments: Recognition and Measurement*.
- AASB 2005-3 *Amendments to Australian Accounting Standards* (June 2005) amending AASB 119 *Employee Benefits* (either July or December 2004).
- AASB 2005-4 *Amendments to Australian Accounting Standards* (June 2005) amending AASB 139 *Financial Instruments: Recognition and Measurement*, AASB 132 *Financial Instruments: Disclosure and Presentation* and AASB 1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards* (July 2004).
- AASB 2005-5 *Amendments to Australian Accounting Standards* (June 2005) amending AASB 1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards* (July 2004) and AASB 139 *Financial Instruments: Recognition and Measurement*.
- AASB 2006-1 *Amendments to Australian Accounting Standards* (January 2006) amending AASB 121 *The Effects of Changes in Foreign Exchange Rates* (July 2004).

## 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (b) Basis of preparation (continued)

The following Standards and amendments were available for early adoption but have not been applied by the entity in these financial statements:

- AASB 7 *Financial Instruments: Disclosures* (August 2005) replacing the presentation requirements of financial instruments in AASB 132. AASB 7 is applicable for annual reporting periods beginning on or after 1 January 2007.
- AASB 2005-9 *Amendments to Australian Accounting Standards* (September 2005) requires that liabilities arising from the issue of financial guarantee contracts are recognised in the balance sheet. AASB 2005-9 is applicable for annual reporting periods beginning on or after 1 January 2006.
- AASB 2005-10 *Amendments to Australian Accounting Standards* (September 2005) makes consequential amendments to AASB 132 *Financial Instruments: Disclosures and Presentation*, AASB 101 *Presentation of Financial Statements*, AASB 114 *Segment Reporting*, AASB 139 *Financial Instruments: Recognition and Measurement*, AASB 1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards*, arising from the release of AASB 7. AASB 2005-10 is applicable for annual reporting periods beginning on or after 1 January 2007.

The entity plans to adopt AASB 7, AASB 2005-9 and AASB 2005-10 in the 2007 financial year.

The initial application of AASB 7 and AASB 2005-10 is not expected to have an impact on the financial results of the Company as the Standard and the amendment are concerned only with disclosures.

The initial application of AASB 2005-9 is not expected to have an impact on the financial results of the Company as the amendment relates to liabilities being recognised for financial guarantee contracts that have been provided by the Company and the Company has given no such guarantees.

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

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

The accounting policies set out below have been applied consistently to all periods presented in the financial report and in preparing an opening AIFRS balance sheet at 1 July 2004 for the purposes of the transition to Australian Accounting Standards – AIFRS.

### (c) Revenue recognition

Dividend income is recognised in the income statement on the day on which the relevant investment is first quoted on an "ex-dividend" basis. Interest revenue is recognised as it accrues, taking into account the effective yield on the financial asset.

#### (d) Assets at fair value through the Income Statement

Assets at fair value through the Income Statement is a new class of financial asset under AASB 139. There is a substantial change in the recognition and disclosure of these financial assets, however, there is no material change in measurement.

Assets at fair value through the Income Statement include assets that are primarily held for trading and assets that upon initial recognition are designated by the Company as at fair value through the Income Statement. The assets are recognised initially at fair value and transaction costs are taken directly to profit and loss.

Assets at fair value through the Income Statement have been reclassified trading assets.

Trading assets are short and long term public, bank and other debt securities and equities that are acquired and held for trading purposes. They are brought to account at fair value based on quoted bid prices. Quoted bid prices are used to measure trading assets with offsetting risk positions in a portfolio at fair value. For non-market quoted assets, fair values have been determined using valuation techniques that are based on market conditions and risks existing at balance sheet date. Realised gains and losses on disposal and unrealised fair value adjustments are reflected in operating income. Interest on trading assets is reported in net interest earnings using the effective interest method. Dividends are reflected in operating income when earned. Trading assets are recorded on a trade date basis.

#### (e) Available for sale investments

Available for sale investments are short and long term public, bank and other securities and include bonds, notes, bills of exchange, commercial paper, certificates of deposit, unlisted equities and rolling originations and syndications.

Available for sale investments are initially recognised at fair value including direct and incremental transaction costs and thereafter at fair value.

Unquoted equities and investments whose fair value cannot be reliably measured are valued at cost. Gains and losses arising from changes in the fair value are

reported in the available for sale revaluation reserve net of applicable income taxes until investments are sold, collected, otherwise disposed of, or until such investments become impaired. Interest, premium and dividends are reflected in operating income when earned.

Available for sale investments are tested for lasting impairment if the fair value of the investments is substantially lower than the amortised cost for that period. If the impairment is regarded as lasting, the investments are written down to the future cash flow of the investment, discounted using the effective interest method. The amount of any impairment loss is recognised in the profit and loss.

On disposal, the accumulated change in fair value is transferred to profit and loss and reported under operating income in available for sale investments: net revaluation gain transferred from equity.

#### (f) Financial instruments

The adoption of AASB 132 *Financial Instruments: Disclosure and Presentations* and AASB 139 *Financial Instruments: Recognition and Measurement* has had a significant impact on the recognition, measurement and disclosure of financial instruments. Under AASB 132 and AASB 139, the accounting policy has changed to recognise all derivatives in the balance sheet and to record all derivatives and some financial assets and liabilities at fair market value. Those financial assets and financial liabilities which are not at fair value will be carried at cost or amortised cost. Under AASB 132 and AASB 139, financial instruments will be required to be classified into one of the following measurement categories which determines the accounting treatment of the item:

- Assets at fair value through the Income Statement
- Held to maturity investments
- Available-for-sale investments
- Loans and receivables
- Liabilities at fair value through the Income Statement
- Liabilities at amortised cost
- Equity

## 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (g) Provisions for impairment

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

#### **Financial assets**

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

#### **Available for sale investments**

The recoverable amount of any equity instrument designated as available for sale is its fair value including direct and incremental transaction costs. The recoverable amount of debt instruments and purchased loans remeasured to fair value is calculated as the present value of expected future cash flows discounted at the current market rate of interest. Gains and losses arising from changes in fair value are included as a separate component of equity, within the available for sale reserve, until sale when the cumulative gain or loss is transferred to the profit and loss. Interest income is determined using the effective interest method.

When a decline in the fair value of an available for sale investment has been recognised directly in equity and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised directly in equity shall be removed from equity and recognised in the profit and loss.

If in a subsequent period the amount of impairment loss for an available for sale debt security decreases and the decrease can be linked objectively to an event occurring after the impairment event, the impairment is reversed through the profit and loss. However impairment losses on available for sale equity securities are not reversed.

### (h) Taxation

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

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date and are expected to apply when the deferred tax asset is realised or the deferred tax liability is settled.

As the Company is a registered Pooled Development Fund, it is taxed at a concessional rate of 15% on Pooled Development Fund activities and 25% on non-Pooled Development Fund activities.



**(i) Cash and cash equivalents**

For the purpose of the statement of cash flows, cash includes cash on hand, at call deposits with banks or financial institutions and fixed interest securities maturing within three months.

**(j) Trade and other receivables**

Receivables include interest accruals and prepayments.

**(k) Payables**

Liabilities are recognised for amounts to be paid in the future for goods or services received.

**(l) Goods and Services Tax**

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of the GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables are stated inclusive of GST. The net amount of GST recoverable from, or payable to, the ATO is included as an 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.

**(m) Segment reporting**

The Company operates as a registered Pooled Development Fund (PDF) in the investment sector solely in Australia.

**(n) Earnings per share**

***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.

***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.

**(o) Comparative figures**

Where necessary, comparative figures have been adjusted to conform with changes in presentation in these financial statements.

Comparative figures have been prepared in accordance with AIFRS as outlined in Note 1(a) except for the adoption of AASB 132 Financial Instruments: Disclosure and Presentation and AASB 139 Financial Instruments: Recognition and Measurement. These Standards have not been applied against comparative information in line with the exemption provided by AASB 1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards*. The Company has continued to apply its previous GAAP in preparing the comparative information within the scope of the abovementioned Standards.

# Notes to the Financial Statements

	2006 \$	2005 \$
<b>2 TAXATION</b>		
The prima facie tax on loss from ordinary activities before income tax is reconciled to the income tax accounts as follows:		
<b>(a) Income Tax (benefit)/expense</b>		
Prima facie income tax (benefit)/expense at 25% on non-pooled development fund activities	(15,001)	(29,085)
Prima facie income tax (benefit)/expense at 15% on pooled development fund activities	(14,450)	5,294
Franking credit gross up	780	120
Deferred tax asset not brought to account	16,098	28,729
(Non-assessable gains)/non-deductible expenses at 15%	13,670	(7,118)
	1,097	(2,060)
Deferred tax asset tax benefits are not recognised as they are not probable of recovery.		
<b>(b) Current tax assets</b>		
Estimated expense at expected future income tax rate of 25% on expense provisions currently not deductible	697	1,794
Goods and Services Tax receivable	3,401	6,273
	4,098	8,067
<b>3 TRADE AND OTHER RECEIVABLES</b>		
Other receivables	90,441	1,705
	90,441	1,705
<b>4 TRADING ASSETS</b>		
Shares in listed corporations, at fair value	56,118	190,000
	56,118	190,000
<b>Name</b>	<b>Principal Activities</b>	<b>Value</b>
\$		
<b>Listed Entities</b>		
Ausam Energy Corp.	Natural gas exploration company	56,118



	2006 \$	2005 \$
<b>5 AVAILABLE FOR SALE INVESTMENTS</b>		
Shares in unlisted investments, at fair value	665,548	846,852
Floating rate notes, issued by related party, at fair value	865,000	–
	1,530,548	846,852
<b>Name</b>	<b>Principal Activities</b>	<b>Value \$</b>
<b>Unlisted Entities</b>		
InterFinancial Holdings Pty Ltd	Corporate advisory company	665,548
<b>Floating Rate Notes</b>		
Mariner Treasury Limited	Financial products	865,000
		1,530,548
<b>6 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD</b>		
Investments shares in associates	270	–
Investments convertible notes in associates	200,000	–
	200,270	–
<p>An agreement was reached with Blue Ridge Investment Management Pty Ltd (Blue Ridge) as announced at the 2005 AGM on 24 November 2005 and subsequently formalised on 10 January 2006. Blue Ridge is a wholesale Australian equity manager. Mariner Wealth Management Limited owns 35% of the issued capital with rights to increase this to 49.9% under a convertible note agreement. Further information on Blue Ridge can be obtained at their website at &lt;<a href="http://www.blueridgeim.com.au">www.blueridgeim.com.au</a>&gt;.</p>		
<b>7 PAYABLES</b>		
Payables to related parties	58,573	9,189
Other creditors and accruals	88,053	36,838
	146,626	46,027
<b>8 CONTRIBUTED EQUITY</b>		
<b>(a) Issued and paid-up capital</b>		
36,924,398 (30 June 2005: 36,118,001) ordinary shares fully paid	9,110,309	8,908,709
<b>(b) Movement in ordinary share capital</b>		
At the beginning of the reporting period	8,908,709	4,608,709
17,200,000 ordinary shares issued under the explanatory memorandum at \$0.25 per share on 4 February 2005	–	4,300,000
806,397 ordinary shares issued from the conversion of options at \$0.25 per share which expired on 1 December 2005	201,600	–
At reporting date	9,110,309	8,908,709

# Notes to the Financial Statements

## 8 CONTRIBUTED EQUITY (CONTINUED)

On 4 February 2005, Mariner Wealth Management Limited issued 17,200,000 shares at an issue price of \$0.25 per share and 14,030,537 options to Mariner Financial Limited, as approved by shareholders and as required under the subscription agreement entered into by the Company and Mariner Financial Limited, announced on 15 November 2004.

The issue of shares and options gives Mariner Financial Limited an effective controlling interest in the Company.

### (c) Options to acquire ordinary shares

At 30 June 2005, there were 29,462,573 unissued ordinary shares for which options were outstanding, exercisable at \$0.25. The expiry date of these options was 1 December 2005. 806,397 of the options were converted into ordinary shares during the year and the balance has now expired.

	2006 \$	2005 \$
<b>9 RESERVES</b>		
Capital Profits Reserve	462,625	462,625
Available for Sale Investment Reserve	15,857	–
	478,482	462,625
<b>10 ACCUMULATED LOSSES</b>		
Accumulated losses at the beginning of the year	(528,979)	(449,994)
Net loss attributable to shareholders	(157,431)	(78,985)
	(686,410)	(528,979)
<b>11 CASH FLOW INFORMATION</b>		
<b>(a) Reconciliation of cash</b>		
Cash as at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the income statement as follows:		
Cash at bank	167,532	93,438
Term deposits	7,000,000	7,748,320
	7,167,532	7,841,758

The weighted average interest rate for cash as at 30 June 2006 is 5.97% p.a. (2005: 5.43% p.a.).



	2006 \$	2005 \$
<b>11 CASH FLOW INFORMATION (CONTINUED)</b>		
<b>(b) Reconciliation of operating loss after income tax</b>		
Loss from ordinary activities after income tax	(157,431)	(78,985)
Add/(less) items classified as investing activities:		
Profit on sale of investments	(136,983)	–
Add/(less) non-cash items:		
Unrealised losses/(profits) on investments	89,332	(36,095)
Net cash from Operating activities before changes in assets and liabilities:		
(Increase)/decrease in receivables	(85,865)	(6,174)
(Increase)/decrease in prepayments	–	20,125
(Increase)/decrease in deferred tax assets	1,098	(357)
Increase/(decrease) in payables	100,599	(47,237)
Increase/(decrease) in current tax liabilities	1,800	(1,288)
Net cash from Operating activities	(187,450)	(150,011)
	2006 Cents	2005 Cents
<b>12 LOSS PER SHARE</b>		
Basic loss cents per share	(0.43)	(0.31)
Diluted loss cents per share	(0.43)	(0.27)
	\$	\$
Net loss after tax used in the calculation of basic earnings per share and diluted earnings per share:	(157,431)	(78,985)
	No.	No.
Weighted average number of shares used as the denominator:		
Number for basic earnings per share		
Ordinary shares	36,584,165	25,798,001
Number for diluted earnings per share		
Ordinary shares	36,584,165	25,798,001
Effect of share options on issue	–	3,798,311
	36,584,165	29,596,312
	2006 \$	2005 \$
<b>13 AUDITOR'S REMUNERATION</b>		
Remuneration of the auditor of the Company for:		
Auditing or reviewing the financial report	18,553	10,851
Other services provided by a related practice of the auditor	6,300	15,000
	24,853	25,851

# Notes to the Financial Statements

## 14 ADDITIONAL FINANCIAL INSTRUMENT DISCLOSURE

### (a) Interest rate risk

The Company's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates, and the effective weighted average interest rate for classes of financial assets and financial liabilities are included under the appropriate note for that instrument.

	Note	Weighted average interest rate %	Floating interest rate \$	Fixed interest maturing in:		Non-interest bearing \$	Total \$
				1 year or less \$	1 to 5 years \$		
<b>2006</b>							
<i>Financial assets</i>							
Cash and cash equivalents		5.97%	7,167,532	–	–	–	7,167,532
Trade and other receivables	3		–	–	–	90,441	90,441
Trading assets	4		–	–	–	56,118	56,118
Available for sale investments	5	9.59%	865,000	–	–	665,548	1,530,548
Investments accounted for using the equity method	6		–	–	–	200,270	200,270
			8,032,532	–	–	1,012,377	9,044,909
<i>Financial liabilities</i>							
Trade and other creditors	7		–	–	–	146,626	146,626
						146,626	146,626
Net financial assets/(liabilities)			8,032,532	–	–	865,751	8,898,283
<b>2005</b>							
<i>Financial assets</i>							
Cash and cash equivalents		5.43%	7,841,758	–	–	–	7,841,758
Trade and other receivables	3		–	–	–	1,705	1,705
Trading assets	4		–	–	–	190,000	190,000
Available for sale investments	5		–	–	–	846,852	846,852
			7,841,758	–	–	1,038,557	8,880,315
<i>Financial liabilities</i>							
Trade and other creditors	7		–	–	–	46,027	46,027
			–	–	–	46,027	46,027
Net financial assets/(liabilities)			7,841,758	–	–	992,530	8,834,288



## 14 ADDITIONAL FINANCIAL INSTRUMENT DISCLOSURE (CONTINUED)

### (b) Credit risk

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted.

The credit risk on financial assets, excluding investments, of the Company which have been recognised on the income statement, is the carrying amount. The Company is not materially exposed to any individual credit risk.

### (c) Net fair values

The carrying amounts of financial instruments on the balance sheet approximate their net fair values.

## 15 DIRECTORS AND EXECUTIVES DISCLOSURES

In accordance with the *Corporations Amendment Regulations 2005 (No.4)*, the Company has transferred the remuneration disclosures required by AASB 1046 *Director and Executive Disclosures by Disclosing Entities* from the notes to the financial statements, to the Directors' Report under the heading of 'Remuneration Report'.

## 16 RELATED PARTY DISCLOSURE

### Directors and Director-Related Entities

All transactions with related entities were made on normal commercial terms and conditions.

Apart from the details disclosed in this Note, no director has entered into a material contract with the Company during or since the end of the previous financial year and there were no material contracts involving directors' interests subsisting at the end of the year.

The Company invested in floating rate notes issued by Mariner Treasury Limited earning interest of \$76,202 during the financial year 2006 (2005: nil).

Mariner Financial Limited charged management fees of \$305,574 during the financial year 2006 (2005: \$82,236). Mariner Financial Limited was owed \$58,573 as at 30 June 2006 (2005: \$700)

Mariner Funds Management Limited was owed nil as at 30 June 2006 (2005: \$8,490).

These amounts were in addition to the Directors' Remuneration disclosed in the Remuneration Report on page 6 of the Directors' Report.

Directors and director-related entities disposed of any acquired ordinary shares and options over ordinary shares in the Company on the same terms and conditions available to other shareholders.

## 17 TRANSITION TO AIFRS

There is no impact of transition to AIFRS on the balance sheet, income statement and cash flows other than the disclosure and classification issues arising from the implementation of AASB 132 and AASB 139, as discussed in Note 1(f).

## Directors' Declaration



In the opinion of the directors of Mariner Wealth Management Limited (the Company):

- 1 (a) the financial statements and notes including the remuneration disclosures that are contained in the Remuneration report on pages 6 to 7 of the Directors' Report, set out on pages 11 to 25, are in accordance with the *Corporations Act 2001*, including:
    - (i) giving a true and fair view of the financial position of the Company as at 30 June 2006 and of their performance, as represented by the results of their operations and their cash flows, for the year ended on that date; and
    - (ii) complying with Accounting Standards in Australia, including AASB 124 *Related Parties*, and the *Corporations Regulations 2001*; and
  - (b) the remuneration disclosures that are contained in the Remuneration Report on pages 6 to 7 of the Directors' Report comply with the Australian Accounting Standard AASB124 *Related Parties Disclosure*; and
  - (c) 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 *Corporation Act 2001* from the chief executive officer and chief financial officer for the financial year ended 30 June 2006.

Dated at Sydney this 28th day of August 2006

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

A handwritten signature in black ink, appearing to be 'W E B Ireland', written in a cursive style.

**W E B Ireland**  
Chairman

# Independent Audit Report to the Members of Mariner Wealth Management Limited



## Scope

We have audited the financial report of Mariner Wealth Management Limited (the Company) for the financial year ended 30 June 2006, consisting of the income statement, statement of changes in equity, balance sheet, statement of cash flows, accompanying notes 1 to 17, and the Directors' Declaration set out on pages 11 to 26. We have audited information disclosed by the Company, as permitted by the *Corporations Regulations 2001*, about the remuneration of directors and executives ("remuneration disclosures"), required by Australian Accounting Standard AASB 124 *Related Party Disclosures*, under the heading "Remuneration Report" of the Directors' Report and not in the financial report. The Company's directors are responsible for the financial report the remuneration disclosures. The directors are also responsible for preparing the relevant reconciling information regarding the adjustments required under the Australian Accounting Standard AASB 1 *First-time Adoption of Australian equivalents to International Financial Reporting Standards*. The Remuneration report also contains information not required by AASB 124 which is not subject to our audit. We have conducted an independent audit of the financial report and the remuneration disclosures in order to express an opinion on them to the members of the Company.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement and that the remuneration disclosures comply with AASB 124. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report and the remuneration disclosures, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Australian Accounting Standards and other mandatory professional reporting requirements in Australia and statutory requirements so as to present a view which is consistent with our understanding of the Company's financial position, and performance as represented by the results of its operations and its cash flows and whether the remuneration disclosures comply with AASB 124.

The audit opinion expressed in this report has been formed on the above basis.

## Audit opinion

1. In our opinion, the financial report of Mariner Wealth Management Limited is in accordance with:
  - a) the *Corporations Act 2001*, including:
    - i. giving a true and fair view of the Company's and financial position as at 30 June 2006 and of its performance for the financial year ended on that date; and
    - ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
  - b) other mandatory professional reporting requirements in Australia.
2. The remuneration disclosures that are contained in the Remuneration Report in the Directors' Report comply with Australian Accounting Standard AASB 124 *Related Party Disclosures*.

KPMG

**Andrew Dickinson**

Partner

Sydney

28 August 2006



KPMG, an Australian partnership, is a member of KPMG International, a Swiss non-operating association.

# ASX Additional Information

Additional information required by the Australian Stock Exchange Limited Listing Rules and not disclosed elsewhere in this report.

## SHAREHOLDINGS

### Substantial shareholders (as at 21 August 2006)

The following have advised that they have a relevant interest in the capital of Mariner Wealth Management Limited. The holding of a relevant interest does not infer beneficial ownership. Where two or more parties have a relevant interest in the same shares, those shares have been included for each party.

Substantial ordinary shareholders	No. of ordinary shares held	Percentage held of issued ordinary capital
Mariner Financial Limited	17,200,000	46.58
Mr Geoffrey J. Wilson	3,145,772	8.52

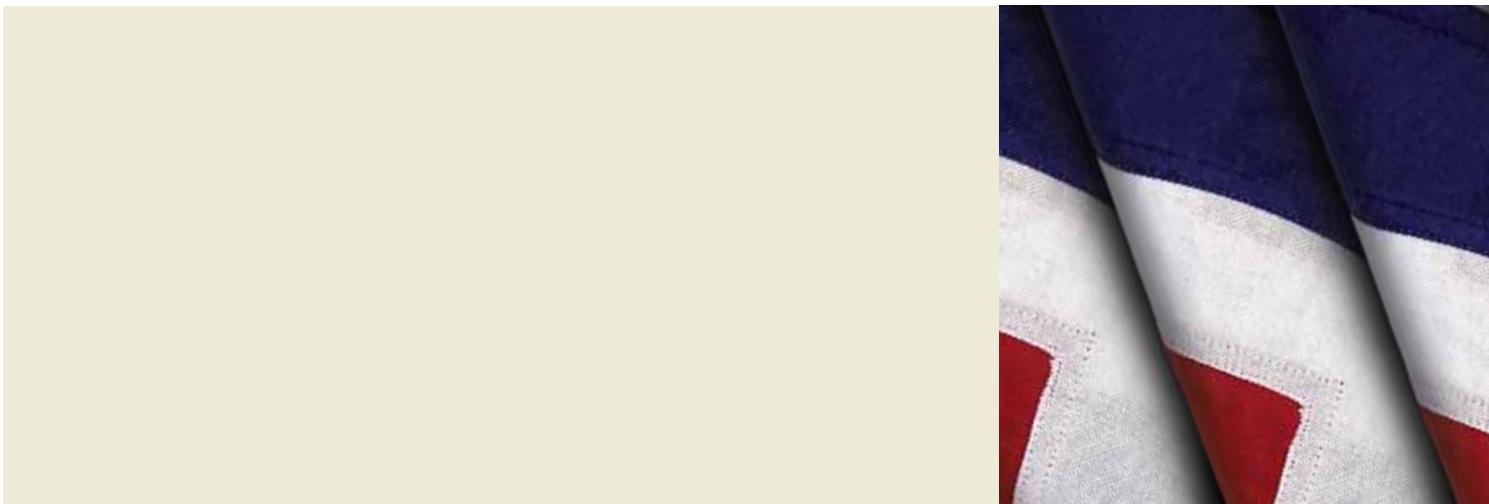
### Distribution of shareholders (as at 21 August 2006)

Category	No. of shareholders ordinary
1 – 1,000	2
1,001 – 5,000	32
5,001 – 10,000	93
10,001 – 100,000	96
100,001 and over	32
Total	255

There are 22 shareholders holding less than a marketable parcel.

### On-market buy back

There is no current on-market buy back.



Twenty largest shareholders (as at 21 August 2006)

Name	Number of ordinary shares held	Percentage of issued capital held
Mariner Financial Limited	17,200,000	46.58%
Mr Geoffrey J. Wilson	2,638,261	7.51%
Rowe Street Investments Pty Ltd	1,730,194	4.69%
Mr James Robertson	1,073,101	2.91%
VBS Investments Pty Ltd	900,000	2.44%
Mrs Karen Greer	838,000	2.27%
Laliber Pty Ltd	680,000	1.84%
Juliber Pty Limited	660,000	1.79%
Niliber Pty Limited	660,000	1.79%
Golden Words Pty Limited	647,000	1.75%
Klip Pty Ltd <Beirne Superfund A/C>	592,000	1.60%
Mr John Ryan	541,197	1.47%
Morton Holdings Pty Ltd <RSLM A/C>	514,000	1.39%
Dynasty Peak Pty Ltd	507,511	1.37%
Mr Gabriel Berger	436,000	1.18%
Locope Pty Ltd	338,000	0.92%
Queensland Pastoral and Land Company Pty Ltd	300,000	0.81%
Mr Charles Sebastian Arve	276,298	0.75%
Mr Edward James Daley	268,000	0.73%
Imaka Pty Ltd (The Robertson Family A/C)	260,000	0.70%
<b>Total for Top 20</b>	<b>31,059,562</b>	<b>84.49%</b>
<b>Total for Company</b>	<b>36,924,398</b>	

# ASX Additional Information



## Directors

### William Ireland

Chairman  
Level 40, Chifley Tower  
2 Chifley Square  
Sydney NSW 2000

### Ian Ingram

Non-Executive Director  
Level 40, Chifley Tower  
2 Chifley Square  
Sydney NSW 2000

### Geoff Wilson

Non-Executive Director  
Level 40, Chifley Tower  
2 Chifley Square  
Sydney NSW 2000

### Julian Gosse

Non-Executive Director  
Level 40, Chifley Tower  
2 Chifley Square  
Sydney NSW 2000

### Andrew Brown

Non-Executive Director  
Level 40, Chifley Tower  
2 Chifley Square  
Sydney NSW 2000

### Matthew Kidman (resigned)

Non-Executive Director  
Level 40, Chifley Tower  
2 Chifley Square  
Sydney NSW 2000

## Corporate Details

Mariner Financial Limited  
ACN 002 989 782  
ABN 54 002 989 782

## Offices

### Head Office

Level 40, Chifley Tower  
2 Chifley Square  
Sydney NSW 2000  
Telephone: +61 2 9238 0750  
Facsimile: +61 2 9238 0790

### Melbourne

Level 20, 101 Collins Street  
Melbourne VIC 3000  
Telephone: +61 3 8317 1111  
Facsimile: +61 3 8317 1199

### Brisbane

320 Adelaide Street  
Brisbane QLD 4000  
Telephone: +61 7 3010 9433  
Facsimile: +61 7 3010 9001

### Adelaide

Suite 25  
8 Greenhill Road  
Wayville SA 5034  
Telephone: +61 8 8372 7896  
Facsimile: +61 8 8372 7800

## Auditor

KPMG  
Chartered Accountants  
10 Shelley Street  
Sydney NSW 2000

## Bankers

Westpac  
341 George Street  
Sydney NSW 2000

## Share Registry

Registries Limited  
PO Box R67 Royal Exchange  
Sydney NSW 1223  
Telephone: +61 2 9290 9600  
Facsimile: +61 2 9279 0664

## Solicitors

Freehills  
Level 32, MLC Centre  
Sydney NSW 2000

## Stock Exchange Listings

The ordinary shares of Mariner Wealth Management Limited are listed on the Australian Stock Exchange

(code - shares - MWM)

(code - options expire 1 Dec 2005  
MWMO)

## Officers

### Stephen Gilsean

Chief Financial Officer  
& Company Secretary  
Mariner Financial group

### Robert Molinari

General Counsel  
Mariner Financial group

### Janet Robertson

Head of Corporate Support  
& Marketing  
Mariner Financial group

## Notice of Annual General Meeting

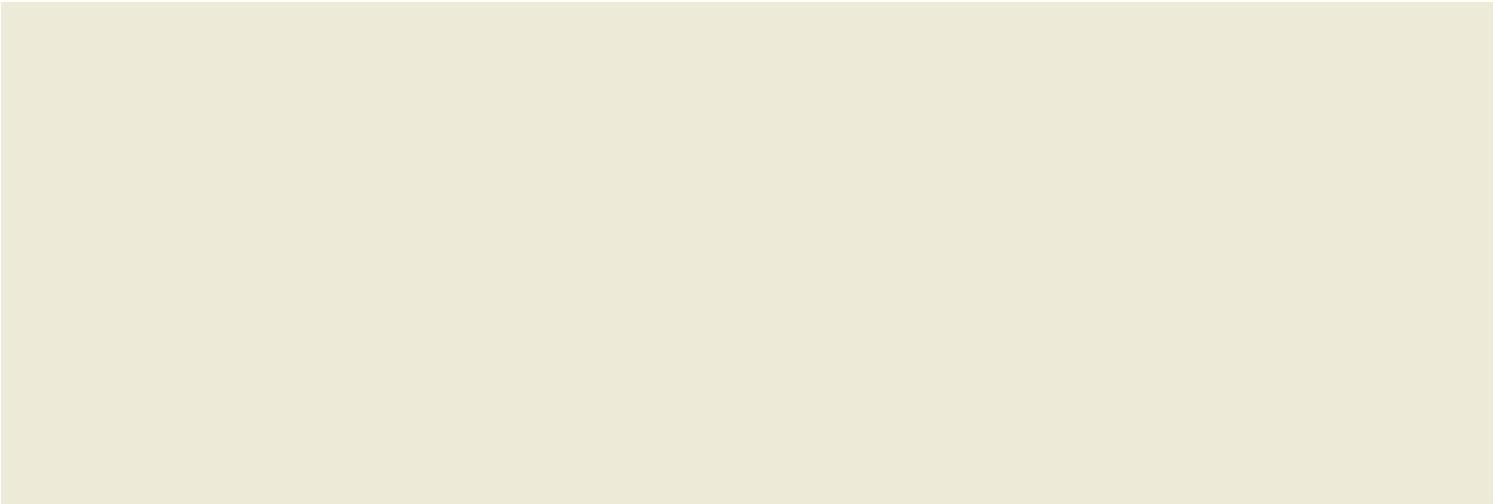
The Annual General Meeting for Mariner Wealth Management Limited will be held in:

The Company Boardroom  
Level 40, Chifley Tower  
2 Chifley Square  
Sydney NSW 2000

**Time:** 11:00am

**Date:** 27 October 2006

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**Mariner Financial Limited**

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Brisbane QLD 4000  
T: 07 3010 9433  
F: 07 3010 9001

Investor Services: 1800 009 963

Adviser Services: 1800 009 964

[www.marinerfunds.com.au](http://www.marinerfunds.com.au)  
[www.MarinerRetirement.com.au](http://www.MarinerRetirement.com.au)

Mariner Financial Limited ASX: MFI  
Mariner Retirement Solutions Limited ASX: MRT  
Mariner Wealth Management Limited ASX: MWM



The international code of signals allows ships of all nations to communicate with each other. The code's simple, powerful design has created a universal language that brings mariners together in a partnership of understanding. Mariner has adopted a similar philosophy – working in partnership to design simple, tailored investment solutions with universal applications.