



MARINER | SECURITIES

A MEMBER OF THE MARINER FINANCIAL GROUP

Mariner Coastal Land Fund

Annual Report 2008



Mariner Coastal Land Fund

ARSN 115 858 047

Responsible Entity: Mariner Securities Limited

ABN 87 002 163 180, AFSL 237 091

Contents

Directors' Report	2
Lead Auditor's Independence Declaration	8
Income Statement	9
Statement of Recognised Income and Expense	9
Balance Sheet	10
Statement of Cash Flows	11
Notes to the Financial Statements	12
Directors' Declaration	30
Independent Auditor's Report	31

Directors' Report

The directors of Mariner Securities Limited (the Responsible Entity), the Responsible Entity of the Mariner Coastal Land Fund (the Trust), present their report together with the financial report of the Trust, for the year ended 30 June 2008 and the auditor's report thereon.

Mariner Coastal Land Fund became a registered Trust under the *Corporations Act 2001* on 11 October 2005. Mariner Securities Limited became the responsible entity on this date.

THE RESPONSIBLE ENTITY

The registered office and principal place of business of the Responsible Entity and the Trust is Level 40, The Chifley Tower, 2 Chifley Square, Sydney.

DIRECTORS

The directors of Mariner Securities Limited during or since the end of the financial year are:

Bill Ireland – Executive Director

Bill Ireland has a background in the stockbroking industry and the property industry. He worked with various Australian broking houses during the 1970s.

In the early 1980s he moved into the property industry before establishing the Challenger group in 1986. As Managing Director and principal shareholder, he was instrumental in developing the foundations of the group, which listed on the Australian Stock Exchange in October 1987. After 16 years heading up Challenger, Mr Ireland stepped down as Managing Director in 2003 (he was Managing Director from 1987 to 2003) and established the Mariner Financial group.

Mr Ireland is the Managing Director of Mariner Financial Limited and became Chairman of Mariner Financial Limited on 1 May, 2006. He was Chairman of Bio Tech Capital Limited from 2000 until November 2005 (ASX: BTC).

Date of appointment: 7 May 2003.

Brent Cubis – Executive Director

B. Comm., Accounting, Finance and Systems, (UNSW), MICA

Alumni Leader, (UNSW) Faculty of Business

Prior to his appointment in April 2007, Brent Cubis was the CFO for Nine Network Australia for four years and before that he worked at PBL's sister company, ACP Magazines for two years. Brent has over 20 years experience in senior financial roles across a broad range of industries, where he has managed finance teams that have assisted the earnings drive and business growth for the following leading Australian companies and industries: Media (Publishing and Broadcasting Limited); Funds Management (Bankers Trust); Property (Westfield Holdings); Hospitality (Sheraton Hotels). Brent qualified as a chartered accountant with Deloitte Haskins and Sells, Sydney after a transfer to their New York and Michigan offices.

Date of appointment: 23 January 2008.

Anthony Lee – Non-executive Director

B.A., (Princeton University), New Jersey, USA

M.B.A., (Chinese University of Hong Kong)

Anthony Lee is a director of Beyond International Limited (since 1994, ASX: BYI) and Aberon Pty Limited, a private investment company. He is also a director of the Cranbrook Foundation Limited. Before moving to Sydney from Hong Kong in 1987, Anthony was a corporate finance executive with a leading British merchant bank.

Date of appointment: 7 June 2002.

Date of resignation: 2 January 2008.

David Heaney – Non-executive Director

David Heaney has more than 39 years experience in banking and corporate finance gained with the National Australia Bank Limited and subsidiary companies. David held several senior management positions in Australia and the United States, the most recent position being General Manager, Corporate Banking Victoria, prior to his retirement in August 1999.

He is currently an executive director of Thompson Partners Pty Limited a consulting company, and a non-executive director of Colorpak Limited (since 2004, ASX: CKL). He brings strong banking and finance skills, together with corporate governance experience to the Company.

Date of appointment: 20 June 2006.

Directors' Report (continued)

George Lucas – Executive Director

B Sc. (UNSW)

George Lucas joined the Mariner Financial group in March 2004 and has assisted in the development and structuring of property and infrastructure funds. He has over 20 years experience in the investment banking industry and has also owned and managed a financial consulting business. George previously headed the London equity derivative trading and structuring departments for First Chicago and was head trader in the same area at Citibank. He has extensive experience in developing and structuring new financial products and a wealth of knowledge in the application of the ever-increasing menu of financial instruments. Recently George has consulted to hedge fund managers both in Australia and internationally. He has also written books and tertiary courses on the use of derivatives.

Date of appointment: 10 November 2006.

Date of resignation: 2 January 2008.

Gary Symons – Non-executive Director

B. Comm. & Accounting (University of Witwatersrand, Johannesburg)

Gary Symons is currently an asset manager with Lend Lease and was the Chief Investment Officer at BT Funds Management previously.

Date of appointment: 18 December 2007.

Date of resignation: 23 January 2008.

PRINCIPAL ACTIVITIES

The Trust is a registered managed investment trust domiciled in Australia.

The principal activities of the Trust are property investment and investment of funds in short term deposits. There have been no significant changes in the activities of the Trust during the financial year.

The Trust did not have any employees during the year.

REVIEW OF OPERATIONS

Results

Mariner Coastal Land Fund earned an operating profit before finance costs of \$3,992,000 (2007: \$715,000) and has declared a distribution for the financial year ended 30 June 2008 of \$2,375,000 (2007: \$2,374,000). The distribution comprised a return of 9.5% for the financial year ended 30 June 2008 (2007: 9.5%).

Distributions paid or payable in respect of the financial year/period were:

	30 June 2008		30 June 2007	
	\$'000	Cents per unit	\$'000	Cents per unit
Interim distribution paid	1,784	7.14	1,782	7.13
Final distribution payable	591	2.36	592	2.37
	2,375	9.50	2,374	9.50

Performance

	30 June 2008	30 June 2007
	%	%
Distribution return*	9.50	9.50

*Returns have been calculated after fees and assuming reinvestment of distributions, in accordance with IFSA Standard 6.00 *Product Performance: Calculation of Returns*.

The basis for valuation of the Trust's assets is disclosed in note 3 to the financial statements.

INTERESTS OF THE RESPONSIBLE ENTITY

The following fees were paid to the Responsible Entity and its associates out of Trust property during the financial year:

	30 June 2008	30 June 2007
	\$	\$
Responsible Entity fees paid directly by the Trust	428,464	420,926

Directors' Report (continued)

INTERESTS OF THE RESPONSIBLE ENTITY (CONTINUED)

Except as disclosed in this report or in the notes to the financial statements, since the date of commencement, no director of the Responsible Entity has received or become entitled to receive any benefit because of a contract made by the Responsible Entity or a related entity with a director, or with a firm of which a director is a member, or with an entity in which a director of the Responsible Entity has a substantial interest.

Mariner Securities Limited and its associates have held units either directly or indirectly in Mariner Coastal Land Fund during the financial period. The number of units held at 30 June 2008 by Mariner Financial Limited was 4,380,460 (June 2007: 5,385,460).

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no significant changes in the state of affairs of the Trust that occurred during the financial year under review.

LIKELY DEVELOPMENTS

The Trust will continue its current activities in accordance with the Responsible Entity's guidelines and the objectives of the Trust. At the time of preparing this report, the Responsible Entity is not aware of any likely developments that would materially impact on the future operations of the Trust.

ENVIRONMENTAL REGULATIONS

The Responsible Entity's operations are not subject to any significant environmental regulations under either Commonwealth or State legislation.

EVENTS SUBSEQUENT TO BALANCE DATE

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Responsible Entity, to affect significantly the operations of the Trust, the results of those operations, or the state of affairs of the Trust, in future financial years.

INDEMNIFICATIONS AND INSURANCE OF OFFICERS

Indemnification

Under the Trust Constitution the Responsible Entity, including its officers and employees, is indemnified out of the Trust's assets for any loss, damage, expense or other liability incurred by it in properly performing or exercising any of its powers, duties or rights in relation to the Trust.

The Trust has not indemnified any auditor of the Trust.

Insurance premiums

As part of its insurance arrangements, the Responsible Entity pays insurance premiums in respect of Directors' and Officers' Liability insurance contracts covering directors and officers of Mariner Financial Limited, the ultimate holding company of the Responsible Entity. It is not possible to separately identify the proportion of the premiums that are paid by the Responsible Entity on behalf of current and former directors and officers of the Responsible Entity.

ADDITIONAL INFORMATION

Investment policy of the Trust

The primary objective of the Trust is to provide investors with a regular, reliable income stream that is significantly tax deferred. The Trust also aims to provide investors with a long term investment that seeks to provide an on-going income stream with a share of development profits.

Borrowing policy of the Trust

The Trust Constitution provides authority to borrow amounts required to purchase the underlying property.

LEAD AUDITORS INDEPENDENCE DECLARATION

The lead auditor's independence declaration is set out on page 6 and forms part of the Directors' Report for the period ended 30 June 2008.

ROUNDING OFF

The Trust is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 (updated by CO 05/641 effective 28 July 2005 and CO 06/51 effective 31 January 2006) and in accordance with that Class Order, amounts in the financial report and the Directors' Report have been rounded off to the nearest thousand dollars unless otherwise stated.

Dated at Sydney this 4th day of September 2008.

Signed in accordance with a resolution of the directors of the Responsible Entity:



Brent Cubis

Director, Mariner Securities Limited

Directors' Report (continued)



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

To: the directors of Mariner Securities Limited, the responsible entity of Mariner Coastal Land Fund.

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2008 there has 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.

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

KPMG

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

Andrew Dickinson

Partner

Sydney

4 September 2008



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

Income Statement

For the year ended 30 June 2008

	Note	30 June 2008 \$'000	to 30 June 2007 \$'000
Revenue			
Rental income from investment properties		1,395	1,401
Recoverable outgoings		461	157
Interest income		71	152
Changes in fair value of investment property:	7		
– Valuation		2,412	152
– Rent straight lining		(75)	(107)
		4,264	1,755
Expenses			
Rental expenses		471	186
Responsible Entity fees		428	421
Borrowing cost expenses		109	114
Other expenses		240	13
		1,248	734
Operating profit for the year/period before income tax and finance costs			
		3,016	1,021
Income tax benefit expense	10(a)	976	(306)
Operating profit for the year after income tax and before finance costs			
		3,992	715
Finance costs			
Distributions to Unitholders	9	(2,375)	(2,374)
Change in net assets attributable to Unitholders			
		1,617	(1,659)

Statement of Recognised Income and Expense

As the Trust has no equity, the Trust has not included any item of recognised income and expenses for the current year and comparative years.

The notes on pages 10 to 27 are an integral part of these financial statements.

Balance Sheet

As at 30 June 2008

	Note	30 June 2008 \$'000	30 June 2007 \$'000
Current assets			
Cash and cash equivalents	4(a)	644	2,210
Receivables	5	134	78
Total current assets		778	2,288
Non-current assets			
Deferred tax asset	10(c)	549	–
Investment property	7	23,238	20,487
Total non-current assets		23,787	20,487
Total assets		24,565	22,775
Current liabilities			
Current tax liability		–	20
Payables	8	285	164
Provisions for distribution	9	591	592
Total current liabilities		876	776
Non-current liabilities			
Deferred tax liability	10(b)	–	407
Loans and borrowings	11	1,732	1,252
Total non-current liabilities		1,732	1,659
Total liabilities		2,608	2,435
Net assets (excluding net liability attributable to Unitholders)		21,957	20,340
Represented by:			
Net assets due to Unitholders		21,957	20,340

The notes on pages 10 to 27 are an integral part of these financial statements

Statement of Cash Flows

For the year ended 30 June 2008

	Note	30 June 2008 \$'000	to 30 June 2007 \$'000
Cash flows from operating activities			
Rental income received		1,717	1,393
Property expenses paid		(1,019)	(647)
Interest received		79	156
Interest and other borrowing costs paid		(109)	(99)
Net cash flows from operating activities	4(b)	668	803
Cash flows from investing activities			
Capital expenditure	7	(339)	(1,010)
Net cash flows from investing activities		(339)	(1,010)
Cash flows from financing activities			
Proceeds from borrowings	11	480	1,252
Distributions paid	9	(2,375)	(2,374)
Net cash flows from financing activities		(1,895)	(1,122)
Net (decrease) in cash held		(1,566)	(1,329)
Cash and cash equivalents at 1 July		2,210	3,539
Cash and cash equivalents at 30 June	4(a)	644	2,210

The notes on pages 10 to 27 are an integral part of these financial statements.

Notes to the Financial Statements

For the year ended 30 June 2008

1 REPORTING ENTITIES

Mariner Coastal Land Fund (the Trust) is a registered managed investment scheme under the *Corporations Act 2001*. The financial report of the Trust is for the year ended 30 June 2008.

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 (AASBs) adopted by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001* and the International Financial Reporting Standards (IFRS).

The financial statements were approved by the Board of Directors of the Responsible Entity on 4 September 2008.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following:

- Investment property is measured at fair value.

The methods used to measure fair values are discussed further in note 3(j).

(c) Functional and presentation currency

These financial statements are presented in Australian dollars, which is the Trust's functional currency.

The Trust is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 (updated by CO 05/641 effective 28 July 2005 and CO 06/51 effective 31 January 2006) and in accordance with that Class Order, all financial information presented in Australian dollars has been rounded to the nearest thousand dollars unless otherwise stated.

(d) Use of estimates and judgements

The preparation of financial statements requires management to make adjustments, 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 note:

- Note 7 – valuation of investment property

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) Financial instruments

(i) Classification

Financial instruments comprise:

- Financial assets that are classified as loans and receivables
- Financial liabilities that are at amortised cost

(ii) Recognition

The Trust recognises financial assets and financial liabilities on the date it becomes a party to the contractual provisions of the instrument.

Financial instruments are recognised using trade date accounting. From this date any gains and losses arising from changes in fair value of the financial assets or financial liabilities are recorded.

Financial liabilities are not recognised unless one of the parties has performed or the contract is a derivative contract not exempted from the scope of AASB 139 Financial Instruments: Recognition and Measurement.

(iii) Measurement

Financial instruments are measured initially at fair value (transaction price) plus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs on financial assets and financial liabilities at fair value through profit or loss are expensed immediately, while on other financial instruments they are amortised.

Financial assets classified as loans and receivables are carried at amortised cost using the effective interest rate method, less impairment losses, if any.

Notes to the Financial Statements

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Financial instruments (continued)

(iii) Measurement (continued)

Financial liabilities, other than those at fair value through profit or loss, are measured at amortised cost using the effective interest rate.

Financial liabilities arising from the redeemable units issued by the Trust are carried at the redemption amount representing the investors' right to a residual interest in the Trust's assets, effectively fair value at reporting date.

(iv) Derecognition

The Trust derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition in accordance with AASB 139.

The Trust uses the weighted average method to determine realised gains and losses on derecognition of financial assets not at fair value.

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expired.

(v) Impairment

Financial assets that are stated at cost or amortised cost are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. If any such indication exists, impairment testing is carried out and an impairment loss is recognised in the income statement as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate.

If in a subsequent period the amount of an impairment loss recognised on a financial asset carried at amortised cost decreases and the decrease can be linked objectively to an event occurring after the write down, the write down is reversed through the income statement.

(vi) **Specific instruments**

Cash and cash equivalents

Cash comprises current deposits with banks. Cash equivalents are short term highly liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short term cash commitments rather than for investment or other purposes.

(b) **Interest income and expense**

Interest income and expense is recognised in the income statement as it accrues, using the effective interest method of the instrument calculated at the acquisition or origination date. Interest income and expense includes the amortisation of any discount or premium, transaction costs or other differences between the initial carrying amount of an interest-bearing instrument and its amount at maturity calculated on an effective interest rate basis.

(c) **Expenses**

All expenses, including management fees and custodian fees, are recognised in the income statement on an accruals basis.

(d) **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 substantially enacted at the balance sheet date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Notes to the Financial Statements (continued)

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Redeemable units

All redeemable units issued by the Trust provide the investors with the right to require redemption at the end of Trust's fixed life and give rise to a financial liability. In accordance with the product disclosure document the Trust is contractually obliged to redeem units at redemption price, which includes an allowance for transaction costs that would be incurred by the Trust on disposal of its assets required to fund the redemptions.

(f) Unit prices

The unit price is based on unit price accounting outlined in the Trust's Constitution and Product Disclosure Statement.

(g) Finance costs

Distributions paid and payable on units are recognised in the income statement as finance costs and as a liability where not paid. Distributions paid are included in cash flows from financing activities in the statement of cash flows.

(h) Change in net assets attributable to Unitholders

Non-distributable income, which may comprise unrealised changes in the fair value of investments, net capital losses, tax-deferred income, accrued income not yet assessable and non-deductible expenses are reflected in the profit and loss as change in net assets attributable to Unitholders.

These items are included in the determination of distributable income in the period for which they are assessable for taxation purposes.

(i) Goods and services tax

Management fees, custody fees and other expenses are recognised net of the amount of goods and services tax (GST) recoverable from the Australian Taxation Office (ATO) as a reduced input tax credit (RITC).

Payables are stated with the amount of GST included.

The net amount of GST recoverable from the ATO is included in receivables in the balance sheet.

GST is included in the statement of cash flows on a gross basis.

(j) Investment properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both.

Land and buildings comprising the investment properties are considered composite assets and are disclosed as such in the accompanying notes to the financial statements.

Investment properties acquired are initially recorded at their cost of acquisition at the date of acquisition, being the fair value of the consideration provided plus incidental costs directly attributable to the acquisition.

Where the contracts of purchase include a deferred payment arrangement, amounts payable are recorded at their present value, discounted at the rate applicable to the Trust if a similar borrowing were obtained from an independent financier under comparable terms and conditions.

Buildings and plant integral to the property are classified as investment properties and accordingly are not depreciated. Items of furniture, fixtures and fittings are considered as integral to the property and accordingly are not depreciated.

Valuations

Investment properties are stated at fair value. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

Valuations are done internally by knowledgeable property professionals and the group will obtain external valuations when the directors are of the opinion that the market has moved materially.

The valuations are prepared by considering the aggregate of the net annual rents receivable from the properties and where relevant, associated costs. A yield which reflects the specific risks inherent in the net cash flows is then applied to the net annual rentals to arrive at the property valuation.

Valuations reflect, where appropriate; the type of tenants actually in occupation or responsible for meeting lease commitments or likely to be in occupation after letting of vacant accommodation and the market's general perception of their credit worthiness; the allocation of maintenance and insurance responsibilities between lessor and lessee; and the remaining economic life of the property.

Any gain or loss arising from a change in fair value is recognised in the income statement.

Notes to the Financial Statements (continued)

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Rental income

Rental income from investment properties is recognised on a straight line basis over the lease term. Rental income not received at reporting date, is reflected in the balance sheet as a receivable or if paid in advance, as rent in advance. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease, on a straight line basis, as a reduction of lease income.

Lease incentives provided by the Trust to lessees, and rental guarantees which may be received from third parties (arising on the acquisition of investment property) are excluded from the measurement of fair value of investment property and are treated as separate assets. Such assets are amortised over the respective periods to which the lease incentives and rental guarantees apply, either using a straight line basis, or a basis which is representative of the pattern of benefits.

(l) Deferred leasing and tenancy costs

Expenditure on direct leasing and tenancy costs is capitalised and written off over the lease term in proportion to the rental revenue recognised in each financial year.

(m) 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 as at 30 June 2008, but have not been applied in preparing this financial report.

- AASB 8 Operating Segments introduces the 'management approach' to segment reporting. AASB 8, which becomes mandatory for the Trust's 30 June 2010 financial statements, will require the disclosure of segment information based on the internal reports regularly reviewed by the Trust's Chief Operating Decision Maker in order to assess each segment's performance and to allocate resources to them. Currently the Trust presents segment information in respect of its business and geographical segments (see note 15).
- Revised AASB 101 *Presentation of Financial Statements* introduces as a financial statement (formerly 'primary' statement) the 'statement of comprehensive income'. The revised standard does not change the recognition, measurement or disclosure of transactions and events that are required by other AASBs. The revised AASB 101 will become mandatory for the Trust's 30 June 2010 financial statements. The Trust has not yet determined the potential effect of the revised standard on the Trust's disclosures.

- AASB 2008-02 *Amendments to Australian Accounting Standards – Puttable Financial Instruments and Obligations arising on Liquidation*. AASB 2008-02 changes the definition of a financial liability requiring puttable instruments that meet certain conditions to be classified as equity. AASB 2008-02 is effective for years beginning on or after 1 January 2009. The trust has not yet determined the potential effect of the revised standard on the trust's disclosures.

Had the above standards been adopted in the current period the impact would be considered to be not material or would only impact disclosures.

4(a) CASH AND CASH EQUIVALENTS

	30 June 2008 \$'000	30 June 2007 \$'000
Cash at bank and on hand	644	370
Short term money securities	–	1,840
	644	2,210

4(b) RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES

Profit for the year	3,992	715
Adjustments for:		
Change in fair value of investment property	(2,412)	(152)
Income tax benefit/(expense)	(976)	306
Change in assets and liabilities during the financial year:		
Increase in receivables	(57)	(13)
Increase/(Decrease) in payables	121	(53)
Net cash provided by operating activities	668	803

5 RECEIVABLES

Interest receivable	1	9
Other receivables	133	69
	134	78

Notes to the Financial Statements (continued)

6 AUDITOR'S REMUNERATION

	30 June 2008 \$	30 June 2007 \$
Auditor of the Trust – KPMG:		
Audit and review of the financial reports	16,000	13,500
Taxation services	3,915	–
Other regulatory audit services	5,700	5,500
	25,515	19,000

Auditors' remuneration in prior years was paid by the Responsible Entity. In the current year, it is paid by the Trust.

7 INVESTMENT PROPERTY

Details of the property are set out below:

Property	The Blue Dolphin Holiday Resort and Yamba Waters Caravan Park, Yamba, NSW
Description	Freehold
Ownership	55%
Acquisition date	16 December 2005
Acquisition cost	\$19,255,124
Fair valuation – Directors' valuation (Blue Dolphin)	\$20,900,000
Fair valuation – Directors' valuation (Yamba Waters)	\$ 2,337,500
Total fair valuation	\$23,237,500
Latest valuation date	30 June 2008

	30 June 2008 \$'000	30 June 2007 \$'000
Investment properties – directors' fair valuation:		
Fair value at the beginning of the year	20,487	19,325
Capital expenditure	339	1,010
Fair valuation increment	2,412	152
	23,238	20,487
Comprising:		
Rent straight lining receivable	252	177
Carrying value of property	22,986	20,310
Carrying amount	23,238	20,487

The Consolidated Entity leases out investment property under operating leases. The future minimum lease payments receivable under non-cancellable leases are as follows:

	30 June 2008 \$'000	30 June 2007 \$'000
Leases as lessor		
Less than one year	1,241	1,205
Between one and five years	6,058	6,590
More than five years	–	709
	7,299	8,504

The investment property is measured at fair value with any change therein recognised in profit or loss. The Trust has an internal valuation process for determining the fair value at each reporting date. An independent valuer, having an appropriate professional qualification and recent experience in the location and category of property being valued, values individual properties every three years on a rotation basis or on a more regular basis if considered appropriate and as determined by management in accordance with Board approved valuation policy. These external valuations are taken into consideration when determining the fair value of the investment properties. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

The valuations are prepared by considering the aggregate of the net annual rents receivable from the properties and where relevant, associated costs. A yield which reflects the specific risks inherent in the net cash flows is then applied to the net annual rentals to arrive at the property valuation. The yield applied as at 30 June 2008 for this caravan and cabin park is 7% (2007: 7%).

Valuations reflect, where appropriate; the type of tenants actually in occupation or responsible for meeting lease commitments or likely to be in occupation after letting of vacant accommodation and the market's general perception of their credit worthiness; the allocation of maintenance and insurance responsibilities between lessor and lessee; and the remaining economic life of the property. It has been assumed that whenever rent reviews or lease renewals are pending with anticipated reversionary increases, all notices and where appropriate counter notices have been served validly and within the appropriate time.

Any gain or loss arising from a change in fair value is recognised in the income statement. Rental income from investment property is accounted for as described in note 3(k).

Notes to the Financial Statements (continued)

8 PAYABLES

	30 June 2008 \$'000	30 June 2007 \$'000
Responsible entity fees	112	105
Trade creditors	110	44
Others	63	15
	285	164

9 DISTRIBUTIONS PAID AND PAYABLE

	30 June 2008		30 June 2007	
	\$'000	Cents per Unit	\$'000	Cents per Unit
September distribution	599	2.39	598	2.39
December distribution	595	2.39	599	2.40
March distribution	590	2.36	585	2.34
June distribution*	591	2.36	592	2.37
	2,375	9.50	2,374	9.50

* The 30 June 2008 final distribution was paid on 2 July 2008.

10 INCOME TAX

(a) Income tax expense

	30 June 2008 \$'000	30 June 2007 \$'000
Current tax benefit/(expense)	25	(91)
Deferred tax benefit/(expense):		
Origination of temporary differences	951	(215)
Total income tax benefit/(expense)	976	(306)

(b) Numerical reconciliation between tax (benefit)/expense and pre-tax accounting profit:

Operating profit for the year	3,992	715
Income tax (benefit)/expense	(976)	306
	3,016	1,021
Income tax at 30% (2007:30%)	905	306
Under/(over) provided in prior year	(1,881)	–
Total income tax (benefit)/expense	(976)	306

(c) Deferred tax assets/(liabilities)

	30 June 2008 \$'000	30 June 2007 \$'000
Wear and tear allowance	1,040	–
Current year tax losses	25	–
Offer cost	208	–
Fair value adjustment and others	(724)	(407)
Total deferred tax assets/(liabilities)	549	(407)

11 LOANS AND BORROWINGS

	30 June 2008 \$'000	30 June 2007 \$'000
Bank loans – secured	1,252	1,252
Additional drawdown	480	–
	1,732	1,252

Terms and conditions

The loan facility with Westpac Banking Corporation which is a bank bill type loan is secured by a registered first mortgage over the title and interest in the property known as 'Yamba Waters', Caravan Park, Golding Street, Yamba NSW and any future undertakings thereon to the extent of \$2,000,000. The bank loan is payable on 30 September 2009. The bank bill has a yield rate of 7.94% as at 30 June 2008 (2007: 7.12%).

12 FINANCIAL INSTRUMENTS

The nature and extent of the financial instruments outstanding at the balance sheet date expose the Trust to the following risks:

(a) Market risk

Market risk embodies the potential for both loss and gains and includes currency risk, interest rate risk and price risk.

The Trust's strategy on the management of investment risk is driven by the Trust's investment objective. The Trust's market risk is managed on a daily basis by the Investment Manager in accordance with the investment guidelines as outlined in the Trust's product disclosure statement.

Notes to the Financial Statements (continued)

12 FINANCIAL INSTRUMENTS (CONTINUED)

(a) Market risk (continued)

Interest rate risk

Interest rate risk consists of cash flow interest rate risk (the risk that future cash flows of financial instrument will vary due to changes in market interest rates) and fair value interest rate risk (the risk that the value of a financial instrument will vary due to changes in market interest rates).

Interest bearing financial assets mature or reprice in the short term, no longer than twelve months. Interest bearing liabilities reprice in the short term and mature in September 2009.

Management of interest rate risk

The Trust does not hold any fixed rate assets and liabilities and any exposures arise predominantly from assets and liabilities bearing variable interest rate.

Exposure to interest rate risk

As at the reporting date the interest rate profile of the Trust's interest bearing instruments was:

	30 June 2008 \$'000	30 June 2007 \$'000
Variable rate instruments		
Cash and cash equivalents	644,397	2,210,087
Loans and borrowings	(1,731,500)	(1,251,500)
	(1,087,103)	958,587

A change of 100 basis points in interest rates at the reporting date would have increased/ (decreased) profit or loss by the amounts shown above. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2007.

Sensitivity analysis of variable rate instruments

30 June 2008	Profit or Loss	
	100bps increase \$'000	100bps decrease \$'000
Variable rate financial instruments		
Cash and cash equivalents	4,511	(4,511)
Loans and borrowings	(12,121)	12,121
Cash flow sensitivity	(7,610)	7,610

30 June 2007	Profit or Loss	
	100bps increase	100bps decrease
Variable rate financial instruments		
Cash and cash equivalents	15,471	(15,471)
Loans and borrowings	(8,761)	8,761
Cash flow sensitivity	6,710	(6,710)

As the Trust does not hold any equity investment or assets and liabilities in foreign currencies, the Trust does not consider that it has exposure to market price risk and currency risk.

(b) Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Trust. The Trust's Investment Manager has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis.

At the reporting date of the Trust there were no significant concentrations of credit risk. The carrying amounts of financial assets best represent the maximum credit risk exposure at the balance sheet date.

	Ratings	2008 \$'000	2007 \$'000
Cash and cash equivalents	AA	644	2,210
Receivables	n/a	134	78
		778	2,288

The aging of the Trust's receivables at the reporting date was:

	2008		2007	
	Gross \$	Impairment \$	Gross \$	Impairment \$
Not past due	43,480	–	19,997	–
Past due 0-30 days	17,609	–	–	–
Past due 31-60 days	73,152	–	57,724	–
	134,241	–	77,721	–

The Trust believes that no specific impairment allowance is necessary in respect of receivables not past due or past due.

Notes to the Financial Statements (continued)

12 FINANCIAL INSTRUMENTS (CONTINUED)

(a) Liquidity Risk

Liquidity risk is the risk that the Trust will not be able to meet its financial obligations as they fall due.

Management of liquidity risk

In ordinary circumstances the Trust expects and strives for sufficient liquidity to pay distributions and fund withdrawal requests. The Trust also believes that there will be a market for the Trust's assets and that they could be sold if an additional liquidity will be required.

Exposure to liquidity risk

The table below presents cash flows payable on financial liabilities by the Trust by remaining contractual maturities at the balance sheet date. The amounts disclosed are the contractual, undiscounted cash flows:

	Note	Carrying amount \$'000	Contractual cash flow \$'000	0-6 months \$'000	6-12 months \$'000	1-2 years \$'000	After 2 years \$'000
2008							
Financial liabilities							
Payables	8	285	285	285	–	–	–
Distribution payable	9	591	591	591	–	–	–
Loans and borrowings	11	1,732	1,900	68	68	1,765	–
Net asset attributable to Unitholders		21,957	–	–	–	–	21,957
		24,565	2,776	944	68	1,765	21,957
2007							
Financial liabilities							
Payables	8	164	164	164	–	–	–
Distribution payable	9	592	591	592	–	–	–
Loans and borrowings	11	1,252	1,941	44	44	1,853	–
Net asset attributable to Unitholders		20,340	–	–	–	–	20,340
		22,348	2,696	800	44	1,853	20,340

13 RELATED PARTIES

The Responsible Entity during the year

The Responsible Entity of Mariner Coastal Land Fund is Mariner Securities Limited (ABN 87 002 163 180) (the Responsible Entity) whose immediate and ultimate holding company is Mariner Financial Limited (ABN 54 002 989 782).

Key management personnel

The Trust does not employ personnel in its own right. However it is required to have an incorporated Responsible Entity to manage the activities of the Trust. The directors of the Responsible Entity are key management personnel of that entity and their names are:

Name	Appointed	Resigned
Bill Ireland (Chairman and Managing Director)	7 May 2003	
David Heaney (Non-executive)	20 June 2006	
Brent Cubis (Executive)	23 January 2008	
Gary Symons (Non-executive)	18 December 2007	23 January 2008
Anthony Lee (Non-executive)	7 March 2002	2 January 2008
George Lucas (Executive)	10 November 2006	18 December 2007

Remuneration of directors of the Responsible Entity

Remuneration of the directors is paid directly by Mariner Financial Limited the parent entity of the Responsible Entity. The directors are not provided with any remuneration by the Trust itself, and there are no agreements in place between the directors and the Trust to this effect.

Responsible Entity fees and other transactions

Set out below are the fees paid or payable by the Trust to the Responsible Entity during the year:

	June 2008 \$	June 2007 \$
Responsible Entity fees paid directly by the Trust (net of rebates)	428,464	420,926
Fees payable to the Responsible Entity as at reporting date (included in accounts payable)	112,324	105,249

Where the Trust invests in other trusts operated by the Responsible Entity, the Responsible Entity has rebated its fee to the Trust to ensure that there is no duplication of fees recovered from the other trusts.

Notes to the Financial Statements (continued)

13 RELATED PARTIES (CONTINUED)

Related party transactions

All transactions with related parties are conducted on normal commercial terms and conditions. From time to time the Responsible Entity or its director related entities may invest in or withdraw from the Trust. These investments or withdrawals are on the same terms and conditions as those entered into by other Trust investors and are trivial and domestic in nature.

Related party investments held by the Trust

The Trust has no investment in Mariner Securities Limited or its associates.

Units in the Trust held by related parties

As at 30 June 2008, Mariner Financial Limited, the parent entity of the Responsible Entity, held 4,380,460 units in the Trust (2007: 5,385,460).

14 CAPITAL MANAGEMENT

The Trust considers its capital to be Unitholders' funds. The Trust manages its net assets attributable to Unitholders as capital, notwithstanding net assets attributable to Unitholders are classified as liabilities.

The objective of the Trust is to provide Unitholders with returns in accordance with the Product Disclosure Statement (PDS). The Trust aims to deliver this objective mainly through investing in a highly diversified portfolio in accordance with the limitations set by the PDS.

The Trust strives to invest in products that meet the Trust's investment objectives while maintaining sufficient liquidity to meet its obligations.

	2008 \$'000	2007 \$'000
Opening balance	20,340	21,999
Change in net assets attributable to Unitholders	1,617	(1,659)
Closing balance	21,957	20,340

The number of units issued for the trust is 25,000,000 (2007: 25,000,000).

15 SEGMENT REPORTING

The main business segment of Mariner Coastal Land Fund is investment in properties which are leased to third parties. The Trust operates in New South Wales, Australia.

16 CONTINGENCIES

There are no contingent liabilities or contingent assets as at 30 June 2008.

17 EVENTS SUBSEQUENT TO REPORTING DATE

There have been no events subsequent to the balance date which would have a material effect on the Trust's financial statements as at 30 June 2008.

18 TRUST DETAILS

Mariner Coastal Land Fund, registered and domiciled in Australia, is a registered managed investment scheme.

The address of the registered office is:

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

Directors' Declaration

In the opinion of the directors of Mariner Securities Limited, the responsible entity of Mariner Coastal Land Fund (the Trust):

- (a) the financial statements and notes, set out on pages 7 to 27, are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the financial position of the Trust as at 30 June 2008 and its performance, as represented by the results of its operations and its cash flows, for the year ended 30 June 2008; and
 - (ii) complying with Accounting Standards and the *Corporations Regulations 2001*; and
- (b) there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable.
- (c) the financial report also complies with International Financial Reporting Standards as disclosed in note 2(a).

Dated at Sydney this 4th day of September 2008.

Signed in accordance with a resolution of the directors of the Responsible Entity:

A handwritten signature in black ink, appearing to read 'B Cubis', with a stylized flourish at the end.

Brent Cubis

Director of Mariner Securities Limited



Independent Auditor's Report to the Members of Mariner Coastal Land Fund

Scope

We have audited the financial report of Mariner Coastal Land Fund (the Trust) 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 20, and the directors' declaration set out on pages 7 to 32. The directors of the responsible entity, Mariner Securities Limited ('the Responsible Entity'), are responsible for the financial report. 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*. We have conducted an independent audit of this financial report in order to express an opinion on it to the Unitholders of the Trust.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, 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 and the provisions of the Trust Constitution dated 4 September 2003 so as to present a view which is consistent with our understanding of the Trust's financial position, and performance as represented by the results of its operations and its cash flows with Australian Accounting Standard AASB 124 and ASIC Class Order 06/105.

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



Independent Auditor's Report to the Members of the Mariner Coastal Land Fund (continued)

Audit opinion

In our opinion, the financial report of Mariner Coastal Land Fund is in accordance with:

- a) the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Trust's 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; and
- c) the provisions of the Trust Constitution dated 4 September 2003.

A handwritten signature in black ink, appearing to be 'KPMG'.

KPMG

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

Andrew Dickinson

Partner

Sydney

4 September 2008

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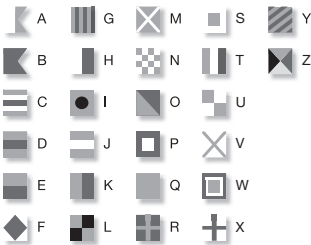
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THE INTERNATIONAL CODE OF SIGNALS

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.

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